

MEHMET ODEKON
GENERAL EDITOR



ENCYCLOPEDIA OF WORLD POVERTY

ENCYCLOPEDIA OF WORLD POVERTY

Volume 1: A–G

GENERAL EDITOR
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SKIDMORE COLLEGE

A SAGE Reference Publication



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WORLD POVERTY

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About the General Editor

Mehmet Odekon, Ph.D., has been a member of the Economics Department at Skidmore College, New York, since 1982, arriving from Fontainebleau, France, where he was a research associate at the European Institute of Business Administration. His most recent publication, *The Cost of Economic Liberalization in Turkey*, was published by Lehigh University Press in 2005.

He also has edited (with T. Nas and P. Dabir-Alai) and/or authored several books and articles on neoliberalism and globalization. His current research focuses on the effects of globalization on labor and on the relief of poverty as a human right. Odekon received his B.A. in economics from Bogazici University, Turkey, and his M.A. and Ph.D. in economics from the State University of New York at Albany. He lives in Saratoga Springs, New York.

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WORLD POVERTY

Introduction

THE THREE VOLUMES of the Encyclopedia of World Poverty contain some 800 original, previously unpublished articles written by over 100 independent or affiliated scholars. This encyclopedia is intended for use as an authoritative and rigorous source on poverty and related issues. It provides extensive and current information and insight into the contemporary debate on poverty. It can also be used as a reference to other sources through its cross-references and bibliographies. It is a timely project; 2005 was marked by a declaration of concern with poverty by world leaders at the G-8 summit and at the World Economic Forum.

Furthermore, poverty as a pressing issue was brought to public attention thanks to the efforts of high-profile individuals, such as Bill and Melinda Gates and U-2 lead singer Bono, who were named Persons of the Year (2005) by *Time* magazine. In a time when public attention is directed to poverty, the *Encyclopedia of World Poverty* can be an indispensable source for all students of poverty.

Personally, my first encounter with poverty was during a summer break in the 1960s as a high-school student in Turkey, in a village in mid-Anatolia. A group of us had volunteered to go to the village to build a sewer system and repair the run-down school building.

There were no water, no electricity, no gas, no teachers, and no doctors. The local economy at best could be described as a non-monetized village barter economy without much even to barter. Most villagers worked for a bare minimum as sharecroppers. Unfortunately the experience was more helpful for me in drawing the future path of my professional career than it was for the villagers. At the ages of 16 and 17, we just did not have enough physical power, or the necessary equipment, to complete our projects.

It is hard to visualize poverty and the living conditions of the poor without personal exposure. Without that encounter, poverty mostly remains a statistic that we are lucky not to be part of, and dealing with the corresponding human condition is then usually left to those with the willingness and imagination to think about it. Poverty is anything but a statistic, and not all aspects of it are quantifiable. As the 1998 Nobel Prize Laureate in Economics Amartya Sen has eloquently elaborated, poverty is more than just lack of income, even though this is an important factor.

Poverty is deprivation from basic capabilities, rights, and freedoms that provide individuals the necessary choices and opportunities they need to lead a life they value. Income is a necessary part of life, but alone

it is not sufficient. Unless it is coupled with social, political, and economic freedoms, it does not suffice to enhance individual capabilities. In this respect, income is not an end itself but just one of the means to healthy life, to education, and to participation in the surrounding political, cultural, and economic life. It is important to take poverty out of the narrow context of income. Otherwise poverty would be an issue only in developing countries and not in affluent, industrial countries, where even many of the poor have an income higher than most in the world.

I do not mean to say that statistics related to poverty do not matter. They help us to frame the magnitude of the problem. According to the latest official data, about 1.2 billion people currently live in extreme poverty, defined as living on less than \$1 a day at Purchasing Power Parity (PPP). If we raise the threshold income to \$2 a day (PPP), the number rises to 2.5 billion. Of course, the geographical distribution of poverty is not even. Over one billion of the extreme poor live in South Asia (488 million or 42 percent), in sub-Saharan Africa (315 million or 27 percent), and in east Asia and the Pacific (279 million or 24 percent). The incidence of extreme poverty differs among countries. In Ethiopia and in Uganda, plagued by internal strife, it is 82 percent; in oil-rich Nigeria, it is 70.2 percent; while in Tanzania, Kenya, and Senegal, the corresponding figure is significantly less, 20, 23, and 26 percent respectively.

The discouraging aspect of the overall poverty data is that in the 1990s, which is promoted as an era of sustained economic growth and prosperity, income poverty increased in 37 of the 67 countries for which longitudinal data are available. These countries are mostly located in central and eastern Europe. In other countries, mostly in eastern and southern Asia and a few in Latin America (for instance Brazil and Chile), however, poverty has significantly decreased. At this juncture, it is worth mentioning that official poverty rates based on threshold income measures tend to underestimate the actual extent of poverty. Is there any reason to believe that a person who makes \$1.10 a day (PPP) is not living in poverty?

In spite of its shortcomings, income poverty gives an idea about the extent of the destitution of the poor. Malnutrition, hunger, and starvation; HIV/AIDS, tuberculosis, malaria, and other life-threatening diseases; high child and maternal mortality; high illiteracy; and lack of basic needs are all concentrated in poverty-stricken countries. In Niger in sub-Saharan Africa, one of the poorest countries in the world if not the poorest, 36 percent of the population are undernourished, the

under-5 mortality rate per 1,000 live births is 265, the maternal mortality ratio per 100,000 live births is 1,100, and about 2,000 children per 100,000 die because of malaria. Only one percent of children benefit from the insecticide-treated bed nets that could cut malaria-related deaths significantly. Tuberculosis and HIV/AIDS are other diseases with a high death toll. In 2001, tuberculosis claimed 196 lives per 100,000 people in Niger. The HIV prevalence estimate runs a high range, 0.7–2.3 percent of the 15–49 age group. The probability at birth of not surviving to age 40 is 39 percent. In this measure, Niger compares favorably to Lesotho, where the probability of not surviving is 68.1 percent. Just these few statistics are enough to give an idea about the level of destitution in these countries.

The poor in affluent societies face similar measures of destitution, even though its magnitude is significantly lower. The United States, the highest per capita income country in the world, is ranked 17th according to the Human Poverty Index. Over 13 percent of the population live below the poverty income threshold of \$11 a day, a threshold more than 10 times that of developing countries. The under-5 and overall child mortality rates are 8 and 7 percent, respectively. The maternal mortality ratio is 12 percent. About 10 percent of 1year-olds are not immunized against measles. The probability at birth of not surviving to age 60 is 12.6 percent. Over 20 percent of the age group 16–65 lack functional literacy. The data clearly reflect the fact that a certain low-income group is not sharing the economic growth and the affluence enjoyed by most in the United States. These findings can easily be extended to other industrial countries as well.

The poor in developing and industrial countries share similar characteristics. Unmistakably, women, children, the elderly, racial and ethnic minorities, those in rural areas, urban unemployed, and slum-dwellers make up the bulk of the poor. They constitute a socially and economically vulnerable group subject to Sen's "unfreedoms" that worsen their destitution by limiting their opportunities to break through the walls of poverty surrounding them. An additional complication of this gender, age, and race composition is that these are the groups with the least potential to access markets and therefore their poverty becomes a long-term phenomenon.

In the *Encyclopedia of World Poverty*, 191 country entries provide current vital statistics on poverty—on its composition and characteristics, on mortality, disease, literacy and illiteracy. These articles also incorporate information on geographic, political, social, cultural, and

other economic characteristics of each country. Each country's ranking according to the Human Development Index and the Human Poverty Index, whenever available, is listed as well. The Human Development Index combines life expectancy, education, and adjusted income into an indicator of overall human development. The content of the Human Poverty Index depends on whether it is being used for developing or for affluent industrial countries. For the former group, it combines life expectancy, education, nutrition, and access to water and health services. For the latter group, the access to water and health is replaced by long-term unemployment. Even though these are by no means perfect or comprehensive indices, they attempt to overcome the difficulty of quantifying human development and poverty, both of which do not lend themselves easily to quantification. There are 78 entries in the encyclopedia dealing with the various definitions and measurement techniques of poverty. Absolute versus relative poverty, the headcount index of poverty versus the relative-income-based measure of poverty, and various others measures inevitably yield different results regarding poverty rates. These are important technical issues in that they ultimately affect public policy decisions geared to combating poverty.

Information on the causes of poverty is equally important for public policy purposes. The level of poverty and changes in it can be an economic phenomenon, for instance the result of a recession. If so, it may be of a temporary nature and is likely to disappear with an improving economy. In this case the policy choice would be very different than when poverty is more permanent and is caused by structural factors. It could be the result of historical, cultural, or social factors, such as colonialism, international economic relations, or apartheid. In these cases, different policies to combat poverty are called for. Inequality in the distribution of income and wealth tops the list of long-term causes of poverty.

If a disproportionately large share of total income generated in the economy is held by a relatively small group of people or households, the share of the remaining people or households is inevitably limited. Inequality also can deepen poverty by perpetuating it. The pattern of income and wealth distribution determines the pattern of consumption and production in the economy. Consumption preferences of high-income groups are such that they favor luxurious consumption goods, which are produced using relatively more capital-intensive techniques.

Hence, increases in their production do not necessarily reduce unemployment. This encyclopedia distin-

guishes among 25 different potential causes of poverty, ranging from discrimination to climate factors, such as draught and famine. In-depth analyses show that, in general, no one single factor causes poverty. It is usually like the movie *Murder on the Orient Express*, each potential suspect contributing a fair share. Hence, the entries emphasize the importance of all economic, social, and political aspects of poverty.

Vulnerability, insecurity, powerlessness, social exclusion and disqualification, and stigmatization are among the more than two dozen articles in the encyclopedia on the potential effects of poverty. Some of these effects are quantifiable but some are not. To some degree we can measure the crime rate and environmental degradation associated with poverty, but it is almost impossible to measure the stigmatization and powerlessness a poor person feels. We can somehow measure the output loss associated with poverty, and the cost of welfare programs associated with poverty, but we can hardly quantify a feeling of self-worthlessness and insecurity. A thorough understanding of these tangible and intangible effects is necessary for the reader to realize that combating poverty would benefit not only the poor but society as a whole.

Understanding the difficulties associated with the definition and measurement of poverty, along with its causes and effects, is essential for the conceptualization of poverty. The design and prioritization of anti-poverty policies depend heavily on how poverty is conceptualized.

A successful fight against poverty calls for engagement from governments, civil society organizations, and individual people, to improve the coordination, collaboration, and implementation of antipoverty policies. There is evidence that in countries where local organizations and people assumed the ownership of antipoverty programs, success has been significantly higher. civil society organizations, secular charities, religious charities, and nongovernmental organizations are therefore important players in the fight against poverty, and the encyclopedia acknowledges their importance by allocating over 150 articles to them.

The political environment also plays an indispensable role in the effectiveness and success of the anti-poverty policies and programs. Their importance is captured by over 20 in-depth analytical entries. Without the engagement of these organizations and institutions, eradication of poverty and human development might well be impossible. A notable example of the importance of civil society organizations and grassroots movements is the recent revival of interest in poverty

and its eradication by the political leaders of industrial countries; these organizations have been instrumental in both bringing the urgency of poverty to the attention of world leaders and forcing them to commit themselves to its eradication.

Conventional fiscal, monetary, and industrial policies, especially in developing countries, have either completely failed or have been of limited success in combating poverty. Structural rigidities in the economy, political factors, and the inadequacy of the policies themselves have contributed to their failure to meet their objectives. One of the important factors that underline poverty is asset distribution in an economy. Members of high-income groups rarely derive their income as labor income; their income is derived from asset ownership. Since labor is a relatively abundant factor of production, return to labor relative to capital is relatively low.

Under these circumstances growth increases the income gap between owners of labor and capital, increasing income inequality and deepening poverty. Asset redistribution is then a necessary component of a full-fledged antipoverty program.

This is one of the main difficulties with antipoverty programs: how the elite can be convinced to support the redistribution of assets, existing or newly created, as the growth-with-redistribution advocates claim. The literature on antipoverty programs is cluttered with such proposals—intellectually appealing but in practice impossible to implement successfully. Numerous entries in the encyclopedia cover public policy issues related to poverty.

Limited resources, existing economic rigidities, and political bottlenecks have been reasons for developing countries to expect help from industrial countries. The industrial world, on the other hand, has traditionally been reluctant to provide that help. The G-8 Summits and World Economic Forums have frequently discussed targeting global poverty and helping very poor nations, especially those in Africa, but they have been reluctant to commit the financial resources to back their promises.

At the turn of the new millennium, the highly publicized Millennium Development Goals targeted global poverty, aiming to halve it by 2015. Other goals included universal education, gender equality, reduction in child mortality by two-thirds by 2015, improvement in maternal health, combating HIV/AIDS and other diseases, ensuring environmental sustainability, and finally halving the number of people without access to safe water.

The financial resources needed for these ambitious goals, however, proved to be enormous and industrial countries as a whole failed to allocate the funds required for the project. Five years later, at the 2005 G-8 Summit in Gleneagles in Scotland, leaders renewed their commitment to fight extreme poverty in Africa with a promise of debt relief and economic and humanitarian assistance. The fine print, however, includes conditions for such assistance, with an emphasis on trade liberalization.

Economic liberalization and globalization have been promoted by some as a panacea to poverty. Economic growth achieved through liberalization and trade is supposed to trickle down to low-income groups by creating employment in areas where each country has a comparative advantage. Others regard globalization and liberalization as having contributed to poverty, as a result of outsourcing, offshoring, and labor market liberalization that has marginalized labor, especially the low-skill, low-wage workers.

Most likely, in some countries globalization and liberalization have been positive forces, but not in all. Thus, relying on liberalization and globalization as a one-size-fits-all-policy in combating poverty might not be that desirable. Different conditions in each country call for different antipoverty policy approaches. A common denominator in the successful fight against poverty, however, involves unconditional commitment to political and economic democracy, to good governance, and to transparency and accountability.

M. Odekon General Editor

WORLD POVERTY

Reader's Guide

THIS LIST IS provided to assist readers in locating article entries on related topics.

Antipoverty Organizations

African Development Foundation American Friends Service Committee

Anti-Defamation League Better Safer World Big Brothers Big Sisters Campus Compact

CARE

Center for Democratic Renewal

Center for the Study of Urban Poverty Center on Budget and Policies Priorities

Center on Hunger and Poverty Charity Organization Society

Comic Relief Cuernavaca Center Development Gateway

Employment Policies Institute Engineers Without Borders

Feinstein Foundation

Food First

Food for the Hungry

Food Research and Action Center

Foods Resource Bank Habitat for Humanity

Haig Fund Hull House

Institute for Research on Poverty

Institute for the Study of Homelessness and Poverty

Institute on Race and Poverty

International Food Policy Research Institute

International Labor Organization International Monetary Fund

International Nongovernmental Organizations

Lawyers Without Borders Médecins Sans Frontières

National Alliance to End Homelessness

National Association for the Advancement of

Colored People

National Coalition for the Homeless National Coalition of Barrios Unidos National Coalition on Health Care

National Conference for Community and Justice

National Low-Income Housing Coalition

National Poverty Center

New Partnership for Africa's Development

Nongovernmental Organizations

Salvation Army

Second Harvest

Students Against Sweatshops

UNICEF

United For a Fair Economy

World Bank

World Health Organization World Trade Organization

Children and Poverty

CDF Black Community Crusade for Children

Child Malnutrition Child Mortality

Child Welfare League of America

ChildLine

Children and Poverty
Children's Aid Society
Children's Defense Fund
Children's Hunger Relief
Church of England

Education

National Association for the Education

of Young Children

National Education Association National Fatherhood Initiative

Nutrition Street Children

Causes of Poverty

Age Discrimination

Apartheid
Bankruptcy
Class Structure
Colonialism
Conflict
Corruption
Drought

Economic Liberalization

Feudalism Fraud

Gender Discrimination

Globalization Imperialism Income Inequality Industrial Revolution

Inflation Irish Famine Neoliberalism

Outsourcing/Offshoring

Privatization Recession Unemployment Countries: Africa

Algeria Angola Benin Botswana

Brunei Darussalam Burkina Faso Burundi Cameroon Cape Verde

Central African Republic

Chad Comoros Congo

Congo, Democratic Republic

Côte d'Ivoire Djibouti Egypt

Equatorial Guinea

Eritrea
Ethiopia
Gabon
Gambia
Ghana
Guinea
Guinea
Bi

Guinea-Bissau

Kenya
Lesotho
Liberia
Libya
Madagascar
Malawi
Mali
Mauritania
Mauritius
Morocco
Mozambique
Namibia
Niger
Nigeria
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São Tomé and Principe

Senegal
Sierra Leone
Somalia
South Africa
Sudan
Swaziland
Tanzania
Togo
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Uganda Zambia Zimbabwe

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Argentina
Bahamas
Barbados
Belize
Bolivia
Brazil
Canada
Chile
Colombia
Costa Rica
Cuba
Dominica

Dominican Republic

Ecuador
El Salvador
Grenada
Guatemala
Guyana
Haiti
Honduras
Jamaica
Mexico
Nicaragua
Panama

Saint Kitts and Nevis

Saint Lucia

Paraguay

Peru

Saint Vincent and the Grenadines

Suriname

Trinidad and Tobago

United States Uruguay Venezuela

Countries: Asia

Afghanistan Azerbaijan Bahrain Bangladesh Bhutan Cambodia China

East Timor Georgia India Indonesia Iran

Iraq Israel Japan Jordan Kazakhstan Korea, North Korea, South

Kuwait Kyrgyzstan Laos

Lebanon

Malaysia Maldives Moldova Mongolia Myanmar Nepal Oman Pakistan Palestine Philippines Qatar

Russia Saudi Arabia Seychelles Singapore Sri Lanka Syria Tajikistan Thailand Turkey

Turkmenistan Ukraine

United Arab Emirates

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Czech Republic

Denmark Estonia Finland France

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G-8

Neoliberalism Republican Party

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Senate Hunger Caucus

Third Way Third World

Wants

World Economic Forum

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Head Start Heifer Project Help the Aged Housing Assistance

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WORLD POVERTY

Chronology of Poverty

10th century B.C.E.: The first use of the word *poverty* surfaces in the biblical world, referring to landowners who forced peasants to sell land.

495–429 B.C.E.: Under the rule of Pericles, Athens undertakes large-scale public works projects as a means of providing employment for the poor.

550 C.E.: Pope Gregory I of the Roman Catholic Church establishes the world's first orphanage in the city of Milan, Italy.

1349: King Edward III of England issues the Statute of Labourers, giving greater power to feudal lords and prohibiting begging and giving, except for senior citizens and the physically disabled. Edward made a distinction between the "worthy poor," which included widows, dependent children, and the disabled, and the "unworthy poor," which included able-bodied adults.

1351: Pedro the Cruel of Castile orders all able-bodied, unemployed men in his kingdom to be flogged.

1381: Wat Tyler leads a peasant revolt against King Richard II of England. Following the invasion of the

city of Canterbury, where Tyler's mob murdered the Archbishop of Canterbury, England's leading religious figure, King Richard was forced to abolish feudal serfdom. The decision was later reversed.

1500–1600: The population of Europe nearly doubles in size, from 30 million to 60 million people.

1526: Juan Luis Vives publishes *De Subventione Pauperum*, in which he provides a theoretical justification for state-run poverty relief.

1529: The city-state of Venice (Italy) enacts a law requiring impoverished people to perform community service in order to receive a license for relief.

1531: England passes a law requiring local officials to interview people to determine whether they are suitable applicants for poverty relief. Emperor Charles V bans begging in the territories of Spain, Austria, Mexico, and Peru.

1534: The French city of Lyons creates a comprehensive system of relief for the worthy poor and banning begging by those deemed unworthy.

1536: King François I of France bans begging throughout the whole of France.

1596: The first workhouse for the poor is built in Amsterdam, the Netherlands.

1601: British legislators pass the Poor Law Act, providing financial relief to children and the physically handicapped. The act would later be updated in 1795.

1623: Philosopher William Petty, who would lay the basis for modern census-taking, is born in Hampshire, England, as the son of a clothier.

1642: The newly settled Plymouth Colony creates the first poor law in the English-speaking New World.

1651: Philosopher Thomas Hobbes publishes *Leviathan*, the book for which he is most known. In the book, Hobbes adopts a pessimistic view of the state of human nature, writing that life is nothing more than "nasty, brutish, and short."

1750: One of the first almshouses, or ramshackle living spaces designed to house the extremely poor, is built in the United States.

1789: Six thousand French women march on the palace of King Louis XVI in Versailles, demanding bread.

1795: British legislators update the 1601 Poor Law Act, extending relief eligibility to the physically able.

One of the first poverty lines is created in the English city of Speenhamland. When a worker's wage fell below this line, which was based on both the price of bread and the number of dependents, or children, the worker is required to support, a worker would be eligible to receive relief.

1818: Karl Marx, considered the father of communism, is born in Trier, Germany, to a wealthy Jewish family.

1820: Friedrich Engels, who would cowrite with Karl Marx six books on the subject of communism, is born in Wuppertal, Germany, to a successful textile industrialist. Sent to work at a cotton factory in Manchester, England, as a young man, Engels's discovery of the working conditions inspires his social consciousness.

1833: French author Frédéric Ozanam founds the Conference of Charity, later known as the St. Vincent de Paul Society.

1848: Karl Marx and Friedrich Engels publish *The Communist Manifesto*, which is summed up by its opening line: "The history of all hitherto existing society is the history of class struggle."

1851: The first American chapter of the Young Men's Christian Association (YMCA), an organization devoted to providing relief to young people despite religious affiliation, is founded in the city of Boston.

1853: The Children's Aid Society of New York, which would eventually serve over 120,000 needy children annually at a cost of \$70 million, is founded by Protestant minister the Reverend Charles Loring Brace.

1859: Charles Darwin publishes the first edition of *Origin of Species*. While credited as being a significant contribution to evolutionary science, the book has been criticized for its influence on the theory of "economic survival of the fittest."

1861: Upon the election of Republican candidate Abraham Lincoln, an opponent of slavery, seven southern states officially secede to spark the Civil War in which 500,000 Americans were killed, the most of any conflict in American history.

The war leads to the passage of the Thirteenth, Fourteenth, and Fifteenth Constitutional Amendments, which granted political and economic rights to a class of people who were previously powerless.

1864: Author Karl Marx, Italian revolutionary Joseph Mazzini, and English Carpenter's Union secretary Robert Applegarth found the International Working Men's Association in Saint Martin's Hall in London, England.

1865–70: The South American nation of Paraguay loses over two-thirds of its male population in the War of the Triple Alliance.

1866: The first congress of the International Working Men's Association is held in Geneva, Switzerland. The adoption of an eight-hour workday is voted as one of the primary goals of the association.

1870–1901: The world's working-class population grows from approximately 20 percent to 33 percent.

1873: The first chapter of the charitable organization United Way is founded in Liverpool, England.

1879: American economist Henry George publishes *Progress and Poverty*, in which he advocates a socialist society based on high taxes for the wealthy. The book would go on to sell more than three million copies.

1882: The U.S. Congress passes the Chinese Exclusion Act, prohibiting poor Chinese immigrants from entering the country.

1884: The Fabian Society, a socialist organization emphasizing gradualism and legislation as a means of achieving reform, is founded in Great Britain by such noted intellectuals as George Bernard Shaw and H.G. Wells.

1889: Industrial magnate Andrew Carnegie publishes *The Gospel of Wealth*, largely considered the most influential of his some 70 essays.

1890: Alfred Marshall publishes his magnum opus, *Principles of Economics*, in which he advocates a classless society.

1892: Anticapitalist Ignatius Donnelly is nominated by the American People's Party for vice president of the United States.

1897: The first chapter of the Catholic Caritas charitable organization is founded in Freiburg, Germany. The organization would later expand to Hong Kong, Switzerland, and Austria.

1899: Seebohm Rowntree publishes *Poverty:* A *Study of Town Life*, in which he coins the term *secondary poverty*, meaning poverty resulting from a failure of character rather than from a lack of financial resources.

1900–70: American agricultural production increases at an average rate of 42 percent per year.

1912: Massachusetts becomes the first U.S. state to voluntarily institute a minimum wage.

1913: U.S. President Woodrow Wilson signs the Underwood-Simmons Tariff Act into law. The act curbed the cost of living for Americans by lowering average tariff rates from 40 percent to 26 percent.

1914–18: Nearly 10 million people worldwide are killed in combat during World War I. Russia's and Germany's casualties, which both amounted to approximately five

million, created unstable conditions that led to the rise of communism in Russia and Nazism in Germany.

1915: British Army chaplain the Revered Philip Clayton founds one of the largest World War I refugee centers, the Talbot House, in the bordertown of Poperinge, Belgium.

1916: The U.S. Congress passes the Adamson Act, establishing a required eight-hour workday for railroad workers.

1917: U.S. President Woodrow Wilson signs the Vocational Education Act into law, providing job training for thousands of low-income Americans.

The American Friends Service Committee, an organization devoted to providing conscientious objectors with alternatives to joining World War I, is founded. Russia's army grows to 15 million men and the countryside is left devoid of farmers needed to feed the populace. An ever-increasing communist movement that had arisen at the turn of the century capitalizes on the discontent and Russia plunges into its first revolution since the Romanov monarchy took power in 1613.

1919: Western European nations institute a food blockade against Germany and Austria as a punishment for instigating World War I. In response, journalist Eglantyne Jebb founds the Fight the Famine Council, later known as the Save the Children organization, to feed hungry children in central Europe.

The signing of the Treaty of Versailles creates the League of Nations' International Labour Organization, which sought to improve working conditions and quality of life. After becoming one of the few surviving League of Nations agencies to be included in the United Nations in 1944, the ILO would receive the Nobel Peace Prize in 1969.

A group of U.S. Catholic bishops meet at the National Catholic Welfare Conference, where the organization's Social Action Department, later known as the Department of Social Development and World Peace, is created.

Representatives from the Red Cross chapters of Great Britain, France, Italy, Japan, and the United States assemble to create the League of Red Cross Societies. Within five years, the five nations had raised a sum of 685 million Swiss francs.

1921: Edgar Allen founds the National Society for Crippled Children, later known as the Easter Seals Society.

The 10th Congress of the Russian Communist Party is held in the capital of Moscow. Premier Vladimir Lenin disbands the policy of War Communism, which enabled officials to forcibly seize agricultural surpluses and divide estates and thus had the result of reducing output to pre-World War I levels. War Communism is replaced with the New Economic Policy, granting farmers compensation for surplus seizures.

1922: Civil rights leader Roy Wilkins, who would become elder statesman of the NAACP, founds the Center for Human Relations and Social Justice.

1929: On October 24, the Dow Jones Industrial Average, the leading U.S. stock market index, falls by 50 percent, creating an economic tailspin that would last for over a decade. The day would come to be known as "Black Tuesday."

1929–32: The unemployment rate in the United States rises from 3.2 percent to 23.6 percent.

1930: Great Britain officially bans workhouses, or houses where the poor are forced to work for long hours with little pay.

1930–31: Following the Wall Street crash of 1929, the unemployment rate in the United States rises from 8.9 percent to 15.9 percent, an increase of nearly 50 percent.

1932: Just two days after being inaugurated as president of the United States, Franklin D. Roosevelt issues an executive order requiring all U.S. banks to close for four days until an emergency session of Congress is held.

Four days later, Congress passes the Emergency Banking Relief Act, which provided for federal inspectors able to declare the banks financially secure.

President Franklin D. Roosevelt signs into law the Economy Act, which alleviated the U.S. federal budget deficit by reducing government salaries and veteran pensions by as much as 15 percent.

1933: The U.S. Congress passes the Agricultural Adjustment Act, creating the Agricultural Adjustment Administration, which sought to raise the price of crops by paying U.S. farmers to reduce the production of certain ones, including corn, cotton, dairy products, hogs, rice, tobacco, and wheat.

1934: The U.S. Congress creates the Securities and Exchange Commission, the regulatory body of the stock market which provided insurance deposits to investors. President Franklin D. Roosevelt appoints Joseph P. Kennedy, father of future President John F. Kennedy, as the first chairman of the commission.

1935: Franklin D. Roosevelt signs the Social Security Act into law, providing many programs for relief to needy families, one of which was the Aid to Dependent Children organization, which required potential benefactors to pass a "morally worthy" examination to receive benefits.

1937: President Franklin D. Roosevelt estimates in a speech that one-third of his countrymen are "ill-housed, ill-nourished, and ill-clad."

1938: The U.S. Congress passes the Fair Labor Standards Act, establishing a federal minimum wage, guaranteeing overtime pay, and prohibiting most forms of exploitative child labor.

Franklin D. Roosevelt founds the National Foundation for Infantile Paralysis, later known as the March of Dimes.

1940: Bishop Herbert Welch founds the Methodist Committee for Overseas Relief (MCOR).

1940–42: As Pearl Harbor is bombed and the United States switches from a peacetime to a wartime economy, the unemployment rate drops from 14.6 to 4.7 percent, a reduction of nearly 68 percent.

1940–46: An estimated 30,000 Spaniards die from starvation, prompting President/General Francisco Franco to issue ration cards.

1940–80: The amount of substandard housing in the United States decreases by approximately 50 percent.

1944: The International Bank for Reconstruction and Development, later known as the World Bank, is created. Delegates from 44 nations meet in Bretton Woods, New Hampshire, to create the International Monetary Fund, an international fiscal aid organization designed to circumvent the debt problems that greatly contributed to the Great Depression.

1946: The United Kingdom becomes the first nation besides Soviet Russia to implement a universal healthcare

system with the establishment of the National Health Service (NHS).

Based on a proposal by British economist William Beveridge, the NHS was completely taxpayer-funded and provided healthcare to all Britons regardless of income or class.

1947–73: The amount of income earned by American families doubles.

1948: The United Nations General Assembly adopts the Universal Declaration of Human Rights. Described by First Lady Eleanor Roosevelt as a "Magna Carta for all mankind," the work would become the world's most translated document, with 321 foreign-language editions.

1948–51: The U.S. sends approximately \$13.3 billion in aid to European countries devastated by the ravages of World War II.

1950–2000: The urban population of underdeveloped Third World nations increases from approximately 14 percent to 50 percent.

1952: Jonas Salk develops the first polio vaccine.

1953: U.S. President Dwight Eisenhower establishes the Department of Health, Education, and Welfare, which would later merge into the Department of Health and Human Services.

1953: Robert Louis Heilbroner publishes *The Worldly Philosophers: The Lives, Times, and Ideas of the Great Economic Thinkers,* in which he discusses the economic differences between advanced, modernized societies and primitive ones.

1954: U.S. President Dwight Eisenhower approves the expansion of Social Security to cover an additional 10 million Americans.

1955: Dr. Wilbert Saunders founds Medicine for Missions, a private organization dedicated to providing medical supplies for missionaries working overseas.

1959: Twenty nations from North and South America assemble to form the multibillion-dollar Inter-American Development Bank, of which the United States is the principal shareholder with over 30 percent of the total assets.

1960: Following the implementation of certain social programs, the infant mortality rate in Algeria drops by 42 percent.

1961: Amnesty International is founded by British lawyer Peter Benenson after he reads an article describing two Portuguese students who were unjustly imprisoned. The organization's goals are to free political prisoners and to increase international awareness of human rights abuses.

The United Nations creates the Organization for Economic Cooperation and Development to help centralize foreign aid efforts.

1962: American socialist Michael Harrington publishes *The Other America: Poverty in the United States.* Personally read by presidents, the book would become a driving inspiration behind the War on Poverty, and antipoverty programs such as Medicare, Medicaid, and Food Stamps.

1963: E. Goffman publishes *Stigma*: *Notes on the Management of Spoiled Identity*, largely considered to be the foremost resource on the economic concept of stigmatization.

1964: In his first State of the Union address since being sworn in as president following the assassination of John F. Kennedy, President Lyndon Johnson says, "This administration today, here and now, declares unconditional war on poverty in America." The results of Johnson's proposal are marginal. While poverty for children and senior citizens has fallen sharply since 1964, the percentage of average Americans in poverty fell by only 0.4 percent in 40 years, from 10.5 percent to 10.1 percent.

The U.S. Congress creates the federal Office of Economic Opportunity (OEO), which would be replaced by the Community Services Administration (CSA) 10 years later.

The Nation of Islam creates the Three Year Economic Savings Program, designed to correct the problems of poverty, unemployment, hunger, and housing problems for needy African Americans living in the United States.

1965: U.S. President Lyndon Johnson signs the Social Security Act into law. The act created two of the largest government social service programs, Medicare, which provided healthcare for retirees, and Medicaid, which provided healthcare for low-income workers.

The U.S. government adopts the Mollie Orshansky Method, which defines poverty as any income below three times the cost of minimal nutrition, as its official formula for determining the poverty line.

The number of participants in the United States' Food Stamp Program, created by Congress a year earlier, reaches 561,261 people.

The United Nations General Assembly merges the United Nations Special Fund and the Program for Technical Assistance to create the United Nations Development Program (UNDP).

1968–72: American Social Security benefits rise by 51 percent under the first term of Richard Nixon.

1970: A group of American Catholic bishops founds the poverty relief organization Campaign for Human Development, which would later be changed to the Catholic Campaign for Human Development in 1998 at the request of certain bishops.

1970–95: The amount of income per person in Sweden falls from a world ranking of fourth to a world ranking of sixteenth.

1970–2005: The infant mortality rate for the Middle Eastern nation of Syria decreases from 90 deaths per 1000 births to 23 deaths per 1,000 births, a 74 percent reduction.

1971: Dr. Larry Ward establishes Food for the Hungry International, a 1,000-member organization with an annual budget of dozens of millions of dollars, in Geneva, Switzerland. The Swiss philanthropist Klaus Schwab founds the not-for-profit World Economic Forum in Geneva, Switzerland.

1973–2000: The income of poor American households grows 12 percent, as compared to a growth of 76 percent for wealthy American households.

1973–2004: The poverty rate for Hispanic Americans increases from 10.3 percent to 24.7 percent.

1974: The U.S. Congress creates the Supplemental Security Income program, providing funds not included in Social Security for permanently disabled individuals.

U.S. President Richard Nixon creates the Community Development Block Grant (CDBG) program, one of the last efforts by the U.S. government to address urban poverty.

1974–76: The cost of living in Argentina rises by 355 percent.

1976: Linda and Millard Fuller found Habitat for Humanity International, a nonprofit organization devoted to constructing houses for those with substandard dwellings. By 2005, Habitat had constructed over 50,000 houses in the U.S. and 150,000 houses worldwide.

1978: Still reeling from postwar debts, Vietnam signs an agreement with the Soviet Union, allowing the southeast Asian communist nation membership in the Soviet Council for Mutual Economic Assistance.

1979: The organization Second Harvest, a group of 13 food banks with the collective ability to distribute 2.5 million pounds of food annually, is founded.

The Save the Refugees Fund, later known as the Mercy Corps, is founded to assist Cambodian refugees fleeing their country from the ravages of war, famine, and hunger.

1980: The U.S. Congress establishes the African Development Foundation, an independent federal agency that distributes small grants of \$50,000 to African economic development programs.

Feed the Children, a Christian organization that ships millions of pounds of food to needy children every year, is founded in Oklahoma City, Oklahoma.

1980–90: China experiences an average 10 percent annual growth rate in both agricultural and industrial production, making it one of the world's fastest-growing major economies.

1980–2002: Primary school completion for students in the African nation of Tunisia increases from approximately 80 to 100 percent.

1980–2003: The infant mortality rate of the sub-Saharan African nation of Togo decreases from 128 deaths per 1,000 births to 66.61 deaths per 1,000 births.

1980–2004: The life expectancy for citizens of the Middle Eastern nation of Syria rises from 60 years to 68.75 years, an increase of 12.72 percent.

1980–2005: The illiteracy rate for the Central American nation of Honduras falls from 38.1 to 23.9 percent for males and from 42 to 23.7 percent for females.

1980–2005: The life expectancy for citizens of the South American nation of Suriname increases from 64 years to 68.96 years, an increase of 1.5 percent.

1980–2005: The infant mortality rate of the African nation of Sudan falls from 104 deaths per 1,000 births to 62.5 deaths per 1,000 births, a 39 percent reduction.

The illiteracy rate of the Middle Eastern nation of Syria drops from 27 to 19.3 percent for males, a 28.5 percent reduction, and from 66.2 to 36 percent for females, a 45.6 percent reduction.

1981–90: The Squared Poverty Gap Index, a measurement calculating both the prevalence and depth of poverty in a given country, falls from 6.4 percent to 3.6 percent for developing countries, a 43.75 percent reduction.

1982: Former U.S. President Jimmy Carter founds the Carter Center. Based in Atlanta, Georgia, the Carter Center devoted itself to overseeing foreign elections and providing mediation in international disputes. Carter would win a Nobel Peace Prize in 2002 for his efforts.

1983–2005: Some two million citizens of the African nation of Sudan, or 5 percent of the overall population, flee their homeland due to widespread famine.

1985: Spain's unemployment rate increases to an unprecedented 21.6 percent.

The United Kingdom-based charitable organization Comic Relief is founded in a refugee camp in Sudan in response to the ongoing African famine.

1987: On October 19, the Dow Jones Industrial Average, the leading U.S. stock market index, loses 22 percent of its value, ending a five-year period of positive gains. The day would come to be known as "Black Monday."

The U.S. Congress passes the McKinney Act, the first piece of federal legislation to address rising levels of homelessness.

1989: Sociology Professors Melvin Oliver and Jim Johnson of the University of California found the Center for the Study of Urban Poverty.

1989–2004: The Gross Domestic Product of the central Asian nation of Tajikistan decreases by approximately 60 percent.

1990: The Discovery Institute, a conservative think tank advocating, among other things, supply-side economics, is founded.

1990–95: As the former Soviet Union attempts to switch to a more capitalistic economy after nearly 80 years of communism, its Gross Domestic Product decreases by approximately 50 percent.

1990–2000: Male illiteracy in the African nation of Sudan drops from 40 percent to 30.8 percent, while female illiteracy drops from 68.3 percent to 53.8 percent.

1990–2002: The spread of the HIV/AIDS epidemic increases the infant mortality rate in the small sub-Saharan African nation of Swaziland from 77 deaths per 1,000 births to 106 deaths per 1,000 births, an increase of 27 percent.

1990–2003: The infant mortality rate for the South Pacific island nation of Tonga decreases from 25 deaths per 1,000 births to 15 deaths per 1,000 births, a 40 percent reduction.

1991: The Employment Policies Institute, a nonprofit research organization specializing in employment growth, is founded in Washington, D.C. American philanthropist Alan Shawn Feinstein founds the Feinstein Foundation, a charitable organization whose goals are to end world hunger and improve education.

1992: The 14th session of the Chinese Communist Party Congress is held in the capital of Beijing. Party members agree to institute a "socialist market economy" in China, reversing revolutionary pledges made 50 years ago of a completely communist state.

As civil war in the Central Asian nation of Tajik-istan results in the loss of 50,000 lives, the country's Gross Domestic Product decreases by an estimated 30 percent.

1992: The United Nations Educational, Scientific, and Cultural Organization creates the Comparative Research Program on Poverty.

1992–2003: The infant immunization rate for the Caribbean nation of Trinidad and Tobago rises from 80 percent to 90 percent, an 11 percent increase.

1993: The U.S. Congress abolishes the House Select Committee on Hunger. In response, Representative

Tony Hall of Ohio, the chairman of the committee, fasts for 22 days in protest. Congress capitulates and the Congressional Hunger Center is created.

The research facility, Institute on Race and Poverty, is founded at the University of Minnesota by law Professor John A. Powell.

1994: The value of the Russian ruble on foreign exchange markets falls by 27 percent in one day.

1995–2005: The amount of people in the world living in extreme poverty reaches approximately 1.2 billion, and those living in general poverty reaches some 2 billion.

1996: U.S. President Bill Clinton signs the Personal Responsibility and Work Opportunity Reconciliation Act, a welfare reform bill. Among the bill's provisions, no American can receive welfare payments for more than a total of five years.

1996–2004: The percentage of American women in poverty falls from 16.3 percent to 13.9 percent, while the percentage of impoverished men falls from 13.0 to 11.5 percent.

1998: The sub-Saharan African nation of Mozambique receives from the U.S. \$1.4 billion in debt relief.

Delegates from over 30 educational institutions meet in New York City to form the Students Against Sweatshops organization.

1998: The International Labour Organization estimates there are 150 million unemployed people in the world, of which only 25 percent receive any unemployment insurance.

2000: Officials of the small, poor South Pacific island nation of Tuvalu greatly increase their country's rev-

enue by leasing the internet domain suffix ".tv" to private business interests.

Lawyers Without Borders, a group of legal experts dedicated to correcting human rights abuses *pro bono*, or without pay, is founded.

2003–04: The number of millionaires in the world increases by 8 percent, while at the same time the international poverty rate rises from 12.5 percent to 12.7 percent.

2003–05: As the AIDS epidemic ravages the small sub-Saharan African nation of Swaziland, the country's life expectancy drops from 43 years to 35.65 years, a 17 percent reduction.

Due to the AIDS epidemic, the infant mortality rate in South Africa rises from 53 deaths per 1,000 births to 61.81 deaths per 1,000 births, an increase of 14 percent. The rate of increase for blacks is four times greater than the rate of increase for whites.

2005: The United Nations reports the central African nation of Burundi is officially the world's poorest country with over 68 percent of the population below the poverty line and an estimated Gross Domestic Product per capita of \$106.

The United Nations releases its Human Development Index, ranking each country according to a formula encompassing life expectancy, education, and Gross Domestic Product. The African country of Niger is ranked as the nation with the lowest Human Development Index, while the European nation of Norway is ranked as the highest. The United States, the world's most economically advanced nation, is ranked 10th behind such countries as Canada and Ireland.

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ENCYCLOPEDIA OF WORLD POVERTY

Volume 1: A–G

WORLD POVERTY



Absolute-Income-Based Measures of Poverty

POVERTY IS COMMONLY thought of as a state of deprivation in which individuals lack sufficient food, housing, clothing, medical care, and other basic items to maintain a decent standard of living. Income measures of poverty are rooted in the perspective that an individual, family, or household that lacks sufficient income to cover basic needs such as food and shelter is among the poor.

Absolute-income measures of poverty are relatively straightforward and simple to use. Some experts argue, however, that such measures are simplistic and do not capture the multidimensional complex nature of poverty. A common alternative measure to an absolute measure of poverty is a relative measure of poverty. Relative-income measures of poverty are characterized by comparing one income or standard of living to the living standard of a reference group, commonly the mean or median national income of a similarly structured household. Relative measures of poverty tend to produce a higher number of people defined as poor compared to using an absolute-income-based measure. Alternatively, poverty in the United States is different

from poverty in developing nations. A person might be considered poor in the United States, but relative to people in developing countries, this person would be considered as not poor.

Absolute-income-based measures of poverty provide a monetary figure as a cutoff for being counted among the poor, and families fall either at the level, above it, or below it. This minimum level is generally referred to as the poverty line. The line that designates descent into poverty is somewhat arbitrary. For example, two families of similar structure, one that lives at \$10 above the line and one that lives at \$10 under the line, are really not different, even though one is officially counted among the poor. Critics of absolute measures of poverty argue that it results in undercounting the number of people who live in poverty conditions.

What is needed to meet basic needs varies across time and societies. Therefore, different countries establish poverty lines that are appropriate to their levels of development, society norms, and values. The official rate of poverty in the United States is estimated by the U.S. Census Bureau based on an absolute measure of poverty, which is collected in an annual survey. The official rate is determined by combining the money income of individuals and families before taxes with cash

assistance received from government programs and comparing this level of financial income with established poverty thresholds. In the United States, such absolute-income-based measures of poverty are established using a set of money income thresholds that vary by family size and composition (ages of members). If a family's total income is less than the threshold, then that family and each individual in it are considered to be in poverty. These poverty thresholds are a national measure and do not vary geographically, but are updated for inflation using the Consumer Price Index.

This absolute definition of poverty uses money income before taxes and does not include capital gains or noncash benefits such as Medicaid, food stamps, or public housing. Thresholds and poverty status are intended for use as a statistical yardstick, not a complete description of what people and their families need to live. For example, for a family of five with two children, with a mother, father, and grandmother, the poverty threshold would equal \$22,509 dollars in 2003. Based on official poverty thresholds, 12.5 percent of American households were in poverty in 2003. Despite imperfections, official poverty thresholds are widely used and have been for decades. They continue to be especially useful for assessing long-term changes in the national rate of poverty. Additionally, eligibility for many means-tested social welfare programs are based on poverty thresholds or a percentage thereof.

The World Bank uses reference lines for developing nations set at \$1 and \$2 per day (more precisely \$1.08 and \$2.15 in 1993 purchasing power parity) as two absolute measures that enable international poverty comparisons. It has been estimated that in 2001, 1.1 billion people lived below \$1 a day and 2.7 billion lived on less than \$2 a day. The capacity to measure and monitor poverty levels is essential in order to reduce it. Absolute-income-based measures are one such tool.

SEE ALSO: Capability Measure of Poverty; Consumption-Based Measures of Poverty; Cost-of-Living-Based Measures of Poverty; Decomposable Poverty Measures; Direct and Indirect Measures of Poverty; International Poverty Rates; Relative-Income-Based Measures of Poverty; Subjective Measures of Poverty.

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Access-to-Enterprise Zones

ACCESS-TO-ENTERPRISE ZONES are geographic areas in which taxes and government regulations are lowered or eliminated as a way to stimulate business activity and create jobs. The zones are also referred to by different writers as enterprise zones, free trade zones, export zones, empowerment zones, and market zones. The argument for access-to-enterprise zones rests on the idea that by reducing taxes and regulations in poverty-stricken areas, government can induce businesses to invest in those areas. The investment is expected to create jobs and other opportunities for the area residents. The ultimate goal is to reduce poverty, dependence on tax-supported welfare programs, and crime rates.

Access-to-enterprise zones have historical antecedents going back to the Middle Ages. In modern times, however, the idea is credited to Peter Hall (1981), a British economist who specialized in urban planning. Since 1980, zones have been widely implemented in the United States, the United Kingdom, and to a lesser extent in other countries. The theory of access-to-enterprise zones is simple. Their practice has proven more complicated. Four factors seem to be significant in their success or failure.

First, studies have found that if an area has good general economic conditions and infrastructure, a zone is more likely to stimulate business investment and employment. However, good economic conditions and infrastructure are seldom found in areas that house substantial numbers of lower-income people, the improvement of whose welfare is the reason for creating the zones.

Second, a zone must offer the right mix of incentives to encourage development. However, the right mix depends on the geographic region, the existing tax and regulatory environment, economic conditions, and the types of businesses that might be induced to invest in a zone. As of 2005, no one had discovered a formula for determining what the mix should be. The wrong kind of incentives can actually be harmful: Leslie E. Papke

notes that certain types of investment subsidies can reduce wage levels in the zone, making the inhabitants worse off than they were before.

Third, incentives must be large enough to motivate businesses to invest in a zone, but not so large that they choke off funding for public services and infrastructure that is also part of investment decisions.

Fourth, it must be possible to measure the effect of establishing the zone. Some firms might have invested in the area even without the extra incentives, so the zone itself had no effect on their investment decisions. Other firms might have invested nearby, so that a zone simply causes investment to move around in the area without causing any growth in total business activity. Still other firms see the prospect of a slight extra profit from zone incentives as less important than good infrastructure and public services, so a zone either has no effect or actually discourages them from investing.

Other studies have had similarly ambiguous results.

Evidence that the zones help to reduce poverty is uneven. Papke found that most zone programs in Britain only caused businesses to relocate from outside the zone, leading to no net increase in economic activity. In the United States, Indiana's zone programs in the 1980s led to a 19 percent drop in unemployment claims. However, the same zones also experienced a \$172 drop in per capita income, while per capita income grew by \$568 in nearby nonzone areas. Other studies have had similarly ambiguous results. However, if designed carefully and administered conscientiously, access-to-enterprise zones can be one option for improving the material condition of the poor.

SEE ALSO: Economic Growth; Poverty Politics; Urban Antipoverty Programs; Urbanization; Wages.

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THE PRESIDENCY OF John Adams was dominated by tensions between the United States and France. Engaged in a long, ongoing conflict with Great Britain, France insisted that it had the right to seize American as well as British ships carrying goods between the two nations. Despite considerable pressures from New England Federalists, whose ships were being seized, John Adams wished to avoid war with France. Adams recognized that any war would have serious consequences on the economy of the new nation. Furthermore, a war with France would deepen America's continuing economic dependence on Great Britain and undercut the Hamiltonian tariffs that provided some protection for nascent American industries, most of which were also located in New England.

While the negotiations with France were in progress, Adams, however, prudently called for new taxes to support a military build-up in the event that war should become unavoidable. These taxes were especially abhorrent to farmers. Indeed, under the leadership of John Fries, 700 Pennsylvania Dutch farmers initially succeeded in driving off the federal tax collectors. Adams responded by sending in troops and capturing Fries, who was tried and sentenced to death for treason. Although Adams eventually pardoned Fries, the farmers denunciations—"Damm de President, damm de Congress, and damm de Arischdokratz"—echoed in the popular memory long after the rebellion was suppressed.

Although John Adams was commonly characterized as embodying patrician arrogance and was demonized by his Democratic-Republican opponents for favoring the development of an American aristocracy, Adams actually advocated the development of a meritocracy by which men of talent, regardless of their backgrounds, would rise to positions of influence.

Adams was very wary of grand schemes to stimulate economic growth, believing that such schemes would benefit speculators and financiers at the expense of ordinary citizens. Ironically, like the Democratic-Republicans, Adams believed that the economic stability of the new nation depended on the establishment of stable agricultural communities in which independent farmers achieved and sustained a moderately prosperous livelihood. Under Adams, the Federalists pushed through Congress legislation that became known as the Naturalization, Alien, and Sedition Acts. Of particular interest here is the Naturalization Act, which required immigrants to reside in the United States for 14 years

before they could apply for U.S. citizenship. Although the Naturalization Act may not have had a discernible impact on immigration, it did very much reinforce the notion that Adams and the Federalists were antagonistic to those in the lower economic classes.

SEE ALSO: Adams, John Quincy (Administration); History of Poverty; Poverty in History; United States.

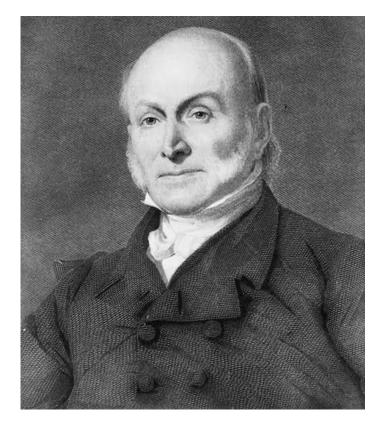
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THE ADMINISTRATION OF John Quincy Adams (1825–29) failed to achieve its ambitious agenda, yet was the first to seek to address urban poverty as one of the asserted benefits of nationally instituted "internal improvements." The hardworking Adams (1767–1848) entered the White House in 1825 with the attributes of a brilliant and creative mind and unparalleled diplomatic experience, gained as an ambassador and secretary of state. However, his aloofness played into the hands of his enemies in an era when the "common touch" in politics was of increasing value.

From the beginning, Adams's administration was irreparably damaged by the bitter presidential campaign of 1824, in which Adams lost the popular and the electoral vote to Andrew Jackson, and only secured the presidency when the election was thrown into the House of Representatives after no candidate received a majority in the Electoral College. Soon thereafter, Jackson and his supporters started their campaign to win the White House in 1828, while alleging a "corrupt bargain" between Adams and House Speaker Henry Clay after Adams named Clay his secretary of state. Nevertheless, there was no evidence of an untoward deal, and Clay's political philosophy was much more in keeping with Adams's ideas, especially the desirability of internal improvements, such as the construction of roads, canals, and bridges by the national government. Further hindering the administration was Adams's refusal to re-



John Quincy Adams envisioned prosperous citizens united in defense of individual rights and equality.

move political opponents from government positions and his failure to forge a national party in a time of rising sectionalism.

Despite these difficulties and the lack of a popular mandate, Adams presented a stunningly imaginative nationalist agenda in his inaugural address. His program, as outlined in his speech and elsewhere, consisted of traditional internal improvements focusing on transportation along with a national university; scientific explorations; laws aiding commerce, manufacturing, agriculture, science, and the arts; and astrological observatories or what he called "lighthouses of the skies." It was such a bold initiative that many of Adams's friends considered it immature and his opponents called it an arrogant and dangerous plan for concentration of power in the national government.

Although Adams's agenda may have failed to comport with political reality, it did reflect a well-considered political philosophy. The goal of his nationalism was social unity founded upon equality of citizenship within a great societal compact. In such a national bond, he envisioned prosperous citizens united in defense of individual rights and equality. He believed that the chief means of strengthening unity was nationally

financed, economically binding, and broadly defined internal improvements, but his theory failed to fully appreciate the growing contradictions of sectionalism, states' rights theories, and slavery, although he detested each.

Adams did show foresight in recognizing the growth of urban poverty. He observed the difficulties of economically isolated urban workers, limited in resources and diversity of skills, in obtaining basic necessities. He further recognized a corresponding concentration of wealth, resulting from the efficiencies of division of labor in an increasingly urbanized and industrialized society. Accordingly, he believed that social stability required both political equality and some measure of economic equalization.

Adams contended that the law of self-preservation naturally comes to guide those in poverty and thus replaces the obligations that compose society. Furthermore, poverty destroys the barrier to radical and destructive political theories that foster disunity, resentment, and violence against property owners and obliges society to care for the poor in order to preserve itself. To avoid these hazards and burdens, Adams sought to keep a happy and prosperous urban working class and viewed his expansive plan of internal improvements as an indispensable step in doing so. Congress, however, refused to enact his proposals, and he was denied reelection in 1828. The Whig Party would soon emerge in opposition to the Jacksonian Democrats, and its leaders would adopt Adams's advocacy of internal improvements, but not with such eloquence or on such a grand scale.

SEE ALSO: Adams, John (Administration); History of Poverty; Almshouses; Jefferson, Thomas (administration).

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Adjustment Programs

STRUCTURAL ADJUSTMENT Programs (SAPs) are fiscal, monetary, and trade policies designed by the

World Bank and the International Monetary Fund (IMF) for economically distressed and debt-ridden developing countries. Adjustment programs have become a standard economic recipe for developing countries that are burdened with a huge external debt, slow economic growth, balance of payments disequilibria, inflation, and budget deficits. Debtor countries are often required to adopt and implement SAP before they can benefit from debt rescheduling, access to new lines of credit, and other economic assistance from bilateral and multilateral organizations. A major objective of SAP is to promote a strong and stable macroeconomic environment for attracting private investment and spurring economic growth. As one example, the experiences of African countries illustrate why the World Bank and the IMF often prescribe SAP as a way out of economic crisis.

AFRICAN ECONOMIC CRISIS

African states began implementing adjustment programs in the early 1980s, following the traumatic economic crisis that they experienced during a time that is often referred to as the "lost decade." For instance, the average annual rate of growth of Gross Domestic Product (GDP) for the whole of sub-Saharan Africa (SSA) fell from 3.9 percent in 1960–70 to minus 1.1 percent during 1980–84. Export volumes also plummeted from an average annual growth rate of 5.9 percent in 1960–70 to minus 8.0 percent during 1970–79.

Debt as a percentage of Gross National Product (GNP) rose from 13.1 percent in 1970 to an alarming level of 80.8 percent in 1987. This was accompanied by a jump in the debt service ratio from 5.3 percent in 1970 to 22.3 percent in 1987. The overarching effect of the African economic crisis during the 1980s was an unprecedented decline in the living standard of the average African.

In one of its reports, the World Bank blamed internal factors for the inexorable decline in the economic fortunes of African states. It specifically identified the following culprits: rapid increases in public-sector expenditure (including parastatals) without corresponding increases in public-sector revenues; policy biases against agriculture, which is still the mainstay of African economies; declining domestic savings, coupled with ready availability, in the 1970s of concessionary and nonconcessionary external finance (the latter mostly supply driven); and overvalued exchange rates that dampen the incentive for production and export. To address the above economic problems, the World Bank

and the IMF put together a package of economic reforms for developing countries.

Under adjustment programs for the African nations, economic policy instruments included:

- 1) Strengthening of demand management policies, including cuts in government expenditures on social programs such as health, education, infrastructure, as well as a freeze in wages and public-sector employment.
- 2) Adoption of measures to stimulate production and broaden the supply base of the economy.
- 3) Adoption of a realistic exchange rate policy through devaluation of the local currency.
- 4) Rationalization and restructuring of tariff regimes in order to promote industrial diversification.
 - 5) Progressive trade and payments liberalization.
- 6) Reduction of complex administrative controls and fostering reliance on market forces.
- 7) Adoption of appropriate pricing policies for public enterprises.
- 8) Deregulation, reduction of administrative controls, and greater reliance on market forces for allocation and utilization of available resources.
- 9) Rationalization, commercialization, and privatization of public-sector enterprises.
- 10) Reform of the banking system, which, among other things, allows banks to lend where they please, and also requires them to adopt internationally accepted accounting rules and standards.

POSITIVE AND NEGATIVE IMPACT

Median annual per capita GDP growth was almost 2 percentage points higher after the implementation of reforms and was 2.6 percentage points lower for countries with deterioration in macroeconomic policies. Median industrial growth was up 6.1 percentage points in adjusting countries, compared with an improvement of 1.7 points for countries with deteriorating policies.

Median exports increased 7.9 percentage points in countries that had implemented reform policies, but declined 0.7 percentage points for countries where policies worsened. Median gross domestic savings climbed 3.3 percentage points, while those of nonadjusting countries deteriorated. Domestic investment also increased, albeit slightly.

Negative impacts of the reforms included a rising cost of living: the removal of subsidies on goods and services often leads to an increase in the cost of living in the short term. Thus, consumers undergo a very painful period of transition from an era of subsidies to one of market forces. For instance, in Mozambique food prices

rose 400–600 percent after the implementation of SAP. There was also deterioration in living standards. Observers have noted that many African countries that implemented SAP had a lower standard of living than they did before structural adjustment. A case study of Zambian women and children reported a substantial reduction in food consumption, especially of expensive foods like milk, meat, and poultry—foods high in proteins critical to good nutrition.

Further negative impacts included reduced access to critical social services. Removal of government subsidies has also reduced access to health, education, transportation, and housing. Some studies have found a spike in mortality rates and a decline in life expectancy following the implementation of adjustment programs.

Despite the implementation of SAP in many African countries, the poverty rate has not only been rising, but is also being increasingly feminized because of the rising number of female-headed households. About 45 percent of households in Africa (almost half) are headed by women; 29 percent in Malawi, 22 percent in Sudan, and 28 percent in Zambia. This trend has been attributed to the decrease in the life expectancy of African men (following economic hardships from SAP as well as the AIDS epidemic), which is leaving many women widowed.

SEE ALSO: Debt; Economic Liberalization; Feminization of Poverty; Foreign Aid; Foreign Direct Investment; International Monetary Fund; World Bank.

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Afghanistan

POVERTY IN the south Asian country of Afghanistan has historically been affected by political upheaval and civil unrest. In 1979, the Soviet Union invaded Afghanistan, remaining in power until anticommunists rebelled in 1989. In the ensuing fight for power, extremists known as the Taliban led the fight to unite the country by promoting terrorism and an anti-Western

mentality. When terrorists with connections to the Taliban and its leader Osama bin Laden attacked the World Trade Center and the Pentagon on September 11, 2001, American forces invaded Afghanistan and overthrew the Taliban. Democratic elections were held for the first time in 2004.

The new government faces a daunting task because Afghani society has long been characterized by inequality and a severe lack of essential social services for the poorest segment of the population. While the country continues to face economic woes, international aid of over \$2 billion has mitigated the problem. Nevertheless, the government continues to deal with a shortage of food, jobs, housing, electricity, and access to adequate sanitation. Though not included in the rankings, based on quality-of-life indicators, Afghanistan would rank near the bottom on the United Nations Development Programme Human Development Index.

Despite rampant poverty, the fertility rate for Afghani women is 6.9 births per woman.

The low-income economy of Afghanistan is heavily dominated by agriculture (80 percent), and approximately 53 percent live below the national poverty line. Some 70 percent of the population are undernourished. Only 12 percent of Afghanis have access to adequate sanitation. The health and well-being of the Afghani people is also threatened by a lack of potable water and basic access to healthcare. Health coverage is inconsistent, and many Afghanis lack access to health information and facilities. Approximately 40 percent of medical facilities have no females on staff, and the government has launched a program to train midwives to address this problem.

The spread of communicable diseases such as tuberculosis and malaria also poses significant risks to Afghanis, and health officials have become concerned about the increasing rate of HIV/AIDS, which is related to the expanding use of drugs. Epidemics of cholera, Congo-Crimea hemorrhagic fever, measles, meningitis, and scurvy have also occurred. With a median age of 17.57 years and a life expectancy of 42 years, only 2.4 percent of Afghani people are over 65 years of age. The World Health Organization estimates that owing to poor health Afghani men lose 6.6 years of life and Afghani women lose 7.7 years of life.

Education is traditionally viewed as a means of combating poverty. However, only 51 percent of Afghani

males over the age of 15 are able to read and write. Comparably, only 21 percent of females over the age of 15 are literate. According to World Bank statistics, in 2000, 85 percent of Afghani males and 74 percent of Afghani females attended primary schools. Of those who attended primary schools, 79 percent of males and 68 percent of females completed this educational level. Only two percent of the population receive education beyond the primary level.

Women and children are disproportionately victimized by poverty. Despite rampant poverty, the fertility rate for Afghani women is 6.9 births per woman. According to World Bank estimates of 2003, only 10 percent of Afghani women between the ages of 15 and 49 use contraceptives of any sort. The World Health Organization reports that in 2003, the probability of dying for Afghani children under the age of 5 was 258 for males and 257 for females out of every 1,000 live births. At 168 deaths per 1,000 live births, the Afghani infant mortality rate is unacceptably high, as is the 1,900 maternal mortality rate per 100,000 live births.

High infant and maternal death rates are due in part to the fact that professional medical staff attend only 14 percent of births. The low immunization rate for child-hood diseases is also a contributory factor to the high infant mortality rate. In 2003, only half of Afghani children under 23 months had been immunized for measles, and 54 percent had been immunized for DPT3.

The international watchdog group Social Watch reports that Afghanistan has made significant progress in infant immunizations for DPT, polio, and measles but only slight progress in infant tuberculosis immunizations, under-5 child mortality, and increased availability of the food supply. On the other hand, Social Watch notes that overall immunizations for tuberculosis have significantly regressed and undernourishment has regressed slightly. Afghanistan has maintained parity in the fields of infant mortality, telephone mainline availability, tertiary education, public health expenditures, and the number of women in decision-making positions. Improvements in Afghanistan have come in large part from grassroots organizations working with the government to increase educational opportunities, particularly for girls, and to improve the quality of life for themselves and their neighbors.

In conjunction with international organizations such as the United Nations, the World Health Organization, and the World Bank, Afghani officials have identified the following goals for the 21st century: eradicating poverty and hunger, achieving universal primary education, attaining gender equality, reducing child

mortality, improving development, and enhancing global partnerships.

Human Development Index Rank: Not included. Human Poverty Index Rank: Not included.

SEE ALSO: Child Mortality; Extreme Poverty; Third World; Women and Poverty.

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Africa Faith and Justice Network

THE AFRICA FAITH and Justice Network (AFJN) is a Washington, D.C.-based nongovernmental organization (NGO) advocacy group composed of Catholic religious and social justice groups and individuals seeking to transform American attitudes toward Africa and influence U.S. policies that affect Africans. AFJN focuses on issues of human rights and social justice that are directly related to Catholic social teachings. AFJN advocates U.S. economic and political policies that benefit Africans in poverty, assist in the cessation of armed conflicts, establish fair trade and investment with Africa, and promote sustainable economic development that is sensitive to the environment. In an effort to promote peace, economic justice, and human rights, AFJN staff members publish articles, provide leadership on congressional resolutions, and collaborate with other coalitions and NGO partners. AFIN efforts to promote peace and security include resolutions and letters to U.S. political leaders to promote an end to the conflicts in Liberia and Sudan. Other initiatives address the effects of U.S. counterterrorism policies on Africa and the influence of U.S. military training programs.

AFJN economic justice efforts include the creation of the Africa Grassroots Initiative (GRI) in June 2000.

The GRI is a network of organizations in Africa, Europe, and North America that share information for use in their respective advocacy efforts. In November 2001, AFJN assisted in the introduction of a U.S. House of Representatives resolution to protect the rights of African farmers to use, save, and share crop seeds. This was a response to attempts by global agricultural corporations to control access to the seeds. The rights of African farmers remain at risk in global and regional trade negotiations and are an ongoing issue.

Other key components of the GRI project are fairness in global trade and the acceptance of water as a human right. AFJN also monitors government programs designed to assist in African economic development, such as the New Partnership for Africa's Development (NEPAD), an initiative of African governments, and the Millennium Challenge Account (MCA), a U.S. government development assistance program.

AFJN receives most of its support from the Catholic missionary community in the United States and Africa. AFJN organizational members include Adorers of the Blood of Christ, Adrian Dominican Sisters, Carmelite Sisters of Charity, Comboni Missionaries, Congregation of the Holy Spirit, Franciscans, Franciscan Sisters of Perpetual Adoration, Holy Cross Missions, Jesuit International Ministries, Marianists, Medical Mission Sisters, Missionary Oblates of Mary Immaculate, Missionary Sisters of Our Lady of Africa, Missionhurst, Maryknoll Fathers & Brothers, Order of Friar Servants of Mary, Religious of the Sacred Heart of Mary, School Sisters of Notre Dame, Sisters Servants of the Immaculate Heart of Mary, Sisters of the Holy Names of Jesus & Mary, Sisters of the Holy Cross, Sisters of the Sacred Heart of Mary, Society of African Missions, Society of Missionaries of Africa, Society of the Divine Word, and Society of the Holy Child, Jesus.

SEE ALSO: African Development Foundation; Catholic Church; Christian Antipoverty Campaigns; Missionaries.

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African Americans and Poverty

POVERTY RATES AMONG African Americans are persistently higher than those observed for white Americans in the United States. Recent data, historical data, and even figures from periods in which poverty rates have declined nationwide, all indicate that the proportion of African Americans who are poor routinely exceeds the proportion of white Americans who are poor. This means that while the absolute number of whites who are poor exceeds the number of poor blacks, the probability of being poor is greater for any given black person (on average) than it is for a white person. To many this seems at odds with a fundamental premise of U.S. society—that the United States is a land of equal opportunity, where every individual has an equal shot at doing well.

Why are poverty rates higher for blacks than they are for whites, and are there any substantive implications? To answer this question one has to think first about the nature of poverty in the United States, because the presence of poverty among African Americans can only be understood after one has a clear understanding of the forms that poverty takes.

At the level of the individual, poverty is observed both among persons who are working and among the nonworking. The existence of the "working poor" means that explanations of poverty cannot focus exclusively on lack of work. Instead, some poverty can be attributed directly to the fact that some jobs pay wages that are so low as to prevent a worker from escaping poverty even if he works full-time throughout the entire year, as noted by Lawrence Mishel et al.

A second characteristic of poverty in the United States, and one that has particular relevance for African Americans, is that poverty can be conceptualized in spatial-geographic terms. It is a phenomenon that affects neighborhoods as well as individuals. Researchers such as William Wilson have identified neighborhoods in which the majority of residents are poor and not working because jobs are virtually nonexistent, thus giving rise to the term *ghetto poverty* or concentrated-poverty neighborhoods.

On average, according to the Census Bureau, African Americans are more than twice as likely to be poor as white Americans. They are also more likely to experience long spells of poverty. What is the reason for the higher incidence of poverty? While several theories exist, William Darity identifies two recurring themes throughout the different explanations. Some theories of poverty, called "individualist" explanations,

argue that individuals make specific choices that lead to poverty. Other theories offer "structuralist" explanations that attribute causality to the structure of society and its institutions. To understand African-American poverty one cannot rely on theory alone, however. Knowledge of the empirical research testing the validity of different theoretical propositions is also crucial.

One theory offered by those who believe that individual-oriented explanations are important is the theory that it is people's unwillingness to work that explains the poverty that exists. In theory, this is a possible explanation for African-American poverty. Traditional labor market models note that some individuals choose to enter the labor market while others opt to remain out of the labor force. To the extent that an individual freely chooses not to work, he or she can be argued to be responsible for his or her poverty since working is the way that most people generate income.

To understand African-American poverty one cannot rely on theory alone.

Does this theory have merit in the context of African Americans? Unfortunately, it is not possible to obtain direct evidence about people's preferences; it therefore is impossible to know how many people do not work simply because they do not feel like doing so. Moreover, it is not possible to infer that an individual has freely chosen not to work based on the simple observation that she is not working. Individuals may be jobless for structural or institutional reasons, too. While empirical evidence reveals that labor force participation rates historically have been lower for black men than they are for white men, the unemployment rate among black men typically is higher, by Edward Wolff's calculations. Given the way economists define unemployment, this suggests that many blacks who are not working have not chosen to be in this situation.

One contributory factor, according to Wilson, is the fact that many of the neighborhoods that poor African Americans reside in saw rapid job "flight" during the 1970s and 1980s, as jobs moved to the suburbs and away from inner cities. This occurred with the decline in manufacturing in the United States and the industrial shift toward more service-sector jobs, as theorized by Mishel et al.

Renowned scholar Dr. William Julius Wilson was the first to argue that this trend left many African Americans stuck in communities where they could not find work, noting that because of their poverty it was difficult for these people to move to follow the jobs. There has been a large amount of research testing aspects of this "spatial mismatch" hypothesis. Existing empirical evidence supports the proposition that there has been job flight away from poor, black neighborhoods and that many urban areas contain concentrated poverty neighborhoods as a result.

Individuals also may face constraints in looking for work because of childcare responsibilities. Mary Corcoran finds that single women head a disproportionate number of African-American families, and femaleheadship is associated with a greater likelihood of being poor. While viewing poverty through the lens of individual choice can prompt one to argue that being a single parent is a decision that an individual makes, the processes underlying divorce and nonmarital childbirth are complex. Moreover, research shows that given the problems of joblessness in many impoverished African-American communities, it is incorrect to assume that marriage alone can improve the financial status of the single-parent families living there. This is one reason that policy initiatives, such as those targeting "fragile families," actually concentrate on improving the social and psychological skills that parents need to function as a team.

It is difficult to separate free will from structural constraints.

Why, among those who are working, do African Americans often fall in the group of individuals whose wages are too low to permit them to escape poverty? One reason is that, on average, African Americans have lower levels of education than white Americans do. This could be construed as suggesting that one of the reasons a disproportionate number of African Americans are poor is because of the educational choices that they have made. Again, however, it is difficult to separate free will from structural constraints. While secondary schooling is provided free of charge in the United States, college is not. Accordingly, researchers disagree about how much choice individuals exercise in the educational domain.

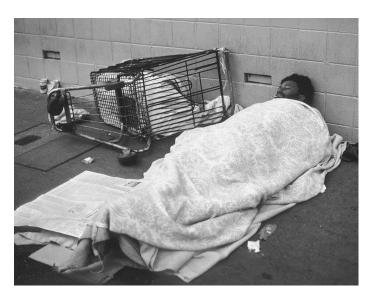
Moreover wages in labor markets are determined by a complicated mix of productivity-related, bargaining, and institutional wage-setting mechanisms, so factors other than educational levels affect wages. Empirical research suggests that some of the lower wages observed among African Americans relative to whites can be explained by differences in education levels. However, a portion of the wage gap cannot.

To what extent does racial discrimination still exist? And does it contribute to African-American poverty either because it means that some African Americans will be denied jobs or because it means that they will experience wage discrimination when they are given jobs? These are also areas of debate. Because it is difficult to directly determine whether discrimination exists, social scientists typically rely upon statistical techniques that try to account for all other factors that might explain an individual's labor market outcomes, and then they infer the existence of discrimination if these factors do not account statistically for all of the difference observed between blacks and whites.

Other researchers, such as Marianne Bertrand and Sendhil Mullainathan, have conducted "audit studies" that send similarly qualified blacks and whites to actual job interviews, or "experiments" where researchers construct resumes for fictional applicants whose qualifications are the same and submit them for actual job openings to determine whether callback rates will be higher for the white applicants than for blacks. These studies suggest that employers do still treat blacks and whites differently, exhibiting a preference for white workers when faced with a similarly qualified black worker.

A final hypothesis that has much currency in popular discourse, even though the empirical evidence for it is not strong, is that there is a "culture of poverty" or a "culture of welfare" among African Americans. Contemporary research on media imagery provides interesting examples of popular portrayals of poor African Americans and their purportedly distinct culture. The theories emphasizing culture assert that the poor have deviant values and behaviors that they pass on to their children, thereby transmitting poverty from one generation to the next. For example, one contemporary version of the argument states that seeing one's mother on welfare takes away the stigma of welfare receipt making one more willing to "choose" welfare (rather than work) as a source of income when one becomes an adult. Culture-based theories have been espoused by scholars such as Oscar Lewis, Charles Murray, and Larry Meade. The hypotheses are difficult to test empirically, however. Cross-generational correlations can exist for many

For example, if employers refuse to hire African Americans for decades, then successive generations of African Americans can be expected to be jobless or



On average, African Americans are more than twice as likely to be poor as white Americans.

poor, and the similarity observed across the generations will have nothing to do with a distinct African-American culture. Similarly, it is known that poor parents have fewer resources to use for educational purposes than nonpoor parents do. Yet having books in the home and sending one's children to good schools are important actions that parents can take to enhance their children's educational prospects.

Parental investment is critical in determining children's outcomes, and this provides another reason the poverty can be correlated across generations. Because it is difficult for empirical studies of the cultural transmission of poverty to eliminate competing explanations for the cross-generational correlations that are found, there presently is no definitive evidence to support the claim that African-American poverty results from a unique or perverse culture that is transmitted from parents to children.

What is clear from empirical research is that African-American children experience more economic disadvantage during childhood than white children do, on average, and that this has effects that persist into adulthood because childhood poverty is associated with lower rates of economic success later in life. It is particularly true for young people who are isolated in neighborhoods with concentrated poverty, where schools can be bad and jobs sparse.

Accordingly African-American poverty is an important issue for policymakers interested in designing remedies for the disadvantages that poor children face starting out in life.

SEE ALSO: Children and Poverty; Culture of Poverty; Education; Racial Discrimination; Social Exclusion; Unemployment; Welfare Dependence; Working Poor.

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African Development Foundation

THE AFRICAN DEVELOPMENT Foundation (ADF) is an independent federal agency and a nonprofit corporation created by the U.S. Congress in 1980. The foundation supports community-based, self-help initiatives that are designed to alleviate poverty and promote sustainable development in Africa.

As part of U.S. foreign assistance efforts, the ADF seeks to promote greater economic prosperity and political stability on the African continent. Toward these ends, ADF works to strengthen the bonds of friendship and understanding between the people of Africa and the United States; support self-help activities at the local level calculated to expand opportunities for community development; stimulate capacity-building and assist with effective and increasing participation of Africans in the development process on the continent; and encourage the establishment and growth of development institutions that are indigenous to African countries capable of responding to the requirements of the poor in those countries.

The foundation began field operations in 1984; its efforts complement larger bilateral aid programs by approaching development projects from the ground up.

This method of funding innovative models of participatory development provides incentives for local entrepreneurs to craft profitable schemes. Through the provision of small (\$50,000 to \$250,000) grants, loans, and loan guarantees to African entities, ADF seeks to support projects that are indigenous in origin and that have the potential to be replicated on a larger scale by the private sector, other development agencies, and African governments.

In conjunction with nongovernmental organizations that serve as national partner organizations, ADF provides funds directly to African community-based groups, registered cooperatives, economic interest groups, producer associations, community development associations, and registered limited liability companies in order to stabilize economic opportunity, security, and sustained productivity in local communities.

ADF supports African expertise and knowledge-building capacities by ensuring that project activities are locally conceived and implemented and local African experts provide technical assistance. Unmediated assistance to carefully screened clients provides a catalyst for development for micro- and small enterprises, producer groups, and marginalized communities. The assistance is intended to encourage an entrepreneurial spirit and alleviate poverty. The larger goal is to enable long-term development and modernization of African communities by promoting strategic trade and investment opportunities for small and medium-scale enterprises.

Under its trade and investment program, ADF provides African businesses with access to technology, working capital, market information, and technical and managerial assistance. ADF has initiatives in nine African countries to help small businesses tap regional and overseas markets. The African Development Foundation enters into strategic partnerships with publicand private-sector entities to enhance trade linkages. All ADF projects are fully monitored and regularly undergo participatory evaluations supported by African experts to help ensure the success and longevity of projects. ADF fosters the development of indigenous partner organizations that are wholly African led and designed to become self-sustaining national development resources.

ADF requires that successful clients participate in the Community Reinvestment Grant program whereby profitable grant recipients reinvest a portion of their profits into community development projects within their country. This payback approach creates a multiplier effect and generates renewable pools of capital used for grassroots-level development projects. The foundation has developed a model of venture philanthropy that combines the rigor of investment banking with the values of conventional development. Before a project is funded it is evaluated for profitability, socioeconomic impact, and sustainability with potential for replication or scaling up. The African Development Foundation has funded over 1,300 activities in 34 African nations.

SEE ALSO: Africa Faith and Justice Network; Charity; Community-Based Antipoverty Programs; Sustainability; United States.

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Age Discrimination

AGE DISCRIMINATION INVOLVES any differential treatment of a person because of his or her age. Many forms of age discrimination are perfectly legal. For example, Social Security and Medicare are only available to people over a certain age. Life or health insurance companies may charge older people higher rates because of the actuarial likelihood that they will become sick or die sooner. Numerous laws discriminate between the treatment of children and adults. Thus, age discrimination laws have a more narrow focus than many other antidiscrimination laws such as those prohibiting discrimination based on race or sex.

LEGAL PROTECTIONS

Federal laws barring age discrimination are primarily focused on employment discrimination. The first major legislation in this area was the Age Discrimination in Employment Act (ADEA) of 1967. This act has been amended many times since then. Many states also have separate laws protecting people against age discrimination. Those laws largely replicate federal law, with some variations such as providing greater coverage.

The ADEA was modeled after the 1964 Civil Rights Act, which bars discrimination based on race, color, religion, sex, or national origin. The ADEA's statement of findings and purpose asserts in part, "... older workers find themselves disadvantaged in their efforts to retain employment and especially regain employment when displaced from jobs." Thus, the law sought to protect workers from losing their job, being denied advancement, or being refused a job because of their age.

Ironically the ADEA itself discriminates on the basis of age. Only people aged 40 or older receive protection under the act. The reason for this limitation is that the act is designed only to protect older workers perceived as being "too old" for a job, not younger workers perceived as being "too young" for a job. The Supreme Court has gone even further by holding that even workers over the age of 40 are not protected when they are treated less generously than even older workers. In the case *General Dynamics Land Systems, Inc. v. Cline*, in 2004, ending retiree health benefits for employees aged 40–50 while retaining them for employees over age 50, was ruled permissible under the ADEA.

REASONS FOR AGE DISCRIMINATION

In order to better understand the sources of age discrimination, one can categorize age discrimination on the basis of the motivation of those who engage in the perceived discriminatory act. The first, most base form of so-called ageism is that of animus discrimination. It is present if the motive is to discriminate due to an inherent prejudice against older workers, that is, a potential employer simply has a personal bias against older people. Animus discrimination is less of a factor in age discrimination as compared to other groups because most people making employment decisions are either in the protected group or soon will be.

Moreover a firm that practices animus discrimination on the basis of age would most likely find it hard to recruit workers in their preferred age group because, unlike the potential biases for other protected groups, such discrimination is one that current young workers and recruits could potentially be subjected to in due time—thus decreasing for all age groups the desirability of working for such an employer. Possibly recognizing this, the Department of Labor report that first advocated passage of the ADEA did not even address this type of discrimination.

Statistical discrimination occurs when hiring or promotion decisions are based on age, even if this characteristic itself is unrelated to the individual's relevant



In age discrimination, job applicants with equal abilities (yet differing future potentials) are treated differently.

abilities, provided that age statistically correlates with a characteristic that is relevant to performing the job well. Thus, a printing shop that refuses to hire applicants above the age of 50 because they cannot rely effectively on a short-sighted employee may have a rational hiring policy since the incidence of short-sightedness increases with age. However, they are engaging in statistical age discrimination against any applicant above the age of 50 with perfect vision. The ADEA forces such an employer to take the additional step of putting in specific eyesight requirements and most likely to assume the costs of giving the necessary tests. It would also require continued tests to ensure that eyesight does not deteriorate. Since the ADEA prohibits subjecting only older employees to such tests, an employer would have to test everyone, incurring greater expense.

Finally, there may be other economic reasons for age discrimination. If a worker who is hired or promoted to a new job requires substantial training before becoming effective at the new job, then it may only make sense to hire or promote someone who is expected to remain in the job for a minimum time period.

If this time period is sufficiently long, it may not make economic sense to hire or promote an older worker who is expected to (voluntarily) retire before training and start-up costs that the firm incurs are recouped. Thus, applicants with equal abilities (yet differing future potentials) are treated differently. An employer may recoup such costs, however, by requiring reimbursement by the employee if he or she fails to remain with the company for a certain number of years.

There are some cases where an older employer will cause a very clear and definable cost for an employer. For example, employer-provided health insurance or life insurance will cost more for an older employee. The Older Workers Benefit Protection Act of 1990 amended the ADEA to clarify the point that while an employer may not deny the more expensive benefits to older employees, it may spend the same amount for both employees, even though that amount will buy less benefit for the older employee.

It is difficult to prove the actual motivation in hiring.

Under the theory of disparate impact no employer may use any facially neutral employment policy if that policy might have more of an impact on a protected group. For example, in the context of race discrimination, the Supreme Court held that requiring applicants to have high school diplomas and do well on a standardized aptitude test violated the law because it excluded many more black applicants than whites and could not be shown to have a direct enough relationship to actual work performance, in the case of *Griggs v. Duke Power Company*, in 1971.

In 2005 the Supreme Court held that disparate impact law also applied to age discrimination cases, in the case of *Smith v. City of Jackson*. Application of disparate impact is much more burdensome on an employer since it requires that it spend much more time and resources evaluating all neutral employment tests to see if it has some impact on a particular group. Then it must determine whether the practice is so closely related to a legitimate business performance that no jury could second-guess that decision. Because the *Smith* case is very new and left open many questions, it remains to be seen what impact it will have.

EFFECTS OF THE ADEA

Age discrimination laws have helped older employees avoid arbitrary rules that might end their professional careers earlier than they would like. The cost for this falls on employers who must discontinue personnel practices that are age discriminatory but which might have been more cost-efficient than alternatives. It also raises potential legal costs for practices that may be questionable, and results in more expensive defensive policies that may cost even more money, such as having lawyers and highly trained human resource professionals evaluate all employment policies.

While the ADEA covers hiring, promotion, and termination decisions, it turns out that in fact the vast majority of age discrimination claims involve denied promotion or wrongful termination—bias in hiring is rarely argued. One reason for this is that it is much more difficult to prove the actual motivation in hiring. There are so many factors that go into a hiring decision that proving age was the decisive factor is very difficult in most cases.

Thus potential plaintiffs are much less likely to win a case involving hiring. The higher risk makes potential plaintiffs and their attorneys less likely to risk the expenses involved in litigation.

Higher-income white males are the most common plaintiffs in age discrimination cases. Higher-income plaintiffs who prevail will likely receive larger damage awards based on denied pay and benefits. Therefore, they are more likely to risk the expenses of litigation. White males on average have higher incomes than other groups. It is also possible that women or minorities will be more likely to attribute an adverse employment action to race or sex rather than age. While rationales may differ, it is clear that age discrimination legislation has largely benefited older white male employees with high incomes.

Employment statistics from the 1980s and 1990s show that over 20 years, unemployment has grown from 0.9 percent to 1.7 percent for white males aged 45 to 54, and from 1 percent to 2.1 percent for those 55 to 64. Some experts argue that the ADEA may be partly at fault for this. Employers may be wary of potential liability from such groups and perceive less risk from suits for failing to hire such people in the first place.

Thus the empirical implications of statutes protecting workers from age discrimination are somewhat at odds with the stated intent of the laws as quoted at the outset. However, as many researchers nonetheless detect overall beneficial effects of the laws in preventing

discrimination, there is support for this type of legislation, even if the main beneficiaries as a group are not generally thought of as a disenfranchised minority in need of special legal protections.

SEE ALSO: Aged and Poverty; Antidiscrimination; Employment; Medicare; Poverty Laws; Social Security.

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Aged and Poverty

THE INCOME SITUATION for older adults has remarkably improved over the last three decades. U.S. Census Bureau data indicate the median income of the elderly increased 60 percent between 1970 and 2001. The poverty rate among Americans over age 65 was 35 percent in 1959. Today it is only about 10 percent.

In reality, however, the economic status of the elderly has still not changed much. This trend is most pronounced in Europe and Japan and least pronounced in Africa and the Middle East, but it is a reality in nearly all countries. Some experts argue that the true rate is even lower because the improvement is due to increasing income not from private sources but from government support—particularly Social Security and Supplemental Security Income (SSI) benefits. In addition, major disparities exist, with older African Americans and older women reporting fewer financial resources.

While the income of elderly married couples has risen significantly in the 21st century, there have been only modest gains for older women and no improvements for single older African-American women.

Among the older population, poverty rates are higher among women (12.4 percent) than among men (7 percent), among the nonmarried (17 percent) than the married (5 percent), and among minorities (African American, 21.9 percent, and Hispanic, 21.8 percent) than non-Hispanic white persons (8.9 percent) in 2001. Divorced African-American women between the ages of 65 and 74 had a poverty rate of 47 percent, one of the highest rates for any subgroup of older adults. Loss of earnings at retirement, loss of a spouse, health deterioration, and discrimination worsen the economic status of these groups and lead to poverty.

INCOME SOURCES

The introduction of Social Security benefits has contributed to the better income situation of older adults in the United States. The Social Security office reported that among the elderly age 65–69 in 2000, 23.1 percent have income from their earnings and 27.8 percent have income from Social Security. On the other hand, the elderly age 85 and older have 4.7 percent of their income from earnings and 56.7 percent of their income from Social Security.

Social Security is a more important income source for African Americans, especially single women. Elderly African-American single women are the most dependent upon Social Security for all their income, compared with one-quarter of their white counterparts. Elderly African-American men fare only somewhat better, with 39 percent of them totally dependent upon Social Security, compared with 23 percent of their white male counterparts. African-American married couples fare the best, with only one in five totally dependent upon Social Security, but it is still twice the level of their white counterparts. Earnings, property income, and private pensions are other significant sources of income for the elderly.

Approximately 22 percent of the elderly receive income from working. Since labor force participation rates decline dramatically with age, the likelihood of earnings income varies greatly by age, declining from 44 percent of elderly units aged 65 to 69 to four percent of those aged 85 and older. Only five percent of the elderly receive public assistance, generally Supplemental Security Income (SSI).

In the Eastern countries, the income sources are somewhat different. The aged are more likely to live with their children than by themselves. According to Luxembourg Income Studies in 1995, for instance, only eight percent of the aged in Taiwan are living alone



Loss of earnings at retirement, loss of a spouse, health deterioration, and discrimination worsen the economic status of the aged in poverty. Sometimes a helping hand, whether figurative or literal, is essential.

while 33 percent of American aged and about 43 percent or more of the German and Finnish aged live alone. They are largely supported by their children in the East countries. A Korean survey in 1994 reported that main income sources of Korean aged were their children (45 percent) and earnings (38 percent). Social insurance is not present or is limited to provident fund schemes that cover only a small, often the wealthiest, section of the labor force. Thus, selective groups have pension arrangements while other groups do not, and occupational pensions are present but are more limited and industry specific.

EMPLOYMENT

The World Bank (2005) reported that there are changed employment patterns among the aged in the world as follows: more women in the workforce; changing work patterns to the reduction in full-time salaried jobs, and the increase in part-time work, self-employment, and temporary jobs; and lack of pension coverage. Some older adults continue to work after reaching retirement age, but older workers constitute a small proportion of the workforce.

In the United States, only 15 percent of the nation's 138 million employed were aged 55 or older in 2003. They confront more restricted job opportunities based on biased perceptions that younger workers are faster and more efficient than older ones, and that older individuals are more difficult to train for new jobs and to use new technology. Thus, those who continue working are for the most part employed in part-time positions.

In 2003 the Bureau of Labor Statistics reported that while only 11 percent of all men in the labor force work part-time, the proportion was 17 percent among men aged 55 or older. The portion rises to 55 percent among those aged 65 or older. In addition, many older people are self-employed. According to Bureau of Labor Statis-

tics, while only seven percent of all employed workers aged 16 or older are self-employed, 19 percent of workers aged 65 or older work for themselves. More and more older men retire early, even before they become eligible for Social Security retirement benefits at age 62 or for Medicare benefits at age 65.

RISK FACTORS

The higher poverty rates among the elderly are the result of a combination of rapidly diminishing financial resources and declining health. The minority elderly population suffers from additional negative social attitudes, such as stereotypes and discrimination in hiring and rate of pay. These factors not only impose immediate financial hard times, but also reduce the possibility of having adequate pension benefits at retirement. For example, Social Security payments are based on an average yearly income and working period; intermittent employment or a low salary history decreases monthly benefits eligibility. Also, many minority elders worked at manual labor or temporary/part-time jobs that do not offer pensions or Social Security benefits. Therefore, they have little chance to accumulate assets to use in their later years.

Marital status, educational attainment, living arrangements, and health status are also risk factors of the poverty among older people. Marital status can strongly affect a person's economic status by influencing living arrangements and availability of caregivers among the elderly with an illness or disability. Educational attainment influences economic status, and thus can play a role in well-being at older ages. Higher levels of education are usually associated with higher incomes.

Like marital status, the living arrangements of the elderly are important because they are closely linked to income, health status, and the availability of caregivers. Older persons who live alone are more likely to be in poverty than older persons who live with their spouses. The increase in life expectancy during the 20th century has been a remarkable achievement. Older age, however, is accompanied by increased risk of certain diseases and disorders. Health care expenditures and use of services among older people are closely associated with their economic status.

DOUBLE JEOPARDY

Most researchers agree that the experience of being old varies across ethnic groups. This research concerns whether being old and being a member of an ethnic minority group create a situation termed "double jeopardy" (discrimination based on ethnicity and ageism). The Bureau of Census 2000 reported that elderly foreign-born men are more than twice as likely as their native-born counterparts to live in poverty (14 percent versus 6 percent).

SEE ALSO: Age Discrimination; Healthcare; Indigence; Racial Discrimination; Social Security; Supplemental Security Income.

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Agriculture

AGRICULTURE SERVES as a major source of income for nearly 49 percent of the world population. Fifty-five out of 147 countries identified by the World Bank for World Development Indicators are predominantly agriculture-based economies, with 25 of them having three-fourths of their population eking out a living on farms—and these, interestingly, are located mostly in sub-Saharan Africa and southeast Asia. It is disheartening to note that majorities of the people bearing the brunt of abject poverty (living below poverty line) are members of the farming community worldwide, which underlines the importance of agriculture development in uplifting people from poverty. Agriculture and poverty are closely interrelated. And that agriculture forms the backbone of the economy is well-known.

Perhaps nowhere is the link between agriculture and poverty more apparent than in the Third World. Out of the 55 predominantly agriculture-based nations (where

more than half of the population depends on agriculture for living) only 18 (Albania, Cambodia, Central African Republic, Ethiopia, Sierra Leone, etc.) are earning a sizeable chunk of foreign exchange from agriculture. Added to that, only 10 countries in the segment (Burundi, Congo Democratic Republic, Guinea Bissau, Laos, Myanmar, etc.) have agriculture contributing to more than 50 percent of their Gross Domestic Product (GDP). It is regrettable to note that in a majority of the agricultural economies, the annual growth rate of agriculture remains much below that of industry, manufacturing, and service sectors.

According to United Nations projections, the world population is expected to exceed 8.0 billion by 2025. On average, 73 million people will be added annually, and 97 percent of the projected growth will take place in the developing countries. Nearly 1.2 billion people live in a state of absolute poverty. About 800 million people are food insecure, and 160 million preschool children suffer from malnutrition. A large number of people also suffer from deficiencies of micronutrients such as iron and vitamin A. Food insecurity and malnutrition result in serious public health problems and lost human potential in developing countries. The major problems faced by the rural poor include low productivity, food insecurity, and poor nutrition.

The availability of land is decreasing over time, and such a decrease is expected to be much greater in the developing countries than in developed countries especially in Asia. Grain production has shown a remarkable increase between 1950 and 1980, while a marginal increase was recorded between 1980 and 1990. There is a need to increase production foods to meet the demands of increasing population.

The south Asian region is home to the largest number of poor people in the world. Nearly one-third of all malnourished people in the world live in this region and they need access to affordable and nutritious food. Food security is a critical concern in south Asia, especially against the current background of rapid population growth. The resource-poor, small-scale farmers, who contribute substantially to food production in this region, need to be empowered with appropriate technologies to enhance sustainable agricultural productivity and production.

RELATIONSHIP WITH POVERTY

Across the globe there is a nexus between agriculture and poverty in low-income countries. It is necessary to

appreciate the paradox in this relationship. In many developing countries about 60 to 75 percent of the aggregate national labor force either works or depends on the output of land for sustenance.

This sharply contrasts with the situation in advanced countries, even though they usually have a flour-ishing agriculture. Thus, in the United States about 12 percent and in the United Kingdom about 5 percent of the workforce are engaged in agricultural pursuits. Even in countries like Canada and Australia, in which agriculture is one of the major sectors of the national economy, only about 25 percent of the workforce is engaged in agriculture. In India, as in China, a staggering 65 percent are engaged in or dependent on agriculture.

The World Bank has stated: "Absolute poverty blights the lives of millions in many (developing) countries. They have barely adequate (and often uncertain) diets, and incomes so low that they can spend little for clothing, fuel, shelter, and other essentials. Past experience clearly shows that a combination of the growth of agriculture and of the economy is essential for long-term alleviation of (such) poverty.

THIRD WORLD AGRICULTURE

When we look at the state of contemporary agriculture in most poor countries, we realize the enormity of the task that lies ahead. A brief comparison between agricultural productivity in the developed countries and the underdeveloped nations makes this clear. World agriculture, in fact, comprises two distinct types of farming: 1) the highly efficient agriculture of the developed countries, where substantial productive capacity and high output per worker permit a very small number of farmers to feed entire nation; 2) inefficient and low-productivity agriculture of developing countries, in many instances, which barely sustains the farm population let alone the burgeoning urban population, even at a minimum level of subsistence.

The gap between the two kinds of agriculture is immense. This is best illustrated by the disparities in labor productivity. In 1960 the agricultural population of the developed nations came to about 115 million people. They produced a total output amounting to \$78 billion, or about \$680 per capita.

In contrast, the per capita product of the agricultural population in the underdeveloped countries in 1960 was only \$52. In other words, agricultural labor productivity in developed countries was more than 13 times that in the less developed countries. By 1995, this productivity gap had widened to more than 50 to one.

For example, in least developed countries, the value added per agricultural worker in 1995 was \$459 while in other countries like Norway, Sweden, and Japan it was \$34,809, \$28,590, and \$16,712 respectively. Another manifestation of the productivity gap relates to land productivity. The table below, from the World Bank, shows variations in land productivity (measured as kilograms of grain harvested per hectare of agricultural land) between Japan and the United States on one hand, and six heavily populated countries in Asia, Africa, and Latin America on the other.

Land productivity in sample developed and developing countries included in 1995:

	Average Grain Yield	Population
	(kg per hectare)	(million)
Japan	6,119	125
United States	5,136	263
Bangladesh	2,602	120
Mexico	2,506	92
Brazil	2,383	159
India	2,136	929
Pakistan	1,943	130
Nigeria	1,172	111

In the developed countries, there has been a steady growth of agriculture output since the mid-18th century. This growth has been spurred by technological and biological improvements, which have resulted in ever higher levels of labor and land productivity. The growth rate accelerated after World War I and particularly after World War II. The end result is that fewer farmers are able to produce more food. This is especially the case in the United States, where in 1998 only two percent of the total workforce were agricultural, compared with more than 70 percent in the early 19th century.

For example in 1820, the American farmer could produce only four times his own consumption. A century later, in 1920, his productivity had doubled, and he could provide enough for eight persons. It took only another 32 years for this productivity to double again, and then only 12 more years for it to double once more. By 1987, a single American farmer could provide enough food to feed almost 80 people. Moreover, during the entire period, average farm incomes in North America rose steadily.

The picture is entirely different when we turn to the agricultural production experience of developing nations. In many poor countries, agricultural production methods have changed relatively slowly over time.

Much of this technological stagnation can be traced to the special circumstances of peasant agriculture, with its high risks and uncertain rewards. Rapid rural population growth has compounded the problem by causing great pressure to be exerted on existing resources. Where fertile land is scarce, especially throughout south and southeast Asia, but also in many parts of Latin America and Africa, rapid population growth has led to an increase in the number of people living on each unit of land. Given the same farming technology and the use of traditional nonlabor inputs (simple tools, animal power, traditional seeds), we know from the principle of diminishing returns that as more and more people are forced to work on a given piece of land, their marginal (and average) productivity will decline. The net result is a continuous deterioration in real living standards for rural peasants.

To avert massive starvation and raise levels of living for the average rural dweller, agricultural production and the productivity of both labor and land must be rapidly increased throughout Asia, Africa, and Latin America. Most developing nations need to become more self-sufficient in their food production; others can rely on their successful nonagricultural exports to secure the necessary foreign exchange to import their food requirements. But for the majority of debt-ridden, inefficient, and unsuccessful exporters, unless major economic, institutional, and structural changes are made in farming systems, their food dependence, especially on North American supplies, will increase in the coming years.

In many developed countries, various historical circumstances have led to a concentration of large areas of land in the hands of a small class of powerful landowners. This is especially true in Latin America and parts of the Asian subcontinent. In Africa, both historical circumstances and availability of relatively more unused land have resulted in a different pattern and structure of agricultural activity; however, in terms of levels of farm productivity, there is little to distinguish among the three regions.

A common characteristic of agriculture in all three regions, and for that matter in many developed countries, is the position of the family farm as the basic unit of production. As Raanan Weitz points out: "For the vast number of farm families, whose members constitute the main agricultural work force, agriculture is not merely an occupation or a source of income; it is a way of life. This is particularly evident in traditional societies, where farmers are closely attached to their land and devote long, arduous days to its cultivation. Any

change in farming methods brings with it changes in the farmer's way of life. The introduction of biological and technical innovations must therefore be adapted not only to the natural and economic conditions, but perhaps even more to the attitudes, values, and abilities of the mass of producers, who must understand the suggested changes, must be willing to accept them, and must be capable of carrying them out."

Thus in spite of the obvious differences among agricultural systems in Asia, Latin America, and Africa and among individual nations within each region, certain similarities enable us to make some generalizations and comparisons. In particular, agrarian systems in many parts of Asia and Latin America show more structural and institutional similarities than differences, and subsistence farmers in all three regions exhibit many of the same economic behavior patterns.

GROWTH OF AGRICULTURAL POVERTY

Land, the dominant factor in agricultural production, is no longer an importance source of livelihood. Farm size is very small and has been declining under continued population pressure. Up to 50 percent of rural households are "functionally landless." The average size of a holding is less than one hectare in many countries. The small and poor farmers, however, were able to increase land productivity and farm income by adopting high-yielding modern varieties of rice and wheat, the dominant food staples, supported by public-sector investment for irrigation, flood control, and drainage.

The shift of land from traditional to modern varieties contributes to an increase in income of \$100 to \$150 per hectare, which is less than 10 percent of annual rural household income. The technological progress has helped reduce the unit cost of food production, enabling farmers to market the surplus food to consumers at affordable prices without taking a cut in profits. The sectoral decline in the real price of staple foods was the main factor behind the moderate progress in poverty alleviation.

Fertile land is becoming scarcer due to demographic and economic growth and resource depletion, including climate change. Greater competition for land resources, increased mobility, and the incorporation of rural areas into market economies through diversification and/or specialization are placing increasing pressure on governments to introduce policies that give the poor secure access to land.

Agricultural growth and poverty reduction depend significantly on increasing agricultural productivity;

this will be particularly true for future progress in Sub-Saharan Africa. There is widespread evidence that, whether a tenure system is communal or individual, freehold or leasehold, farmers are more likely to invest in their land and achieve productivity gains, when they have secure land rights.

An important component of tenure security in market economies is the confidence with which rights transactions can be made. Governments should be encouraged to underwrite security of land tenure (a widely recognized public good) by providing the legal and institutional capacity needed for just, equitable and efficient land administration and, where necessary, intervening in the land market to make reforms related to land distribution.

Although developing-country government land departments are aware of the need for land reform and for efficient and equitable land administration, their performance is notoriously poor. They face various problems, including:

- 1) weak legal and institutional frameworks;
- 2) over-centralized and inaccessible land registries;
- 3) corruption and arbitrary land acquisition and eviction;
- 4) inadequate arrangements for land dispute resolution;
- 5) the demise of customary systems of common property resource management;
- 6) unsustainable systems of land use; and
- 7) political conflict, civil war and humanitarian disasters (in extreme cases).

Politicians and officials continue to use their discretionary power and influence over land allocation and revocation for political and personal advantage. Landowners and land professionals often have vested interests in perpetuating the status quo.

Consequently they impede the adoption of more simple, accessible, and efficient systems for land transfer, land survey, and the registration and collection of land information, which would facilitate the development of land markets and the levying of land taxes in rural areas.

Land reform entails redistribution of land, remodeling of land rights, and improvement of land administration in a manner that fits the requirements of the political system promoting the reform. For the purpose of this article, it is helpful to subdivide land reform initiatives into actions involving direct land redistribution for productive use, land policy reforms that strengthen

tenure security, and actions that improve the efficiency of the land market.

Redistributive land reform, which can include the restitution of land to the dispossessed, is generally taken to mean the redistribution of property rights in land for the benefit of the landless, poor tenants and farm laborers. Invariably, the motivation for redistributive land reform is political and coincides with a shift in the balance of power between conservative and more radical forces. Throughout history, opportunities for redistributive reform have been associated with specific political moments; for example, at the end of World War II in southeast Asia, following the overthrow of President Ferdinand Marcos in 1986 in the Philippines, after the collapse of the Soviet Union in 1989, and with the transition to majority rule in South Africa in 1994. In all these situations new constitutions were adopted with amended principles concerning land and property.

Reforms have contributed to increases in farm output, productivity, and political stability.

The political stimulus for land redistribution affects the extent to which agricultural systems are transformed, the degree of productivity increase, and the extent of economic growth that will benefit the poor. There are a number of possible scenarios, but we can learn most about agriculture and poverty reduction when land redistribution has enabled or coincided with increases in farm output and productivity from which the poor have benefited, and when land redistribution has not resulted in increases in farm output and productivity and/or has not been beneficial for the poor. A third interesting scenario exists when redistribution has indirectly contributed to agriculture and production, for example, when agrarian conflict has been avoided.

Ownership of land within many large estates in south and southeast Asia has been transferred to tenants during the past 60 years and the new systems have all proven to be successful. Redistribution has been limited largely to the transfer of land rights to sharecropping tenants and did not necessarily involve the breakup of operational holdings.

Reforms have contributed to increases in farm output and productivity and to political stability. In China, land reform under Chairman Mao Zedong took place initially as a result of peasant mobilization against landlords. This occurred in 1949 and 1950 when landless la-

borers and peasants subdivided large landholdings and organized cooperatives. Communes were then established, but during the 1970s, households were assigned individual responsibility for crops and livestock and were allowed to dispose of farm products in excess of the fixed quotas that had to be sold to state marketing organizations.

In 1988 the constitution was amended to legalize land use rights and land transfers. The reforms have generated farm and nonfarm rural employment and eliminated the rural landlessness of the prerevolutionary era that still afflicts much of Asia, Africa, and Latin America today. The reforms have encouraged urbanization, since peasants leaving the countryside are able to rent out or cash in their property assets.

In Africa repossession of land occupied by colonial settlers was a central issue in the latter half of the 20th century. Under the so-called one million acre scheme in Kenya, more than 1,000 white-owned farms were transferred to Africans between 1962 and 1966, with Britain underwriting the land values paid in compensation. Originally the plan was to transfer private (freehold) land to three categories of African farmers: large-scale commercial farmers, small-scale commercial farmers, and subsistence smallholders.

However, the demand for small-scale commercial farms was fewer than expected, which led to resettlement of many more smallholders than had been planned. During the 1970s, small-scale African producers greatly expanded their dairy and cash crop production. This took place on redistributed farmland in the former "White Highlands" to the north of Nairobi, and on private and customary (traditional) land in the former African reserves. The expansion was a result more of the waiving of restrictions and the opening up of markets for small-scale producers than of land redistribution per se. However, productivity by small-scale African farmers on newly acquired high-potential land exceeded that of their European predecessors (and neighboring commercial farmers) in terms of returns to land and to scarce foreign exchange.

Interestingly beneficiaries in the large-scale commercial category were less successful. The new owners were expected to acquire the land with government loans, but many defaulted. By the 1980s, the largely absentee large-scale commercial farmers had become a new class of landlords. Unable to farm their newly acquired property, they had rented out their land to landless peasants rather than subject it to invasion by squatters. Although the government-run program came to an end after 10 years, most of the 10 million hectares



In developed countries of the First World, access to basic technology has transformed agricultural practices and crop yields.

of land formerly owned by white settlers has now been transferred to Africans through the land market, the operation of which has been partly fuelled by political patronage.

Between 1980 and 1989, 3.3 million hectares were redistributed to 54,000 families. An evaluation of the program in 1988 found that it had made impressive strides toward achieving its principal objectives. The evaluation stated that the orderly settlement of so many families in such a relatively short time was a major accomplishment for the new regime. The majority of families resettled benefited from increased opportunities for income generation and from the availability of health and education facilities. These findings were partly confirmed by the results of long-term research some 15 years later.

There are several lessons that may be particularly pertinent in efforts to reduce poverty through agricultural growth. It is important to place the evidence in its geographical and historical context. Care is needed in drawing conclusions for one country (or region) on the basis of experience from another. Land policies have to be sensitive to local historical, cultural, and agro-ecological circumstances. Thus, of all redistributive land reforms, those in east Asia (Japan, South Korea, and Taiwan) are regarded as the most successful in terms of their comprehensive nature, their creation of a class of independent property-owning peasants, and their im-

pact on poverty and landlessness. However, these changes were wrought in exceptional circumstances and opportunities for their application are limited.

A cyclical element is often evident in redistributive reform policy. An initially strong political commitment to land redistribution is often followed by caution as the opportunity costs and organizational complexities become apparent. Modification of the initial policy and a switch of emphasis to so-called economic goals, rather than the eradication of landlessness and poverty, may accompany this phase. Governments may then again reaffirm the needs of the landless, but in more modest terms than in the initial phase. However, in many unequal societies, extreme poverty and the threat of rural violence are endemic.

It is important to be clear whether land redistribution is about equity and social justice (especially redressing past dispossession) or whether it is about driving agricultural production. These twin goals are not automatically complementary. South Africa is an important contemporary case.

The cost of inaction can be very high. If the legitimate claims of the rural poor are ignored, the negative consequences of failing to act can be huge. Social mobilization for land reform can be fuelled and sustained by a deep sense of grievance. Initially, moderate means will be used to present the demands for land reform, but if people meet with intransigence, their demands are likely to become more radical, and farm killings and land invasions may occur.

For land reform to have a significant impact on poverty reduction it must be part of a broader process of political, social, and economic change, rather than a narrow intervention simply to redistribute land. Greater democratization is often closely linked to the reform of land rights.

Agro-industrialization of the food processing industry will bring immense benefits to the economy, raising agricultural yields, meeting productivity, creating employment, and raising the standard of a very large number of people throughout the country, especially in the rural areas. Economic liberalization and rising consumer prosperity are opening up new opportunities for diversification in the food processing sector. Many economists believe liberalization of world trade will open up new vistas for growth.

India, a developing country, wastes more fruits and vegetables than the United Kingdom's annual consumption. Also in India, more food grains are wasted than what Australia produces annually, due to lack of post-harvest facilities and food processing industries.

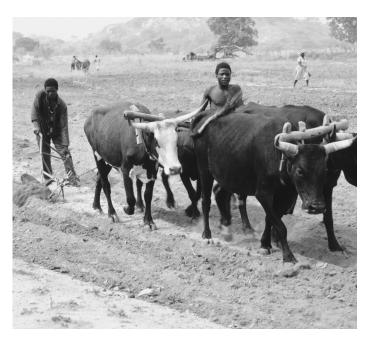
The drawbacks of agro-industrialization in developing nations are low-quality raw materials, which are not suitable for processing; post-harvest losses due to lack of proper storage and transport facilities; low linkage between farmer and industry; a shortage of technical manpower in food processing and packaging; poor agronomic practices and farm management, thereby creating poor raw materials for processing; high cost of processing, distribution, and promotion and inadequate market information; and most of the fruits are of table variety and as such are costly and not suitable for processing.

Demand for highly processed convenience food is constantly on the rise. Only two to three percent of India's agri-produce is processed as compared to 65 percent in the United States and 50 percent in Brazil. Based on the huge gap between the demand and supply in international markets and untapped domestic markets, availability of cheap labor, raw materials, and favorable government policy are all encouraging investment in the food-processing sector in many Asian countries like India and China.

With the proliferation of the highly capital-intensive information technology (IT) industry, unemployment levels are bound to shoot up, compounded by expansion of higher education facilities and falling death rates. Against this backdrop, experts say governments should take corrective action to contain the alarmingly high growth in unemployment in developing small agro-based industries (food processing). Owing to food processing's relatively low investment, high labor-intensive nature, and short gestation periods, it may be the only means of effective utilization of the rich human resource base in India, causing uplifting of the rural poor from below the poverty line and achievement of self-sufficiency.

Unless the rural economy is improved, the burden of poverty cannot be lessened.

About 65 percent of the people in developing countries are living in rural areas; many of them are still dependent on agriculture for their livelihood. Unless the rural economy is improved, the burden of poverty cannot be lessened nor can the working population overflowing from the villages be curtailed. The complementarity between agriculture and industry enables the economy to use the by-products of agriculture



In less developed countries of the Third World, agriculture is sometimes still practiced according to ancient methods with small yields.

and improve the technological base of agriculture, brining about a transformation in the rural economy.

In addition to the development of agriculture, emphasis may be laid on rural industrial and subsidiary activities for a rapid transformation of the rural economy. The advantages may be multifold: establishing linkage between agriculture and industry, increasing employment opportunities, improving economic well-being, and preventing migration of rural population to cities and thereby reducing the pressure on urban land. Many social and economic problems will be warded off when rural development takes place through this possible means of setting up agro-based small industries.

If agriculture is to be more effective in poverty reduction, farm and nonfarm linkages need to be strengthened and fostered. As far as the Bangladesh experience is concerned, the rural nonfarm economy has grown at a faster rate (about seven percent annually) than the growth in agriculture (about four percent). These have developed as backward and forward linkages of Green Revolution technologies and are characterized as rural construction and manufacturing, rural trade and other services, and rural transports.

The local-level manufacturing of irrigation equipment, growth of metal workshops and repair services, development of house-building materials, carpentry and masonry, and grain trading are the examples of dynamic segments of rural nonfarm activities.

GREEN REVOLUTION

Science and technology underpinned the economic and social gains in Asia over the past 30 years. In agriculture, these gains came to be known as the Green Revolution. Between 1970 and 1995, cereal production in Asia doubled, calorie availability per person increased by 24 percent, and real food prices halved. Although the region's population grew by 1 billion people, overall food production more than kept pace with population growth. These food production increases were achieved largely by the cultivation of high-yielding varieties (HYVs) of rice and wheat, accompanied by expansion of irrigated areas, increases in fertilizer and pesticide use, and greater availability of credit.

The scientific basis for the Green Revolution stemmed from national and international research programs that led to the development and distribution of new HYVs, particularly of rice and wheat. The first generation of these new varieties was based on the introduction of new genes for dwarfing that made the HYVs shorter, more responsive to fertilizers, and less prone to falling over or lodging when fertilized and irrigated. Subsequent varieties also carried genes that gave increased pest and disease resistance and improved taste and grain quality.

Despite these successes, problems remain. The intensification of agriculture and the reliance on irrigation and chemical inputs have led to environmental degradation, increased salinity, and pesticide misuse. Deforestation, overgrazing, and overfishing also threaten the sustainable use of natural resources. Green Revolution technologies had little impact on the millions of smallholders living in rain-fed and marginal areas, where poverty is concentrated.

Furthermore the Green Revolution has already run its course in much of Asia. Wheat and rice yields in the major growing areas of Asia have been stagnant or declining for the past decade, while population continues to increase. The key lessons learned from the Green Revolution are that it has benefited farmers in irrigated areas much more than farmers in rain-fed areas, thus worsening the income disparity between the two groups; it overlooked the rights of women to also benefit from the technological advances; and it promoted an excessive use of pesticides that are harmful to the environment.

As countries became self-sufficient in food, government investments declined in the agricultural sector and in science and technology across the region. This reflects a worldwide trend toward declining public invest-

ments in the rural sector and in agricultural research and development (R&D), nationally and internationally.

In Asia, private-sector investments in the rural sector and related R&D have concentrated on export commodities. The downward trends in public investments by governments and development agencies in small-holder agriculture over the past decade have not been matched by a concomitant rise in private investments. Similarly, there is little (and few incentives for) private R&D on the food crops, livestock, fisheries, and aquaculture systems important for food security and poverty reduction in rural Asia.

The population of Asia is projected to increase from 3 billion to 4.5 billion in the next 25 years. During the same period, the urban population will nearly double from 1.2 billion to 2 billion, as rural people move to the cities in search of employment. These increases will place massive pressure on developing countries to increase food production. Food demands will be influenced by population growth, urbanization, income, and associated changes in dietary preferences.

In this new millennium, we face a food, feed, and fiber production challenge.

Urbanization and income growth frequently lead to shifts from a diet based on root crops (cassava, yam, and sweet potato), sorghum, millets, and maize to rice and wheat, which require less preparation time, and to more meat, milk, fruits, vegetables, and processed foods. This dietary transition has already happened in much of the region. Meeting the food needs of Asia's growing and increasingly urbanized population requires increases in agricultural productivity and matching these increases to dietary changes and rising incomes.

To meet this demand, cereal production will need to be increased by at least 40 percent from the present level of about 650 million tons annually, most of which will have to come from yield increases.

In addition, meat demand will double during the period. Production increases will have to be achieved by increasing yields in a sustainable way to conserve diminishing and degraded natural resources. Nearly all of these production increases will need to take place in developing countries because on average 90 percent of the world's food is consumed in the country where it is produced. Food imports are not only expensive but discourage the creation of employment, which is badly

needed in the rural areas. In this new millennium, we face a food, feed, and fiber production challenge in highly complex farming systems for several reasons:

- 1) Water will become the most important limiting factor in agricultural production because the quality and quantity of water will decline as a result of pollution, forest degradation, and increased agricultural, domestic, and industrial use.
- 2) Urbanization will mean the loss of agricultural land to residential and industrial development, and a decline in the number of farmworkers.
 - 3) Most farmers are poor with small landholdings.
- 4) Farming systems are commonly heterogeneous with mixes of food crops, livestock, and trees.
- 5) About 70 percent of the cultivated land is rain-fed with unreliable distribution and intensity of rainfall.

Thus, the increase in food production during the next 25 years will have to be achieved using less labor, water, and cultivated land. This can be done only if scientists can develop new crop varieties with high-yield potential and high-water-use efficiency. New understanding of plant and animal genes may offer ways to increase crop yields to the levels required to adequately and sustainably feed the growing population in Asia. Thus, developments in modern biotechnology could make extremely important contributions to future agricultural growth, food security, and poverty reduction. Increasing smallholder agriculture productivity will increase food supplies, and will reduce poverty and malnutrition, increase food access, and improve living standards of the poor.

POVERTY REDUCTION

While the need for further intensification of agricultural production in Asia and several developing countries in Latin America is clear, intensification strategies must change to avoid adverse environmental impact and to reverse the effects of earlier practices. Enhanced but inefficient use of irrigation and mineral fertilizers over the past three decades has had negative side effects such as soil salinity and nutrient leaching. With crop intensification, incidences of pests and diseases also increased.

According to agricultural experts, the following strategies are needed to meet the food demand in developing countries over the next 25 years: sustainable productivity increases in food, feed, and fiber crops; reducing chemical inputs of fertilizers and pesticides and replacing these with biologically based products; integrating soil, water, and nutrient management; im-

proving the nutrition and productivity of livestock and controlling livestock diseases; sustainable increases in livestock, fisheries, and aquaculture production; and increasing trade and competitiveness in globalized markets.

As rural poverty persists in Asia, Africa, and Latin America, agriculture will play a prominent role in achieving equitable and sustainable rural growth in the 21st century. Even when rural people do not work directly in agriculture, they rely on nonfarm employment and income closely related to agriculture. Where there are large numbers of rural poor, agricultural growth is a catalyst for broad-based economic growth and development. Agriculture's linkages to the nonfarm economy generate employment, income, and growth in the rest of the economy.

The poverty reduction strategy sees three factors—pro-poor, sustainable economic growth; good governance; and social development—as key elements for reducing poverty. Biotechnology may contribute toward achieving the poverty reduction goals in several components of the strategy: increasing priority for agriculture and rural development, addressing environmental considerations; increasing the public- and private-sector roles in poverty reduction, encouraging regional and subregional cooperation, and coordinating efforts of funding agencies.

Based on the available trends, one can only infer that the Third World countries are not paying the necessary attention to agriculture. The share of agriculture in their GDP, diminishing growth rate in agriculture, and decrease of agriculture's share in foreign exchange stand as testimony to this.

The availability of vast cultivable land, rich natural resources, and a productive labor force will all help the development of agriculture if the developing nations properly utilize developments in agriculture like organic farming and the use of genetically modified seeds for producing globally competitive products. Embarking on the path of scientific farming and organic cultivation backed by sound human resources management practices will see the Third World occupy pride of place in the immense potential of developed world markets.

SEE ALSO: Agriculture-Nutrition Advantage; Food Research and Action Center; Food Shortages; Food-Ratio Poverty Line; Globalization; International Poverty Rates; Third World.

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Agriculture-Nutrition Advantage

THE AGRICULTURE-NUTRITION Advantage project was initiated in 2002 to address hunger and malnutrition in Africa. Funded by the U.S. Agency for International Development (USAID), the Agriculture-Nutrition Advantage involves the International Center for Research on Women (ICRW) and the International Food Policy Research Institute (IFPRI). Through a variety of projects, situated in Ghana, Kenya, Mozambique, Nigeria, and Uganda, the program employs multiple approaches to develop links among agriculture, nutrition, and gender. Of these five countries, Mozambique and Uganda are considered "unlikely" to reach the Millennium Development Goal of reducing under-5 mortality by two-thirds by 2015, while Ghana, Kenya, and Nigeria are considered "very unlikely."

The Agriculture-Nutrition Advantage recognizes that an increase in agricultural production does not necessarily lead to reductions in hunger, since larger harvests will likely be sold for cash. Similarly, income from agricultural production may be diverted toward areas that do not promote health and nutrition. In addition, as others such as Food First have suggested, the production of greater quantities of food does not guarantee that those who are hungry will gain access to food. Neither does it guarantee that the nutritional quality of the food accessed by poor people will be adequate.

Project participants argue that while growing attention has been given to issues of poverty and hunger in Africa, issues of malnutrition have received far less notice. The Agriculture-Nutrition Advantage stresses that hunger and malnutrition are related, but not identical,

and too few policies and programs recognize that reducing hunger does not necessarily reduce malnutrition.

The project was initiated after a study of institutions in Uganda, Mozambique, and Nigeria carried out by IFPRI, ICRW, and USAID revealed that nutrition concerns were absent from most policy approaches to reducing poverty and hunger. The study also found a lack of collaboration between agriculture and nutrition workers. The study concluded that such collaboration across sectors might provide a powerful strategy in combating malnutrition along with poverty and hunger.

Based on its ongoing research projects the Agriculture-Nutrition Advantage works to promote the links between agriculture and nutrition with the intention of improving people's nutritional intake in a timely and sustainable fashion. Some of the linkages provided within the Agriculture-Nutrition Advantage include health education directed toward improving food care, consumption, and feeding practices; improving the preservation, processing, and distribution of food to reduce waste and postharvest nutrient loss; improving access to food by the hungry; and breeding crop varieties for better nutrient content. Yearly workshops are held bringing participants from the various country teams together to share information and develop effective strategies. During the year each country team works locally to advocate changes in policies that are informed by agriculture, nutrition, and gender linkages and to allocate resources adequately.

A key part of the Agriculture-Nutrition Advantage is the gendered analysis of food and nutrition. Women and men occupy different roles within different contexts, and have varying access to resources and decision-making processes. Such factors influence the contributions that women and men are able to make toward family nutrition. Agriculture is the mainstay of most economies in sub-Saharan Africa and women are playing central roles in food production and household nutrition. Presently, African women farmers produce up to 80 percent of food crops for family consumption and are the ones primarily responsible for providing their families with an adequate diet.

Yet at the same time, men maintain primary control over resources and decisions concerning what agricultural production will involve. Economic policies to increase agricultural production and income often do not benefit women and the rural poor because such policies commonly overlook the fact that within and among households, people do not have equal access to the goods and services that might reduce hunger and malnutrition. The Agriculture-Nutrition Advantage sug-

gests that agricultural outputs could increase by six percent to 20 percent if women had the same use of agricultural inputs as men. Reducing malnutrition requires a gender-focused approach to agriculture and nutrition as well as a reduction of gender inequities and the time and labor pressures that disproportionately impact women.

SEE ALSO: Agriculture; Child Malnutrition; Food First; Hunger; Malnutrition; Millennium Development Goals; Nutrition.

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Aid to Families with Dependent Children

CASH ASSISTANCE to families in capitalistic economies is known generally as welfare. Such assistance is typically limited in amount and restricted in provision so only the most income-needy families qualify. This residualistic approach to poverty reduction is exemplified in the United States.

In the 1930s, the United States experienced wide-spread unemployment. In response, Franklin Delano Roosevelt signed the Social Security Act of 1935, which created numerous federal programs to provide relief to families. One program was Aid to Dependent Children (ADC), which targeted aid to children who experienced loss of support due to death, absence, physical incapacity. or, with limitations, unemployment of the parent. Typically, only white single mothers and their children could participate. Recipients were required to be "morally worthy" and meet an income means test.

At its inception, ADC supported few families. However, in the 1950s, the rolls grew quickly. The program became known as Aid to Families with Dependent Children (AFDC). AFDC was amended to include counseling services, in hopes recipients could be

"cured" off welfare. However, federal funds were never allocated. In 1962, John F. Kennedy expanded AFDC to provide families with more support. Promised counseling services, coupled with employment supports, were funded. Further, unemployed fathers could, in limited cases, receive services. The program was renamed AFDC-UP. The program also lowered the income means test and expanded access for minority women. Families were allowed to keep a portion of employment earnings, rather than surrender them, as an incentive to work. Despite these changes (and some would argue due to them), the rolls continued to grow, chiefly because services were inappropriate and ineffective in ameliorating the conditions causing poverty.

In the late 1960s, widely held misperceptions about who received aid and why they received it fueled public criticism of AFDC. The face of welfare became the mythological "welfare queen" (an urban, unemployed, African-American woman with multiple children by numerous fathers who failed to support their children). In response, government changed AFDC to a more punitive program. A cap on the number of "illegitimate" children in each family eligible for cash aid was instituted.

Another attempted change to AFDC was work mandates for recipients who were deemed work-eligible. Failure to comply with mandates would result in income sanctions. The program, entitled the Work Incentive Program (WIN), and the amended program, WIN-II (which increased punitive sanctions for noncompliance), are viewed historically as failures in reducing dependency on AFDC. The promise of supportive services such as childcare and transportation assistance was never delivered to the extent necessary to free parents to find employment. Further, jobs needed to enable families to become independent from cash aid did not exist within the grasp of such families (due to geographical differences between job and family, as well as other challenges). Because WIN was expensive and too few parents actually obtained jobs, it was abandoned.

In 1977, Jimmy Carter introduced the Program for Better Jobs and Income, which provided work incentives, work mandates, public works programs, and supportive services. It also differentiated between so-called deserving and undeserving recipients. Because the so-called JOBS program did not address the causes of poverty, it fared no better than WIN in reducing the welfare rolls and was subsequently abandoned.

Ronald Reagan did not worry about work mandates in AFDC so much as about lowering cash benefits. His argument was that welfare clients were too comfortable and would not therefore go to work. By lowering the amount of cash paid, it was hoped recipients would find employment. This approach did not fare any better than earlier attempts at reducing dependency.

Despite the failure of work-based AFDC programs to reduce dependency, George H.W. Bush required mandatory employment as a condition of participation. Bush's program did not reduce the rolls largely because of lack of employment opportunities in the economic market coupled with entrenched barriers to employment (such as lack of childcare, transportation challenges, and health issues).

After several decades of failed work-based AFDC, the stage had been set for a major change in the nature of cash aid programs. AFDC under Bill Clinton required work-eligible clients to take the first job available, whether it paid wages sufficient to end dependency on cash aid or not. Claiming to "end welfare as we know it," Clinton signed into law the Personal Responsibility and Work Opportunity Reconciliation Act. The AFDC program was retitled Temporary Assistance to Needy Families (TANF). Not only were recipients required to work, they could only receive cash aid for a total of 24 consecutive months and a lifetime total of five years. In addition, recipients could not receive increases in cash aid when they had more children (the "family cap").

There is much policy debate about the effects of TANF. Clearly, many recipients leave the program. Such an effect is built into the program. But to what extent TANF reduces poverty is not so clear. Numerous studies show families are worse off economically under TANF than they were under AFDC. Studies also provide emerging evidence indicating long-range effects of TANF may cause negative outcomes in child well-being indicators, such as lower educational attainment, increased child abuse, and increased health issues.

SEE ALSO: Roosevelt, Franklin (Administration); Social Security; Temporary Assistance for Needy Families; Welfare; Welfare Dependence.

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Albania

IN THE 1990s, the Republic of Albania became a multiparty democracy after almost half a century under communism. The transition process ushered in a period of high unemployment, widespread corruption, inefficient infrastructure, energy shortages, and increased criminal activity.

Over half of Albania's population is involved in agriculture; however, frequent droughts and obsolete technology inhibit agricultural success. Poor transportation and highway systems present further obstacles to a healthy economy. An important source of revenue for Albania is regular remittances by Albanians who work abroad, chiefly in Greece and Italy. Government officials are in the process of dealing with economic problems by promoting economic growth and trade while derailing violent crime. Further growth may come from exploitation of Albania's natural resources, which include petroleum, natural gas, coal, bauxite, copper, and hydropower.

As a communist country, Albania did not recognize the concept of poverty. Since the transition, the Albanian economy is one of the poorest in Europe. Albanians live on an average annual income of \$1,450, and estimates for 2005 suggest that at least one-fourth of the population lives in poverty. While the official unemployment rate is 14.8 percent, unofficial estimates place it as high as 30 percent. Unemployed workers do not qualify for social assistance.

Government data on poverty indicate that in the late 1990s, Albania had begun reducing the number of people receiving social assistance when disaster struck as hundreds of thousands of Albanians lost investments in collapsed pyramid schemes and more than 150,000 refugees poured into the country from Kosovo. Albanian poverty is particularly persistent in rural areas, and many children walk to nearby cities to sell cigarettes or shine shoes to help their families survive. Even though pensions are higher than social assistance payments, the elderly often lack basic necessities. The poorest 20 percent of the population share 9.1 percent of resources, while the richest 20 percent claim 37.4 percent of capital. Albania is ranked 38.2 on the Gini Index of Human Inequality. The United Nations Development Program Human Development Reports rank Albania 65 of 177 on general quality-of-life issues.

The social unrest of 1997 resulted in decreased access to and quality of basic healthcare in Albania. The population of 3,563,112 experiences a life expectancy of 77.24 years, and it has been steadily increasing since

1980. The median age is 28.52 years in Albania. Nearly 27 percent of the population are under the age of 14, and 8.6 percent have seen a 65th birthday. Nine percent of Albanians do not have access to safe drinking water, and three percent lack access to proper sanitation. There are 136 physicians per 100,000 residents, and 50 to 79 percent of the people have access to affordable essential drugs.

When compared to Europe as a whole, Albania's infant mortality is high, but mortality rates have declined. Between 1970 and 2002, infant mortality fell from 68 deaths per 1,000 live births to 26 deaths per 1,000. Among all children under the age of 5, the mortality rate decreased from 82 deaths per 1,000 to 30 per 1,000 during that same period. Fourteen percent of all children under 5 are malnourished. Eleven percent of under-5s are moderately to severely wasted, and 32 percent are moderately to severely stunted.

In 2005 it was estimated that Albanian women bear an average of 2.04 children each. The fertility rate has declined slightly since 2003 when it was reported at 2.2 children per woman. Adolescent fertility occurs at a rate of 15 per 1,000 births. Three-fourths of all Albanian women use birth control. Trained medical staff attends 99 percent of all births in Albania. According to modeled estimates for 2000, maternal mortality occurs at a rate of 55 deaths per 100,000 live births. This mortality rate, which is one of the lowest in Europe, is due to the low family status of women, a lack of healthcare in rural areas, and general ignorance of proper healthcare for pregnant mothers.

Literacy in Albania is defined according to the percentage of the population over the age of 9 who can read and write. Great strides have been made in reducing illiteracy. Approximately 87 percent of Albanians are literate. Over 93 percent of all males in the relevant group can read and write, but only 79.5 percent of females in the group have mastered these skills. In 1980, 78.8 percent of males and 52.6 percent of females were literate

All children in the relevant age group complete primary school. The rise in female completion rates has been particularly significant since only 93 percent of girls completed this level of education in 1990. Less than half of young children attend preschool, and there are few provisions for disabled children in Albania's educational system. Dropouts are particularly high among Roma children.

Human Development Index Rank: 72 Human Poverty Index Rank: Not included. SEE ALSO: Communism; European Relative-Income Standard of Poverty; European Union Definition of Poverty; Maternal Mortality and Morbidity.

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Alcohol and Drugs

DO THE POOR USE illegal drugs and abuse alcohol more frequently than the wealthy or middle class? Is substance abuse a cause of poverty or a result? A 2001 survey found that Americans living in poverty listed drug abuse as a principal cause, not a result.

Since the 1960s, much American political debate has centered on the causes of poverty. Political progressives traditionally argued that the causes of poverty include society's systematic injustices, technological change, and America's shift from a manufacturing to a service and information economy. Conservatives have rebutted that poverty preceded such problems and results from a long list of causes, including wrong personal choices, such as drug abuse, exacerbated by bad government policy.

A variety of studies support the concept that poverty and substance abuse go hand in hand. One survey found that the rate of monthly drug use among welfare recipients in northern California was almost four times that of the area's general population. Another found levels of drug use among welfare recipients twice that of the general public. Another found a high inci-



For those trying to escape poverty, alcohol and drug abuse only provides temporary relief and often exacerbates the problem.

dence of substance abuse among the homeless, particularly those in urban settings living on the street.

Are the poor more susceptible to substance abuse? Stressful conditions with which the poor cope often include unemployment, underemployment or off-and-on employment, low-status and low-skill jobs, unstable family and relationships, low involvement in the community, a sense of being isolated from society, low ambition, and feelings of helplessness. Such conditions can cause a person to seek relief by indulging in illegal drug use and/or alcohol abuse.

Feelings of destitution and hopelessness often cause the despairing to seek transcendence by abusing substances. Long-term strategies typically elude those who suffer, as they seek immediate escape or release. Substance abuse can seem therapeutic, at least for the moment.

But such behavior severely impairs an individual's ability to cope with the very factors causing hopelessness, compounding personal aimlessness and intensifying the sufferer's sense of destitution. Furthermore, indulging expends the poverty-stricken individual's meager economic resources, providing only a temporary, impermanent solution at best.

Hence many individuals are trapped in a cycle of poverty and substance abuse: a man drinks because he is depressed at not having a job or being able to provide for his children; because he is frequently intoxicated, he cannot find or keep a job; because he is spending his money on substance abuse, his financial inability to provide is intensified as well as his sense of guilt—and so, he drinks more heavily to escape the hopelessness.

Can this cycle be broken? The U.S. Department of Health and Human Services' National Institute on Drug Abuse (NIDA) identifies what it calls protective factors within society that can reduce risk factors leading to substance abuse. These protections, also referred to as prevention assets, result in reduced potential for substance abuse or make substance abuse less likely. Among these are a family consensus that drug use is unacceptable; clear rules of conduct that are consistently enforced within the family; involvement of parents in the lives and activities of their children; parental monitoring of children's activities and scrutiny of their peers; strong and positive family bonds; strong bonds with local institutions, such as school and church; and recognition by parents for their children's successful school performance.

Each of these protective factors exists in poor as well as wealthy families. By the same token, the risk factors identified by NIDA describe a diminished quality of life, indeed a "poverty," that can exist even in wealthy families: a lack of parent-child attachments and nurturing; chaotic home environment, particularly in which parents abuse substances; conflicts between family members; existence of verbal, physical, or sexual abuse within the family; families that don't spend much time together; family members with a history of alcohol or other drug abuse; inappropriately aggressive behavior in the classroom; ineffective parenting, especially with children with difficult temperments or conduct disorders; lack of clear rules and consequences regarding alcohol and other drug use; loss of employment by the key family income provider; parents who have trouble keeping track of their teens, particularly in regulating whom they are with and where they go; parents who have trouble setting rules, consistent expectations, and limits; poor social coping skills on behalf of students and parents; student failure in school performance; use of drugs and alcohol by parents, particularly involving youth in that use or tolerating use by youth; youths belonging to a group, such as a street gang, where drug use and alcohol abuse are accepted and even expected and applauded by the peer group; youths who associate with drug-using peers; youths who begin exhibiting problem behaviors at an early age, such as early sexual activity, illegal drug and alcohol use, and antisocial attitudes; and youths who think most of their friends use illegal drugs and abuse alcohol.

It is noteworthy that the American government's current War on Drugs was an outgrowth of the 1960s War on Poverty and has been the predominant theme of American drug policy for over four decades. That ef-

fort is multifaceted and is directed at the well-being of the nation as a whole with the reduction of poverty as an identified strategy.

SEE ALSO: Children and Poverty; Cyclical Poverty; Unemployment; Voluntary Poverty.

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Algeria

NEARLY ONE-fourth of the population lives below the poverty line in the North African nation of Algeria, which is ranked as lower-middle-income by the World Bank. Approximately six percent of Algerian children are malnourished. While efforts to alleviate poverty have been successful to some extent, progress has been tempered by terrorist attacks and by earthquakes, droughts, and floods. Resources are unequally divided, with the lowest 20 percent of the population receiving only seven percent of the total per capita income. Between 1988 and 2000, the poorest 20 percent of the Algerian population consumed only 7.5 percent of all goods, while the richest 20 percent consumed 43.2 percent. According to the United Nations Human Development Report, Algeria ranks 108 out of 177 nations in quality of life.

Algeria's resources have been drained by the political infighting that resulted in over 100,000 deaths in the 1990s. While the government has become more stable, the Algerian government must deal with high unemployment (25.4 percent), housing shortages, tenuous access to electricity and water, continued political unrest, and corruption. Efforts are under way to diversify the Algerian economy, which has been historically dependent on petroleum products. Hydrocarbons provide some 60 percent of Algerian budget revenues, almost

on-third of the Gross Domestic Product, and more than 95 percent of all export earnings.

The median age of Algerians is 24.36 years, and life expectancy is 73 years. Almost one-third of the population of 32,531,853 is under the age of 14 and only 4.7 percent are over the age of 65. The health of Algerians is affected by diseases such as bacterial diarrhea, hepatitis A, and typhoid fever, which are spread through infected food and water. Algeria has been more effective in checking the spread of HIV/AIDS than some other African nations, and fewer than 500 Algerians have died from this disease. Algeria has an 89 percent success rate for curing individuals diagnosed with tuberculosis.

The Algerian government has made significant progress in improving the lives of its children. In 1960, the mortality rate for children under 5 was 243 per 1,000 live births. After the introduction of new programs and policies, that number decreased to 140 deaths per 1,000 live births. Infant mortality is now reported at 31 deaths per 1,000 live births. Algerian male infants have a higher chance (34.83) of survival than Algerian females (26.98).

Immunization rates in Algeria are relatively high, and 84 percent of children ages 12 to 23 months are immunized for measles and 87 percent are immunized for DPT3. Immunization rates for Algerian infants increased significantly between 1990 and 2000. Immunizations for DPT rose from 58 to 86 percent; polio immunizations increased from 72 to 86 percent; and measles vaccinations rose from 53 to 81 percent. Professional medical staff now attend 92 percent of all Algerian births.

In order to improve reproductive health, the National Solidarity Fund underwrites medical costs for poor women, supplementing free services already provided by government-operated clinics. The dissemination of birth control has resulted in a low fertility rate of 2.8 per female. Approximately 57 percent of Algerian women ages 15 to 49 use some method of contraception.

Algeria has made education a priority, enforcing free and compulsory education for all children from the ages of 6 to 16. During the 2003–04 school year, primary school enrollment reached 100 percent. In order to improve access to education, Algeria increased the number of neighborhood schools. Because of the new programs, the numbers of both males and females attending secondary and tertiary schools have also risen. Concentrated efforts have been directed at reducing illiteracy rates. In 1980, 50.5 percent of males and 75.5 percent of females in Algeria were illiterate. Illiteracy

rates had declined to 9 percent for males and to 19.4 percent for females in 2004.

In response to pressure by the Commission on the Status of Women, and the goals that arose out of the Beijing Declaration and Platform for Women, Algeria established new priorities concerning quality-of-life issues and instituted new social programs designed to eradicate poverty by 2005.

The Algerian plan to eradicate poverty included targeting specific areas and groups where poverty is most prevalent and developing programs and policies designed to solve the problems that allowed poverty to flourish.

Algeria pledged that by 2015 it would slash extreme poverty to 2.85 percent.

In 2001 the Ministry of Employment and National Solidarity announced that it had identified 12 antipoverty objectives, including upgrading healthcare for mothers and children and ending sex discrimination and violence against women. A budget increase of five percent was approved for the Social Development Agency and Social Activity Directorates.

The Algerian government pledged that by 2015 it would slash the rate of extreme poverty to 2.85 percent and cut the rate of individuals living on one dollar a day to one percent. Antipoverty measures also include reduction in Algeria's infant mortality rate, controlling the spread of HIV/AIDS and other infectious diseases, and increasing the number of deliveries in medical facilities to 99 percent.

Human Development Index Rank: 103 Human Poverty Index Rank: 48

SEE ALSO: Colonialism; Education; Healthcare; Unemployment.

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Almshouses

THE PREAMBLE to almshouses is the act of almsgiving, a gift of charity to the less fortunate in the form of money, property, or bequest. It arises from the basic impulse of humans to help those who cannot help themselves. While practiced by many religions including Buddhism and Islam, almsgiving is especially important in Judaic and Christian religions where it is seen as an obligation.

The giving of alms became increasingly important with the rise of Christianity and the formalization of church structure. The collection and administration of alms were the responsibility of the local deacon reporting to the bishop, and the early recipients of alms were travelers, slaves, and prisoners. In this and later contexts, alms were a form of outdoor relief and were disbursed from the monasteries (or almshouses).

Increased religiousness, coupled with a growing sense of obligation, led individuals to greater charitable acts. These culminated in endowments for the creation of residential almshouses for the indigent, usually attached to a particular monastic order or parish. Such almshouses were based on the Christian hospitals that were founded in the 4th century and are among other religious charitable institutions such as orphanages and schools. In England and Europe, almshouses for the aged, poor, and infirm were established in the 10th and 11th centuries. By the early 14th century, the endowment of almshouses had become a common charitable bequest. In England, the number of almshouses grew after the Reformation.

Contrary to popular notion, the intention of the almshouse was not to offer care to all those in need. Residents were selected according to the particular standards and religious practices of the almshouse and were expected to follow certain rules and participate in obligatory activities such as attendance at church or chapel. The creation of almshouses was part of the movement toward the institutionalization and control of the poor, elderly, and infirm. In Europe, changes in attitudes toward the poor began in the 14th century and included provisions such as the control of begging and the issu-

ing of badges for licensed beggars. This attitude was cemented in England with the Poor Law of 1531, which provided for punitive measures for able-bodied beggars who did not work and were seen as a threat. In some regions, almshouses became synonymous with workhouses for the able-bodied poor. The creation and management of institutions such as almshouses moved from the exclusively religious domain toward secularization through civic charity and the work of lay confraternities.

Jails and almshouses were two institutions that migrated from England to colonial America. Throughout the early 19th century, almshouses provided some level of care and shelter to a wide variety of individuals including orphans, unwed mothers, the infirm, and mental defectives. A move to separate people into groups by age and infirmity began in the latter part of the century, resulting in specific institutions for orphans, the destitute aged, the tubercular, the feeble-minded, and the crippled. Throughout this period, almshouses evolved from institutions containing a mix of ages and infirmities into homes for the aged. By 1923, those over the age of 60 accounted for approximately two-thirds of all almshouse residents in the United States, compared with one-third in 1880. This trend is reflected in the U.S. Census of 1940 where the classification of almshouse changed to "home for the aged." Almshouses had clearly moved away from their religious roots, as these newly named institutions were eligible for subsidization under the federal welfare program of Old Age Assistance. However, some exceptions to the secularization of this period exist, such as the work of the Society of St. Vincent de Paul and other religious groups, catering to the needs of specific religions.

Most almshouses were built following a similar general plan that included self-contained units under one roof, plus a chapel and a common meeting room. As examples of physical buildings, almshouses provide distinctive forms of architecture that are sought after, prized, and conserved. In Britain, many almshouses, also known as Bedehouses, are still used for their original purpose of providing communal shelter. While these usually exist without the previous ties to monastic orders or parishes, they continue to serve the needs of the aged as charitable organizations.

SEE ALSO: Aged and Poverty; Charity; History of Poverty; Medieval Thought; Religion.

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American Friends Service Committee

THE AMERICAN FRIENDS Service Committee (AFSC) was formed in 1917 as an organization uniting American and Canadian Quakers to enable them to promote international peace and reconciliation after American military forces entered World War I (1914–18). The AFSC helped conscientious objectors to work as ambulance drivers and relief workers as an alternative to military service, to which Quakers, as pacifists, objected.

This public service was extended in World War II (1939–45) to allow a wider range of occupations for those wishing to take advantage of them. In recognition of its actions, the AFSC was, jointly with its British counterpart the Friends Service Council, awarded the Nobel Peace Prize in 1947. Both before and after the war, AFSC workers were active in helping provide relief to civilians caught up in warfare and disaster, from Russia to Biafra and Vietnam.

Its program of Voluntary International Service Assignments, which sent professionals overseas for temporary postings, was adopted as a model in the establishment of the U.S. Peace Corps. More recently, the scope of the AFSC has broadened to include consideration of the victims of injustice and inequality in the United States, including Native Americans, Mexican Americans, African Americans, migrant workers, prisoners, and the poor.

The AFSC has adopted the slogan "Quaker Values in Action" to describe its mission to bring about change in society, motivated by religious beliefs. Its values statement (adopted in 1994) states that "we cherish the belief that there is that of God in each person, leading us to respect the worth and dignity of all. We are guided and

empowered by the Spirit in following the radical thrust of the early Christian witness. From these beliefs flow the core understandings that form the spiritual framework of our organization and guide its work." A consequence of this is the struggle to understand poverty and other forms of injustice and to oppose it wherever it is found: "We seek to understand and address the root causes of poverty, injustice, and war. We hope to act with courage and vision in taking initiatives that may not be popular. We are called to confront, nonviolently, powerful institutions of violence, evil, oppression, and injustice. Such actions may engage us in creative tumult and tension in the process of basic change. We seek opportunities to help reconcile enemies and to facilitate a peaceful and just resolution of conflict." The AFSC is funded by individual and organizational donations and beguests and these exceeded \$47 million in the financial year 2004.

The AFSC's opposition to violence and to military action have brought it into debate and confrontation with government officials and politicians of differing opinions, and the supporters of the latter make their views known in the popular media. The Eyes Wide Open campaign travels across America with a pair of combat boots representing each deceased U.S. service person and a large number of shoes and sandals to represent the unknown thousands of Iraqi civilians who have died as a result of the war in Iraq.

SEE ALSO: Christian Antipoverty Campaigns; Inequality; International Nongovernmental Organizations; War and Poverty.

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America's Second Harvest

AMERICA'S SECOND Harvest is the largest domestic hunger relief organization in the United States. Through a national network of food banks, the organization helps feed 23 million hungry people annually by distributing food that is consumable but cannot be sold by grocery stores. More than 500 national grocery and

food service companies contribute surplus food to America's Second Harvest regional food banks where it is sorted, warehoused, and distributed to organizations that provide food directly to hungry people.

America's Second Harvest defines hunger as the inability to purchase enough food to meet basic nutritional needs. It distributes food, educates the public about hunger in the United States, and advocates for public policies that address the needs of hungry people.

The concept of food banking began in the late 1960s when a volunteer at a local food bank in Phoenix, Arizona, began soliciting donations of food products that would otherwise go to waste. Soon, more food was generated than the soup kitchen could use, and a warehouse was established to store the donated products for distribution to other hunger-focused charities. The practice spread throughout the United States assisted by federal grants and the 1976 Tax Reform Act, which provided corporate tax incentives for the donation of surplus food.

Second Harvest was founded in 1979 as a network of 13 food banks and distributed 2.5 million pounds of food that year. In 1999, the organization's name was changed to America's Second Harvest with a new goal—ending hunger in the United States. In 2005, America's Second Harvest secured and distributed 1.8 billion pounds of food and grocery products to more than 200 regional food banks and food rescue operations in 50 states, the District of Columbia, and Puerto Rico. Products were distributed to 50,000 food pantries, soup kitchens, women's shelters, Kid's Cafes, and Community Kitchens.

In 2002, the organization merged with Foodchain, the nation's largest food rescue organization. Food rescue programs are designed to distribute to hungry people ready-to-eat surplus food from banquets, cafeterias, and restaurants. Distribution of prepared meals through food rescue programs reduces food waste and complements the distribution of unprepared food, the traditional staple of food banking.

America's Second Harvest educates the public by producing research, disseminating information about hunger through the media, and sponsoring activities such as National Hunger Awareness Day 2005. Its reports Hunger in America 2001 and Hunger in America 2005 are comprehensive studies of emergency food providers and consumers in the United States. America's Second Harvest frequently partners for education and advocacy with organizations such as Food Research and Action Center, Bread for the World, and the Congressional Hunger Center. The organization's Hunger

Action Center provides information about current federal and state hunger-related legislation and facilitates contacting policymakers.

Community Kitchens train underemployed persons in basic food preparation skills while using donated food to prepare balanced meals for hungry people. During disasters America's Second Harvest works with the American Red Cross providing relief supplies to emergency feeding centers. A network of 1,000 Kid's Cafes provides free and prepared food and nutrition education to hungry children in schools and other locations where children congregate. The National Backpack Program provides children with food for the weekend when they do not have access to free and reduced-price school breakfasts and lunches.

SEE ALSO: Brot für die Welt; Congressional Hunger Center; Food Research and Action Center; Hunger; Nutrition.

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Ancient Thought

THE FIRST USE of the word poverty surfaced in the biblical world around the 10th century B.C.E., referring to landowners who forced peasants to sell land. The term was used in the Bible, turning from adjective into noun, to indicate a situation of precariousness (that is, physical, material, or relational). This was a new condition because up to then most societies were gift-based: poverty as a social condition was not present; reciprocity, redistribution, and domestic administration were the ruling principles. Then gift economies changed into barter economies, and the concept of poverty as a social condition began to be registered (during the 10th to 8th centuries B.C.E., in the Book of Proverbs). It coincided with the institution of monarchy in Israel in the 10th century B.C.E. and the advent of merchant civilization in Greece in the 8th and 7th centuries.

As a concept, poverty expresses two main conditions: destruction of the ties of social solidarity (destituteness, relational lack, and dependence on others) and the choice of virtue (humbleness, call for justice, and voluntary poverty), according to M. Rahnema. Thus, the concept of poverty began to appear in literature around the same time as tribes began to trade using money, instead of just exchanging objects. Although some forms of money were present among the peoples of the Near East already in the 13th century B.C.E., it was the Greeks who first used metal coins as a currency, thus giving birth to money as concept, as a common medium of exchange (during the 8th century B.C.E., money was called *nomisma* in Greece). In the same period, ancient Greek philosophy began to assign value to different types of abstract thought and to develop the first Western metaphysics.

We see thus that the time of the production of the concept of poverty was the time of the first coinage and of the first production of abstract thought. The concept of poverty can be read in relation to money and to abstract thought. In relation to money, poverty is the expression of a relational lack: it is the rupture in the equivalence established by the economy of exchange, the expression of the breaking of the social tie. In relation to thought, poverty is the material expression of the operation of abstraction done by the first philosophers of Western metaphysics. Poverty expresses at once a relational lack and the material side of knowledge.

In biblical and classical antiquity, poverty is perceived in two ways: one designates poverty as "disempowerment" of any kind (mental and material) and one connects poverty to justice, happiness, and virtue, according to Rahnema. Disempowerment (the Greek penia, the Persian and African meskîn and deha, the Persian faqir, darvîsh, bî kas, the biblical rash) forms a concept opposed to the one of economic value; the second expresses a moral line of voluntary poverty and is a force connected to self-realization.

A further mutation of the concept occurred in the later Roman Empire, with the advent of Christianity and its emphasis on charity, when, with the notion of "love of the poor," the "poor" was invented for the second time. As it became a virtue to patronize and protect the poor, they became better integrated into society. Paul expresses this idea with the figure of the "cheerful giver," a person prepared to make sacrifices for the sake of the community; an *isotés*, a levelling out or equalizing of resources between the brethren, was promoted. In medieval Christian society, regarding the conceptualiza-

tion of capital and value, the poor of ancient Israel expressed the lack of solidarity and became, from one side, an image of misery; from the other, virtue was replaced by the flourishing of the uses of poverty (from the use of poverty in Peter John Olivi, to Francis's choice of poverty, and Claire's privilege of poverty).

SEE ALSO: Charity; Moral Poverty; Religion; Voluntary Poverty.

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Andorra

THE SMALL PRINCIPALITY of Andorra is located in the Pyrenees Mountains on the border between Spain and France. It is a landlocked country. The summers in this mountainous region are generally warm and dry. Andorra's natural resources include timber, iron ore lead, and hydroelectric power generation. Arable land is limited to just over two percent of the total land area. As such most of Andorra's food is imported from other countries, mainly Spain and France. The country is the focus for several important land routes through the Pyrenees.

The economic mainstay of Andorra is tourism. Approximately 80 percent of its Gross Domestic Product (GDP) derives from this thriving industry. Andorra boasts of a duty-free status, a factor that accounts in large measure for its success in attracting over nine million tourists per year. The Andorran labor force reflects

the country's emphasis on services: agriculture represents only one percent of the workforce. Industry claims 20 percent (primarily in tobacco and wood products), while the service sector accounts for over 80 percent of total workers. In addition, Andorra's banking industry is highly efficient. Not surprisingly, Andorra's chief trading partners are Spain and France, together accounting for over 90 percent of both imports and exports. A number of significant environmental issues are currently being addressed in the country; these include deforestation and overgrazing, both contributing to significant soil erosion, and air pollution primarily emanating from the capital and largest urban area, Andorra la Vella (population 21,000).

Andorra became a sovereign state in 1993. For several centuries prior to attaining sovereignty and beginning in 1278, Andorra existed under the joint governance of France and Spain. A French count and the Spanish bishop of Urgel jointly held all executive, legislative, and judicial power in the government. A series of reforms was initiated in 1966, resulting in the formation of a parliament and eventually in the granting of suffrage to women in 1970. Clarifications in the requirements for Andorran citizenship were also accomplished in the 1970s.

The population of Andorra is 70,549 (July 2005). Its population growth rate is slightly under one percent per year, a rate lower than the world average and on a par with the most developed countries in the world. Life expectancy at birth in Andorra is exceptionally high: for the total population it is 83.5 years, for males 80.6 years, and for females 86.6 years. Ethnic groups in Andorra include Spanish (43 percent), Andorran (33 percent), Portuguese (11 percent), and French (seven percent). The literacy rate for the country is reported to be 100 percent.

Although Andorra was a very poor region for most of its existence, it now exhibits no poverty. The country's GDP per capita is over \$27,000 and its unemployment rate in the last 10 years remains at or near zero.

Human Development Index Rank: Not included. Human Poverty Index Rank: Not included.

SEE ALSO: France; Spain.

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Angola

WHILE ANGOLA ENJOYS relative wealth on a national level as a result of its thriving oil and diamond industries, the percentage of the population living in poverty is astonishingly high. The chaos and destruction resulting from a colonial revolution that lasted from about 1961 to 1975 and a civil war that raged off and on from 1975 to 2002 have left Angola with a dire human rights situation.

The lack of a stable government over the past 30 years has led to reliance on disparate statistical information, but it is estimated that in Angola's urban sectors, in which 50 percent of the country's population reside, nearly 90 percent of individuals are living below the poverty line. If extrapolated, these statistics suggest that a vast majority of Angolans may be living in poverty at the beginning of the 21st century.

The prevailing cause of Angolan poverty has been the destabilization of society for nearly half a century during the wars for independence and governance. At the end of the civil war in 2002, four million Angolans were displaced either internally or externally. While this number made up 30 percent of the population at the time, it does little to demonstrate the debilitating role displacement has played in modern Angolan history.

Forced migration became a reality for Angola's predominantly rural population in 1961 when rebel groups began fighting separate battles against Portuguese colonial forces. In 1974–75, when Portugal relinquished control of Angola, almost all of the 330,000 Europeans living in Angola fled at the outbreak of civil war, leaving Angolan cities virtually vacant. Rural populations, whose safety was threatened by local conflicts, began flooding into cities. This trend of rural Angolans taking refuge in urban areas has been a major factor in the poverty crisis that affects Angola to this day.

It is impossible to calculate just how many Angolans have been displaced over the past 30 years, but what was a predominantly rural country in 1975 now has 50 percent of its population living in city centers. This constitutes a colossal demographic change, which



War refugees fleeing to urban centers have been a major factor in the poverty crisis that affects several nations in Africa.

has given rise to massive impoverishment. Today, rural regions are devastated by the effects of war, underpopulated, unequipped for agricultural renewal, cut off from markets, and lacking basic social services.

In the urban environs, the influx of refugees has caused major overcrowding in areas unequipped to deal with the populations they were intended to hold. Lack of infrastructure has caused a gross shortage of clean water, waste collection, crime prevention, medical services, and most importantly food. Overcrowding has compounded these structural woes and created a crisis in urban Angola.

Since 2002, Angola has been governed under a peace treaty, with elections taking place in 2006. In the interim peacetime, the majority of internally displaced Angolans have returned home along with many of the refugees who fled to neighboring countries. The reintegration process, and with it the alleviation of mass poverty, is a lot more complicated than just returning citizens to their homes.

However, a burgeoning government, which promises civil stability and social services, in conjunction with international and private aid, brings the hope that the rampant poverty that has plagued the Angolan people for so many years will soon begin to be a thing of the past.

Human Development Index Rank: 160 Human Poverty Index Rank: 83

SEE ALSO: Conflict; Rural Deprivation; Urbanization; War and Poverty.

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Anti-Defamation League

The Anti-Defamation League (ADL) was founded in 1913 in response to a climate of anti-Semitism and racism that permeated American society of the time. The stated mission of the ADL is: "to stop, by appeals to reason and conscience and, if necessary, by appeals to law, the defamation of the Jewish people. Its ultimate purpose is to secure justice and fair treatment to all citizens alike and to put an end forever to unjust and unfair discrimination against and ridicule of any sect or body of citizens."

The history of the ADL has repeatedly demonstrated the organization's commitment to its mission. In its first decade, stereotypical anti-Semitic cartoons and stories were common in newspapers and magazines in the United States. Adolph Ochs, an early member of the ADL and publisher of the New York Times, successfully convinced fellow publishers to stop such submissions. In the 1920s, the ADL took on Henry Ford, a vehement anti-Semite, who promoted his views in the Dearborn Independent newspaper, forcing him to apologize for his anti-Semitic propaganda. The 1930s and the Great Depression brought out anti-Semitic sentiment in the United States and other countries, and allowed for the growth of Nazism in Europe. Radio personalities such as Father Charles Coughlin popularized the stereotypical view of Jews. The ADL's reaction was to discredit Father Coughlin with evidence countering his words.

In the 1940s, the ADL used legal means to fight housing, education, and immigration quota discrimination. The 1950s brought the fight against McCarthyism, and support for the civil rights movement, including an amicus brief in *Brown v. Board of Education*. In the 1960s the ADL supported passage of the Civil Rights

and Voting Rights Acts. Since the 1970s, the ADL has fought various attempts by the anti-Israel movement, white supremacists, and terrorists to support their anti-Semitic missions.

In recent years, the ADL has continued to take an active role in countering threats to the liberties of Jews and non-Jews alike. It has worked to increase dialogue between Jews and Christians by educating each about the other's religion. The ADL also is involved in providing educational materials to teachers and students dealing with a variety of issues, such as discrimination against persons with physical disabilities, the Holocaust, internet rumors regarding a variety of topics, and laws promoting religious discrimination. For example in 2005, the U.S. House of Representatives passed H.R. 2123, which would allow federally funded faith-based Head Start programs to base hiring and firing decisions on religious beliefs of the organization, a probable violation of the First Amendment right to freedom of religion.

The ADL has also taken an active role in antiterrorism activities. The organization's website maintains information on both domestic and international terrorist organizations. Also, the ADL is active in the dissemination of current information about the state of terrorism to law enforcement agencies around the world, as well as providing training opportunities to law enforcement, military, and intelligence officers, through cooperative agreements with agencies and governments around the world.

SEE ALSO: Antidiscrimination; Head Start; Judaism and Poverty; Racial Discrimination; Religion.

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Antidiscrimination

THE RIGHT TO EQUALITY and the principle of nondiscrimination are among the most fundamental elements of international human rights law. As humankind faces the dilemma of poverty, a powerful tool

is the Universal Declaration of Human Rights, articles 1 and 2, adopted in Paris in 1948, which proclaim: "All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood. Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. Furthermore, no distinction shall be made on the basis of the political, jurisdictional or international status of the country or territory to which a person belongs, whether it be independent, trust, non-self-governing or under any other limitation of sovereignty."

But with mankind empowered since 1948 with such profound antidiscrimination principles, have prejudice and resulting institutionalized poverty that it inflicts been abolished? A glance across the globe finds:

In July 1983, armed groups of ethnic Sinhalese of the Buddhist religion attacked the homes of ethnic Tamil of the Hindu religion in the Sri Lankan capital of Colombo, attacking the Tamils and driving them out with a death toll of more than 3,000, destruction of millions of dollars of property, and the creation of thousands of refugees as their homes and property were burned, looted, or seized.

Between December 1998 and December 2001, an estimated 2,000 native Christians on the Indonesian island of Sulawesi were killed in attacks by bands of Muslims from the nearby Maluku Islands, where an estimated 8,000 Christians had been killed in a four-year period from 1999 to 2002 and thousands were driven from their villages and land, resettling on predominantly Christian Sulawesi as destitute refugees.

In March 1999, Human Rights Watch denounced slavery practiced in Sudan conducted by governmentbacked and armed militia of the Baggara tribe in western Sudan, directed mostly at the civilian Dinka population of the southern region of Bahr El Ghazal. The tribal militia, often operating with government troops, raided Dinka villages, looting cattle and food as well as abducting women and children for use as domestic slaves and for sale in adjacent countries. The abducted children and women often lead lives of extreme deprivation and cruelty at the hands of their masters. They are denied their ethnic heritage, language, religion, and identity as they are cut off from their families and are held by Arabic-speaking captors, most of whom rename the abductees with Arabic names and coerce the children and women into practicing Islam.

In July 2005, the United Nations' World Food Program estimated that 2.9 million Zimbabweans would require food aid over the year ahead, an estimated 36 percent of Zimbabwe's population. The famine was blamed on food shortages and limited tillage after millions of acres of farmland owned by the white descendants of European colonials were confiscated by the Zimbabwe government, divided into small parcels, and given only to blacks belonging to the political party of President Robert Mugabe.

In December 2005, relief workers in Guatemala reported, despite laws prohibiting such discrimination, that native tribal Kacquikels continued to be denied education since tradition holds that they are cursed to lives of poverty and will never prosper; hence teaching their children to read or engage in enterprise would be futile.

SEE ALSO: African Americans and Poverty; Racial Discrimination; Social Exclusion.

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Antigua and Barbuda

The Caribbean islands of Antigua and Barbuda have been independent states within the British Commonwealth since 1981. Tourism dominates the economy of the islands, and Antigua and Barbuda have experienced an economic slowdown since the beginning of the 21st century.

Around seven percent of the labor force on the islands are involved in agriculture, which furnishes food for the islands. Fresh water is limited, making irrigation difficult. Periodic droughts are also a danger to crops. Manufacturing centers on bedding, handicrafts, and electronic components. Local manufacturers run into problems when trying to hire workers because islanders are able to make more money working in the tourist in-

dustry than in other industries. Nevertheless, there is an 11 percent unemployment rate.

Data are not always available for Antigua and Barbuda on major social indicators, making poverty analysis more difficult. The islands have a Gross National Income (GNI) per capita of \$9,160. The poverty level is estimated at 12 percent, but the number may be higher. Most of the poor are single mothers and their dependent children. About 10 percent of island children under the age of 5 are malnourished. Based on partial data, the United Nations Human Development Report ranks Antigua and Barbuda 55 of 177 on general quality-of-life issues. This ranking is high for the region.

The population of 68,722 enjoys a life expectancy of 71.9 years and a median age of 26.97 years. Life expectancy has increased steadily over the past decades, particularly among females, who can expect to outlive males by at least five years. Approximately 28 percent of the population are under the age of 14, and 4.1 percent of the people have reached the age of 65. Most islanders have easy access to safe water (91 percent) and proper sanitation (95 percent). There are 105 physicians for every 100,000 residents, and 50 to 80 percent of the population can afford essential drugs.

Infant mortality is relatively low at 19.46 deaths per 1,000 live births. Female infants are hardier, with a 15.29 per 1,000 death rate as opposed to 23.43 for male infants. In 2003, infant mortality was reported at 11 deaths per 1,000, and the mortality for all children under the age of 5 was recorded at 12 deaths out of 1,000. Around 10 percent of all children under the age of 5 are malnourished, and four percent are severely underweight. Approximately 11 percent of island babies are underweight at birth. About 10 percent of children under the age of 5 suffer from moderate to severe wasting, and seven percent experience moderate to severe stunting. Childhood immunizations are almost 100 percent among children from birth to 23 months, with only one percent failing to be immunized.

Since 1990 the total fertility rate of women on the islands has been recorded at 1.7 children per woman. Adolescent fertility stands at 62 per 1,000. Between 1980 and 2005, the number of women using birth control increased from 48 to 53 percent. Trained medical staff attend 100 percent of all births, and all women on the islands have easy access to prenatal and antenatal care. Maternal mortality is estimated at 150 out of 100,000 live births.

Illiteracy among Antiguans and Barbudans is relatively low. About 10 percent of males and 12 percent of females over the age of 15 cannot read and write. Liter-

acy rates have steadily increased since 2000 when rates were reported at 80 percent for males and 83 percent for females. Education is available to all children, and 98 percent of all children attend primary school. Numbers are not available on completion rates.

Human Development Index Rank: 60 Human Poverty Index Rank: Not included.

SEE ALSO: Colonialism; Drought; Maternal Mortality and Morbidity; Unemployment.

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Antipoverty Organizations

AT THE BEGINNING of the 21st century there is an ever-increasing gap between the rich and poor in both developing and developed countries. Although this disparity began in the 19th century, it has expanded more rapidly since the end of World War II.

In fact, over the last 60 years poverty has become such a problem that many organizations, agencies, and philanthropists have devoted significant time, energy, and funding to combat it. An indication of just how severe the problem is can be seen by the fact that the world's poor—the some 2.5 billion people who subsist on less than \$2 per day—are now more hungry, less sheltered, and more insecure in their living situations than at any time in modern history. The irony is that while the poor are experiencing extreme hardships, cor-

porations, executives, and the wealthy are increasing their net worth at unprecedented levels. For example, the number of millionaires and the wealth they have accumulated have continued to grow by 8 percent from 2003 to 2004 alone, while the number of people, most of whom live in Least Developed Countries (LDCs) on less than \$1 per day, is pervasive, persistent, and increasing according to a 2002 United Nations report.

Due in part to this imbalance, antipoverty organizations have sprung up to advocate for and provide assistance to people who cannot meet their own needs. While the United Nations and developed countries have many departments charged with alleviating poverty, many are inefficient and underfunded. Agencies such as the United Nations Development Programme (UNDP) typically furnish emergency aid, but do little to sustain development projects that would cut poverty in the long term. In an effort to meet this need, nongovernmental organizations (NGOs) such as Focus on the Global South, Global Exchange, Third World Network, and the 50 Years Is Enough Network have been working diligently to combat world poverty from the grassroots level. The following are some of the foremost antipoverty organizations that work to redress the problems of world poverty on an international level.

50 YEARS IS ENOUGH

50 Years Is Enough is a coalition of over 200 U.S. grass-roots, women's, solidarity, faith-based, policy, social and economic justice, youth, labor, and development organizations dedicated to the profound transformation of the World Bank and the International Monetary Fund (IMF). It was founded in 1994, 50 years after the World Bank and the IMF were created at Bretton Woods, New Hampshire. The network is active in more than 65 nations and is committed to making IMF and World Bank development programs democratic and accountable to those receiving assistance through programs of education and action.

JUBILEE USA NETWORK

Jubilee USA Network (formerly Jubilee 2000) is a Washington, D.C.-based group that advocates international debt cancellation for the world's poorest countries. It has over 60 member organizations, including labor, churches, religious communities and institutions, AIDS activists, trade campaigners, and over 9,000 individuals. Jubilee insists that the debt charged to many countries, most considered LDCs, is unjust, unpayable,

and that paying back these debts exacts too great a social and environmental toll on the poor.

GLOBAL EXCHANGE

Founded in 1988, Global Exchange is an international human rights organization dedicated to promoting social, economic, and environmental justice around the world. By sponsoring and guiding "reality tours," they aim to increase public awareness of root causes of injustice while building international partnerships and mobilizing for change. Tours are founded on the principles of experiential education and focus on the social, economic, political, and/or environmental issues that are pressing in the country that is visited.

ALLIANCE FOR DEMOCRACY

Alliance for Democracy (AFD) is an organization fashioned after the Populist movement of the 1880s. Its goal is to challenge corporate power in the global economy and in politics. The organization conducts specific campaigns to achieve its goals, such as its campaign finance reform program in Oregon, one of only five states that have no limitations on campaign contributions or expenditures. This AFD program attempts to reduce the power of corporations and wealthy individuals by limiting the amount of money they can contribute to any one candidate. AFD also sponsors campaigns for universal healthcare, access to clean and safe drinking water, and education programs dealing with the General Agreement on Trade in Services and the Central American Free Trade Agreement.

PEOPLE-CENTERED DEVELOPMENT FORUM

The People-Centered Development Forum (PCDF) is an organization started by David Korten, author of *When Corporations Rule the World*. PCDF works to create societies in which justice, inclusiveness, and sustainability serve as organizing principles of public policy. Toward this end, PCDF encourages voluntary citizen action guided by an international secretariat, a network of cooperating organizations, and an international advisory board to create social change.

Its most recent focus has been on the dysfunctions of corporate globalization and life-centered alternatives to money-centered corporate rule. The group also works to strengthen the voices of civil society in global dialogues on food and agriculture policy. PCDF seeks to reach beyond critique to awareness that there are

democratic, market-based, ethical alternatives to the excesses of global capitalism.

INTERNATIONAL FORUM ON GLOBALIZATION

Formed in 1994, the International Forum on Globalization (IFG) is an alliance of leading activists, scholars, economists, researchers, and writers formed to stimulate new thinking, joint activity, and public education in response to economic globalization. IFG represents over 60 organizations in 25 countries that share the concern that the world's corporate and political leadership is undertaking a rapid restructuring of global politics and economics with little public disclosure of the profound consequences affecting democracy, human welfare, local economies, and the natural world. IFG produces numerous publications; organizes high-profile, large public events; hosts many issue-specific seminars; coordinates press conferences and media interviews at international events; and participates in many other activities that focus on the myriad consequences of economic globalization.

FOCUS ON THE GLOBAL SOUTH

Founded in 1995, Focus on the Global South (FGS) engages in policy research, analysis, advocacy, and grassroots capacity building on issues critical to poor people who live predominately in the southern hemisphere. It also promotes sustainable development, demilitarization, and economic policies that put the good of the poor in front of corporate profit. Through the use of campaigns and programs, FGS organizes segments of civil society in efforts to build peace and security, reform global finance, and ensure fair trade. FGS's Trade Campaign has protested the policies of the World Trade Organization while also lobbying governments in Geneva; provided good and timely research and analysis; coordinated with national social movements, particularly in Asia; and organized mass demonstrations. Focus on the Global South is directed by worldrenowned economist Walden Bello, author of numerous books, including Dilemmas of Domination, Deglobalization: Ideas for a New World Economy and Global Finance.

THIRD WORLD NETWORK

Third World Network (TWN) is a nonprofit international network of organizations and individuals that work toward eliminating poverty by focusing on many

areas such as trade, global finance, biotechnology, women's rights, and healthcare. It conducts research on economic, social, and environmental issues pertaining to north-south development and publishes its research in books, magazines, and journals. Some of its publications include the daily SUNS (South-North Development Monitor) bulletin, the bimonthly Third World Economics, and the monthly Third World Resurgence. TWN has offices and affiliates in over 10 countries and is directed by Martin Khor.

TRANSFAIR USA

Started in 1998, TransFair USA is a California-based nonprofit organization that guarantees that the farmers and farmworkers behind Fair Trade Certified goods are paid a fair, above-market price for their products. They are one of 19 members of Fairtrade Labeling Organizations International (FLO) and the only third-party certifier of Fair Trade products in the United States. TransFair USA returns more of each dollar spent on any of the products it certifies goes back to the farmers and farmworkers who produce them. The U.S. Fair Trade market has empowered farmers and farmworkers around the world to determine their most pressing local economic development needs for themselves and reinvest in their products, cooperatives, and communities in appropriate and sustainable ways.

WOMEN'S EDGE COALITION

The Women's Edge Coalition advocates to make sure that U.S. international trade and assistance programs create economic opportunities and self-sufficiency for women and their families worldwide. The coalition, with over 40 organizational members and over 15,000 individual members nationwide, supports international economic policies and human rights that enable women worldwide in their actions to end poverty in their lives, communities, and nations. Women's Edge works through three main strategies: educating and influencing U.S. legislators to increase opportunities for women, analyzing the success of worldwide programs for women, and mobilizing American women to help shape American foreign policy toward women.

AFRICA ACTION

With roots extending back to 1953, Africa Action is the oldest U.S. organization working to change U.S. foreign policy and the policies of international institutions in

order to support African struggles for peace and development. The work of Africa Action is grounded in the history and purpose of its predecessor organizations, the American Committee on Africa, the Africa Fund, and the Africa Policy Information Center. Africa Action provides information and analysis to effect positive change in policies and attitudes about Africa. Some programs that Africa Action has recently undertaken are the stop the genocide in Darfur campaign, Africa's right to health campaign, and ongoing public outreach.

OXFAM INTERNATIONAL

Founded in 1995, OXFAM International, a confederation of 12 organizations working together with over 3,000 partners in more than 100 countries, is one of the largest and most influential antipoverty organizations worldwide. OXFAM raises issues to educate the public through its popular campaigning, alliance building, and media work. It also engages in high-level research and lobbying aimed at changing international policies and practices while working directly with people affected by humanitarian disasters. OXFAM runs development programs in more than 10 worldwide regions, lobbies on behalf of the poor, undertakes popular campaigning, and provides emergency assistance. The organization is specifically known for its expertise in water and sanitation projects.

RAINFOREST ACTION NETWORK

Founded in 1985, Rainforest Action Network (RAN) protects rainforests and the human rights of those living in and around those forests. Based in the United States, RAN supports activists in rainforest countries as well as organizing and mobilizing consumers and community action groups throughout the United States. RAN organizes grassroots organizations to actively support its campaigns, such as its boycott of Burger King for its unsound beef importing practices. It uses media campaigns, conferences, publications, and consumer education programs to teach people about the impact of their consumption patterns.

RAN works with environmental and human rights groups in 60 countries and is distinguished by its emphasis on grassroots education and its commitment to mobilizing citizen activists. Some of RAN's programs include Don't Buy Old Growth to preserve old-growth forests; Jumpstart Ford to pressure Ford and other automakers to pursue zero-emissions vehicles; and the Global Finance Campaign to bring social and environ-

mental accountability to all aspects of global financial business practices.

GLOBAL CALL TO ACTION AGAINST POVERTY

The Global Call to Action Against Poverty is a world-wide alliance including existing coalitions, community groups, trade unions, individuals, and religious and faith groups who are committed to making world leaders live up to their promises and to making a breakthrough on overcoming world poverty. Its focus is on securing more and better aid without harmful conditionalities that may be tied to contracts with donor countries, achieving debt cancellation from wealthy nations, creating trade justice by enacting measures to protect public services, ending commodity dumping and rich country subsidies, securing the right to food, affordable access to essential drugs, and strengthening corporate accountability.

SEE ALSO: International Nongovernmental Organizations; Jubilee 2000; Nongovernmental Organizations; OXFAM.

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Apartheid

APARTHEID MEANS "separateness" in Afrikaans, and was the social system enforced by the white minority in South Africa from 1948 to 1994 when Nelson Mandela was elected president in the first elections opened to all races. Under apartheid, the black majority was segregated and was constantly discriminated against. Black South Africans did not have the same political, legal, and economic rights as whites. The eco-

nomic legacy of apartheid, which impoverished the vast mass of black South Africans as well as blacks in neighboring countries, is still palpable today. According to a 2004 survey, 61 percent of Africans and 38 percent of mixed-race "coloureds" live in poverty, compared with five percent of Indians and one percent of whites.

Apartheid was adopted after World War II as the National Party led by Daniel François Malan won the 1948 general election, together with the Afrikaner Party. The two-party coalition defeated the Union Party (UP) by a narrow margin in an electoral campaign where apartheid had figured prominently. Jan Smuts, the leader of the UP and prime minister, had branded the idea of apartheid as "nonsense."

Yet as Malan replaced Smuts, stricter laws were passed to ensure the country's racial separation, thus giving rise to apartheid. While segregation might have been a reality of life before 1948, after Malan's victory it became institutionalized. Mixed marriages and sex were banned; segregated hospitals, buses, schools, and park benches were created; and restrictions on the possibility of blacks living in, or visiting, urban areas were passed.

"Colored" South Africans were compelled to carry identity documents at all times, and the Bantu Authorities Act (1951) established the legal basis for the creation of theoretically independent microstates called "homelands," where blacks would be forced to live. During the premiership of J.G. Strijdom, the transition to apartheid was fully completed with the suppression of voting rights for blacks except for segregated bodies. Strijdom also brought the Senate and the Appeal Court, which had rejected several governmental acts, under the firm control of the National Party.

The clear relationship between the apartheid system and black poverty can be seen in the data on the ratio of black income to white income. From 1946 to 1960, despite a decrease in the white proportion of the population, a constant 70 percent of South Africa's national income went to whites. Between 1970 and 1980, when violent protests began to spread throughout the country, this fell to 60 percent, still a huge proportion considering the whites' minority status. When the homeland policy was finally enforced, 29 million black South Africans were squeezed into 13 percent of the national territory.

The "homelands" were remote, devoid of economic activities, and extremely overpopulated. Soon they were among the world's poorest and most degraded areas. Institutions obviously spent money on white areas while leaving black enclaves without the most

basic of services. The system of apartheid was preserved also by impoverishing neighboring states. South Africa waged a full-scale war against Mozambique and Angola and imposed an economic blockade on Lesotho, Botswana, Zambia, Zimbabwe, and Malawi.

In the end, therefore, apartheid did not impoverish black communities only, but the whole of the South African state and the South African region. South Africa was forced to borrow phenomenal sums of money to keep the expensive system of surveillance and segregation in place and, especially in the late 1980s, was the target of economic sanctions. Neighboring states had to borrow equally phenomenal amounts of money to defend themselves from South African aggression and destabilization.

The economic legacy of apartheid is still very visible today. People are no longer discriminated against for their race, yet they continue to be discriminated against on the basis of class. Studies point out that economic inequality has deepened since the rise in power of the African National Congress in 1994. While a black elite has joined the white one at the head of South African society, and the black bourgeoisie is finding more opportunities thanks to a free market economy, the poor are becoming even poorer. Communities have been forced out of South African townships because they can no longer afford to pay mortgage rates imposed by banks, while others have faced substantial rises in electricity and water bills. Entire areas have been denied such services.

Because its economic legacy is still visible after a decade of its demise, apartheid has become synonymous with poverty. Tellingly, the former South African President Nelson Mandela linked the two concepts in his speech before a G-8 meeting in 2005. Speaking at the first rally of the campaign "Make Poverty History," Mandela claimed, "Like slavery and apartheid, poverty is not natural. It is man-made and can be overcome and eradicated by the actions of human beings. I say to all those leaders [of the G-8]: do not look the other way; do not hesitate. Recognize that the world is hungry for action, not words. While poverty persists, there is no true freedom."

SEE ALSO: Racial Discrimination; Social Exclusion; South Africa.

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of a Miracle: The End of Apartheid and the Birth of the New South Africa (W.W. Norton, 1997).

Luca Prono Independent Scholar

Apostolic Sects

THE CHURCH DESCRIBED in the New Testament's Book of the Acts of the Apostles was founded on the preaching and teaching of the disciples of Jesus of Nazareth, who were thereafter called Apostles. After his crucifixion, his followers declared that he had risen from the dead, had ascended to heaven, was the Christ (in Greek) or Messiah (Hebrew) of God, and is now "seated at the right hand of God," that is, holds the place of power.

The early history of the church in New Testament times and for two centuries afterward is sketchy. However, in subsequent centuries the church came to confess that it was apostolic in its teachings and, until the Protestant Reformation, apostolic in its succession of bishops through the line of ordination, as each succeeding generation has "laid hands" on its successors as an anointing sign of ordination or divinely marked setting aside for ministry.

In the 19th century, the great missionary work of Roman Catholics and Protestants established numerous mission churches in the southern hemisphere. In the 20th century, numerous evangelical and pentecostal movements spread over much of Latin America, Africa, and Asia.

The apostolic sects are religious movements with many being splinter groups from traditional Christian churches. Others were more spontaneously inspired. Numerous evangelical and pentecostal groups now refer to themselves as "apostolic." Some make the claim that they are restoring the original Apostolic Church of the New Testament, which is presumed to be purer than the older churches existing today. Globally they may number 18 million people. They tend to be evangelical or fundamentalist, charismatic or pentecostal, and very independent.

Most of the sects that can be referred to as apostolic are conservative in theology. Some stress faith healing. Their biblical theology directly affects their social theology and social ministries. They can be found over most of the world, but are strongest in Africa. Many are found in the United States.

The number of apostolic sects, often called "Vapostori," and other religious groups in Africa is difficult to judge because they are constantly forming, splintering, and reforming. It is certain, however, that they are growing in number rapidly and are becoming a social force in dealing with issues of poverty.

At the present time the greatest problem in Africa is HIV/AIDS. Zimbabwe, where the apostolic sects make up six percent of the population and three-quarters of the rural population, has the third highest incidence of the disease in the world.

Some of the apostolic sects in Africa are meeting the HIV/AIDS crisis with a theology that demands abstinence in sexual behavior. Other sects, such as the Apostolic Church of God, numbering perhaps 50,000, have refused polio vaccinations on religious grounds.

The ban on polygamy was a major step: it was a recognition of the AIDS crisis.

In 2005, 70 apostolic churches met in Harare, Zimbabwe, and agreed to ban polygamy. Traditional African marriage practices had allowed multiple wives. The ban on polygamy was a major step because it was a recognition of the HIV/AIDS crisis that many of the conservative apostolic churches had denied; it was viewed as the fruit of a sinful lifestyle. Moreover, the ban reduced the danger of the spread of the disease from older men who marry young virgins.

President Bishop Xavier Chitanda of the Johane Masowe sect helped to organize the apostolic sects' umbrella body, the Union for the Development of Apostolic Churches in Zimbabwe-Africa (UDACIZA). It was this group that launched the ban on polygamy as a solution to the HIV/AIDS crisis, which has killed two million people in Zimbabwe. UDACIZA has developed programs for defeating the crisis.

UDACIZA began as a response by the apostolic sects (independent churches) in Zimbabwe as a way to provide relief from poverty, to promote education and reduce ignorance, and to address long-term poverty issues. The ban represents a change in theological attitudes. The apostolic sects inherited a premillennialist theology from their American mission roots, which was pessimistic and quietist, as they awaited the imminent return of Christ.

In 2005, shortly after the apostolic sects' ban was announced, the Zimbabwe Council of Chiefs backed the ban of the apostolic sects on polygamy. The Coun-

cil of Chiefs approved the ban to help prevent the spread of HIV/AIDS.

SEE ALSO: Christian Antipoverty Campaigns; HIV/AIDS; Religion; Zimbabwe.

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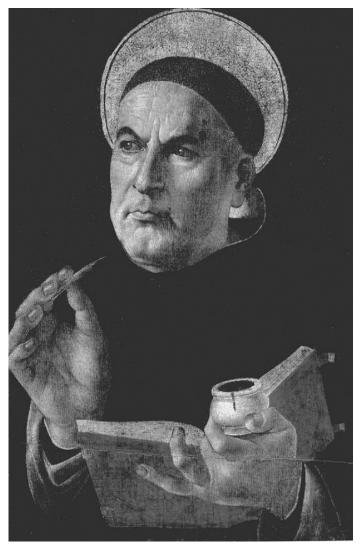
Aguinas, Thomas (c. 1225-74)

THOMAS AQUINAS was an Italian Dominican theologian and the foremost medieval Scholasticist, usually credited for the integration of the recently discovered philosophy of Aristotle into Christian thought. As a Dominican friar, St. Thomas was part of the mendicant orders, which required their members to live in extreme poverty and beg alms. By choosing the newly established Dominican order, Aquinas renounced his feudal background and the traditional spirituality that his parents hoped he would follow.

Born at Roccasecca in the Kingdom of Naples, Aquinas's family owned a feudal domain in a territory torn by constant battles between the emperor and the pope. Young Thomas was first sent to study at the Benedictine abbey of Monte Cassino, but later transferred to the University of Naples when the abbey became a disputed site in the medieval struggles between empire and papacy.

In Naples, Aquinas came into contact with the Dominican order and dashed his family's hopes for his future as a Benedictine abbot. Aquinas appreciated the more active attitude toward life of the new order, where preaching and teaching were more relevant than contemplative prayers and manual labor. When he was sent to Paris to pursue his studies, Aquinas was kidnapped by his family and was kept prisoner for more than a year. Yet his obstinate resistance convinced his parents to allow Aquinas to continue his life and career as a Dominican.

In 1245, Thomas arrived in Paris where he studied under the renowned scholar Albertus Magnus. After



In Thomas Aquinas's thought and writings, poverty is not an end in itself but a means to reach God.

four years spent in Cologne with Albertus, he returned to Paris, where he first obtained his degree and then the license to teach. In 1259, he was appointed theological advisor and lecturer to the Roman Curia, a prestigious and influential position that put Thomas at the center of humanism.

In his later years, Thomas was sent to Naples where he was given the task to establish a Dominican house of studies at the local university. He died in 1274 at the monastery of Fossanova while en route to the Council of Lyons where the pope had summoned him in an attempt to prevent the schism of the Roman and Byzantine church.

Although Thomas's work was shaped by the encounter with academic life in Paris and the discovery of Aristotle, St. Francis of Assisi and the centrality of per-

sonal and corporate poverty in the Dominican order were also important influences in his thought. Aquinas's intellectual accomplishment was to stimulate a renewal at both a personal and a larger, institutional level of Catholic life. At a time when the discovery of Aristotelian philosophy and its emphasis upon reason was putting Catholic faith in danger, Aquinas was able to reconcile both reason and revelation in his major work, Summa Theologica, on which he worked until his death. Both in the Summa and in the earlier Contra impugnantes Dei cultum et religionem, Saint Thomas defined poverty as a means to perfection, an "instrumentum perfectionis."

He was involved in the controversy over mendicant orders against William of Saint-Amour who, in the 1250s, had argued that the ministry of the religious who pretended to dedicate themselves to study and teaching, but who lived not from their work but from mendicancy, was not legitimate. While Aquinas conceded that religious orders could belong to professional bodies, he also forcefully asserted that mendicant orders were forbidden manual labor and thus advocated for them the right to absolute poverty.

As he put it in *De Perfectione*, "if one examines attentively the words of the Lord, it is not in the abandonment even of riches that he places perfection. It only shows a way that leads there, as well as it proves his manner of speaking when he says, if you want to be perfect, go, sell all that you possess, give it to the poor and follow me. This is to say that perfection consists in following Christ and that the renouncement of riches helps walk in this way."

SEE ALSO: Francis of Assisi; Mendicant Orders; Voluntary Poverty; Western Monasticism.

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Arab Definition of Poverty

FROM THE ATLANTIC OCEAN to the Persian Gulf, from the southern shores of the Mediterranean to the

Sahara wilderness, the Arab region has enormous wealth along with the deepest poverty. Over the last half century, significant strides have been achieved in impacting Arab regional poverty with the discovery and development of vast Arabian petroleum reserves. However, wide economic disparities continue.

According to the Committee for Research on Poverty (CROP), the Arab definition of poverty is "an inability of an individual to satisfy his own basic needs and the needs of his dependents." But the reality of poverty takes different forms in the Arab world. As just one example, consider Saudi Arabia, the world's largest oil exporter, which possesses 25 percent of the world's petroleum reserves.

Amid such vast wealth, according to a 2005 study by Rashid Bin Sa'd al-Baz, a professor of social sciences at Imam Muhammd Bin Sa'ud Islamic University in the Saudi capital, poverty persists. In the absence of any official governmental poverty standard, he identified the Saudi poverty level at 1,120 Saudi riyals a month. He also calculated the average Saudi citizen's income at 2,083 Saudi riyals monthly. The World Bank in 2002 calculated the Saudi per capita income at 2,260 Saudi riyals per month. If either report is correct, the average Saudi is living well above the poverty line as calculated by Sa'd al-Baz.

Yet slums have grown up around the larger Saudi cities and beggars can be seen on the streets. Acknowledging an emerging problem, in 2003 the Saudi government announced a "national strategy to combat poverty," marking the kingdom's first official admission that poverty exists. The announcement followed a visit to the poorest neighborhoods of Riyadh Crown Prince Abdullah, who visited cramped shanties and met with families whose food comes from charities.

How to measure poverty in Saudi Arabia? One indicator would be the Gross Domestic Product (GDP) per capita, which establishes an average annual income figure for a nation's citizenry. The Human Development Index (HDI) would be perhaps a better indicator in defining Arab poverty. It is a comparative measure of income, literacy, education, life expectancy, and other factors. Another useful indicator of Arab poverty is the Gini Index, which measures the degree of inequality in a nation's distribution of family income.

Saudi Arabia's oil-based economy is strongly controlled by the ruling royal family. No poverty figures are published, but the GDP per capita is \$12,000. No Gini index is reported by the United Nations. The literacy rate is 78.8 percent. The Saudi HDI improved between 1990 and 2002 from .602 to .707 to .768.

SEE ALSO: Algeria; Bahrain; Comoros; Djibouti; Egypt; Iraq; Jordan; Kuwait; Lebanon; Libya; Mauritania; Morocco; Oman; Qatar; Saudi Arabia; Somalia; Sudan; Syria; Tunisia; United Arab Emirates; Yemen.

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Area Deprivation

AREA DEPRIVATION CONCERNS areas or communities populated by a large proportion of individuals having essential disadvantages in reaching the minimum living conditions, where the problem of social justice due to individual deprivation has additionally become a problem of spatial justice. The individual weakness develops into area economic depression, as in urban slums or shantytowns in cities, with populations in a state of poverty compared to contiguous affluence levels. The uneven spatial distribution of affluence is present at every geographical scale, within cities as inner cities, and remote rural areas, but also regions, states, and continents. The measure of the spatial variation of inequality and exclusion allows the detection of area deprivation.

The process of unbalanced economic development produced by capital accumulation creates leading and lagging areas. The structural and spatial reorganization of capital produces investment or disinvestments of industries in cities while price oscillations, subsidies regulation, and tariffs have an effect on the competitiveness of agricultural production and drive rural economies to a structural subsistence livelihood or to a viable marketoriented development.

Area deprivations are defined by common attributes of a material, economic, social, participative, and relational kind as less income; fewer employment opportunities; insufficient public infrastructures, services, and facilities; and a general poor ratio between resources and population exist. Area-specific features can be political conflicts and war; declining regions with factory closures; environmentally degraded areas by pollution, deforestation, erosion, or droughts; and hazard-prone areas.

Urban deprived areas have poor physical conditions as a result of an unhealthy environment with high levels of pollution, affected by industrial decline, poor housing conditions, large areas of derelict land, insufficient green areas and community facilities to satisfy leisure needs, and few public basic services.

Remote rural areas have increased disadvantages for their lack of accessibility. The deficiency and bad quality of road and communication infrastructures increase costs in transport and traveling and favor a low competitiveness. Reduced income is prevalent, and some areas show persistent poverty levels higher than in metropolitan areas. Environmental degradation by unsustainable exploitation of resources reduces the main active assets of these areas, including land, water, and biodiversity, and limits the opportunities for prospective development.

Social inequality in deprived areas results in higher unemployment rates, low educational levels and educational attainment, lack of qualification, greater frequency of health problems, and exclusion from social relations and civic activities. Social disorganization and weak social cohesion favors alcoholism, drug abuse, and crime. Strong migration processes in various directions are observed, while impoverished people in inaccessible areas leave for cities, causing rural age-selective depopulation. Deprived urban areas let middle-class people out, while poor foreign immigrants and rural expellees go in, reinforcing deprivation. Demographically urban areas have a younger population and a higher percentage of minority people, while rural areas and historical districts have aging populations.

Whereas areas of deprivation are common to areas and cities in developed and developing countries, they are structurally heterogeneous for they include nondeprived individuals, who nevertheless become socially excluded. Old people who live in declining and aging

historic districts are a group vulnerable to potentially experience poverty and deprivation.

Policy options ought to address both individuals—to tackle problems of those living in or out of deprived areas—and area poverty with social class, sector, and area-based initiatives. Among these initiatives, urban redevelopment and renewal, and local development are strategies to tackle deprivation at the urban and rural scales.

SEE ALSO: Rural Antipoverty Programs; Rural Deprivation; Urban Antipoverty Programs; Urbanization.

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Argentina

THE ARGENTINE REPUBLIC is the second largest country in South America. Argentina has had a long history of internal strife since winning independence from Spain in 1816. After World War II, Argentina spent years under the authoritarian control of Juan D. Perón until he was overthrown by a military coup in 1955. Thereafter, political power within Argentina changed hands frequently, including another period under Perón.

Following his death in 1974, Isabel Martinez Perón, Juan's third wife, led the country to economic ruin as the cost of living rose 355 percent. A military junta seized control in 1976, ushering in a reign of terror in which 2,300 people were murdered and tens of thousands of others vanished or were arrested. Economic and political chaos continued until 1983 when democracy was restored. During the late 1990s, the Carter Center of Emory University, founded by former president Jimmy Carter, convinced the Argentine govern-

ment to agree to a two-year moratorium on the purchase of sophisticated weapons.

In addition to the fertile land of the Argentine pampas, the country's natural resources include petroleum and deposits of lead, zinc, tin, copper, uranium, manganese, and iron ore. Service industries account for 53.5 percent of Argentina's Gross Domestic Product (GDP), and a variety of industries provide an additional 35.9 percent of the GDP. The export-oriented agricultural sector accounts for the remaining 10.6 percent.

Over 43 percent of the Argentine population live in poverty.

Argentina is an upper-middle-income nation with a per capita income of \$12,400. Inequality flourishes, and the poorest 20 percent of the population claim only 3.1 percent of available resources. On the other hand, the richest 20 percent of Argentines share 56.4 percent of resources. Argentina is ranked 52.5 percent on the Gini Index of Human Inequality.

Since the mid-1990s, Argentina has experienced high rates of inflation, capital flight, severe external debts, and budget deficits. At the beginning of the 21st century, the Argentine economy spiraled further downward with negative growth rates, massive bank withdrawals, and eroding consumer confidence. By the middle of 2002, recovery had begun.

Nevertheless, over 43 percent of the Argentine population live in poverty, and 14.8 percent of the labor force are unemployed. Some 14.3 percent of the people live on less than \$2 a day, and 3.3 percent live on less than \$1 a day. The United Nations Human Development Reports rank Argentina 34 of 177 on general quality-of-life issues.

Antipoverty efforts in Argentina have focused on the Program for Unemployed Heads of Household. The program links financial assistance to school attendance of dependent children and to training and education for adults. In 2001, 67.3 percent of those receiving benefits were female, and 26 percent of that group were heading a single-parent family. Most recipients were under the age of 35. About 43 percent of recipients had not finished secondary school, and 11 percent had not completed primary school. Around 14 percent of recipients were college graduates.

While only one-fourth of poor Argentine families receive public assistance, the government determined that the employment program had reduced poverty in Argentina by four percent and prevented 20 percent of recipients from sliding into absolute poverty. Modifications were made to the program in 2004 when it became a feeder plan for the "Let's Get to Work" plan. While Argentina spends 18 percent of its GDP on social programs, most funds are used to provide pensions and unemployment for the segment of the population that is not poor.

Argentines enjoy a life expectancy of 75.91 years. Women (79.85 years) outlive men (72.17 years) an average of over seven years. Among the population of 39,537,943, the median age is 29.42 years. Approximately 26 percent of the population are under the age of 14, and nearly 11 percent are over the age of 65. Six percent of Argentines do not have access to safe drinking water, and 18 percent lack access to improved sanitation. While healthcare is available, it is not always affordable. There are 304 physicians for every 100,000 residents. From 20 to 50 percent of Argentines are unable to afford essential drugs.

Mortality rates in Argentina are high, although there has been some progress. Between 1970 and 2005, infant mortality fell from 59 deaths per 1,000 live births to 15.18 deaths per 1,000 live births. During that same period, the mortality rate of all children under the age of 5 dropped from 71 to 20 deaths per 1,000. Five percent of all Argentine children are malnourished, and seven percent of infants are underweight at birth. Immunization rates for children from birth to 23 months range from 88 to 99 percent.

Fertility rates are high in the country, in part because Argentina is 92 percent Catholic. Since 2004, sex education classes have been compulsory for first-year college students. The fertility rate for teenage mothers is 54 per 1,000 births. Between 1980 and 2005, total fertility rates fell from 3.3 children per woman to 2.19 children per woman. Only one percent of births in Argentina take place outside the presence of trained medical staff. Based on modeled estimates for 2000, maternal mortality is high at 82 deaths per 100,000 live births.

Literacy is high in Argentina, and 97.1 percent of the population over the age of 15 can read and write. The government allots grants to the poorest students and provides soup kitchens in the schools to furnish nourishment to poor children. The School Learning program promotes preschool education, particularly among children who live in rural areas. All students complete primary school and most students attend school for 16 years. Females outnumber males at both the second and tertiary levels.

Human Development Index Rank: 34 Human Poverty Index Rank: Not included.

SEE ALSO: Brazil; Carter, James (Administration); Inflation; Unemployment.

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Armenia

EARLY IN THE 4th century, Armenia became the first nation to adopt Christianity. In 1828, the country was annexed by Russia and later became part of the Soviet bloc. In 1988, Armenia began fighting Azerbaijan, its Muslim neighbor and fellow bloc member, over rights to the area of Nagorno-Karabakh. The fight continued after both countries won independence from the Soviet Union in 1991. A cease-fire was negotiated in 1994, but the war had taken an economic toll on both countries. In 1995, guided by the International Monetary Fund (IMF), the Armenian government initiated reforms that began a period of economic recovery.

Despite its status as a lower-middle-income country, Armenia faces a poverty rate that encompasses 55 percent of the population, with 8.5 percent of the people living in extreme poverty. Single mothers with children under the age of 5 make up 60 percent of Armenia's poor. Poverty has spread in part because of the 30 percent unemployment rate, which has created an environment in which 51 percent of the population are undernourished. Income is distributed unequally, and the poorest 20 percent of Armenia's people share 6.7 percent of the country's income, while the richest 20 percent hold 45.1 percent of the wealth. Armenia is ranked 37.0 on the Gini Index. The United Nations Human Development Report ranks Armenia 82 of 177 on general quality-of-life issues.

Armenia's economy is diversified, with 45 percent of the population engaged in small-scale agriculture. The agricultural sector does not generate sufficient food to feed the country, so Armenia imports most of its food. Some 25 percent of Armenians are employed in industries that revolve around the production of machine tools and textiles. While Armenia's natural resources include gold, copper, molybdenum, zinc, and alumina, none of the deposits are large and mining is limited.

The Armenian population of 2,982,904 enjoys a life expectancy of 71.55 years. Females have a distinct advantage over males, with a projected life span of 75.75 years as compared to 67.97 years for males. This may be partially due to the fact that 64 percent of the male population smoke, but only one percent of the female population smoke. With a median age of 30.07 years, 21.6 percent of the population are under the age of 14, and 10.9 percent have reached the age of 65. There are 287 physicians for each 100,000 residents in Armenia, and roughly half of the population has access to affordable essential drugs.

Armenian infants have a mortality rate of 23.28 deaths per 1,000 live births. Again, females are hardier than males, with a mortality rate of 17.13 per 1,000 as compared to 28.51 for male infants. Infant mortality has steadily declined over the last decade. The mortality rate of children under the age of 5 is 33 deaths per 1,000. Among children in this age group, chronic malnutrition increased from 12 percent in 1998 to 14 percent in 2000. Some 13 percent of under-5s suffer from moderate to severe stunting, and two percent suffer from moderate to severe wasting. Some 7.9 percent of all babies are underweight at birth. Childhood immunizations are stable in the 90 percent range for all children from birth to 23 months, and polio has been eradicated. Approximately 40 percent of Armenian children receive lifesaving oral rehydration therapy when they are ill.

Literacy in Armenia is high, and 98.6 percent of the population over the age of 15 can read and write. At 99.4 percent, male literacy is almost 100 percent; however, two percent of Armenian females are illiterate. Education is a constitutional right in Armenia, and school

is compulsory except for the final two years of high school. As a result, most Armenians attend school for at least 11 years. Some 20 percent of Armenians attend college or university, and one-third of all students at this level are enrolled in science, math, and engineering programs.

Because Armenia has an extensive family planning network, fertility is low. In 2005, the total fertility rate was estimated at 1.32 children per woman. Among adolescents, the fertility rate was 35 per 1,000. Over 60 percent of Armenian women use contraceptives. However, birth control methods are not always effective, and abortions are common. Maternal mortality is low in Armenia because healthcare is accessible and the population is well educated. Professional staff attends some 97 percent of births. Maternal mortality is estimated at 55 deaths per 100,000 live births.

Single mothers tend to be among the poorest segment of the population, and the government grants minimum social security benefits to these women. In the past, some mothers have chosen to grant the state guardianship of their children because they were unable to care for them. UNICEF, the United Nations' organization for children, is working with the Ministry of Labor and Social Affairs to provide financial assistance that will enable such children to return to their families. The government has also established education and job training programs for poor women and opened statesponsored daycare centers to allow poor women with small children to work.

Human Development Index Rank: 83 Human Poverty Index Rank: Not included.

SEE ALSO: Azerbaijan; Communism; Family Size and Structure; International Monetary Fund; Women and Poverty.

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Arthur, Chester (Administration)

THE ARTHUR administration's most lasting legislative legacy is undoubtedly the Pendleton Act of 1883. Responding to the assassination of President James Garfield by a deranged office seeker, the Congress passed and Arthur signed legislation creating the first Civil Service Commission. Because the bill's sponsors were Democrats and because many of Arthur's most generous supporters were beneficiaries of the spoils system, Arthur supported this reform at considerable political cost.

The legislation established competitive examinations for federal civil employees, prohibited office-holders from requiring political contributions or partisan service from these employees, eliminated much outright nepotism, and directed that alcoholics be fired from federal civil service positions. This federal legislation soon became the model for similar reforms on the state and local levels. The Pendleton Act did much not only to professionalize the federal work force, but, given the percentage of American workers subsequently employed by the government at all levels, it also ensured that the civil service offered a stable livelihood and brought many American families into the middle class.

Another important piece of legislation enacted during the Arthur administration was the Chinese Exclusion Act. Initially, the Congress passed legislation prohibiting Chinese immigration and naturalization for 20 years, but after Arthur vetoed that legislation, it was revised with the term reduced to 10 years. Renewed in 1892 and 1902 and not formally repealed until 1943, the legislation not only soured relations between the United States and China for many decades, but it also ensured that even naturalized Chinese Americans would be treated as second-class citizens culturally, politically, and economically. Chinese Americans were, for instance, specifically prohibited from engaging in mining. The practices of the few Chinese American professionals were restricted to Chinatowns, Chinese-American skilled workers could find employment only with businesses owned by other Chinese Americans. Unskilled Chinese Americans labored for substandard wages, exploited by firms that knew that Chinese Americans had few other employment options and few means of protesting the conditions of their employment.

Lastly, although the so-called Mongrel Tariff of 1883 was the sort of compromise that satisfied almost no one, it is often cited as the starting point for the ongoing conflict between protectionists and free-traders. As with other dramatic shifts in political philosophy, the Democratic and Republican positions on the issue have reversed as their political bases have changed. Initially the Republicans supported protectionism and the Democrats supported free-trade. But as unionized workers became a major part of the Democratic base and as multinational corporations began to proliferate, the Democrats began to support protectionism, and the Republicans, free trade. As displaced American factory workers are painfully aware, this issue continues to directly affect the economic standing of almost countless American families.

The civil service brought many American families into the middle class.

Arthur was born on October 5, 1829 in Fairfield, Franklin County, Vermont. He graduated in 1848 from Union College in Schenectady, New York and worked several jobs including teacher, school administrator, and lawyer. During the Civil War he served as a brigadier general for the Union Army. In 1871 President Ulysses Grant appointed him as collector of the Port of New York City. After returning to his law practice in 1878, he was elected as vice president on the Garfield Republican ticket in 1880.

By 1884 Arthur was ready to make a run for the presidency. However, he had alienated many of his Republican colleagues. The Republicans turned to James Blaine as their candidate, abandoning Arthur who by then was suffering from a rare kidney disease. Arthur quietly retired from politics and returned home to New York where he peacefully died on November 18, 1886.

SEE ALSO: Corruption; Garfield, James (Administration); Immigration; United States.

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Asset-Based Antipoverty Programs

THE PUBLICATION OF Michael Sherraden's Assets and the Poor ushered in an era in which the focus of poverty scholars and policymakers broadened so that income no longer served as the sole basis for conceptualizing poverty. The basic arguments of the literature covering asset-based antipoverty strategies are that income is a narrow measure of the economic resources that any given family has; that owning assets can confer economic and sociopsychological benefits, such as creating an orientation toward the future, increasing self-efficacy, and enhancing individuals' sense of belonging to society; and that this can have spillover effects for society in addition to the positive effects it has on the individual who owns the asset.

U.S. policies to provide social support to the poor traditionally have focused on income maintenance, that is, ensuring that families are able to obtain enough goods and services to meet a minimal consumption standard. This policy focus has been implemented via programs that provide cash transfers, such as the former Aid to Families with Dependent Children (AFDC) program, which was once commonly known as welfare, or through programs providing in-kind assistance, such as the food stamp program and public housing.

The primary criticisms that proponents of asset-based strategies have of these types of policies are that the asset tests of the traditional income maintenance programs have been restrictive historically, and that focusing on income maintenance does not allow one to focus on capacity-building, which might lift people out of poverty. For example during the 1970s, 1980s, and 1990s many states did not allow the poor to have much in a savings account if they wanted to be eligible for public assistance. This can be seen as discouraging savings and limiting opportunities for individuals to take steps that might permanently remove them from poverty, such as saving enough money so they can acquire additional schooling. Proponents of asset-based policies argue that not only should public policy not

discourage asset accumulation among the poor, it should be proactive in encouraging asset accumulation. The best example of the way this philosophy has been implemented is the passage of national legislation in 1996 to fund state-level programs promoting individual development accounts or IDAs.

IDAs are saving accounts that eligible individuals maintain at a financial institution, where the individual's contributions to the account are matched with funds from the government and private sources. De facto, this means that these savings accounts carry an above-market interest rate (one that is subsidized by the program). Funds can be withdrawn without penalty for specific purposes. Permissible uses typically include education, acquiring a home, and starting a business. It is argued that helping individuals to accumulate these types of assets—human capital, property, and business equity—can be transformative, allowing them to make changes in their lives that might provide an escape route from poverty in the long run.

The movement toward asset-based antipoverty strategies has not occurred without controversy. While those on the political right have lauded the new programs because they are consistent with an emphasis on private ownership, individual responsibility, and self-help, some on the political left have expressed concerns that the switch marks the beginning of an erosion in public support for helping others.

SEE ALSO: Community-Based Antipoverty Programs; Food Stamps; Housing Assistance; Social Welfare.

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Australia

ONLY 20 MILLION PEOPLE populate Australia, which is a continental country. Much of the interior of the continent is desert. Most of the people in Australia

live along the coasts of the east and south. Aborigines were the only inhabitants until British settlers arrived as the first Europeans to settle the land in the late 1700s. Since the end of World War II, large numbers of immigrants have come from Europe and Asia.

Australia has a federal government with its capital in Canberra. The states of the union are autonomous from one another. The management of poverty is the responsibility of both levels of government. States such as Queensland provide services to prevent, to relieve, or to end poverty. It has departments that carry out children's services, disability services, employment, housing, health, and education. The other Australian states—Tasmania, New South Wales, Victoria, Western Australia, South Australia, along with the Northern Territory—all have similar programs for dealing with poverty.

Within Australia there are an estimated 3.5 million people living in poverty.

Domestically the Australian federal government uses AusAID to work in partnership with the Australian state governments, volunteers, academic institutions, think tanks, and nongovernmental organizations (NGOs) to reduce poverty in the Asia-Pacific region and beyond. Both the Australian state governments and foreign governments are involved. Within Australia there are an estimated 3.5 million people living in poverty, including nearly 900,000 children. Many of these are Aborigines or South Pacific islanders who are helped by the Australian federal government.

The Australian federal Department of Family and Children's Services administers domestic welfare programs used to provide for the indigent, the handicapped, children who need child support, the unemployed, the aged, the homeless, and the economically distressed. A major initiative is focused on reducing domestic violence, since the negative effects of marital strife can include an increase in poverty. It also develops policy proposals for consideration by the government.

AusAID works outside of Australia with foreign governments, multilateral organizations, and NGOs to reduce poverty. Currently, Australia has poverty partnerships with Papua New Guinea; the countries in the Pacific islands—the Cook Islands, Fiji, Kiribati, Micronesia, Nauru, Niue and Tokelau, Samoa, the Solomon Islands, Tonga, Tuvalu and Vanuatu; the

countries of south Asia—Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka; East Asia—Burma, Cambodia, China, East Timor, Indonesia, Laos, Mongolia, the Philippines, Thailand, and Vietnam; and the Middle East—Iraq. Many of the countries immediately neighboring Australia have significant poverty problems that range from virtual state collapse in the Solomon Islands to the area of East Timor, which was recently ravaged by war. These countries have the will but lack the resources to meet the needs of their people.

AusAID works in partnership with other Australian federal and state government departments to reduce poverty in the Asia-Pacific region. The Australian government recognizes that to ignore the poverty problems of the fragile countries in its region is likely to increase economic stagnation and prospects for violence, which could last generations. Australia has engaged recently in initiatives that follow a comprehensive approach to solving the problems of poverty. Australian poverty initiatives follow a range of missions to meet a diverse set of needs.

To meet the needs in the Solomon Islands, AusAID led a Regional Assistance Mission. In Tonga, AusAID aided the government with services designed to prevent criminal elements from operating freely. In Nauru, Aus-AID helped the Nauru government with organizing its departments so that more effective services could be delivered. AusAID has entered into formal strategic partnership agreements in order to create a unified strategic plan of action. Its partner governments sign Records of Understanding, which govern the implementation of aid. By acting as a partner with those who receive aid, problems of paternal direction are avoided. AusAID provides several types of aid. It invests in basic services of education, health, water supplies, and sanitation. It promotes trade, improved governance, regional security, and sustainable resource development and management to protect the environment, develop local infrastructure and rural areas. In addition, it seeks to improve the human condition with respect to gender issues and human rights.

In 2004–05 Australia spent over \$2.5 billion (Australian dollars) on development assistance. This was 0.25 percent of its Gross National Income. Most of the aid went to the Asian Pacific. In addition, 1.6 million Australians contributed nearly \$400 million to NGOs for overseas aid operations. Much of this aid is directed at programs designed to reduce poverty. Australia's poverty alleviation programs are currently reaching over 58 million people a year.

Human Development Index Rank: 3 Human Poverty Index Rank: 14 (HPI-2)

SEE ALSO: East Timor; Foreign Aid; Immigration; Nauru; Solomon Islands.

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Australian Definition of Poverty

DIFFERENT COUNTRIES and organizations have struggled with the need to define poverty in order to develop standards for identifying the people who are actually poor. The measure that defines poverty must at the least be an indicator of the number and proportions of people who lack incomes necessary to provide themselves with sufficient food, goods, and services to not only maintain life, but to do so at a level that approximates the level for most people in a particular society.

Australia has developed a definition of poverty based on a family in which the household lacks enough weekly income to support a man, his wife (who is not working), and two children. This definition is not unanimously accepted. Many authors on poverty have produced different results when evaluating whether or not Australia is providing adequately for its poor.

The issue of the proper definition of poverty is very important; however, the problems associated with measurement have been so debated that a consensus or level of inequality and poverty has emerged in Australia that have found acceptance. The amount of poverty in Australia has become a point of dispute because some authors has claimed that it has risen, while others claim that it has fallen. These disparate claims also report widely varying statistical differences. The reason for the differences, analysts argue, is the different aspects of income and the different methods used to analyze poverty. Poverty trends vary because the statistical interpretations of data do not agree.

An important contributor to the issue of the definition of poverty in Australia is the significant limitations inherent in the Henderson poverty line. The Henderson measure was developed in the late 1960s. At that time it



Aborigines in Australia are among the country's poor who are supported by the federal government.

measured poverty closer to an "absolute" poverty line. It was defined as the basic wage plus child endowment for a couple with two children. The assumption was that this 1960s definition was so austere that it would be unchallengeable.

The Commission of Inquiry into Poverty used the Henderson poverty line in 1973. The commission constructed the first national standard for the amount of poverty in Australia. It issued a report in 1975 that updated the Henderson line to reflect the changes in average weekly earnings then current in Australia. The commission's updating line was named the Henderson poverty line (HPL) after Professor Ronald Henderson, the chairman of the poverty inquiry.

Since the 1970s updates of the HPL have been made, but it has remained a benchmark that govern-

ment measures benefits as sufficient or not. Despite criticisms and recognized problems to date, an adequate replacement has not been advanced.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Australia; Family Budgets; Poverty Assessment.

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Austria

AUSTRIA IS A RELATIVELY affluent country with a 2004 population of 8.1 million. As the former seat of the Holy Roman Empire (described by the 18th-century French writer Voltaire as "neither holy, nor Roman, nor an empire"), Austria historically has had less poverty than some of its neighbors in south-central Europe. These neighbors include Germany, Italy, and Hungary; the latter, until World War I, was part of Austria. However, even Austria has been and continues to be troubled by at least some problems of poverty and inequality.

Many of Austria's historical poverty problems resulted from disputes between the nobility and the peasant class about unpaid labor or about land. In 1830, 71 percent of the Austrian population lived on farms. Most of those people were peasants who stood in semifeudal (seigneurial) relationships with the nobles who owned the land on which they worked. Landowners frequently insisted that peasants work without pay for at least part of their time, a demand that exacerbated the inequalities of wealth that already existed.

Another aggravating factor was similar to the enclosure movement in England. In the 18th and early 19th centuries, some arable land in Austria was unclaimed by anyone. Peasants could farm that land or use it as pasture to generate extra income. Between 1790 and 1848,

however, the Austrian government let nobles claim a substantial amount of the common land, thereby capturing its income. This worsened both poverty and inequality, according to R. Okey.

At the turn of the 21st century, Austria was smaller, less powerful, and less grand than its pre-World War I incarnation as the Holy Roman Empire, but it also suffered less poverty and inequality. With a 2003 per capita income of \$26,720, it is better off than Ireland, Belgium, Germany, and France, although it trailed Switzerland, Denmark, Sweden, and the United Kingdom. With a Gini coefficient (measuring inequality) of 0.31, it is about in the middle of European Union countries in terms of income inequality. Its 2003 infant mortality rate was 4.5 deaths per 1,000 births, compared to 4.2 in Germany, 4.4 in France, 5.3 in the United Kingdom, and 6.9 in the United States. One hundred percent of the population have access to clean water and complete at least primary education.

In spite of this sunny picture, Austria is not without its problems. Three percent of Austria's population fall into the category of the "long-term poor," while (depending on the year) 11 to 13 percent fall below the poverty line, compared with 16 percent in Germany and France and 19 percent in the United Kingdom. Typical for a European Union country, Austria defines poverty not merely in terms of income but also in terms of social exclusion. Adequate income should enable Austrians "to play the roles, participate in the relationships, and follow the customary behavior which is expected of them by virtue of their membership in society," according to Michael F. Förster et al.

Austria's efforts to combat poverty focus mainly on relief ("social transfer") payments to poor families and pensioners. Overall, 23 percent of poor households' income came from pensions, 16 percent from family benefits, and eight percent from unemployment compensation. Excluding pensioners, poor families received 40 percent of their income from relief payments. However, some influential Austrians (such as the Roman Catholic Bishop Maximilian Aichern) have also called for lower taxes on wages and higher taxes on capital and wealth as a way to alleviate poverty and inequality in the country.

Human Development Index Rank: 17 Human Poverty Index Rank: Not included.

SEE ALSO: European Relative-Income Standard of Poverty; European Union Definition of Poverty; Social Exclusion; Social Inequality. BIBLIOGRAPHY. Diocese of Linz, "Interview mit Aichern: Vermögen sollte höher besteuert werden" ("Interview with Aichern: Fortunes Should Be More Heavily Taxed"), www.dioezese-linz.at (cited June 2005); Michael F. Förster et al., "Dimensions of Poverty in Austria in the Late 1990s," ICCR Working Paper No. 508 (Interdisciplinary Centre for Comparative Research in the Social Sciences, 2001); Robin Okey, The Habsburg Monarchy: From Enlightenment to Eclipse (St. Martin's Press, 2001); World Bank, www.worldbank.org (cited September 2005).

SCOTT PALMER, Ph.D. RGMS ECONOMICS

Axiom of Monotonicity and Axiom of Transfers

IN WELFARE ECONOMICS, the axiom of monotonicity and the axiom of transfers are simplifying assumptions used to assess the effect of different income distributions on the general well-being (the social welfare) of a society.

Although they are not true axioms in the logical sense of being self-evident and undeniable propositions (for example, A=A), the axioms of monotonicity and transfers represent common sense, plausible generalizations about human nature and human society. For that reason, they are often referred to not as axioms but simply as principles. In welfare economics, the two principles are usually stated in relation to the social welfare function, which tries to match different income distributions with different levels of social welfare.

Social welfare is conceived, albeit with many complications, as the sum total of individual welfares in the society. Hence, if one person is two units better off while another person is one unit worse off, and everyone else's welfare stays the same, then social welfare increases by one unit. In essence, the principle of monotonicity states that it is better to have more money (or any other good) than it is to have less of it. Yoram Amiel and Frank Cowell (1997) formulate the idea as follows, where x and x' are incomes, X is the income distribution, and W is the welfare function: The social welfare function is monotonic if, for any x, x' in X, x' > x implies that W(x') > W(x).

The mathematical formulation is not merely a case of academic obfuscation. By stating this commonsense principle in mathematical terms, economists can work out its implications in complex and powerful econometric models.

Carl P. Simon and Lawrence Blume (1994) formulate the idea in terms of consumer goods instead of income. Where X is a bundle of consumer goods, $x_1 ... x_n$ are goods in the bundle, and $U(x_1 ... x_n)$ is the individual's welfare derived from a particular bundle, the individual's goal is to buy just the right combination of goods $x_1 ... x_n$ to maximize his or her welfare. Then for each bundle of goods X, there is some good x_n such that having more of it will increase the individual's welfare—as Simon and Blume put it, "increasing consumption increases utility." That this principle is generally true is evident; that it fails always to be true is evident to anyone who has consumed six hamburgers instead of

The principle of transfers states that in a society, greater equality of income is better than greater inequality. In practice, this means (according to the U.S. Department of Agriculture) "any transfer of income from a wealthier household to a poorer household will increase social welfare." At its root, this simply applies the idea of marginal utility to the income distribution in a society. Marginal utility states that, other things being equal, a person who has many units of good X will tend to value the next unit of X less than would an identical person who has very few units of X.

When applied to money income, this means that a person with a high income will tend to value an additional unit of money less than a person with a low income. If a unit of money is transferred from the high-income person to the low-income person, the latter gains more welfare than the former loses. As a result, the transfer increases total social welfare.

SEE ALSO: Economic Definitions of Poverty; Relative-Income-Based Measures of Poverty; Scientific Definitions of Poverty; Social Poverty.

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Azerbaijan

THE SOUTHWEST ASIAN nation of Azerbaijan was still caught up in 2005 in a battle with neighboring Armenia over the contested land of Nagorno-Karabakh that began in 1988. As a result of this battle, Azerbaijan has lost 16 percent of its territory and is coping with an internally displaced population of 571,000. Additionally, one-seventh of the Azerbaijani population is composed of refugees from Armenia and Uzbekistan.

As a result, Azerbaijan has the largest number of refugees in the world proportional to its population. To combat poverty, the government has initiated a number of antipoverty programs over the last decade. While these programs have been successful to some degree, 49 percent of the population remain under the poverty line and 21 percent continue to be malnourished. There is high inequality in Azerbaijan, where the poorest 20 percent hold only 3.1 percent of the country's resources, as opposed to 44.5 percent for the richest 20 percent. Azerbaijan is ranked 36.5 percent on the Gini Index of Human Inequality.

Some 41 percent of the Azerbaijani population are involved in agriculture and fishing, and periodic droughts frequently threaten general livelihood. The leading export is oil, but Azerbaijan has failed to realize the full potential of this resource. The government is slowly making progress in its transition from a socialist economy, but it is hampered by widespread corruption. Azerbaijan also faces the daunting task of dealing with extensive air, soil, and water pollution. The Apsheron Peninsula is considered to be the most ecologically devastated area in the entire world as a result of oil spills and the use of pesticides and defoliants. Despite economic woes, Azerbaijan has held unemployment to 2.1 percent.

The Azerbaijani population experiences a life expectancy of 63.35 years and a median age of 27.53 years. Females can expect to outlive males by approximately eight years. Some 26.4 percent of the people are under the age of 14, and 7.8 percent have reached the age of 65. Approximately 19 percent of the population lack access to safe water, and 22 percent lack access to proper sanitation. There are 359 physicians, most of whom are women, for every 100,000 residents. Some 20 percent of the population, however, lack access to affordable prescription drugs.

Infant mortality is relatively high in Azerbaijan at 81.74 deaths per 1,000 live births. This rate has increased since 2003, when 75 deaths occurred out of every 1,000 live births. Female infants are slightly

hardier at a rate of 79.8 deaths per 1,000 as compared to 83.58 deaths per 1,000 for male infants. Mortality for children under the age of 5 is reported at 91 per 1,000. Seven percent of all Azerbaijani children are malnourished, and 11 percent of infants are underweight at birth. Childhood immunizations have remained in the 90 percent range for the past decade for all children from birth to 23 months. Some 27 percent of children receive essential oral rehydration therapy when needed.

Between 1980 and 2005, fertility rates in Azerbaijan dropped from 3.2 children to 2.33 children per woman. Adolescent fertility is currently estimated at 44 out of 1,000 births. Some 55 percent of women use birth control of some sort. The National Program for Reproductive Health and Family Planning was initiated to prevent the spread of HIV/AIDS and other sexually transmitted diseases in addition to controlling fertility. Professional medical staff attend 88 percent of all births, but this is a decrease from 100 percent in 1990. Despite the accessibility of medical care, maternal mortality has increased over the past two decades. According to the 1995 model for determining maternal mortality, 37 deaths occurred out of every 100,000 live births. Using the 2000 model, however, that rate increases substantially to 94 per 100,000.

Literacy is almost universal among males with a 99 percent literacy rate. However, four percent of Azerbaijani women over the age of 15 cannot read and write. Education is a constitutional right. Therefore, it is free and compulsory for 11 years. All children are enrolled in primary and secondary schools. This fact is particularly impressive when compared to 1990 when half the males and 56 percent of females did not complete primary school. Approximately 22 percent of Azerbaijanis pursue education at the tertiary level. The ongoing battle with Armenia has been blamed for a general decline in the quality of education in Azerbaijan. At least 616 schools have been destroyed, and many teachers have lost their jobs. Most schools suffer from a lack of supplies.

Human Development Index Rank: 101 Human Poverty Index Rank: Not included.

SEE ALSO: Armenia; Drought; Education; Environmental Degradation.

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ELIZABETH PURDY, Ph.D. INDEPENDENT SCHOLAR

WORLD POVERTY

B

Bahamas

THE BAHAMAS, a chain of islands, is situated in the north Atlantic Ocean off the coast of Florida. The islands are a mecca for American tourists. Unfortunately, the location of the Bahamas also draws drug dealers and would-be immigrants seeking a port of entry into the United States. Half of the labor force is employed in the tourist industry, which provides more than 60 percent of the Gross Domestic Product.

A high-income nation with a high standard of living and a stable economy, the Bahamas benefits economically from international banking, investment management, and internet commerce. In 2000, the government initiated new financial regulations that resulted in the withdrawal of a number of international businesses. This withdrawal contributed to the 10.2 percent unemployment rate.

Only five percent of all Bahamians are employed in agriculture, which is subject to extensive wind and rain during tropical storms. Data on social indicators are not always available for the Bahamas, and the exact extent of poverty is not known.

However, unofficial reports suggest that nine percent of the population are poor. Life expectancy in the Bahamas is 65.54 years, and islanders have a median age of 27.55 years. On average, females live seven years longer than males. Some 27.9 percent of Bahamians are under the age of 14, and 6.2 percent are over the age of 65.

Some 84 percent of islanders are likely to live to the age of 40. With a population of only 301,790, the islands have been devastated by a rising HIV/AIDS prevalence rate of three percent. In 2003, it was estimated that 5,600 people were living with this disease, which had killed close to 200 people. All Bahamians have access to proper sanitation, and only three percent lack access to safe water. There are 163 physicians for each 100,000 residents, and less than 20 percent of the population are able to afford essential drugs.

Between 1970 and 2005, infant mortality decreased from 38 deaths per 1,000 live births to 13 deaths per 1,000, and the mortality of children under 5 declined from 49 to 16 per 1,000. Estimates for 2005 indicated that male infants are much likelier to die than females, with a rate of 31.02 deaths per 1,000 as compared to 19.28 deaths per 1,000. Seven percent of Bahamian babies are underweight at birth. Childhood immunizations for children from birth to 23 months are in the 90 percent range, a 10 percent increase since the 1990s.

Total fertility in the Bahamas is estimated at 2.2 children per woman, and adolescent fertility occurs at the rate of 56 out of 1,000 births. This fertility rate decreased from 3.3 children per woman in the 1970-to-1975 period. Trained medical personnel attend virtually all births in the Bahamas. Despite the ready availability of healthcare, maternal mortality at 60 deaths per 100,000 live births as estimated by the 2000 model was six times the mortality rate of 10 per 100,000 as estimated by the 1995 model. The HIV/AIDS epidemic has played a role in this increase.

Literacy rates are high on the islands, with 94.7 percent of the male population over the age of 15 having the ability to read and write and 96.5 percent of all females in this age group having the ability to do so. In 2002, primary school completion rates for males and females stood at 78 and 84 percent respectively.

Human Development Index Ranking: 50 Human Poverty Index Ranking: Not included.

SEE ALSO: Economic Dependence; HIV/AIDS; Immigration; Maternal Mortality and Morbidity.

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Bahrain

THE BAHRAIN ARCHIPELAGO is located in the Persian Gulf. Now that oil reserves are diminishing, Bahrain has begun placing greater emphasis on petroleum processing and refining, which account for 60 percent of government revenues and 30 percent of the Gross Domestic Product. Bahrain has become an international banking center with well-developed communi-

cation and transport facilities, and a number of multinational firms are now headquartered in the country. As a member of the volatile Middle Eastern community of nations, Bahrain is careful to maintain balance in foreign affairs. In 2001, Amir Isa Al Khalifa launched a program designed to liberalize the politics and economy of Bahrain. The following year, he proclaimed himself king.

With a healthy per capita income of \$19,200, Bahrain is considered an upper-income nation. Some 79 percent of the Bahraini labor force are involved in industry, commerce, and services, and only one percent is engaged in agriculture. Approximately 15 percent of the people are unemployed. Bahrain's constitution contains a guarantee that the government must provide social security and other protections against ignorance, poverty, and fear to all citizens. Monthly stipends are paid to widows and orphans, and some 10,000 families receive government assistance. No poverty rate for Bahrain is available.

Bahrain's population of 688,345 enjoys a life expectancy of 74.23 years, with women generally outliving men by more than five years. Life expectancy has been steadily rising over the last several years. In 1999, the projected life span was 66 years for males and 70 years for females. The median age in Bahrain is 29.19 years. Almost 28 percent of the population are under the age of 14, and 3.4 percent have reached the age of 65. The Bahraini population has universal access to safe drinking water and proper sanitation, and healthcare is widely accessible. There are 169 physicians for every 100,000 people, and only five percent of the population lack regular access to essential drugs.

In 2005, the Bahraini infant mortality rate was estimated at 17.27 deaths per 1,000 live births. Female infants have a distinct advantage over male infants at 12.28 deaths per 1,000 live births as compared to 20.17 for males. In 2003, overall infant mortality was recorded at 12 deaths per 1,000 live births, and the mortality rate of all children under the age of 5 was reported at 15 per 1,000. Nine percent of Bahraini children under the age of 5 are malnourished, and nine percent of infants are underweight at birth. Ten percent of under-5s suffer from moderate to severe stunting, and five percent experience moderate to severe wasting. Childhood immunizations range from 99 to 100 percent.

Fertility rates have been substantially reduced in Bahrain over the last several decades. In the 1970s, the fertility rate was reported at 5.9 children per woman. By 2005, that number had dropped to 2.63. Adolescent fertility is 15 per 1,000 births. Over 60 percent of all

women use some sort of contraceptives. Bahraini women receive medical care free of charge, and professional staff are present at 98 percent of all births. Using modeled estimates for 2000, the maternal mortality rate is predictably low at 28 deaths per 100,000 live births.

Great strides have been made in reducing illiteracy in Bahrain, particularly among males. Approximately 92 percent of the male population over the age of 15 can read and write, but only 85 percent of females can do so. In 1980, male illiteracy stood at 21.6 percent and female illiteracy at 40.7 percent. Education is readily accessible in Bahrain, and most children attend school for at least 14 years. Between 1990 and 2002, however, primary school completion rates dropped from 100 to 85 percent among males and from 100 to 99 percent among females. Bahraini schools suffer from a lack of trained teachers.

Human Development Index Rank: 43 Human Poverty Index Rank: Not included.

SEE ALSO: Arab Definition of Poverty; Corruption; Economic Liberalization; Foreign Direct Investment.

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Bangladesh

IN 1971, AFTER the liberation war, East Pakistan seceded from its union with West Pakistan and became a

new nation, Bangladesh. The new government of this poor country faced the problem of massive rehabilitation and reconstruction in a war-ravaged economy. The Human Development Index (HDI) was 0.336 in 1974. There are annual floods during the monsoon season, affecting about one-third of the country. There are also frequent cyclones. The famine in 1974 raised food prices and severely hit the agricultural laborers because of crop failure. A sustained economic growth was not possible due to the tardy pace of economic reforms, corruption, and an apathetic bureaucracy. Obsolete legal systems, a weak civil society, lack of opportunities for women, unemployment, an inefficient public sector, and an inadequate power supply have been impediments to economic growth.

Bangladesh is an overpopulated nation with 144,319,628 persons (2005). The birth and death rates are 30.01 and 8.4, respectively, per 1,000 inhabitants. The Gross Domestic Product in terms of real growth is 4.9 percent by a 2004 estimate. The unemployment rate in Bangladesh is 40 percent from figures of the same year. Its Gross National Income (GNI) per capita was \$735 in 2002. About 45 percent of the population live below the poverty line per a 2004 estimate. The agricultural sector employs about two-thirds of the population.

In spite of heavy odds, there have been sincere efforts from different quarters like the government, international organizations, and many nongovernmental organizations (NGOs) to alleviate poverty in Bangladesh. But much more is to be done. In the mid-2000s, the growth rate has been five percent. The per capita income is rising along with a declining trend in poverty. Whereas the "headcount" ratio of poverty was 58.8 percent in 1991–92, it decreased to 49.8 in 2000–01. But the reduction rate is slow and it will take about 50 years to attain a zero poverty line at this rate.

The absolute number of poor people is increasing, with about 65 million in 2000–01. It is enshrined in the constitution of Bangladesh that it is the duty of the state to guarantee food security for its people. Although grain production had doubled in the last 15 years, population growth has neutralized this advantage. There were reports of starvation in some pockets of northern Bangladesh in 2004. Although the government is taking steps toward a better distribution system, more has to be achieved. Infectious diseases, malnutrition, and infant mortality have affected the country in a substantial way.

A disorganized and poor healthcare system impacts the deprived sections of society in both urban and rural



Though poverty rates are improving in Bangladesh, child mortality and malnutrition remain pervasive issues.

regions. The government is trying to revamp the public health system in so that the poor will have access to it, since they cannot afford the high cost of private medical services. The women belonging to marginalized groups suffer more with a high infant mortality rate, and neglected care of mothers during pregnancies. It has been reported that there are about 26,000 casualties per year for pregnant women. A perennial problem for underdeveloped countries is access to safe drinking water. Presently, about 95.44 percent of the population of Bangladesh have access to it. Facilities regarding sanitation have increased from 21 percent in 1990 to 43.4 percent in the beginning of this century.

The efforts of NGOs are commendable for uplifting the condition of the poor in Bangladesh. The notable ones among 2,000 organizations working in Bangladesh are Asha, Bangladesh Rural Advancement Committee (BRAC), Proshika, and CARE. The NGOs

are working closely with the government, and some are in partnership with international organizations. Providing various kinds of aid to the poor, microcredit loans, improvement of healthcare, and income generation are some of the activities of these organizations.

The Bangladesh Grameen Bank (village bank) has done yeoman's service in changing the face of rural Bangladesh. A separate bank for the poor for providing loans without collateral was established in 1983. It has given loans totalling some \$3.75 billion to 2.5 million people, of which women constitute 95 percent.

About five percent of borrowers cross the poverty line each year with loans for houses, income-generating loans, and scholarships to needy students. Through these village banks, information technology and education have reached poor people through the creation of Grameen companies (village companies). The Grameen phone (village phone) is the largest mobile service company in the country. In the villages, it is the women who manage the telephone; services number about 21,000. With an all-out effort made by all concerned, the hope of the Millennium Development Goal is to reduce poverty by half by 2015.

Human Development Index Rank: 139 Human Poverty Index Rank: 86

SEE ALSO: Community-Based Antipoverty Programs; Microcredit; Pakistan; Women and Poverty.

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Bankruptcy

BANKRUPTCY IS A CONCEPT that often is directly tied to poverty. Persons are technically bankrupt when

their debts exceed their assets and they lack the ability to pay for their debts. For the purposes of Title 11 of the U.S. Code, bankruptcy debtors can be individuals (including married couples), family farmers, corporations, and municipalities.

Generally speaking, a number of entities are not allowed to be debtors under the code, including banks, railroads, and insurance companies. The federal bankruptcy code actually includes a number of types of bankruptcy. Chapter 7 allows for total liquidation of individual assets to pay for debt. Chapter 9 pertains to bankruptcy by municipalities that are unable to pay their debts. Municipal bankruptcies are rare, but do occur.

For example in 1994, Orange County, California, was forced into bankruptcy after losing approximately \$1.7 billion in the high-risk derivatives market, and was unable to meet its financial obligations. Chapter 11 pertains to bankruptcy of corporations. Some of the largest corporate bankruptcies have involved companies such as Enron Corporation and WorldCom, both of whose cases resulted in the loss of billions of dollars, forcing many employees, retirees, and investors into personal bankruptcy. Chapter 13 bankruptcy allows debtors to reorganize their debts in an effort to pay off at least part of the debts without forced liquidation of assets.

There is a multitude of reasons why individuals file for bankruptcy. One of the most common reasons is excessive medical debt. Approximately one-third of all Americans lack health insurance, and may be forced into bankruptcy when they are unable to pay for unexpected medical expenses. In that sense, expensive medical care has a negative impact on the poor, and may force those in the middle classes into poverty.

While many hospitals are willing to work with patients and their families, even not-for profit entities will take legal action against those persons who are perceived as unwilling to pay their medical debts. Faced with legal actions to collect medical bills, individuals may find themselves forced into filing for bankruptcy. Another common reason for bankruptcy filings is excessive nonmedical debt. Faced with social expectations for acquiring wealth, many individuals may choose to overextend their credit to purchase items such as cars, boats, and other consumer items that they cannot afford. Still others are forced into bankruptcy when they lose their job and cannot immediately find new employment.

In recent years, a number of corporate bankruptcies have been the result of criminal acts. For example, Enron was declared insolvent after it was determined that through a series of questionable transactions the value of earnings and stock had been illegally inflated to make the corporation appear to be profitable when it was not. WorldCom corporation bankrupted after it was found that it too engaged in illegal and unethical behaviors such that the value of the corporation was inflated far beyond its true worth.

On October 17, 2005, Title 11 was amended to make it harder for individuals and corporations to file for bankruptcy, particularly in terms of total liquidation of assets. In the past, many debtors chose to claim Chapter 7 bankruptcy. Under the new law, only individuals whose income is below the median and those high-income filers who pass a means test may qualify to file under Chapter 7. All others will have to file under Chapter 13.

Also, regardless of which chapter persons file under, they must first seek credit counseling with a service approved by the U.S. Bankruptcy Trustee. Once a debtor has left bankruptcy, he or she must attend mandatory financial management workshops. Previously, under Chapter 7, assets were valued at what they would sell for in a sale. Under the new law, assets are valued at current replacement value. One change that actually helps women and children who might otherwise fall into poverty is that spousal maintenance and child support obligation have been placed at the top of the list, ahead of all other creditors.

SEE ALSO: Capitalism; Laissez-Faire; Needs; Poverty Laws; Wants; Women and Poverty.

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Barbados

FOR MUCH OF ITS HISTORY, the economy of the Caribbean island of Barbados was dependent on the production of sugar, rum, and molasses. After gaining independence in 1966, the government initiated social

and political reforms that led to a more diverse economy. By the 1990s, tourism and manufacturing had become the island's major sources of revenue, along with offshore finance and information services. The island's natural resources include petroleum, fish, and natural gas. Around 37.21 percent of the land on Barbados is arable, but only 10 percent of the labor force are now engaged in agriculture.

While Barbados is an upper-middle-income nation, its poverty rate is eight percent, and women and children tend to be the poorest segment of the population. In 1998, the Barbadian government established the Poverty Alleviation Bureau to oversee antipoverty programs and to accept applications for the Poverty Eradication Fund, which dispenses government assistance. To qualify for this program, individuals must have incomes lower than the projected poverty line of \$5,503 per year. Most of the beneficiaries of this fund are single mothers and elderly females. Needy individuals may also apply to Relief 2000, a program that offers financial assistance, housing, employment, and training.

Women and children tend to be the poorest segment of the population.

The projected life span has been steadily increasing in Barbados. The population of 279,254 enjoys a life expectancy of 71.41 years, with females living an average of four years longer than males. The median age is 34.15 years. Some 20.6 percent of the population are under the age of 14 and 8.8 percent have reached the age of 65. Over 97 percent of Barbadians are likely to see the age of 40. All Barbadians have access to safe water and proper sanitation. There are 136 physicians for every 100,000 residents, and only five percent of the population are unable to afford essential drugs.

Between 1970 and 2002, infant mortality declined from 40 deaths per 1,000 live births to 12 per 1,000. During that same period, the mortality rate of children under the age of 5 decreased from 54 to 14 per 1,000. Ten percent of Barbadian babies are underweight at birth. Six percent of under-5s experience malnutrition, and one percent are severely underweight. Seven percent suffer from moderate to severe stunting, and five percent suffer from moderate to severe wasting. Childhood immunization rates are in the 80 to 90 percent range.

Fertility in Barbados is low at 1.65 children per woman. That rate decreased from 2.7 children during

the 1970s. Adolescent fertility is recorded at 51 out of 1,000 births. Some 55 percent of all Barbadian women use contraceptives of some sort. Trained medical staff attend 91 percent of all births, but the rate of attended births has declined from 100 percent in 1990. In 2000, maternal mortality was estimated at 95 deaths per 100,000 live births.

Illiteracy has been steadily declining over the past decades. Barbadians define literacy as having attended school. Using this criterion, 98 percent of males and 96.8 percent of females are literate. Most Barbadians are expected to attend school for 14 years. From 1999 to 2002, the primary school completion rate of males rose from 99 to 110 percent while the completion rate of females increased from 96 to 109 percent. Approximately 21 percent of all Barbadians attending school at the tertiary level are enrolled in math, science, and engineering.

Human Development Index Rank: 30 Human Poverty Index Rank: 4

SEE ALSO: Malnutrition; Maternal Mortality and Morbidity; Women and Poverty.

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Basic Income

BASIC INCOME REFERS to a system in which a subsistence-level income is provided to all individuals in a political community on a regular and guaranteed basis. It is a break with contemporary welfare and workfare programs since money is guaranteed without a means test or requirement to work and there is no compulsion for recipients to accept a job if offered.

There are numerous versions of basic income proposed by advocates, depending on cultural, national, or historical context. These proposals vary with regard to income amounts, sources of funding, ages of eligibility, and possible levels of taxation of other incomes.

Most versions share the belief that economic security is a right of citizenship rather than a conditional benefit that depends upon employment status or family situation. Thus basic income is to be provided regardless of income from other sources or potential for employment and it is to be paid to individuals rather than households. Most versions of basic income emphasize universal and unconditional payments made to all residents upon birth.

More recently advocates of basic income have argued for a global basic income to be made available to everyone regardless of national origin. In keeping with the emphasis on social justice and fairness motivating most appeals for basic income, this payment would be subsidized by wealthier nations.

Basic income advocacy has made its strongest gains in Europe where persistent levels of high unemployment have not been addressed by more conventional social policies. Many activists and educators, including Nobel laureates in economics, have come to see basic income as the best means for addressing issues of poverty as well as employment in Europe.

Basic income offers an approach to poverty with potentially far-ranging and durable benefits since it would also contribute to the development of some of the conditions that are necessary for a longer-term reduction of poverty. For one thing it would strengthen the bargaining position of individual workers in the labor market by lessening the hardship of unemployment as an incentive to accept relatively low-paying, insecure jobs.

Basic income, by providing something of an unconditional and permanent safety net, would also improve the capacity of workers to organize collectively since the possible impact of job loss or workplace reprisals would be lessened. Basic income may further allow for increased participation in community organizing, social movements, or, more broadly, the social economy of neighborhood services since it contributes to freeing up people's time away from work while providing the resources necessary for people to sustain themselves in such activities.

Basic income also allows for the decommodification of labor since, given the presence of a basic income at an acceptable subsistence level, people can meet their needs without the compulsion to enter the labor market. As many advocates of basic income argue, it breaks the link of necessity between a decent standard of living and participation in the capitalist labor market.

Critics of basic income contend that it is an idealistic wish.

In addition, because basic income is to be paid to individuals rather than households, without regard to marital status, it offers the possibility of freeing people from oppressive familial relations within the home. Because it is provided to children it also offers some means of addressing child poverty, which in many countries represents the area of poverty that is growing most dramatically.

Taken as a whole these outcomes of basic income, advocates would argue, contribute to broader and longer-term efforts to reduce poverty, even beyond the immediate financial impact of the basic income itself. For these same reasons, however, critics of basic income contend that it is an idealistic wish to which governments and their corporate backers will never consent.

SEE ALSO: Basic Needs; Basic Security; Economic Insecurity; Welfare; Workfare.

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Basic Needs

BASIC NEEDS ARE THE fundamental requirements sustaining healthy development, survival, and the inherent value of human beings, or the tools necessary to achieve full personal growth. Basic needs are socially and culturally determined and can be classified as phys-

ical (nourishment and health needs), material (clothing and housing needs), and cultural (educational and service needs). However, the capacity of a society and its members to produce life's requirements depends upon the cooperation of government authorities, citizens, and implementation of just laws and programs that ensure basic needs are met.

The idea of basic needs originates from an instinctive desire to survive; it also comes from a society's aspiration to ensure the survival of its members. Because communal values of cultures differ in conceptualizations of individual well-being and distributive justice—each having unique notions of abundance, moderation, and deprivation, as well as methods of sharing and using public resources—a basic need also embodies an unconditional and universal human right promised to all, an ethical notion reinforced by international law.

The Universal Declaration of Human Rights was signed on December 10, 1948, and it consisted of 30 articles, proclaiming the natural rights and freedoms fundamental to all human beings. The adoption of this declaration acknowledges a person's basic needs according to the precept that "all human beings are born free and equal in dignity and rights" (Article 1). Of relevance to the concept of basic needs, for instance, are sections 22, 23(3), and 25(1):

Article 22. Everyone, as a member of society, has the right to social security and is entitled to realization through national effort and international cooperation and in accordance with the organization and resources of each state, of the economic, social, and cultural rights indispensable for his dignity and the free development of his personality.

Article 23(3). Everyone who works has the right to just and favorable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

Article 25(1). Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing, medical care, and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age, or lack of livelihood in circumstances beyond his control.

Created to generate a global perception of the inherent worth of all humankind, the Universal Declaration of Human Rights presents a modern framework for a valuable and shared definition of basic needs across cultures. The outcome of such a legislative declaration, however—unless it can be suitably enforced by

international laws and the governments that honor them—can only represent an ideal of human justice—a vitally democratic end toward which civil societies should eventually strive.

INEQUALITY AND BASIC NEEDS

Some politicians, economists, and policymakers attribute the rise of universal progress and human achievement to the success of capitalism. Others question the growing problem of economic inequality, claiming it has produced a gross imbalance in the distribution of resources among the world's inhabitants.

On one end are those whose basic needs are met because of their steady access to a limitless supply of goods afforded by high income and abundant wealth. On the other extreme are those people unable to acquire life's necessities. Scholars, analysts, critics, and activists are beginning to accept the reality that many of the planet's inhabitants continue to be deprived of basic needs.

According to the United Nations, of the 5.7 billion people living on the planet, as of 2004 an estimated 1.7 billion require access to clean water; over 2 billion children die each year from vaccine-preventable diseases; more than 840 million people starve daily, while 200 million children suffer from malnutrition; over 1.4 billion people face severe housing conditions, while more than 100 million are without a home. Such statistics indicate the massive crisis of basic needs in today's world, especially considering that foreign aid from countries of abundance are still unable or unprepared to eliminate poverty.

SUSTAINABLE SOLUTIONS

As global awareness of deprivation of basic needs increases, more projects and creative strategies for sustainable, needs-based stability worldwide can emerge. Models for real global change are presented by the work of aid programs (International Red Cross), international debt relief efforts (JUBILEE 2000), religious groups (Salvation Army), nonprofit organizations (50 Years Is Enough, Free the Children), global awareness education initiatives (Rethinking Schools Press), and alternative media (ZNet).

Finally, efforts like the World Food Summit (2002) and the United Nations' Millennium Development Goals 2015 have provided hopeful programs committed to forming global solutions to widespread deprivation.

SEE ALSO: Economic Inequality; Globalization; Needs; Social Security; Standard of Living; Wages.

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Basic Security

ECONOMIC DEPRIVATION—a lack of financial resources—is the basis by which most define poverty. But how can poverty be measured in cultures that circulate no money? Poverty figures are unavailable for the nation of Somalia since it has no government and no official currency. Does this mean that everyone in Somalia lives in poverty? Obviously not, as the country is ruled by local warlords with their own private armies.

Is money the only gauge of prosperity? Is the chief of a tribe in an innermost rainforest poor because he has no money? He has 40 goats and eats his fill daily with his children and wife, who live in the tallest structure in their village. He is guarded day and night by the two most feared warriors in the area. The tribe lives on a ridge over a beautiful river, safe from flood and invasion. The chief's tribe may not have income, but still enjoys basic security.

"The lack of basic security connotes the absence of one or more factors enabling individuals and families to assume basic responsibilities and to enjoy fundamental rights," wrote Father Joseph Wresinski, founder of ATD Fourth World, an international nongovernmental organization based in France that engages individuals and institutions to support the daily efforts of people in extreme poverty. "The lack of basic security," wrote Wresinski, "leads to chronic poverty when it simultaneously affects several aspects of people's lives, when it is prolonged and when it severely compromises people's chances of regaining their rights and of reassuming their responsibilities in the foreseeable future."

Nobel Prize-winning economist Amartya Sen, drawing attention to the fundamental link between development and freedom, emphasized that poverty must be seen as the deprivation of basic capabilities rather than merely as lowness of income. Sen's vision of poverty includes capability deprivation as well as the availability of choices, security, and power needed for an individual or a society to enjoy an adequate standard of living along with fundamental civil, cultural, economic, political, and social rights.

"Insecurity," wrote Confucius, "is worse than poverty." In this point of view, even a person born to vast wealth lives in a condition worse than poverty if he lacks basic security—suffering constant anxiety, humiliation, and oppression inflicted by those who wield power; being ostracized; and being continuously reminded one is inferior.

"Human rights are about ensuring dignity, equality, and security for all human beings everywhere," wrote the late Sergio Vieira de Mello, United Nations High Commissioner for Human Rights from 2002 to 2003. "Dignity, which reflects both autonomy and responsibility, concerns the individual. Equality is the cornerstone of effective and harmonious relationships between people; it underpins our common systems of ethics and rights, whether we are discussing equality before the law or the need for equity in how states and international systems conduct their affairs. Neither dignity nor equality, of course, can take root in the absence of basic security."

SEE ALSO: Deprivation; Economic Insecurity; Exclusion; Social Exclusion; Social Insecurity.

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Begging

SOME WOULD SAY BEGGING, not prostitution, is the world's oldest profession. According to the creation account in the Book of Genesis, the first job given to



Begging is not restricted to poor nations. Above, a beggar in Japan shows that the practice is common even in wealthy nations.

humankind was gardening, then came tilling the soil and animal husbandry. Anthropologists would rebut that the first profession was actually hunting and gathering. Either way, begging probably showed up next, with the world's first beggar being a disabled or failed hunter, gatherer, or farmer who was forced to seek charity from his peers.

Beggars show up in mankind's earliest literature. Kagemni was an Egyptian writer who around 2575 B.C.E. served as vizier to the pharaoh Snofru and wrote in the Papyrus Prisse, which is said to be the world's oldest known manuscript: "The king and beggar are as one." Around 540 B.C.E., the inventor of satire, Greek lyric poet Hipponax, was banished from Ephesus and lived as a beggar in nearby Clazomenae. According to Homer, Ulysses, during his long odyssey after the Trojan War, lost all of his comrades and ships and made his way home to Ithaca disguised as a beggar. Around that time in India, Buddhist legend has it that Siddhartha

Gautama lived a sheltered life as a prince being trained to be king. At about 29 years old, he asked his charioteer to take him around the city, where he saw an old, sick beggar, then a body being carried by mourners to its cremation. He was stunned, having had no idea such miseries existed. He gave up his life of pleasure, went out as a beggar in search of truth, and became the Buddha.

Norse mythology tells the story that the goddess Gefjon, disguised as a beggar, visited the king of Sweden, and tricked him into agreeing that she could have as much of Sweden as she could plow with four oxen in one day. She traveled to Jotunheim and found her four oxen sons whom she had by a giant, then plowed all of the land now known as Zealand so it became part of Denmark.

From ancient times in Japan, it has been believed that to ward off bad luck, one should always throw salt where a beggar has just been. In most ancient cultures, it was disgraceful to turn away a beggar or one who came to your door requesting alms. The ancient Greeks believed that on occasion a god or goddess would come disguised as a beggar to a mortal's door, testing the hospitality and morality of the person.

During the Middle Ages, a number of Roman Catholic mendicant or "begging" orders were founded, whose members made a formal vow of poverty. Today only four survive, the Order of Preachers (also known as the Dominicans), the Friars Minor (the Franciscans), the Carmelites, and the Hermits of St. Augustine (Augustinians).

Mention of begging turns up in medieval times in *Proveres* by John Heywood: "Beggars should be no choosers." By 1561, English street beggars had taken on specialties, such as rufflers, who begged from the strong and robbed the weak; palliards, beggars who evoked compassion by means of artificial sores made by binding something corrosive to the flesh; fraters, who pretended to be soliciting on behalf of hospitals; Abraham Men, who pretended to be insane; whip-jacks, who pretended to be shipwrecked sailors; counterfeit cranks, who pretended to suffer from a "falling sickness"; dommerers, who were false deaf-mutes; and Demanders for Glimmer, who pretended to have suffered major losses by fire.

Modern-day researchers at the University of Glasgow, Scotland, reported a close relationship between modern British begging and homelessness, with more than 80 percent of beggars homeless. That study also found that British street beggars often came from dysfunctional family backgrounds. Many had an acute lack

of self-esteem, suffered from a substance-abuse problem, and admitted to begging to get money for alcohol or drugs.

Research carried out by Luton University near London showed that 86 percent of beggars reported recently using drugs and that 49 percent of those were using heroin. Most said that they had experimented with a range of drugs and 52 percent reported using alcohol. Of those, 54 percent did so every day and spent more than \$50 per week on alcohol use.

Only 25 percent reported begging as their only source of income, with the rest citing disability checks, military pensions, and other public assistance. More than half (59 percent) said they brought in more than \$40 a day while 12 percent reported making more than \$100 a day. Sleeping outdoors on sidewalks and in alleys was reported by 49 percent and about a third said they spent their nights at hostels or homeless shelters. The vast majority (86 percent) said they spent some of their proceeds on food, 58 percent said they bought drugs and 49 percent reported spending some of their money on cigarettes or alcohol.

An overwhelming number identified at least one background problem that led to their begging, including drug abuse (44 percent), relationship difficulties (61 percent), accommodation problems (27 percent), and involvement with police (21 percent). Most reported having begged for some time, 68 percent for a year or more, including 30 percent for more than five years. Only 18 per cent had been begging for less than six months. A large proportion (81 percent) said they tended to beg several times a week or daily.



Beggars in Mexico reflect that country's income inequality, where the richest 30 percent take in 77 percent of the national income.



A woman, cradling a baby, begs on the street of a modern Arab city, where women have few options if abandoned by their husbands.

Of the general public, just over half (52 percent) told Luton University researchers that they had ever given money to a street beggar. Of those who had never done so, 83 percent said they were unlikely to do so in the future and 82 percent said they would rather give money to a charity than a beggar.

Begging occurs in the poorest corners of the world, but also in the most prosperous. On Wall Street in New York City, sidewalk panhandlers are a common sight. In the Metro stations of Washington, D.C., ragged musicians play violin, guitar, or flute for donations. In Mexico City, tourist destinations are often crowded with small children pleading for pocket change. In some countries begging is much more tolerated and in certain cases even encouraged. In India, to give alms to a beggar earns points toward entry to heaven, and some families have been beggars for multiple generations and have sizeable wealth, which they accumulate by employing and training other beggars. Some Indian beggars have territories and even engage in verbal and physical abuse of encroaching competitors.

SEE ALSO: Alcohol and Drugs; Almshouses; Exclusion; Social Exclusion; Voluntary Poverty.

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Belarus

BELARUS DECLARED ITS independence in August 1991 after 70 years of being a constituent republic of the Soviet Union. Today Belarus, with its 10.1 million population, is the only remaining dictatorship in Europe. Since 1994, its authoritarian leader, Alexander Lukashenka, has imposed various restrictions on economic and political freedoms. He has established closer ties to Russia than any of the other former Soviet republics and in 1999 signed a treaty on a two-state union providing for future political and economic integration of the two countries. Russian troops stationed in Belarus are guarantors of the Lukashenka regime.

Belarus has the least reformed Soviet-type command economy, dubbed by the Lukashenka government as "market socialism." It continues to be based on inefficient, state-supported industrial and agricultural enterprises and is hampered by heavy-handed government regulation, administrative controls over prices and currency exchange rates, high inflation (114 percent in 2004), corruption, and persistent trade deficits with Russia, Belarus's largest trading partner and energy supplier. Economic growth was strong, however, during the last three years (five to six percent annually), mainly caused by increased Russian demand for otherwise noncompetitive Belarusian goods. Belarus remains self-isolated from the West and even from its immediate neighbors—Poland, Lithuania, and Ukraine.

Economic and social statistics in Belarus are unreliable owing to political influences and questionable methodology. According to the World Bank, the Gross National Income of \$6,052 per capita in 2004 is one of the lowest in Europe, with 48.1 of the economy being in the "informal" (that is, the black market) sector. According to the Belarus Ministry of Statistics and Analysis, poverty in Belarus is endemic: the population with disposable monthly income per capita below the subsistence level, set by the government at 130,000 Belarus rubles (\$60) per person, is 12.3 percent, and that with income of 130,100 to 250,000 Belarus rubles is 43.0 percent, with 28.6 percent of households with children. The share of foodstuffs in the household budget amounts to 50.5 percent. According to Engel's Law, with rising incomes the share of expenditures for food declines. In the United States it is 9.7 percent, and in other developed countries, lower than 18 percent; a 50 percent food expenditure in the budget is characteristic of the lowest-income economies.

The dramatic increase in poverty after independence is due to the overall decline of productivity and income rather than an increase in the inequality of income distribution, which was the case in most other transitional economies of eastern Europe and the Soviet Union. In Belarus, society witnessed an increase in the absolute poverty of the population, with single parents, one-worker families, and large, less educated families with children being the most affected.

Roughly one third of the Belarusian people have become poor since the mid-1990s.

Standards of living in agricultural areas have declined relative to cities owing to inefficient and unreformed collective and state farms. Agricultural workers, however, have focused on self-sufficiency rather than working on state farms. Urban populations have also turned to small-scale agriculture and self-employment to survive. While roughly one-third of the Belarusian people have become poor since the mid-1990s, some groups acquired significant wealth. These groups include the new entrepreneurs, corrupt government officials, and those engaged in criminal activities.

Belarus's social safety net was largely intact during the first years after the collapse of the Soviet Union, and was first expanded in 1993-94 to alleviate the socially explosive cost of high inflation: 2,059.9 percent in 1994 alone. Now both welfare benefits and other public-sector incomes are adjusted to the rate of inflation. The government's greatest social expenditures are for pensions. The relatively low retirement age (55 for women and 60 for men) and the country's demographic structure account for the large number of pensionerstwo million old-age pensioners and 600,000 persons receive other types of pensions (military, disability, and special Chernobyl pensions for those affected by the 1986 Soviet nuclear plant disaster).

The minimum monthly pension is equal to \$40, the same as the minimum wage, and the average pension is \$82. Pensions are determined on the basis of income earned at the time of retirement and of the length of employment; the pensions of those who did not contribute to the pension fund during their years of employment are linked to the minimum wage. Unemployment is low—about two percent of the labor force—and compensation is provided for six months. Benefits are related to forgone earnings.

The government provides a number of other benefits, including lump-sum grants upon the birth of a child; temporary disability allowances; trips to sanatoria, spas, health homes, vacation resorts, and other facilities; and benefits for victims of the Chernobyl nuclear disaster. The level of benefits is very low.

The fertility rate in Belarus is 1.3 children per female, which does not provide for a stable population, and is among the world's lowest, while the Belarus abortion rate is one of the highest in the world. Low fertility, coupled with high mortality, especially among workingage men, led to a situation where the annual number of deaths exceeds the number of births. One of the explanations of increased mortality is widespread alcoholism. Rates of homicide and suicide are among the highest in the world.

Human Development Index Rank: 67 Human Poverty Index Rank: Not included.

SEE ALSO: Communism; Engel Coefficient, Russia; Social Inequality; Soviet Union.

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Belgium

THE KINGDOM OF BELGIUM is a small and prosperous country in western Europe. One of the so-called Benelux group (Belgium, the Netherlands, and Luxembourg), the country has prospered economically in the

years since the end of World War II, in large part because of its strategic location within the region. Belgium is relatively small in area and the country shares borders with France, Germany, Luxembourg, and the Netherlands. Access to other economically successful western European countries, especially France and Germany, has worked to Belgium's advantage and helped to bring it to prominence as well. Another decided advantage for Belgium is access to the North Sea by way of its 50-mile coastline. A number of important port cities are located either on the North Sea coast or along navigable rivers flowing inland.

Belgium has a temperate climate with mild winters and cool summers. Rainfall is abundant due to the country's proximity to the Atlantic Ocean. Approximately 24 percent of the overall area of Belgium is arable. Coastal plains in the northwest transition to a hilly regime south of Brussels and then to mountainous terrain in the Ardennes Forest near the border with Luxembourg. Belgium has reclaimed land along the northwest coast and the country is protected from flooding by a series of concrete dikes.

Belgium is a modern country in every sense of the word. It boasts of a highly diversified economy, one of the highest per capita gross national incomes in western Europe, and life expectancy measures of 76 years for males, 82 years for females, and 79 years overall. Despite these successes, recent estimates indicate that about four percent of the population live below the poverty line. Less than two percent of Belgium's labor force are engaged in agriculture while 25 percent are in industry and 73 percent are found in the service sector.

Although Belgium is small in area, its array of agricultural products is quite varied. The country produces sugar beets, a staple in Europe, a variety of fruits and vegetables, some grains, and meat. The variety of industrial activities in the country is a clear indicator of its economic success: transportation equipment, scientific instruments, textiles, metal products, chemicals, and processed foods are produced in abundance for both domestic consumption and export. Belgium's trading partners are primarily in the western European region, with Germany, France, and the Netherlands leading in both imports and exports. Belgium is wholly dependent on foreign sources of both crude oil and natural gas, crucially important energy sources for its thriving industrial sector.

Belgium has been both proactive and innovative in its approach to poverty. Government surveys of poverty conditions in the country included input from people living in poverty conditions. In addition, the sur-



In a First World country such as Belgium, poverty has less to do with a lack of material goods than a lack of social opportunities.

veys went beyond the collection of the usual poverty measures, such as financial income and job availability, and dealt with the accessibility of citizens' rights among the poor and the emotional aspects of being poor. The primary goals of the investigation were to find out first-hand what the realities of life are for the poor and determine ways to change the conditions that create and sustain poverty. This approach is similar to ones successfully used in conflict resolution, where those involved in the conflict are given the opportunity to take part in its resolution.

Human Development Index Rank: 9 Human Poverty Index Rank: 13 (HPI-2)

SEE ALSO: European Relative-Income Standard of Poverty; European Union Definition of Poverty; France; Germany; Netherlands.

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Belize

IN THE LATE 18th century, Great Britain and Spain fought over possession of the Central American area now known as Belize. The British won, and colonization proceeded in what became known as British Honduras. A subsequent move toward independence was stymied by disagreements between the United Kingdom and Guatemala. Although self-government was established in 1964, independence was not accomplished until 1981, nine years after the country had changed its name to Belize. It was not until 1991 that Guatemala recognized Belizean independence. Territorial disputes continue, however, and Guatemala claims more than half of the area known as Belize.

Belize is an upper-middle-income nation with a percapita income of \$6,500. The economy is diversified, with 55 percent of the labor force employed in services, and tourism is the largest revenue producer. High unemployment, increasing urban crime, and involvement in the South American drug trade have hampered economic growth. Some 18 percent of the labor force are engaged in industry, mostly in the production of garments and marine products. Approximately 27 percent of the workforce are employed in agriculture, producing mainly citrus fruits, cane sugar, and bananas. Reforms instituted in 1998 have signaled a period of growth, but officials are still coping with a considerable trade deficit and a huge foreign debt.

One-third of Belizeans live in poverty, and 12.9 percent of the workforce are unemployed. The international community is heavily involved in antipoverty measures in Belize, and a social net has been constructed to aid the poorest individuals and families. Because women are more likely than men to be poor in Belize, the government has attempted to alleviate the situation by recognizing the importance of childcare and domestic work when determining economic assets and obligations at the time of legal separations and divorces. Social security for elderly women is allotted on a cocontributory basis to prevent these women from sliding into poverty.

Life expectancy in Belize is 67.49 years. With a projected life span of 70.08 years, females outlive males (65.02 years) by some five years. Among the population of 279,457, the median age is 19.35 years. Just over 40 percent of the population are under the age of 14, and over 14 percent have lived to the age of 65. While 92 percent of Belizeans have access to safe drinking water, only half of the population has access to improved sanitation. There are 102 physicians for every 100,000 residents in Belize. From six to 20 percent of the people are unable to afford essential drugs. With a prevalence rate of 2.4 percent, HIV/AIDS presents a growing threat in Belize. Some 3,600 Belizeans are living with this disease, which has killed around 200 people.

Infant mortality is high in Belize, with 25.69 deaths occurring out of every 1,000 live births. This figure has been slashed from 56 deaths per 1,000 live births in the 1970s. Female infants (22.25 per 1,000 live births) are hardier than male infants (28.97). The mortality rate of children under the age of 5 has declined significantly from 77 deaths per 1,000 in 1970 to 39 deaths per 1,000 in 2003. Six percent of all children under the age of 5 are malnourished, and six percent of infants are underweight at birth. Childhood immunization rates for children vary from 89 to 97 percent.

Belizean fertility is also high, partly because nearly half the population is nominally Catholic. Some 56 percent of women use some method of birth control, an increase from 47 percent in 1980. Between 1970 and 2005, the fertility rate declined from 6.5 children per woman to 3.68 children per woman. Among adolescents, the fertility rate is 80 per 1,000 births. Trained medical staff attend 83 percent of all births in Belize. According to modeled estimates for 2000, maternal mortality is extremely high at 140 deaths per 100,000 live births.

Literacy rates for both males and females over the age of 15 are 94.1 percent. Great gains have been made in reducing illiteracy since 1980, when 15.5 percent of males and 19.5 percent of females were illiterate. Most students attend school for at least 12 years. Primary completion rates are reported at 96 percent and secondary attendance rates are recorded at 60 percent.

Human Development Index Rank: 91 Human Poverty Index Rank: 38

SEE ALSO: Colonialism; Debt; Guatemala; HIV/AIDS.

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ELIZABETH PURDY, Ph.D. INDEPENDENT SCHOLAR

Bellamy, Edward (1850-98)

IN 1888, EDWARD Bellamy, an American journalist and author, published a utopian novel entitled *Looking Backward*: 2000–1887, which significantly influenced the social reform movement throughout the Western world. Bellamy, the son of a Baptist minister, was born in 1850 and raised in predominantly rural Chicopee Falls, Massachusetts. In 1871, he was admitted to the bar but left the legal profession after a single case to take up journalism.

Bellamy's early works, particularly *The Duke of Stockbridge* (1879), reflect a concern with the nature of society and the need to protect farmers and workers from the "greed" of capitalists. *Looking Backward* represented a technological-utopian solution to the impending crisis that many social commentators believed was inevitable and the book was a success, selling 300,000 copies by 1890 and over a million copies worldwide by 1898. It propelled Bellamy to the forefront of the social reform movement in the United States. One indication of the depth of Bellamy's influence is seen in the fact that between 1889 and 1900, 46 utopian novels were published in the United States either as responses to or elaborations on *Looking Backward*.

Bellamy argued that the development of industrialization and urbanization had destroyed the tradition of individualism and economic self-reliance, as "plutocrats" and "monopolists" had taken control of the political process and used their economic power to dominate the lives of their workers. Bellamy believed that the continued amalgamation of business into ever larger monopolies, and the concurrent creation of a disenfranchised industrial proletariat, would ultimately result in a wave of popular unrest that would force the state to nationalize all industries, a process that Bellamy conceptualized as the replacement of private capitalism with public capitalism.

Bellamy's economic, social, and political views were based on the combined concepts of social contract and social inheritance. According to this synthesis, all members of society had specific rights and duties and all shared an equal inheritance of the social and economic resources of society. This inheritance was manifested both in terms of material wealth and through intangible elements such as scientific knowledge and cultural traditions. Bellamy rejected traditional arguments against collectivism, which emphasized the unjustness of equal distribution when individuals produced at different rates, by emphasizing the interdependence of all individuals. He argued that the "achievements" of industrialists and wealthy businessmen were only possible because they benefited from the social resources created by previous generations.

Bellamy's vision had a significant influence on the platform of the People's Party.

In the United States, the popularity of Looking Backward translated into direct political influence through the formation of Nationalist clubs and the publication of two journals: The Nationalist, from 1889 to 1891, and the New Nation, published under Bellamy's editorship from 1891 to 1894. Although scholars disagree concerning how many Nationalist clubs were established and how long they remained active, conservative estimates indicate that over 150 clubs were established by the early 1890s and that as many as 500 clubs may have been created. While this Nationalist movement never became an independent political force, the Nationalists and Bellamy's vision had a significant influence on the platform of the People's Party (1891–1906).

SEE ALSO: Capitalism; Industrialization; Social Stratification; United States.

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Benin

THE SUB-SAHARAN nation of Benin holds the distinction of being the first African nation to successfully move from a military dictatorship to a democracy. With an average annual income of \$380, 37 percent of the population live in poverty, and 22.9 percent of all children under the age of 5 are malnourished. Approximately 37 percent of the population lack access to improved water sources, and 23 percent lack access to improved sanitation.

Poverty has flourished in Benin because development has been limited, and the Beninese economy is heavily dependent on subsistence agriculture, cotton production, and regional trade. Because many of its exports have been banned by neighboring Nigeria, smuggling and other criminal activity have increased along their common border. Efforts are under way to diversify the economy by emphasizing tourism and technology and promoting foreign investment. New privatization policies are also expected to enhance the shaky economy.

In 2005, Benin's population was estimated at 7,460,025. This population is constantly threatened by low life expectancy coupled with high infant mortality and HIV/AIDS rates. The median Beninese age is 16.56 years, with a life expectancy of only 50.51 years. Some 46.5 percent of Benin's population are under the age of 14 and only 2.3 percent are over the age of 65. Almost half of the population (45.7 percent) is at risk of dying before the age of 40.

Between 1990 and 2000, the number of malnourished Beninese increased by six percent. To deal with this problem, the Sasakawa Africa Association and the Carter Center joined with the Beninese Ministry of Agriculture to increase the food supply, assisting some 100,000 farmers in gaining knowledge of new agricultural technology designed to increase production of velvet beans, quality protein maize, and rice. Even though

the food supply has increased, general health continues to be threatened by a lack of access to potable water.

Other health concerns include the very high risk of developing food- and waterborne diseases such as bacterial and protozoal diarrhea, hepatitis A, and typhoid fever. In certain areas, the risk of contracting malaria and yellow fever is also high. Incidences of meningococcal meningitis are common. Before 1993 when the Carter Center began working with health officials and local communities to eradicate Guinea worm disease, which is caused by infected water, thousands of new cases were reported each year. By 2003, only 30 cases were reported. Government and health officials have also become increasingly concerned about the rising number of people with HIV/AIDS: in 2003, it was estimated that 68,000 people had contracted the disease, and an additional 5,800 had died from the disease.

Beninese children are particularly vulnerable to the extreme poverty, and the infant mortality rate is 85 deaths for every 1,000 live births. Male infants are more likely to die than females. The Beninese government has worked with international organizations to increase rates of childhood immunization to cut down on rates of communicable diseases. In 2003, 83 percent of all children aged 12 to 23 months had been immunized for measles, and immunizations for DPT3 rose to 88 percent. Among infants, immunization rates for DPT, measles, and tuberculosis increased slightly since 1990, but immunizations for polio decreased by nine percent during that period.

Women are also particularly affected by extreme poverty. The high fertility rate of 5.86 children per Beninese woman drains available resources. Only 18.6 percent of Beninese women aged 15 to 49 use any method of contraception. Estimates for 2000 indicate that 850 Beninese women died out of every 100,000 live births. At the beginning of the 21st century, only 65.5 percent of births in Benin were attended by trained medical staff.

Low literacy rates, especially for females, affect the quality of life for the Beninese population. In 2000, female literacy was estimated at only 26.5 percent, compared to 56.2 percent for males. Most children receive only seven years of schooling. However, access to education has improved since 1990 when only 65 percent of males and 32 percent of females attended primary school and only 31 percent and 18 percent respectively completed primary programs. By 2000, 85 percent of males and 74 percent of females attended primary schools, and 79 and 68 percent respectively completed primary programs.

In June 2005, the economic outlook for Benin improved when the United States and Great Britain proposed a plan to free 18 of the poorest nations, including Benin, from outstanding debts by allotting funds to be used for economic development and social programs as well as for debt relief.

Human Development Index Rank: 162 Human Poverty Index Rank: 95

SEE ALSO: Agriculture; Extreme Poverty; Malnutrition; Water; Women and Poverty.

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Better Safer World

BETTER SAFER WORLD is a campaign that aims to change the way Americans respond to global poverty and instability. Moreover, it is also seeking to increase the humanitarian assistance for projects seeking long-term changes in the social and economic systems that allow, foster, or profit from poverty. The Better Safer World campaign is sponsored by nine international humanitarian organizations. These organizations are CARE, Childreach, International Medical Corps, International Rescue Committee, Mercy Corps, OXFAM, Save the Children, World Concern, and World Vision.

The nine sponsoring agencies for the Better Safer World campaign met together after the terrorist attacks on New York City and Washington, D.C., on September 11, 2001. The organizations involved concluded that it was absolutely necessary that the needs of over one billion people in the world who live in desperate

poverty be met. The Better Safer World campaign was launched in order to force the American people, especially the American electorate, and the government of the United States to address poverty and instability.

It was officially launched on November 6, 2003, in Des Moines, Iowa. The reason that Des Moines was chosen was its agricultural role in the heartland of America. The farmers of Iowa and the surrounding states grow crops that feed much of the world. As food producers they have a more complete understanding of the issues of global hunger than most Americans. Moreover, Iowa is home to the Iowa caucuses where Iowa's educated and informed voters often set the issues to be discussed during American presidential races. The goal of the nine groups then was to affect the policy debates of the 2004 presidential election.

Further, Better Safer World was launched in order to recruit Americans to work to address poverty and global instability. The sponsors of the campaign have cited statistics that show that the United States is among the 21 wealthiest countries in the world. Yet it is 20th in the amount of foreign giving. Since the United States government contributes only one-tenth of 1 percent of its Gross National Product to foreign humanitarian assistance, it seems obvious to the sponsor of the campaign that the United States can and must do more.

Its goal is the ambitious elimination of poverty altogether.

Observing that the United States is the world's superpower with extensive resources, it should also have the most support for lending aid. The nine organizations supporting the Better Safer World campaign have thus called on the American people and the elected officials of the United States to increase their assistance to impoverished nations. The goal of the organizations sponsoring the Better Safer World campaign is not simply to increase relief to the suffering but also the ambitious elimination of poverty altogether. The appeal of the Better Safer World campaign is not simply to the United States government and its elected officials. The appeal is directed toward individual Americans as well. The Better Safer World campaign influenced the rhetoric used in the Republican Party platform in the 2004 election. The "One Campaign" is a follow-up campaign.

SEE ALSO: CARE; Mercy Corps; OXFAM; Save the Children; World Concern; World Vision International.

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Beveridge Scheme

A WIDELY CIRCULATED report commissioned by the British government and named for its author, Sir William Henry Beveridge (1879–1963), the Beveridge Scheme outlined a social assistance plan to reduce poverty in postwar Britain. In spite of its limited implementation, the plan greatly influenced post-World War II British social welfare policy and the development of the modern welfare state. What became known as the Beveridge Report is drawn from the Social Insurance and Allied Services manuscript published in 1942, quickly receiving widespread approval.

In 1941, Beveridge, a prominent British economist and known social reformer, was commissioned to formulate policy recommendations that would alleviate poverty in postwar Britain. The Beveridge Committee was set up in response to the pressure for social reform at a time when Britain's military position during World War II remained uncertain and fears were increasing among the populace that the economy would collapse once the wartime stimulus ended.

The primary goal of the Beveridge Scheme entailed providing a subsistence level "below which no one should be allowed to fall" to all British families via a "socially just" welfare state. The cornerstone of his plan was a comprehensive system of social security for every citizen "from the cradle to the grave." Specifically, Beveridge's intent was to ensure protection for all British citizens against the five giants of want, disease, ignorance, squalor, and idleness.

The key revolutionary objective of Beveridge's plan was the elimination of means testing and, in turn, establishing a system of social protection based solely on the principle of social insurance. Beveridge believed that benefits ought to be a universal right. His plan stipulated that all people of working age pay a weekly national insurance contribution.

This system of social protection would then grant flat-rate benefits to all citizens in case of sickness, unemployment, retirement, or widowhood. The Beveridge Report, however, did not include public works or employment programs.

Beveridge saw full employment (unemployment at no more than three percent) as pivotal to his social welfare regime and grounded his reform programs in previously developed social insurance measures. His plan was predicated on three assumptions: it would be accompanied by a general system of family allowances, a comprehensive national health service, and economic policy designed to maintain employment.

The Beveridge Report was well received and widely debated, yet never fully implemented. Between 1945 and 1948 the British Parliament passed legislation that constructed a universalistic welfare state. The legislation was enacted in large part because of Beveridge's recommendations, yet it differed significantly from the initial report. The legislation established a national minimum poverty level with national assistance playing a residual role to protect those who fell below the baseline. Above that minimum, an individual was free to provide extra benefits for himself and his family through savings, investments, or private insurance.

A fundamental aspect of the Beveridge Scheme was self-help through contributory insurance. Many historians and scholars have argued that this component proved more important in the development of 20th-century state welfare in Britain than either philanthropic or state provision. Ultimately, the impact of the Beveridge Report was seen in the manner in which it focused political attention squarely on social security and the welfare state.

The Beveridge Report, although it was not fully adopted by the British government, set the tone of comprehensive social welfare policy changes in Britain and led to the establishment of social security and the National Health Service. The transition to a fully implemented national minimum income was never achieved because of postwar inflation that outpaced the value of an individual's check. The lack of a true minimum income caused an increased reliance on means-tested social assistance to supplement the social insurance system, meaning that a central objective of the Beveridge Scheme had failed.

SEE ALSO: Means Testing; Social Security; Social Welfare; United Kingdom; Welfare State.

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Bhutan

BHUTAN IS A VERY small Himalayan kingdom between India and China (Tibet). By contract, Bhutan's foreign policy is conducted by India; nevertheless Bhutan has been an independent state since the beginning of the 20th century. It is ruled by a hereditary Buddhist monarchy. Prior to that time Bhutan was, like Tibet, a Buddhist theocracy.

Most parts of the country are mountainous; only the Indian border is a small strip of low land, where the climate and natural vegetation are subtropical and mostly used as farmland. The middle region is alpine with pine forests and is partly arable. The whole northern region includes some Himalayan peaks and is extremely cold and barren. This topography explains why Bhutan is only very thinly populated at about two million, but the enumeration is difficult because the government usually estimates the Bhutanese population at much less. The reason is to be found in the increasingly ethnicized politics of the monarch and his dominant ethnic group, the Ngalong, who speak Dzongkha, a Tibetan-derived language that the king declared the only official Bhutanese language, not accepting that Bhutan is in reality a multiethnic and multicultural country. Especially the Nepali-speaking ethnic groups in the southern region are deprived of their civil rights and flee to Nepal where thousands live in refugee camps.

This short description of a rather unknown country points out some of the reasons why Bhutan still remains very poor, though the king began in the late 1950s to modernize the secluded country. This means that with a per capita income of \$375 per year, Bhutan no longer belongs to the LDC (Least Developed Countries). It must be mentioned that it is difficult to calculate the per capita income because the king/government

does not accept the Nepali-speaking large minority as real Bhutanese, so in some publications the per capita income is given at \$594 per year.

Since the beginning of modernization, economic development has been controlled by five-year plans setting different priorities, with the two first ones focused on education. This was extremely necessary because until about 1960 no modern education existed; there were only religious schools belonging to monasteries. Only very few children had private, especially foreign, teachers. Today a free public educational system exists; one college exists, but no university. The adult literary rate rose from an estimated 10 percent in 1970 to 47.5 percent in 1994. Still, today there is a lack of well-trained indigenous teachers, so many foreign teachers, especially Indians work in Bhutan.

The medical system and access to free primary healthcare also improved, so life expectancy has risen from 37 years in 1960 to 66 years in 1994. The infant mortality rate was one of the highest in the world in 1960 (203 infant deaths of 1000 live births). An indigenous, Tibetan-based medical system coexists with the modern healthcare system; the government supports this coexistence.

There are prevailing gender differences; for instance women are more often illiterate than men, but—probably influenced by a Tibetan-based social system—gender differences are not so severe as in other parts of south Asia. The law treats Bhutanese men and women equally. Everyday culture does not seem to discriminate against women as much as, for instance, in India. Bhutanese parents do not prefer boys, so there is no female foeticide. There are Bhutanese women who are economically independent, but women do not occupy high government posts.

It can be said that Bhutan, a small Himalayan kingdom, is still a very poor country, but it is no longer among the poorest in the world. During the last four decades the country has made progress in some aspects of relieving poverty, including growth in per capita income, health services, and education, but it seems as if the improvement does not reach all ethnicities living in Bhutan, especially the large Nepali-speaking minority, which is still excluded and even driven out of the country.

Human Development Index Rank: 134 Human Poverty Index Rank: Not included.

SEE ALSO: China; Education; India; Nepal; Women and Poverty.

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Big Brothers Big Sisters

THE BIG BROTHERS Big Sisters program, long a oneon-one mentoring program within the United States, pairs single-parent youth with adult mentors who agree to participate in recreational and beneficial activities, ranging from visiting the zoo to doing homework or discussing the dangers of drug, alcohol, and tobacco use.

A volunteer Big Brother or Big Sister, generally recruited from the community, helps a young person have a better sense of self and a more positive view of his or her future. The mentoring relationship empowers both the youngsters and the adults working with them to be more active in their community, creating possibilities for both what the program refers to as "the Littles" and "the Bigs" through their relationships.

Educated and trained staff members recruit and select volunteers, assess the needs of children and youth, communicate with parents and other primary caretakers, create the matches of volunteer adult and needy child, supervise the relationships over the lifetime of the match, and officially intervene to sever the matches when appropriate. Big Brothers Big Sisters states that research and more than a century of experience demonstrate that success of a local program depends on the following essentials: the program is voluntary for all parties involved; the program is professionally managed; all volunteers are screened for their appropriateness, ability, and safety; all volunteers are provided with an orientation and training in mentoring, child development, and expectations; the needs of all children and youth are assessed before being matched; all match relationships are supervised by a professional; matches are professionally closed and all parties informed in writing; a board of volunteers provides connections with the community, monitors the service delivery system,

and assists in fundraising; policies and procedures for service delivery are developed that adhere to international standards and reflect the community in which the program is being carried out; and steps are taken to measure the impact of the mentoring relationship and to monitor quality and safety.

While not a formal antipoverty program, Big Brothers Big Sisters is built on the principle that vulnerable children may not be able to reach their full potential in growing up without an interested nonparent adult filling the role that extended family members provided in years past.

The philosophy behind the program since its founding in the United States in 1904 is that without caring adult support during the crucial times in their life, children will be ill-equipped to develop their skills and knowledge to become important contributors to their country's future and shape their own destiny. Volunteers are encouraged to help children make important decisions, apply themselves at school, and achieve personal as well as academic excellence. Mentors discourage violent behavior and encourage the avoidance of substance abuse.

Big Brothers Big Sisters claims to be the oldest and largest mentoring program in the world, with country-specific programs that recruit, train, and supervise volunteers in one-to-one mentoring relationships with children-at-risk around the world who are not reaching their potential because of family or environmental constraints or limitations.

Big Brothers Big Sisters says that its model has been evaluated and proven that an ongoing friendship relationship with a young person has significant impact. These evaluations indicate that children's lives are enriched and strengthened, leading to more positive and constructive behavior with regard to education, peer relationships, family relationships, use of drugs and alcohol, and acts of violence.

In 1998, after a century of outreach in the United States, Big Brothers Big Sisters International began offering its assistance to national entities wishing to provide mentoring to young refugees throughout Europe, street children in South America, young victims of HIV/AIDS in Africa, social orphans in Russia, and, in general, children growing up in poverty around the world—children and youth who lack inspiration and experience to move beyond their daily survival to experience positive youth development.

SEE ALSO: Children and Poverty; Family Desertion; Family Size and Structure; United States.

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Black, Hugo L. (1886-1971)

BORN IN ALABAMA, Hugo Lafayette Black came from humble origins. He received his law degree from the University of Alabama at Tuscaloosa. He started working as a personal injury lawyer, and also served briefly as a prosecutor and as a police court judge. Although successful, Black refused to work for large corporations and institutions. He preferred to represent the workingman and had many clients of all races. During World War I, he volunteered and served as an artillery officer.



Hugo L. Black established himself as a populist, taking sides for the workingman and against big business.

During the 1920s Black joined the Ku Klux Klan. Later, trying to minimize his involvement, he said that he objected to the Klan's use of violence, but joined it to meet people and attract clients. The Klan in 1920s Alabama was not the fringe organization it is today. Most community leaders were members. Membership opened doors to an aspiring lawyer. However, it was violently racist and anti-immigrant, and intolerant of Catholics and Jews. While there is some evidence that he objected internally to the Klan's use of violence and illegal activity, Black was an active speaker and took a leadership role within the local organization. The Klan was instrumental in Black's election to the U.S. Senate in 1926. Thousands of Klansmen turned out to vote for him and work as election volunteers.

In the Senate, Black established himself as a populist, taking sides for the workingman and against big business. He remained part of the southern block of conservative senators who opposed an antilynching law and immigration reform. When Franklin Roosevelt became president, Black was an ardent supporter of New Deal policies.

Roosevelt appointed Black to the Supreme Court in 1937. As a member of the Senate, Black was quickly confirmed with little investigation. When newspapers then published evidence of his Klan membership, there were protests and calls for resignation or impeachment. Justice Black, however, was determined to remain. Black joined a conservative Supreme Court—his views on legislative deference and a more powerful federal government left him in the minority. For example, Black held the then-radical view that the Bill of Rights should bind state governments as well as the federal government.

His majority opinion, overturning the convictions of four black men who had been coerced into murder confessions, Chambers v. Florida (1940), helped to assuage concerns about his prior Klan relationship. Throughout his tenure, he supported efforts to strike down other impediments to minority civil rights. He joined a majority in striking down racially restrictive covenants in property deeds with Shelley v. Kraemer (1948). He also joined the unanimous decision that outlawed segregation in schools in Brown v. Board of Education (1954). However, he also wrote the decision approving of the government wartime detention of Japanese Americans in Korematsu v. U.S. (1944).

Black supported the Court's expansion of the rights of criminal defendants. He supported the exclusion of illegally seized evidence in *Mapp v. Ohio* (1961). He wrote the majority opinion guaranteeing government-paid attorneys to indigent defendants in *Gideon v.*

Wainwright (1963). He supported prohibiting the use of confessions unless suspects in custody were first advised of their rights in Miranda v. Arizona (1966).

In First Amendment cases, he supported striking down laws mandating that students salute the flag and say the Pledge of Allegiance in West Virginia v. Barnette (1943). He dissented from a decision upholding the conviction of someone who refused to testify before the House Committee on Un-American Activities in Dennis v. United States (1951). His majority opinion struck down state-sponsored school prayers in Engel v. Vitale (1962). However, he also opposed broadening free speech rights in schools in Tinker v. Des Moines (1969) and the protected use of foul language in Cohen v. California (1971). Black opposed efforts to find the death penalty unconstitutional in Witherspoon v. Illinois (1968). He also did not accept the Court's recognition of a constitutional right to privacy in Griswold v. Connecticut (1965).

After suffering a stroke, Justice Black resigned from the Court. He died several days later on September 25, 1971.

SEE ALSO: Crime; Poverty Laws; Racial Discrimination; Roosevelt, Franklin (Administration).

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Bolivia

BEFORE THE SPANISH came to the area now known as the Republic of Bolivia, the land was part of the ancient Incan empire. During harsh Spanish rule, many natives were enslaved. Since freeing itself from Spanish rule in 1825, Bolivia, which received its name from freedom fighter Simón Bolivár, has experienced close to 200 coups and countercoups. Constant internal strife has made Bolivia vulnerable to attacks by neighboring countries, and territory has been lost to Chile, Brazil,

and Paraguay in various conflicts. Although democracy was ostensibly established under civilian rule in 1982, ongoing social unrest and widespread corruption have hampered the ability of governments to deal with deeprooted poverty and illegal drug production.

It has been argued that Bolivia has been in a war against globalization over the last few years because the indigenous population has forced international businesses to close their doors, blocked an income tax proposed by the International Monetary Fund, and ousted presidents who supported globalization. Some experts argue that any future economic progress for Bolivia is dependent on solving these problems and on improving the educational system, because a well-educated population is necessary to attract and maintain foreign investment and to improve the quality of life in this central South American nation of 8,857,870 people.

Historically the Bolivian economy was dependent on cocoa. When the cocoa fields were eradicated to make way for illegal drug crops, farmers were plunged into abject poverty. Slash-and-burn tactics in modernday Bolivia have stripped the country of essential forests. Overgrazing and poor cultivation have weakened the soil, making agricultural productivity difficult. Approximately 13 percent of Bolivia's Gross Domestic Product (GDP) is generated from agriculture. Services account for 59 percent of the GDP, and industry furnishes the remaining 28 percent.

Businesses owned by foreigners generate 65 percent of the GDP, while employing only 10 percent of the workforce. The small businesses that employ 80 percent of the labor force account for only one-fourth of total GDP. In urban areas of Bolivia, the unemployment rate is 9.2 percent and rates of underemployment have been estimated as high as 59 percent. Bolivia has no unemployment insurance benefits, so the unemployed are likely to become poor fairly quickly.

Bolivia is one of the least developed countries in Latin America. Although it has the second largest natural gas reserves in South America, Bolivia has been unable to use this resource to grow the economy, in part because of the violent protests against import policies. Exports of natural gas to Brazil have been more successful, but have not been productive enough to turn the sluggish economy around. Other Bolivian resources include tin, zinc, tungsten, antimony, silver, iron, lead, gold, timber, and hydropower.

With a per capita income of \$2,600, Bolivia is one of the poorest countries in South America. Some 64 percent of the population live in poverty. Over a fifth of the population is malnourished. More than 34 percent

of Bolivians live on less than \$2 a day, and 14.4 percent subsist on less than \$1 a day. Women are more likely than men to be poor, and this is particularly true of women in rural areas where close to one in four households is headed by a female. Among those families, 24.8 percent are moderately poor, 24.3 are extremely poor, and 22.9 percent are totally excluded from the mainstream economy. Without foreign aid, the rate of poverty would be even higher.

Vast income inequalities continue to exist between the descendants of the Incas, who comprise two-thirds of the Bolivian population, and white elites. The poorest 20 percent of Bolivians live on four percent of the country's resources, while the richest 20 percent share 49.1 percent of the nation's wealth. Bolivia is ranked 44.7 on the Gini Index of Human Inequality.

Some 64 percent of the Bolivian population live in poverty.

Industrial pollution has threatened general health by tainting water supplies used for drinking and for irrigation purposes. About 17 percent of Bolivians lack access to safe drinking water, and 48 percent lack access to improved sanitation. There are only 76 physicians for every 100,000 residents, and 20 to 50 percent of Bolivians cannot afford essential drugs. Bolivians experience a life expectancy of 65.5 years. Females (68.25 years) tend to outlive males (62.89 years) by over six years. The median age is 21.47 years. Nearly 36 percent of the population are under the age of 14, and 4.5 percent have reached the age of 65.

Infant mortality is high in Bolivia, and 53.11 infant deaths occur out of every 1,000 live births. Even so, infant mortality rates have fallen since 1970 when they were reported at 56 deaths per 1,000 live births. Between 1970 and 2003, mortality rates of all children under the age of 5 plunged from 243 to 66 deaths per 1,000. Ten percent of children under 5 are malnourished, and nine percent of infants are underweight at birth. Immunization rates for children between the ages of birth and 23 months are abysmally low, ranging from 64 to 81 percent, with one exception. Approximately 94 percent of infants have been immunized against tuberculosis.

In 1970 the fertility rate was 6.5 children per woman. Since that time, the fertility rate has steadily declined to the current rate of 2.94 children per woman. Among teenage mothers, the fertility rate is 70 per

1,000 births. Even though 95 percent of the population of Bolivia are ostensibly Catholic, 58 percent of Bolivian women use some method of contraception, an increase from 30 percent in 1980. In 1990, trained medical staff attended only 22 percent of Bolivian births. The rate of attended births has risen to 65 percent. Modeled estimates for 2000 indicate that maternal mortality in Bolivia occurs at the excessively high rate of 420 deaths per 100,000 live births.

Among the Bolivian population over the age of 15, 87.2 percent can read and write. With a literacy rate of 81.6 percent, females lag behind males, at 93.1 percent. Despite the inequity, Bolivia has substantially reduced illiteracy over the past decades. In 1980, 20.4 percent of males and 41.7 percent of females were illiterate.

In 1980 only 84 percent of males and 74 percent of females in the relevant age group were enrolled in primary school. By 2000, 95 percent of all children were attending primary school. Completion rates in urban areas have also been improving over the last few years as more attention has been paid to education.

From 1999 to 2003, primary school completion rates for males rose from 97 to 101 percent and from 93 to 99 percent for females. Most Bolivian students in urban areas now attend school for 14 years. In rural areas, however, only seven percent of the children complete eight years of school. More than 50 percent finish only three grades. More than 800,000 Bolivian children under the age of 18 are working rather than attending school.

Human Development Index Rank: 113 Human Poverty Index Rank: 30

SEE ALSO: Foreign Direct Investment; Globalization; Unemployment; Unemployment Insurance.

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ELIZABETH PURDY, PH.D. INDEPENDENT SCHOLAR

Bosnia and Herzegovina

BOSNIA AND HERZEGOVINA is the former republic of the Socialist Federal Republic of Yugoslavia, with a total total population of 4,025,476 (2005). Bosnia and Herzegovina borders Croatia and Serbia and Montenegro. Bosnia and Herzegovina was among the poorest republics in the old Yugoslav federation. The interethnic warfare in Bosnia caused production to plummet by 80 percent from 1992 to 1995 and unemployment to soar. The Gross Domestic Product (GDP) rate of growth in 2004 was estimated at 4 percent, with a GDP per capita of \$6,400 (purchasing power parity).

Today the official unemployment rate is 44 percent, with 25 percent of population living below the poverty line. Furthermore, an additional 30 percent of the population are in danger of falling below the poverty line. The causes of poverty include the destruction from the war, slow implementation of reforms, low labor force participation, human rights violations, an inadequate social protection system, low-quality education, and corruption.

Following the arrival of the South Slavs in northern parts of Bosnia in the course of the 6th century, Bosnia appeared as a separate political entity after the death of Serbian king Konstantin Bodin in 1101. The medieval Bosnian state reached its peak during the rule of King Tvrtko I Kotromanic. Bosnia and Herzegovina was conquered by the Ottoman Turks in 1463 and 1481, respectively. In 1878, Bosnia and Herzegovina became a protectorate, and in 1908 was annexed by Austria-Hungary.

Anti-Serbian policies of the Austro-Hungarian administration provoked a deep discontent among local Serbs. On June 28, 1914, Gavrilo Princip, a member of the revolutionary organization Mlada Bosna (Young Bosnia), assassinated the Austrian crown prince Franz Ferdinand in Sarajevo, sparking World War I. After World War I, Bosnia and Herzegovina was incorporated into the Kingdom of the Serbs, Croats, and Slovenes. During World War II, the entire territory of Bosnia and Herzegovina became a part of the Nazi-puppet Independent State of Croatia. Following the war, the area became a federal unit in Yugoslavia.

The declaration of sovereignty in 1991, and proclamation of its independence from Yugoslavia, led to the outburst of a bitter civil war in Bosnia and Herzegovina. While Bosniak/Muslim leadership insisted on preservation of unified and independent Bosnia and Herzegovina, both Serbs and Croats living in the republic insisted on the country's partition along ethnic lines.

The civil war ended by signing of the Dayton Agreement on November 21, 1995. According to the agreement, Bosnia and Herzegovina consists of two parts: Federation of Bosnia and Herzegovina (51 percent of the territory) and Republika Srpska (Republic of Srpska, 49 percent of the territory). The federation is divided into ten cantons, and Republika Srpska is split into seven regions.

Bosnia and Herzegovina is an emerging federal state. The chair of the presidency of Bosnia and Herzegovina rotates among three members (Bosniak/Muslim, Serb, and Croat). The three members of the presidency are elected directly by the people.

The ethnic composition of the country in 2000 was Serb 37.1 percent, Bosniak/Muslim 48 percent, Croat percent, and other 0.6 percent. The religion is Muslim 40 percent, Serbian Orthodox 31 percent, Roman Catholic 15 percent, and other 14 percent. As the name suggests, the region consisted of two distinctive parts: Bosnia in the north, and Herzegovina in the south. The country is predominantly mountainous with ferial plains in the north. The climate in Bosnia is continental, while Herzegovina has a distinct variant of the Mediterranean climate.

Human Development Index Rank: 68 Human Poverty Index Rank: Not included.

SEE ALSO: Corruption; Croatia; Serbia and Montenegro; War and Poverty.

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Botswana

TO ITS POORER NEIGHBORS, the southern African nation of Botswana stands out because it has transformed itself from one of the world's poorest nations into a middle-income country with an economy that has one of the healthiest growth rates in the world.



Children in sub-Saharan Africa are particularly vulnerable to the consequences of poverty and to the HIV/AIDS epidemic.

Gains have been particularly significant in the diamond export and tourist sectors. Nevertheless, Botswana suffers from many of the same social crises that plague other African nations. Nearly half (47 percent) of Botswana's people fall below the national poverty line. Subsistence farming continues to flourish, and the government faces high unemployment (unofficially estimated at 40 percent), low life expectancy, and unacceptably high rates of infant mortality, malnutrition, and HIV/AIDS.

Inequality is persistent, with the poorest 20 percent of Botswana receiving only 2.2 percent of income while the richest 20 percent receive 70.3 percent. Some 23.5 percent of the population live on less than one dollar a day, and over half live on less than two dollars a day. At least 40 percent of the Botswana population have no access to improved sanitation, and five percent lack access to a stable improved water source. With low population and growth rates, Botswana's median age is 19.29 years. Almost 40 percent of Botswana are under the age of 14, and less than four percent are over the age of 65. Botswana's life expectancy is 33.87 years, and the people have a 61.9 percent chance of not surviving past the age of 40.

Children in Botswana are particularly vulnerable to the consequences of poverty and to the HIV/AIDS epidemic: the outlook has grown worse since 1990 when the infant mortality rate was 45 deaths for every 1,000 live births. By 2000, that number had risen to 80 deaths per 1,000 live births. During that same period, the mortality rate for all children under 5 years of age increased from 58 to 110. Some 12.5 percent of the country's

children are malnourished, and 10 percent of all infants suffer from low birth weight. In the general population, almost one-fourth of the population is undernourished.

In response to global emphasis on childhood immunizations, by 2003, 90 percent of Botswana children between the ages of 12 and 23 months had been immunized for measles and 97 percent had received DPT3 immunizations. Immunizations for infants improved significantly between 1990 and 2002: DPT immunizations increased from 56 to 97 percent; polio immunizations increased from 78 to 97 percent; measles immunizations increased from 55 to 90 percent; and tuberculosis immunizations rose by seven percent.

On the average, Botswana children complete 11 years of schooling. Among females, 96 percent complete primary school, but only 91 percent of Botswana males do so. Over half (53.6 percent) of Botswana's children attend secondary school. The literacy rate for Botswana females is 82.4 percent, compared with 76.9 percent for males. From 1990 to 2001, illiteracy rates for individuals aged 15 to 24 dropped from 16.7 to 11.3.

Women are disproportionately poor in Botswana, particularly single mothers. While 48 percent of Botswana women between the ages of 15 and 49 employ some method of contraception, the fertility rate is 3.7 births per female according to the World Bank. This is due in large part to the 66 percent fertility rate for women aged 15 to 19. Overall, fertility rates have begun to decline in response to dissemination of birth control information and higher female educational levels. Maternal health has improved in recent years, and professional health staff attend 98.5 percent of all births.

Botswana has had a long history of legal discrimination against women and has suffered from a shortage of women in decision-making positions. In 1995, the government pledged to improve the lives of women through a series of reforms that included funding programs designed to empower women, increasing opportunities for female education and training, enhancing credit opportunities for women, and working with nongovernment organizations and women's groups to improve the market for products produced by Botswana women. The government also created the Women's Affairs Department and increased funding for various ministries that were targeted for women's programs.

Botswana's HIV/AIDS rate of 37.3 percent is the highest in the world, and the World Health Organization (WHO) reports that Botswana girls are four times more likely to contract HIV/AIDS than are Botswana

boys. In 2003, it was estimated that 350,000 Botswana were living with HIV/AIDS and that another 33,000 had died from the disease. WHO estimates that 78,000 Botswana children under 15 have been orphaned. The government is committed to dealing with the problem through programs designed to educate the public while dealing with the medical realities of the disease. The risk of other diseases is also high in Botswana, particularly food- and waterborne diseases such as bacterial diarrhea, hepatitis A, and typhoid fever.

Human Development Index Rank: 131 Human Poverty Index Rank: 94

SEE ALSO: Child Malnutrition; Child Mortality; Disease and Poverty; HIV/AIDS.

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ELIZABETH PURDY, Ph.D. INDEPENDENT SCHOLAR

Brandeis, Louis D. (1856-1941)

LOUIS DEMBITZ Brandeis was a renowned litigator, social justice advocate, and widely celebrated U.S. Supreme Court justice. Throughout his career Brandeis sought to reconcile modern forms of government and social institutions and the growing inequalities fostered in large part by the Industrial Revolution with maintaining and protecting individual rights and liberties.

The son of Jewish parents who emigrated from Prague, Brandeis was born in Louisville, Kentucky. Graduating from high school with high honors at the age of 14, Brandeis immediately went on to attend Dresden University in Germany for two years prior to entering Harvard University. In 1877, Brandeis graduated from Harvard Law School at the head of his class. In 1891, Brandeis married Alice Goldmark, with whom he had two daughters.

Brandeis quickly established himself as a prominent attorney in Boston, where he used his knowledge and commitment to social justice to represent the public in-



As a Supreme Court justice, Louis D. Brandeis tried to use the law to protect the powerless from the powerful.

terest in numerous controversial cases. Brandeis's extraordinary success, coupled with his investments allowed him to achieve financial independence at a young age. This enabled him to take on pro bono cases fighting for the progressive causes he supported and led to him becoming known by many as the "the people's lawyer." Demonstrating sympathy for both the trade unions and the women's rights movement, Brandeis also advocated establishing minimum wage and maximum hour regulations.

In 1908, Brandeis, acting as a litigator in the case of *Muller v. Oregon* before the United States Supreme Court, composed what became known as the "Brandeis Brief." Brandeis collected empirical data from hundreds of sources, compiling an extensive presentation with detailed accounts of the impact of long working hours on women. Notable as one of the first instances that social science was used in informing law in the United States, the brief influenced the direction of the Supreme Court and has since become the model for presentations to the Supreme Court.

Prior to his appointment to the Supreme Court, Brandeis was associated with the progressive wing of the United States Democratic Party and was an active Zionist leader. He served as head of the Provisional Executive Committee for Zionist Affairs from 1914 through 1921 and again from 1930 until his death.

Additionally, Brandeis published two influential books: Other People's Money and How the Bankers Use It (1914) and Business: A Profession (1914). Each expressed Brandeis's support of competition rather than monopoly in business and reflected his staunch advocacy for trade unions and workers' rights.

Brandeis, as an advisor to President Woodrow Wilson on policy matters, was highly influential in Wilson's New Freedom economic doctrine. In 1916 he was appointed by Wilson to the Supreme Court of the United States, becoming the first Jew to serve on the Supreme Court. Despite significant opposition to his appointment, primarily from business interests and anti-Semites, Brandeis became one of the most influential justices in the history of the United States.

While on the bench, Brandeis authored opinions that envisioned greater protections for individual rights, specifically the rights of privacy and freedom of speech. Brandeis was persistent in his efforts to rid government of corruption and to ensure democracy by using the law to protect the powerless from the powerful. His interpretation of the United States Constitution was progressive, antimonopoly, anti-big business, in favor of flexible government economic regulation, and pro-state government.

Brandeis retired from the Supreme Court in 1939 and died in Washington in 1941. Brandeis's legacy remains in the numerous schools and awards named in his honor—among them Brandeis University (founded in 1948), the Brandeis Award, the Louis D. Brandeis School of Law at the University of Louisville, and Brandeis High School in New York City.

SEE ALSO: Democratic Party; Industrial Revolution; Wilson, Woodrow Administration; Working Poor.

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Brazil

BRAZIL IS THE LARGEST and most populous country in Latin America. Its territory is rich in natural resources. Most of it is arable and well endowed with minerals. In spite of these positive premises and the progress achieved in the first years of the new millennium, Brazil is still a country of social and economic inequalities where poverty remains high when compared to the country's average income levels.

Poverty is particularly concentrated in the northeast region and in small rural and urban areas. Many different political regimes have governed the country in the 20th century, yet they have been unable to defeat the plague of poverty. The promised economic reforms of President Lula Da Silva, elected in 2002, have had limited impact so far, and the president's credibility was seriously damaged by a series of financial scandals regarding the funding of his own political party.

HISTORY

Brazil was part of the Portuguese empire from 1530 to 1822, when the country obtained its independence mainly as a result of the Napoleonic Wars, which had even forced the Portuguese king to flee there in 1807. During these centuries, Brazil's economy supported the Portuguese empire, first thanks to the exploitation of sugar production and then to the extraction of gold.

As an independent country, Brazil mainly relied on agriculture until the world economic crisis of the 1930s. The production of coffee played a particularly significant role in the country's economy and accounted for more than half of Brazil's exports. The gold cycle and the production of coffee kept the flow of immigration from European countries and from Japan steady during the 18th and 19th centuries. It was only after the 1930s that the country started to diversify its economic activities and industrialize.

The flow of European immigration and the emigration of peasants to urban areas, particularly to Rio de Janeiro, caused, together with the economic crisis, the massive growth of *favelas* (shantytowns or slums; the term comes from the name of a plant that grows on the hillsides of Rio), a phenomenon that still characterizes the country today and has even been turned into a tourist attraction for foreigners.

The industrialization process started in the 1930s, aimed at the containment of imports through support for domestic industries. The government played an important part in the industrialization of the country with

direct investments. Thus the state, no matter the political orientation of the politicians who ruled it, held the control of large parts of the Brazilian economy for much of the 20th century. On the contrary, the private sector was weak and relying on public funding. Since the 1990s, Brazilian economy has become more market-oriented.

The interventionist policy of the government caused substantial growth in the 1960s and 1970s. Yet the benefits of this growth were unequally distributed so that questions of social and economic inequality remained unanswered. During the 1980s, however, the Brazilian economy fell dramatically. The process of making Brazil a developed country stopped abruptly in this decade.

Between 1980 and 1994, this fall brought the yearly average growth of the Gross Domestic Product to a limited 1.07 percent. In turn, per capita incomes were badly hit during the period. Inflation experienced a disproportionate four-digit growth that penalized citizens with low incomes and contributed to raise the already high social inequality.

PREVAILING INEQUALITY

Since the mid-1990s, governments have started to devise plans to control inflation. The success of these plans was limited, for although inflation declined, income inequality has remained one of the most crucial issues in the country. A large section of Brazilian society still cannot afford access to basic necessities and services because of low income. Poverty is widespread both in rural and urban areas, although the fast process of urbanization has increased the number of poor in urban areas. Some studies claim that the separation between rural and urban poverty in Brazil is a spurious one, as many urban poor are dependent on agricultural activities to earn their living.

In the northeast region of the country, 29 percent of poor urban families have agricultural activity as their main source of living, pointing to the impossibility of separating rural and urban poverty. In the north-east, the poor make up 32 percent of the total population of the area, which represents 55 percent of the Brazilian poor.

Poverty is also apparent in big urban centers. The southern metropolises of São Paulo (with more than 15 million inhabitants) and Rio de Janeiro (with 9.8 million inhabitants) have a high concentration of poor, who are discriminated against in the labor market and marginalized by social exclusion and the stigma of living in the

favelas. The Rio de Janeiro Master Plan, ratified in 1992, defines a favela as "an area, predominantly of housing, characterised by the occupation of land by low-income populations, precarious infrastructure and public services, narrow and irregular layout of access ways, irregular shaped and sized plots and unregistered constructions, breaking with legal standards."

The *favelas* on the hillsides of Rio de Janeiro exemplify the juxtaposition of wealth and poverty in Brazilian society, as they are positioned side by side with the most luxurious of mansions. They are the most concrete expression of the unequal distribution of wealth in the country. It was calculated that 19 percent of the population of Rio de Janeiro live in *favelas* (more than a million people), while 18 percent of São Paulo's inhabitants live below the poverty line. The areas where the *favelas* were built are often occupied by displaced farmers and are located on the fringes of urban centers. These slums are usually built with no license by the people who occupy them illegally. People who live there have no ownership title over their houses.

Houses have little sanitation and are characterized by the absence of the most basic services, such as electricity, telephone, and plumbing. Because of poor construction, dangerous locations, and overcrowding, heavy rainfalls often cause serious accidents. People in favelas often live on less than \$100 a month. Unemployment is high in the favelas, as is the rate of crimes connected to drugs and gang warfare, favored by a vast and illegal gun trade. Drug-related crimes have become particularly frequent with Brazil's emergence as an increasingly important transit country for cocaine from the Andean countries to Europe and the United States.

Favelas are veritable cities within the city, often with a large population, their own codes of living, and their own associations to be heard in the larger society. Rocinhas, Rio's largest *favela*, is home to about 56,000 people. According to statistics and forecasts of Brazilian institutions, *favela* dwellers are on the increase.

Between 2000 and 2004, the population of the *favelas* around Rio de Janeiro grew by 210,000 and, since the 1980s, *favela* dwellers have increased by 71.3 percent. In 2010, *favelas* will include 21.1 percent of the Rio de Janeiro population. The growth of these areas is even more impressive when compared to the rest of the urban sectors.

In Rio de Janeiro, between 1990 and 2000, *favelas* grew six times more than other neighborhoods. Yet, as cities within a city, *favelas* also have their own cultures and their inhabitants cannot be represented through the stereotypes of urban poverty. Many of them point out



Urban poverty is prevalent in Brazil, especially in Rio de Janeiro, where children live precariously in blighted neighborhoods.

that several neighborhoods within a favela are safe as long as the police stay outside. Several reports agree that efforts to enforce law and reduce crime have led to serious human rights violations and that corruption is widespread within Rio de Janeiro's police, who have reportedly resorted to indiscriminate shooting. Some favela dwellers have gone so far as to say that they feel safer with drug dealers than with policemen. To respond to these concerns, Lula's government has launched stricter laws on gun trade and a major operation to crack down on police brutality. Since 1995, the government has also tried to raise standards of living in the favelas with the Favela-Barrio program to provide better infrastructure and service to 300 favelas. The program also tries to organize self-help services among residents.

Human Development Index Rank: 63 Human Poverty Index Rank: 20

SEE ALSO: Brazilian Definition of Poverty; Income; Income Inequality; Social Exclusion; Social Inequality; Urbanization.

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Brazilian Definition of Poverty

IN BRAZIL THERE is a great variation in climate and resources. In the northeast of Brazil the conditions are often semiarid, while in the Amazon basin the jungle and the rivers provide fish and game. The resources for subsistence living are readily available in much of the country. Clothing needs are very limited. However, in the great cities, which are as modern as any on earth, there are great pockets of poverty formed by millions of people who have moved to find work and a richer life.

In Brazil one definition of poverty has been the income that is necessary to fulfill the food needs of an individual. However, another definition has been offered. It is the "minimum basket of goods" needed to fulfill all the basic needs of an individual.

The distinction between the definitions is between the indigence line, which includes only the food needs, and the poverty line, which includes all basic needs. The first definition would apply, for example, to natives along a river in the Amazon basin who wear the traditional clothing of a loincloth or a simple grass skirt, live in a palm thatched hut, sleep in a hammock, and eat what they gather from the river or forest. The second definition would apply to the millions who live in the cities and towns of Brazil. Many of these people would be the landless and impoverished.

The term *poverty basket* is used not only to measure poverty, but to track the costs of goods for the poor. Studies have shown that the set of household goods in the basket varies in price in different cities across Brazil. It has been found that there is a correlation between the cost of the goods and the poverty of the cities, respectively. The relationship is inverse because the poorer the city, the higher the cost of goods.

The implication is that using the poverty line basket can be misleading as an indicator of poverty. Brazil tries to adjust for the differences by using a Poverty Consumer Price Index (CPI) to weigh the two different poverty groups.

The Bolsa-Escola movement began in Brazil in the 1980s. It sees the solution to the problem of poverty as greater equity in distributing wealth rather than the creation of wealth. This means that poverty is not defined as a lack of income, but as a lack of access to essential goods and services along with adequate infrastructure. Poverty from this perspective is an ethical imperative for the haves of the world, and not an economic predilection.

Child labor is rejected as an economic solution for a family. Instead the family is given a stipend so that children can attend school. This strategy is long-term, but strikes at ignorance as one of the roots of poverty. The benefits include creating a culture of education as well as an educated workforce for the future.

SEE ALSO: Brazil; Food-Ratio Poverty Line; Standard Food Basket; Standard Food Basket Variant.

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Brot für die Welt

BROT FÜR DIE WELT (Bread for the World) is a German charity that sponsors 1,200 programs each year to fight poverty and related problems around the world. It has programs targeted geographically (Africa, Asia and the Pacific, Latin America and the Caribbean), for specific issues (AIDS, clean drinking water, and human rights), and to help the victims of specific catastrophic events (wars and hurricanes).

In September 2005, the group launched an internet site featuring animated cartoons of "the global gang," a group of children (complete with a super-intelligent dog) whose activities were intended to raise awareness of worldwide poverty issues among young people.

Though Brot für die Welt is operated on behalf of a broad coalition of Protestant Christian churches in Germany, the group also sponsors ecumenical scholarship programs and other outreach activities. Its charitable efforts do not depend on the religious affiliations of the intended recipients. Some of Brot für die Welt's programs are the following.

Action Alliance Against AIDS (Aktionbündnis gegen AIDS): The group promotes both private and governmental efforts worldwide to combat AIDS (Acquired Immune Deficiency Syndrome) and other diseases such as malaria and tuberculosis. One branch of the program helps provide medicine for AIDS victims who are children. In December 2004, Brot für die Welt cosponsored a worldwide event with the rock band U2 and the band's lead singer, antipoverty activist Bono, to raise awareness and funds for anti-AIDS treatment in poverty-stricken countries. In part because of the group's efforts, the German federal government increased its contribution to AIDS relief from 72 million to 82 million euros per year.

Brot für die Welt cosponsored a worldwide event with the rock band U2.

Human Right to Water (MenschenRechtWasser): Noting that in 2004, one out of every five people in the world lacked access to safe drinking water, Brot für die Welt sponsors a worldwide campaign promoting a human right to water.

Africa: Brot für die Welt sponsors a wide range of programs for the poor in Africa, including food assistance, drugs, and AIDS prevention and education. It focuses especially on sub-Saharan Africa, where inadequate diet and illness have affected most of the population and have crippled two-thirds of the farms, leading to even greater shortages of food.

Asia and the Pacific: In addition to hunger and disease, Brot für die Welt's programs in Asia and the Pacific focus on providing relief for the victims of natural disasters, such as the 2004 tsunami that devastated parts of south Asia. Other programs target problems that are most severe in particular countries. In Bangladesh, for example, slum residents have little access to drinkable water, sanitary disposal of sewage, or schools, and most people cannot read or write. In that country and others, "Hilfe für Slumbewohner" (Help for Slum Residents) provides not only material assistance but also literacy education and job training.

In 2004, Brot für die Welt raised \$85 million for its various programs around the world. The money went

to sponsor 306 projects in Latin America, 380 projects in Africa, 298 projects in Asia and the Pacific, and 82 other projects around the world in addition to smaller, local activities.

SEE ALSO: Germany; HIV/AIDS; International Nongovernmental Organizations; Water.

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SCOTT PALMER, Ph.D. RGMS ECONOMICS

Brotherhood of St. Laurence

THE BROTHERHOOD OF St. Laurence is an Australian charity that was established in 1934, during the Great Depression, by Father Gerrard Tucker, who was motivated by a combination of Christian belief and a desire to end social injustice.

The Brotherhood has a vision of an Australia free from poverty. Consequently, it works with other partners to try to achieve "an inclusive society in which everyone is treated with dignity and respect; a compassionate and just society which challenges inequity; connected communities in which we share responsibility for each other and a sustainable society for our generation and future generations." This leads to the priority objectives and values: "Ensure that what we do for one we for many.... Establish the eradication of poverty as a national priority.... Promote a movement for social change.... Support a sustainable society." This combines both research and advocacy.

Father Tucker conceived of the Brotherhood as a religious order, based on the example of St. Laurence, the patron saint of the poor, who worked in Rome in the time of Pope Sixtus (258–276 C.E.). However, this aspect of the organization failed to attract much interest and Father Tucker remained for a number of years its only member. Subsequent leaders of the Brotherhood have instead developed its social research and policy aspects and have launched programs relating to campaigns calling for greater levels of social security, higher minimum wages, and food for all. Based in Melbourne,

the Brotherhood now works across Australia. It has established programs aimed at helping older Australians, families and children, job seekers, and refugees. These include HIPPY, the program aimed at helping parents to prepare children for school, and the Transition Project, which is aimed at helping young people who leave formal education early. Its main activities are the production of high-quality research, the consideration of what implications this has for policy, and the advocacy of the policies it believes should be followed. The Brotherhood has achieved revenues exceeding \$40 million (Australian) annually.

The Brotherhood explicitly acknowledges the role of indigenous Australians.

Australia has a long and famous reputation for fairness and equality. However, the recent electoral dominance of Prime Minister John Howard and his Australian Liberal Party has been accompanied by a hardening of attitudes toward asylum seekers and anyone considered to be a member of the undeserving poor. This has led to the Brotherhood receiving criticism for adopting and promoting policies supporting the low-paid, refugees, and other vulnerable groups. Nevertheless, the Brotherhood has been recognized as one of the great institutions of Australia.

The Brotherhood explicitly acknowledges the role of indigenous Australians as stewards of the continent who have suffered disproportionately from processes of economic development and industrialization. It has also spoken up for the rights of immigrants and asylum seekers at a time when the Australian government has maintained a very determined attitude of toughness and maintained its role as an ally in the American-led War on Terror.

SEE ALSO: Australia; Charity; Christian Antipoverty Campaigns; Minimum Wage.

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JOHN WALSH SHINAWATRA UNIVERSITY

Brunei Darussalam

BRUNEI DARUSSALAM means "Abode of Peace." It consists of two noncontiguous areas of Kalimantan on the coast of the South China Sea. They are separated by the Gulf of Brunei and, on land, by Sarawak, Malaysia. Brunei is the remnant of a larger sultanate. A hereditary monarchy since 1415, Brunei Darussalam became a British protectorate in 1888. In 1959, Brunei's first constitution provided for a mostly appointive Legislative Council. The last legislative election was held in 1962. Upon government refusal to seat the winners, Sheikh A.M. Azahari's Partai Rakyat Brunei (People's Party of Brunei) revolted. British troops quickly crushed the rebellion. Many leaders received asylum in Indonesia and Malaya.

The domestic and international repercussions have been felt for more than 40 years. Under the Internal Security Act, the sultans have ruled with emergency powers. In 1963, Brunei was the only British protectorate or colony that refused to join the proposed Federation of Malaysia. In 1967, Haji Hassanal Bolkiah became the 29th sultan. In 1970, the Legislative Council was reconstituted as a purely appointive body. In 1984, Brunei Darussalam regained independence and it joined the then-anticommunist Association of South-East Asian Nations (ASEAN). Political parties were tolerated in 1985–88, but government employees were not permitted to join. The legislature met only in 1984 and 2004. The sultan and family members hold the key cabinet portfolios.

Two-thirds of Bruneians are Muslims. The largest religious minority is Buddhist (mainly Chinese). Since 1991, Islamization of Bruneian society through Malaya Islam Beraja (MIB) or "Malay Muslim monarchy" ideology has intensified.

Economic stability came with the discovery of the Seria oil field in 1929. Extraction and processing of oil and natural gas are done by Brunei Shell Petroleum—a joint venture of the Brunei government and Royal Dutch/Shell. In 1973, Brunei opened the world's largest liquified natural gas facility. The Organization of Economic Cooperation and Development recognizes Brunei as a developed country. By 1999, Japan was importing half of Brunei's oil. Crude oil and natural gas production and processing account for almost 25 percent of the domestic labor force and about 50 percent of the Gross Domestic Product (GDP).

Otherwise, Brunei's local economy is dominated by the Chinese. In Asia, Brunei's GDP per capita is exceeded only by Japan and rivals that of Singapore. A member of the World Trade Organization (WTO), Brunei has not joined the Organization of Petroleum Exporting Countries (OPEC) but does not challenge OPEC pricing. Brunei claims an exclusive economic zone in the oil-rich South China Sea. In 2003, competing claims led to a naval dispute with Malaysia.

Free healthcare and nine years of education are guaranteed free for citizens of Brunei. Qualified students receive free higher education. Malay is the national language, but the educational system also uses English. In 1999, adult literacy was 94.3 percent for males and 87.3 percent for females.

In 2004, more than 100,000 foreign nationals were employed in Brunei. That number equals almost a third of the Bruneian population (365,000). The economy does not attract a sufficient number of Bruneians into key industrial and service jobs. Oil and natural gas reserves are not limitless, and capital exports have exceeded the value of oil and gas exports in recent years. Although losses incurred during the Asian financial crisis of 1997–98 harmed Brunei's economy, the effects were less severe than in Indonesia or Thailand.

Human Development Index Rank: 33 Human Poverty Index Rank: Not included.

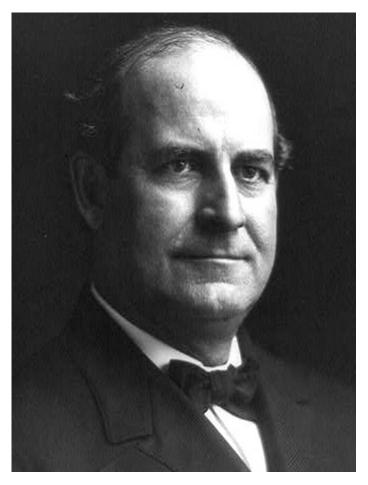
SEE ALSO: China; Financial Markets; Foreign Direct Investment; Islam and Poverty.

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VINCENT K. POLLARD UNIVERSITY OF HAWAIʻI, MANOA

Bryan, William Jennings 1860–1925

WILLIAM JENNINGS BRYAN (1860–1925) was born in Salem, Illinois. He attended Whipple Academy and graduated from Illinois College in Jacksonville in 1881. Studying law at Union Law School in Chicago, he passed the bar in 1883. Bryan moved to Lincoln, Nebraska, in 1887, establishing a law partnership with a



Bryan was inspired by his evangelical Protestantism to care deeply about the needs of the poorest in society.

Union classmate. In 1890 he was elected to Congress, where he forcefully argued for both tariff and monetary reforms.

After serving two terms, Bryan's strong advocacy of the free coinage of silver cost him the favor of President Grover Cleveland and his seat. He continued his crusade by becoming editor of the *Omaha World Herald*. Pro-silver delegates controlling the 1896 Democratic convention made Bryan the party's candidate after he eloquently delivered his famous "Cross of Gold" speech.

Losing the election, Bryan became a long-standing critic of the policies of the Republican majority. Though Bryan ran unsuccessfully for the presidency on two more occasions, President Woodrow Wilson named him secretary of state. Known for instigating numerous "treaties of reconciliation" with other countries, Bryan resigned in 1915, believing Wilson's vocal responses to the sinking of the *Lusitania* would lead to America's involvement in World War I.

In the last years of his life, Bryan focused on moral issues, including Prohibition. In 1925 he went to Dayton, Tennessee, to defend a state law forbidding the teaching of evolution in public schools. His main concern was that the teaching of evolution would help buttress the theory of social Darwinism. Though Bryan technically won the case, remembered as the "Scopes Monkey Trial," he was humiliated by his opponent, Clarence Darrow, who put Bryan on the stand as an expert on the Bible and attacked his apparent hypocrisy and pomposity. As he died shortly after the trial, Bryan's last campaign served to obscure his many years of dedicated service to issues of reform.

With the exceptions of Theodore Roosevelt and Woodrow Wilson, "the Great Commoner" was probably the most influential American politician of the late 19th and early 20th centuries, but he never lost his sympathy and compassion for poor, struggling people or his deep suspicion of big business. As LeRoy Ashby has written, Bryan "helped to define the great issues and policy questions that the nation faced," including "the relevance of the nation's democratic traditions in an industrialized, corporate society [and] the role of common citizens in an age of specialized knowledge and expertise."

He was a tireless crusader for the adoption of numerous causes that eventually became law: income and inheritance taxes; organized labor's right to exist and bargain collectively; sharp reductions in tariffs; women's suffrage; strict control over monopolistic railroads, industries, and financial institutions; government aid to farmers; strict controls of banks and currency; federal insurance for bank deposits; child and female labor laws; and direct election of senators.

According to Arthur Link, Bryan was one of a large minority of Democrats in 1912 who supported legislation "to destroy the oligarchical economic structure." His policies as secretary of state were high-minded, but not always effective or universal. He and Wilson both failed to intervene on behalf of Japanese citizens who were forbidden to own land or earn citizenship in California.

Bryan rather naively and chauvinistically dreamed of making quasi-protectorates of Central American and Caribbean nations, but these impulses were tempered by a humanitarian side that often benefited the poorest citizens of these nations. As Link has asserted, Bryan was often more mindful of their rights than their own leaders, whom Bryan often kept from entering into exclusive agreements with U.S. companies and banks. Unlike many of his late 20th-century counterparts,

Bryan was inspired by his evangelical Protestantism to care deeply about the needs of the poorest in society, while holding the wealthy and powerful to a high ethical standard they rarely, if ever, met in his eyes.

SEE ALSO: Darwinism; Democratic Party; Evangelicals for Social Action; Wilson, Woodrow (Administration).

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PAUL HILLMER CONCORDIA UNIVERSITY

Buchanan, James (Administration)

JAMES BUCHANAN WAS born on April 23, 1791 in Cove Gap, Pennsylvania, into a wealthy family. A life long bachelor, he was the only president to never marry. Buchanan received academy education before going on to attend Dickinson College in Carlisle, Pennsylvania. He graduated in 1809 and immediately began studying law. He opened a law practice in 1813. He joined a brigade, which helped defend Baltimore during the War of 1812.

In 1814 he was elected to a two-year term in the Pennsylvania House of Representatives. In 1820 he was elected to the U.S. House of Representatives, serving until 1831. Buchanan then left Congress and was U.S. minister to Russia until 1934, when he resigned after being elected to the U.S. Senate. In 1845 Buchanan left the Senate to become secretary of state under President James K. Polk, where he secured the annexation of Texas, settled the Oregon question, and directed the Mexican-American War. He retired from politics in 1849.

Franklin Pierce appointed him minister to Great Britain in 1853 and Buchanan served until 1856. With myriad political experiences the Democrats tapped him as their candidate in 1956 and he defeated John C. Fremont, the Republican candidate, and Millard Fillmore of the Know-Nothing Party. Buchanan's presidency was controversial. Just two days after he took office, the U.S. Supreme Court interjected the slavery issue into national politics with its decision in the *Dred Scott* case.

The case involved a slave who sued for his freedom claiming that he had lived in territory declared free by the Missouri Compromise. Buchanan advised the Court to make a broad decision, which would settle the issue. The high court ruled that Congress had no power over slavery in the territories and blacks were not citizens and therefore could not use the courts. Buchanan welcomed the Court's decision, believing that the issue was settled. However, northern Democrats and Republicans both condemned the decision and organized opposition to it. In Kansas a small-scale civil war erupted that cost the lives of several thousand Americans. Proslavery and antislavery forces battled in Kansas.

The proslavery faction wrote a constitution and requested admission to the Union as a free state, even though the overwhelming majority of the state's residents were antislavery. In an election that was clearly bogus, proslavery forces declared victory in the state and were attempting to set up a government at Lecompton. The so-called Lecompton Constitution was a fraudulent document, but Buchanan accepted it and tried to push it through Congress. When Congress rejected the Kansas admission and instead established it as a free territory, the slavery-in-the-territories issue took center stage.

On October 16, 1859, the radical abolitionist John Brown staged a raid on Harper's Ferry in Virginia. When Brown was tried and then executed on December 2, feelings in both the north and south intensified. In 1860 when Abraham Lincoln was elected president, seven southern states left the Union and created the Confederate States of America. Buchanan denounced their action as illegal but refused to act. Buchanan refused to turn over Fort Pickens in Florida and Fort Sumpter in South Carolina. Buchanan left office in 1861 and returned to his home in Wheatland, Pennsylvania. He supported Lincoln's policies during the war, but wrote a defense of his administration in 1866. He died on June 1, 1868, at his home.

SEE ALSO: African Americans and Poverty; Democratic Party; Lincoln, Abraham (Administration); Polk, James (Administration).

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ABEL A. BARTLEY, Ph.D. CLEMSON UNIVERSITY

Bulgaria

IN 1990, THE Republic of Bulgaria began the transformation from a communist satellite of the Soviet Union to an independent nation. The socialist government was ousted in 1996, setting the stage for democratic elections. Originally, the move toward a market economy brought corruption and crime along with high inflation and unemployment. Subsequent political and economic reforms resulted in Bulgaria's entry into the North Atlantic Treaty Organization (NATO) in 2004 and should eventually allow Bulgaria to join the European Union. Bulgaria's diverse economy is heavily dominated by services, which employ 56.3 percent of the labor force.

Bulgaria's posttransition economy has resulted in steady growth and low inflation; however, an unemployment rate of 12.7 percent, corruption, and a weak judiciary continue to present problems. Bulgaria has one of the the highest poverty rates of any country in Europe. The official figure is 13.4 percent, but unofficial estimates suggest that as many as 45 percent of the population may be poor. Approximately 22 percent of Bulgarians live on less than four dollars a day, and 16 percent of the people are undernourished. Women and children are particularly vulnerable to poverty. Inequality also exists, with the richest 20 percent claiming 38.9 percent of resources and the poorest 20 percent living on 6.7 percent of remaining resources. Bulgaria is ranked 31.9 on the Gini Index of Human Inequality.

Bulgaria has one of the highest poverty rates of any country in Europe.

The population of 7,450,349 enjoys a projected life span of 72.03 years. The median age is 40.66. Some 14 percent of the population are under the age of 14, and 17.2 percent have lived to see the age of 65. All Bulgarians have access to safe drinking water and proper sanitation. The country has 344 physicians for every 100,000 residents, and 80 to 94 percent of Bulgarians have access to affordable essential drugs.

Between 1970 and 2003, Bulgaria's infant mortality rate dropped from 28 to 12 deaths per 1,000 live births. At the same time, the mortality rate of children under the age of 5 fell from 32 to 17 deaths per 1,000. Ten percent of Bulgarian children are underweight at birth. While the childhood immunization rate is high, it continues to be lower than is advisable. Immunization rates

for children from birth to 23 months range from the low to the high 90s. Six percent of infants have not been immunized against polio even though two cases of polio were reported in Bulgaria in 2001.

The fertility rate in Bulgaria is low in response to the wide availability of family planning information. About 42 percent of Bulgarian women use birth control of some sort. On the average, women produce 1.38 children each. Teenage mothers give birth at a rate of 49 per 1,000. Maternal mortality is low in Bulgaria, occurring at a rate of 32 deaths per 100,000 births.

Literacy is nearly universal in Bulgaria, and only 1.4 percent of the population over the age of 15 are unable to read and write. Males have a slight advantage over females since only 0.9 percent of males are illiterate while 1.8 percent of females are so classified. School attendance is compulsory for the first eight years, and most students attend school for 13 years. Some 63 percent of children attend preschool, and completion rates for primary school are at 96.5 percent. Approximately 94 percent of Bulgarians are enrolled in primary schools, but a recent rise in dropouts has been a cause of concern. This rate is particularly high among Roma (32 percent) and Turkish (six percent) children.

Human Development Index Rank: 55 Human Poverty Index Rank: Not included.

SEE ALSO: Communism; European Relative-Income Standard of Poverty; European Union Definition of Poverty; Social Inequality.

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ELIZABETH PURDY, Ph.D. INDEPENDENT SCHOLAR

Bureau of Labor Statistics

TO CALCULATE THE NUMBER of Americans living in poverty, the U.S. Bureau of Labor Statistics uses

an approach originally developed in 1964 by Mollie Orshansky at the U.S. Social Security Administration. Though other agencies sometimes use different formulas, the Orshansky approach is still the most common. To account for inflation, the poverty line is updated each year by the U.S. Department of Health and Human Services.

To define poverty, Orshansky turned to a 1955 study from the U.S. Department of Agriculture (USDA). The study had concluded that families of three or more members spent about a third of their after-tax income on food. Thus, Orshansky set the poverty line at an after-tax income of three times the cost of the USDA's "economy" food plan, which was the USDA's cheapest food plan and provided minimum acceptable nutrition. Because the USDA's economy food plan was designed for emergency situations, Orshansky developed a second poverty threshold that allowed for slightly higher family incomes. Though she considered the second threshold to be a more realistic measure of poverty, it has rarely been used.

Apart from each family spending a third of its income on food, Orshansky's poverty threshold made no other assumptions about how the family would spend its money. Her model did distinguish between families in different circumstances, such as whether the family was headed by a male or female, was older or younger, was farm or nonfarm, and how many people were in the family. Including all these factors, she generated a matrix with 124 different poverty thresholds for different types of families.

Orshansky emphasized that her poverty thresholds showed when family incomes were clearly inadequate—not when they were adequate, which she thought impossible to determine in general. In May 1965, the U.S. government adopted the Orshansky method as its official approach to defining poverty. In 1969, the government indexed the poverty level so that it would rise to match changes in the Consumer Price Index (CPI).

In 1973 the Office of Management and Budget formed several committees to study poverty standards. One committee recommended that the formula used to calculate poverty, as well as its assumptions about nutrition and family budgets, be updated every 10 years. The recommendations were not implemented. Various other studies were done in the 1980s, but no significant changes were made.

In 1990, Congress asked the National Research Council to study updating the definition of poverty and the methods used to calculate it. The council published its study, *Measuring Poverty: A New Approach*, in

1995. The study recommended changes in how poor families' incomes were calculated, such as adding non-cash income from food stamps and public housing while subtracting medical costs, taxes, and work expenses. It also noted that the poverty line had been the same (in constant dollars) since 1965, and recommended that the line be raised to match increases in living standards. The study's recommendations were not implemented.

The poverty line put 12.5 percent of U.S. residents at or below the poverty threshold.

In 2004, the latest year for which data were available, the official poverty line puts 12.5 percent of U.S. residents at or below the poverty threshold: a total of 37 million people, or 1.1 million more than in 2003. The poverty threshold has been criticized on various grounds.

In particular a 2000 study by the Economic Policy Institute argued that the National Research Council's 1995 recommendations would vastly improve the accuracy of determining which families are and are not living in poverty; childcare costs should be included in the poverty threshold to ensure that parents in poor families need not choose between going to work and ensuring the safety and well-being of their children; and the national poverty threshold should be replaced by regional thresholds that take account of local differences in living expenses.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Cost of Living; Poverty Threshold; USDA Poverty Line.

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SCOTT PALMER, Ph.D. RGMS ECONOMICS

Burkina Faso

BURKINA FASO IS A landlocked country in west Africa with limited natural resources, fragile soil, and a high population density that contribute to it being one of the poorest nations in the world. Burkina Faso was formerly known as Upper Volta. It achieved independence from France in 1960.

The country has a highly unequal distribution of income, with 45 percent of its population living below the official poverty line. Most of the population is engaged in subsistence farming, primarily growing cotton for export. Agricultural production in Burkina Faso suffers from drought, desertification, and soil degradation. Another export product, livestock, contributes to overgrazing. A large percentage of the male population migrates to neighboring countries for seasonal farm work. Conflicts in southern neighbors Ghana and Cote d'Ivoire sometimes limit this seasonal migration, thus contributing to the poverty problem. The limited industrial production in Burkina Faso is primarily controlled by the government and thus remains inefficient and unprofitable. The 2004 per capita Gross Domestic Product in Burkina Faso was estimated to be \$1,200, which implies the average person lives on less than \$3.29 per day.

Burkina Faso works with developed nations and international organizations, such as the International Monetary Fund (IMF) and the World Bank, to reduce its level of poverty. It developed a Poverty Reduction Strategy Paper (PRSP), which was approved by the IMF and the World Bank in 2000. The PRSP describes the country's economic development objectives for 2000–15, serves as a guide for the country in its actions to reduce poverty, and outlines the conditions necessary for it to maintain financial support from the IMF and the World Bank. The PRSP recommendations include improvements to the education and health systems of Burkina Faso and the privatization of its publicly owned industries.

These reforms are key components of mainstream economic development theory. Increased spending on health and education typically increases the productivity of workers and results in higher incomes and thus a higher standard of living. Private businesses are usually more efficient than those operated by the government. Thus privatization may be beneficial in increasing the quantity of goods and services produced and available to a society.

Burkina Faso participates in the Highly Indebted Poor Countries (HIPC) initiative, which is a program de-

veloped by the IMF and the World Bank to reduce the external debt burdens of poor countries to sustainable levels. Under the initiative, Burkina Faso agreed to economic and social policy reforms in exchange for a reduction of the amount of money owed to other countries. Burkina Faso was a beneficiary of a 2005 decision by the Group of Eight, which is an informal organization of some of the world's wealthiest countries: Canada, France, Germany, Italy, Japan, Russia, the United Kingdom, and the United States. Under this agreement, the World Bank, the IMF, and the African Development Fund agreed to cancel 100 percent of the money owed to them by 18 of the world's poorest countries, including Burkina Faso.

Human Development Index Rank: 175 Human Poverty Index Rank: 102

SEE ALSO: Debt Relief; Environmental Degradation; G-8; Privatization.

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JOHN B. BUCK JACKSONVILLE UNIVERSITY

Burundi

PLAGUED FOR OVER 10 years by an unstable government and intermittent civil war, Burundi is one of the poorest nations in the world. Burundi is the second most densely populated country in sub-Saharan Africa, with over half its population living on less than \$1 per day. Agriculture, which supports 90 percent of the population on the basis of subsistence, has faltered in recent years as a result of overpopulation, soil erosion, and armed conflict, causing a rise in poverty levels.

The most pervasive factor stifling Burundi's economy is the nationwide instability caused by a controversial ethnic conflict between Hutu and Tutsi groups. The diversification of separate ethnic groups and their eventual disparity were instilled by colonizers who deemed Tutsi individual's more apt to manage the majority pop-



Burundi's poverty was exacerbated by ethnic conflict and refugees. Above, refugees line up vessels to collect foreign aid food.

ulation of Hutu workers. From the start, the so-called ethnic tensions felt in Burundi and neighboring Rwanda were a type of abstracted class system that has continued to have far-reaching economic consequences.

Since the inception of full independence in Burundi in 1962, the political parties have been divided according to these "ethnic" categories and both groups have been enmeshed in a bitter competition for power. Minority Tutsi parties have for the most part remained in control of the government and the military, and have violently objected whenever popularly elected Hutu parties have taken power in failed attempts at democratic government. Their Hutu counterparts have responded in kind, protesting Tutsi rule.

Under the influence of rampant bigotry, the bifurcated Burundian polity, which has undergone four successful coups and multiple ethnic cleansings in the past 40 years, has failed to maintain the infrastructure necessary for a functional economy. It was on this unstable basis that Hutu-Tutsi relations reached a boiling point in the early 1990s, when the Hutu leaders of both Burundi and Rwanda were assassinated, plunging both countries into civil war. Since then, peace has been a fleeting reality in Burundi. Even in the wake of the 2001 inauguration of a provisional government, armed opposition has persisted.

The current state of impoverishment in Burundi is a direct result of the civil conflicts that have ravaged the small nation for over a decade. Hundreds of thousands of Burundi's agriculturist population have been displaced within Burundi, and some have fled into neighboring countries because of political violence in recent years, effectively squandering their livelihood. These displaced persons cause an overwhelming strain on the already overpopulated areas in which they seek refuge, tipping the balance of already tenuous social and economic systems.

Burundian communities, which are not equipped to produce surplus food, face famine when refugees from bordering regions augment their populations. The uncultivated land left behind in turmoil quickly declines, and when unplanted, becomes susceptible to severe erosion. Leadership by waves of military forces has seen much of the country's available resources squandered on the war effort, while the attendant social services have suffered. Access to clean water and medical care, which waned considerably during the later years of the civil war as a result of structural instability, has not helped to alleviate the high incidence of poverty in the country.

While record numbers of refugees returned to Burundi in 2004, pending elections and potential peace, the nation is still trying to repair years of misfortune and curb the remaining disparate forces. Reintegration is not an easy task and Burundians will no doubt continue to face impoverishment until their land is recultivated and their social services are restored.

A greater obstacle threatening to undo the efforts made toward conflict resolution in Burundi, and which must be overcome on a local and national level if aspirations of peaceful coexistence are to be entertained, is the historically entrenched Hutu-Tutsi hostility. However, with the election of a National Assembly in July 2005 and the prospect of the first Burundian president in 15 years decided in late August 2005, stability may return to Burundi and with it the framework needed to build a working economy that will alleviate the poverty situation.

Human Development Index Rank: 169 Human Poverty Index Rank: 80

SEE ALSO: Conflict; Environmental Degradation; Subsistence; War and Poverty.

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MATTHEW EVANS TETI NORTHWESTERN UNIVERSITY

Bush, George H.W. (Administration)

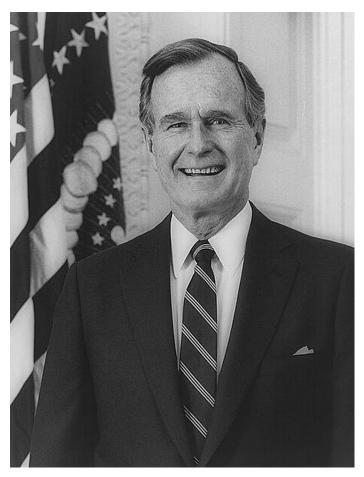
ALTHOUGH HE WAS A conservative who derided most forms of government involvement in alleviating social ills, President George H. W. Bush's administration was characterized by a more magnanimous attitude toward the plight of the poor than that of his predecessor. Whereas President Ronald Reagan had sought to actively dismantle many government antipoverty programs, Bush was perceived as more moderate in his approach to the poor, a perception that was borne out by his rhetoric during his campaign and presidency. Still, the president showed little urgency in tackling the problem of poverty with public policy during his term.

Major international events, including the fall of communism in the Soviet Union and eastern Europe, the first Gulf War, the massacre of prodemocracy protesters in China, and the famine in Somalia, monopolized the president's attention, leaving his comparatively lackluster domestic policy agenda vulnerable to partisan attack during the 1992 presidential campaign. The perceived absence of a clear domestic "vision" was a target of criticism from within the president's party and from the majority Democratic opposition in both houses of Congress.

Underneath the veneer of inactivity, however, Bush made a series of symbolic efforts to raise the issue of poverty, providing a stark contrast to Reagan. Yet, an economic downturn that began in 1990 tested Bush's avowed concern for the poor, culminating in a recession that provoked a spike in unemployment and forced a greater number of Americans below the poverty line. In the four years of Bush's presidency, the poverty rate climbed from 13 percent to 14.8 percent, higher than it had been in a decade, diminishing Bush's credibility as a poverty fighter and contributing to his 1992 defeat.

BIOGRAPHY AND PHILOSOPHY

Born to an influential family, Bush had an early life marked by privilege. An Ivy League education, a distinguished record as a navy pilot during World War II, and a measure of financial success in the oil fields of Texas all paved the way for a political career that would last for three decades. Uncomfortable with rigid ideological labels, Bush shifted between the conservative and moderate poles of his own party, as his congressional career in the tumultuous 1960s demonstrated. On the social issues so central to the legislative agenda of the period, Bush had a mixed record, bowing to pressure from conservatives to oppose the 1964 Civil Rights Act, but later



George H.W. Bush promised America would be a "kinder and gentler" place for the needy, but his efforts were not wholly effective.

angering that constituency by voting for President Lyndon Johnson's 1968 Fair Housing Act. In 1980, Bush ran for president in the Republican primary against the brash antigovernment crusader Governor Ronald Reagan. Bush lost the nomination, but Reagan made him his running mate. Although he had run a campaign considerably more moderate than Reagan's, Bush moved to the right in supporting the unapologetically conservative party platform.

After eight years as vice president, during which he supported supply-side fiscal policy, conservative positions on social issues, and the dismantling of much of the social safety net, Bush ran for the presidency again in 1988, seeking to define his own distinct social philosophy. Recognizing problems that his predecessor had largely ignored, and promoting voluntarism and private charity as the most desirable means to address them, Bush painted his opponent, Governor Michael Dukakis of Massachusetts, as a wayward "tax and spend" liberal. A Dukakis victory, Bush warned, would

mark a return to the "noble" but misguided social policies of the 1960s, a dangerously soft approach to crime and communism, and the national "malaise" of the Jimmy Carter years. Bush emerged from the campaign with the support of an increasingly vocal base of social conservatives and a key to the White House.

POVERTY POLICY AND ECONOMIC AGENDA

During a period of skyrocketing budget deficits and sluggish economic growth, the fate of Bush's domestic goals were thrown into question from the start. A campaign promise to balance the budget without raising taxes further complicated matters for the president. In 1989, despite these realities, Bush convened an Inter-Agency Advisory Group to revisit antipoverty programs, proof of his campaign promise to make America a "kinder and gentler" place for the needy.

The group recommended various ways to improve government efforts, including "community intervention," a minimum child-support benefit, uniformity in food stamp and welfare benefits, improved family planning services, and a revision of the formula used to determine eligibility for welfare and Medicaid. Citing budgetary and political obstacles, the administration rejected the group's recommendations. By 1990, the deficit had grown to \$220 billion annually, three times its 1980 level, dampening the will to enact any antipoverty program. Thus ended Bush's large-scale efforts to address poverty.

A supply-side conservative himself, Bush preferred to provide aid to the poor through tax credits. Using one of the only fiscal tools available to him, Bush expanded the Earned Income Tax Credit (EITC) to provide help for the working poor. Established in 1975, the EITC targets families who live below the poverty line despite the employment of at least one parent. After vetoing an increase in the minimum wage from \$3.35 to \$4.65, Bush negotiated a deal with Congress to further expand the EITC and increase the minimum wage to \$4.25 over three years. Bush also proposed a child-care tax credit aimed at making it easier for low-income parents to stay off the welfare rolls. The tax credits Bush supported were in keeping with the fiscal conservatism of his party and the worsening budgetary conditions he and the Congress faced throughout his term.

WELFARE

In 1992, responding to growing public concerns about the costs of welfare, conservative demands to dismantle a program seen as wasteful and destructive of family values, and his Democratic opponent's rhetoric about "ending welfare as we know it," the administration proposed an overhaul of the welfare program. The cornerstone of the proposal was allowing states to initiate experiments with their own welfare programs, aimed at moving recipients off the rolls and into jobs. Bush supported Aid to Families with Dependent Children and the Women with Infants and Children programs, especially praising the latter. Incentives for work, savings, family cohesion, and job training were guiding principles of Bush's welfare reform proposal.

EDUCATION

Having proclaimed his ambition to be the "Education President," Bush leaned on education policy to establish poverty-fighting credentials. While budget constraints hampered his ability to make major increases in education spending, Bush put forth initiatives to improve school performance in low-income neighborhoods.

Notable among these were proposals to provide poor parents with money for private school tuition, following a controversial pilot program to give education vouchers to parents in Milwaukee, Wisconsin. The Democratic Congress, deeply suspicious of using public dollars for private education, objected to Bush's voucher proposal, which had long been a priority for conservative education reformers.

In a break with his long-held criticism of Great Society programs, Bush praised the Head Start program, requesting funding increases in every year of his presidency that amounted to a 23 percent increase in overall funding and extended services to an additional 180,000 children. Reflecting the First Lady's advocacy of literacy initiatives, Bush also proposed funding for adult literacy classes for Head Start parents.

HOUSING AND HOMELESSNESS

In a move that was widely interpreted as a sign of his intention to address poverty issues more vigorously, Bush nominated Representative Jack F. Kemp to serve as the secretary of Housing and Urban Development. Well liked on both sides of the aisle, Kemp was seen as a maverick by members of the Washington, D.C., establishment.

An ideological conservative who preached both the virtues of supply-side economics and innovative public policy aimed at finding solutions to the problems of the poor and homeless, Kemp sought to replace the Republican Party's ad hominem attacks on the Great Society edifice with a recognition of the imperative for government to promote opportunity for all. At the announcement of his nomination, Kemp uttered words that many conservatives had to hear twice to believe: "I want to wage a war on poverty." To the president he added, "You cannot balance the budget on the backs of the poor."

During the Reagan years, federal spending on housing had fallen from \$28.7 billion to just \$9.5 billion, provoking what many advocates for the poor deemed a full-blown housing crisis. Homelessness had become rampant in American cities, with the homeless population ranging between cautious estimates of 250,000 and as many as 3 million according to housing advocates.

George H.W. Bush strove for what he called an "opportunity society."

Bush twice supported expansions of the McKinney Act (PL 100-77), which remains the only legislative effort to address homelessness specifically. At Kemp's urging, Bush proposed several supply-side initiatives to improve home-ownership in poor communities, all based on the premise of public-private partnerships through which tax breaks and subsidies would help poor families find affordable housing. Congress enacted some of these proposals in 1990 and again in 1992, but the plague of homelessness and inadequate affordable housing persisted.

CHILDREN'S ISSUES

Much of Bush's rhetoric about the need to combat poverty centered on the plight of poor children whose sad lives, he said, "haunted" him. With varying levels of success Bush promoted policies to improve child support enforcement; crack down on gang activity in urban centers that threatened the safety of neighborhood children; establish radon, asbestos, and lead paint detection programs in urban areas; and make laws more conducive to adoption of children born into difficult circumstances.

HEALTHCARE

Bush's approach to the healthcare crisis among the working poor was to expand eligibility for Medicaid. In

his first State of the Union address, he asked the Congress for full funding of the program, increasing appropriations by some 9.6 percent and extending coverage to expectant mothers who were near eligibility, encouraging better prenatal care. While supporting Medicaid coverage for poor people throughout his term, Bush suggested a more ambitious policy under pressure from his Democratic opponent in the 1992 campaign, proposing a program through which poor people would receive vouchers to buy private insurance from employers who did not already provide coverage.

Committing the United States to the standards set by the United Nations' World Summit for Children in 1990, Bush also proposed new funding to combat the alarming rates of infant mortality in the United States in the 25 hardest-hit communities. Deeming the proposal inadequate because the new funding would be culled from other initiatives to aid poor mothers and children, Congress passed an alternative, appropriating the \$25 million without cutting existing programs.

MAJOR EVENTS

War, recession, and social unrest were among the major events that took place during Bush's term, each contributing new factors to the ongoing debate over how to address poverty in America. The 1991 Persian Gulf War distracted the president and the nation from domestic issues. After the war, the nation refocused on the home front, with the effects of the 1990 recession still being felt around the country. Despite a belt-tightening budget deal brokered by the president and Congress, federal spending during the recession came home to roost with soaring deficits. Middle-class families were beginning to feel the squeeze of rising unemployment rates and seemingly unfettered increases in healthcare costs, making a vigorous debate about poverty unlikely, even if the president had initiated such a discussion.

That would all change in April 1992 when the Los Angeles riots instigated a new national debate over poverty, in particular the poverty suffered by inner-city African Americans. The administration's reaction to the riots demonstrated the systemic vagrancies of its poverty policy. Provoked by the acquittal of four white policemen who were videotaped beating an African-American suspect, rioting broke out in the most economically distressed parts of the city. Motivated by resentment over what was perceived to be brazen racial discrimination in the legal system, the rioting lasted for several days, resulting in 30 deaths and the large-scale destruction of property. After the immediate crisis



The plague of inadequate housing and homelessness persisted throughout the George H.W. Bush administration.

passed, the nation began to examine the riot's causes. Civil rights leaders and many on the left pointed to the substantially unspoken scourge of racial prejudice and inequality that cleaved American society, much of it embodied in the staggering rates of unemployment and poverty among African Americans.

Bush responded to the crisis by sharply condemning the violence, admitting that the verdict in the beat-

ing case was surprising, and acknowledging that poverty and racism contributed to the situation; but, his response seemed to many to be distant and uninterested. In the immediate aftermath of the riots, the president and many in his administration made controversial statements about the underlying causes of this perceived new urban crisis that seemed to reflect this lack of engagement with the actual magnitude of the events.

Instead of addressing the possibility that persistent socioeconomic inequality and government neglect during the 1980s had provoked much of the anger that spilled over in Los Angeles, Press Secretary Marlin Fitzwater blamed the riots on the failed social programs of the 1960s. Vice President Dan Quayle blamed a "poverty of values" for the breakdown of order in Los Angeles, and the president himself blamed the welfare system for "trapping" poor people in a cycle of despair.

Under the weight of mounting pressure from the press and his political opponents, the president pledged to devise a new strategy to address some of these social ills, but also emphasized the importance of individual public service and community-building, a common mantra for his administration. Public opinion indicated that many felt that the president's response was disappointing; with polls showing that the majority of Americans felt that too little money was being spent on antipoverty efforts.

In an election year and with conservative Republicans pounding a drumbeat of the national crisis of morality, the administration responded not with a new strategy but by promoting some of its long-standing proposals, including welfare and education reforms, strengthened drug and crime enforcement efforts, Secretary Kemp's housing initiatives, and strengthening traditional values. The president also proposed an emergency appropriation of \$638 million to address rebuilding efforts, which Congress passed.

By November the anxieties of the middle class over sluggish economic growth and rising jobless rates had stolen much of the thunder of the debate about urban poverty provoked by the riots. Yet the president's opponent in the 1992 general election would use the riots and Bush's response to talk about the need for a more activist government role in addressing socioeconomic inequalities and the troubled state of American race relations.

CONCLUSION

Throughout his presidency, Bush highlighted what he believed to be the cornerstones of appropriate poverty

policy, striving for what he called an "opportunity society." The tangible elements of this policy included tax credits for the working poor, education reform based on the principle of private choice, efforts to encourage home ownership among low-income communities, and long-standing personal support for volunteer and private charitable endeavors in needy areas—all reflecting the conservative preference for community-oriented, nongovernmental approaches.

A 1991 address best summarizes Bush's preference for relying on private charity rather than public policy to address socioeconomic inequalities. "We don't need another Great Society with huge and ambitious programs administered by the incumbent few. We need a Good Society built upon the deeds of the many, a society that promotes service, selflessness, action."

Inspired by a belief in the ideal of *noblesse oblige*, Bush's poverty policy was essentially confined to using the bully pulpit, removing some government obstacles to economic mobility, and supporting modest tax policies that directly benefited the working poor. Perceived by many critics, including some members of his own administration, to be inadequate to address the ever more urgent socioeconomic inequalities that the Los Angeles riots of 1992 laid bare, Bush's legacy on the issues of poverty and deprivation, though seemingly insignificant at the time, did become cornerstones of the antipoverty strategies of his successors.

SEE ALSO: Aid to Families with Dependent Children; Earned-Income Tax Credit; Head Start; Medicaid; Republican Party; Supply-Side Economics.

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Bush, George W. (Administration)

ALTHOUGH GEORGE W. Bush claimed "compassionate conservatism" to be one of the defining characteristics of his presidency, the post-2001 poverty rate increased steadily. In 2001, the U.S. Census Bureau's

poverty rate stood at 11.7 percent. By 2004, the last year for which data are available, the poverty rate jumped by one full percent to 12.7 percent, an increase of about 4 million people. An interesting feature of recent poverty statistics is that, in addition to high poverty among racial and ethnic minorities, poverty among whites rose at an unprecedented rate, from 9.9 percent in 2001, to 10.9 percent in 2004.

Offshoring and/or outsourcing led to the erosion of the economic and social status of labor, and thus contributed to the rise of poverty among the white working class. Another disheartening aspect of these statistics is that child poverty has been extremely high. In 2004, the poverty rate among children under 18 reached 17.8 percent, signaling that poverty is a long-term problem in the U.S. economy.

The growth in incomes from 2001 to 2004 affected different income groups differently. Whereas the real average income of the top five percent increased by 1.7 percent, real average incomes of the bottom 40 percent decreased by 0.5 percent, exacerbating the income inequality and income concentration. The data is also reflective of the Bush administration's efforts to redistribute income to high income groups as a supply-side trickle-down policy, unfortunately at the expense of the low-income groups.

The economic policies of the administration, especially tax policies, did not help to alleviate poverty. Budget cuts and/or freezes in healthcare, education, and other social programs inevitably hurt the poor and other socially and economically disadvantaged groups and raised their vulnerability, pushing them further into poverty.

One of the more controversial aspects of the Bush administration has been to outsource poverty and related problems to faith-based charities and organizations. This approach has been criticized on many fronts. Some argue that using faith-based groups helps to promote neoconservative values and views among the poor. Others maintain that federal financing of these groups is a violation of the principle of separation of church and state. Nevertheless, the failure of this antipoverty approach is evident in the rising poverty figures.

The Bush administration's failure to combat poverty at home also extends to the international arena. In the summer of 2005, at the G-8 Summit, in Gleneagles, Scotland, the leaders of the eight rich, industrial countries committed themselves to halving poverty and hunger by 2015. A corollary to this agreement was devoting 0.7 percent of Gross Domestic Product to development assistance to fund poverty, health, and education

expenditures in countries stricken by extreme poverty. Unfortunately, the Bush administration has so far failed to meet the targeted 0.7 percent.

POLITICS

As the son of President George H.W. Bush and brother of Florida Governor Jeb Bush, it was inevitable that Bush would follow in his father and brother's footsteps and go into politics. Bush began working in politics in 1964, when he worked on his father's U.S. Senate campaign. He again aided his father during his 1970 campaign for the same office. In 1972 his National Guard unit transferred him to Alabama to help work on a senate campaign for a Republican U.S. Senate candidate. In 1978 Bush challenged Democratic State Senator Kent Hance for a seat in the U.S. House of Representatives. Ronald Reagan endorsed Bush's opponent in the Republican primary and Bush lost the general election.

Bush remained out of politics choosing instead to work on campaigns until 1994 when he surprised many by challenging the very popular Democratic incumbent governor of Texas, Ann Richards. Many people, including his mother, questioned the decision believing that Richards was unbeatable. The popular Richards boasted of several accomplishments including a reduced crime rate, rising scores on standardized test in schools, a growing economy, which was creating jobs, no new taxes, and a 60 percent approval rating. Bush's campaign demonstrated the shrewd calculating political strategy that Bush would use in later elections. He concentrated on three wedge issues to hammer the popular governor and drive her out of office in a humiliating defeat.

Bush cultivated a relationship with Karl Rove, a political strategist from Utah, who developed a strategy of attacking Richards on her political flanks. Rove could see the handwriting on the wall and realized that Republicanism was on the rise. He also knew that Christian conservatives were becoming increasingly active and there were growing frustrations with the liberal politics of the Democrats.

There was a backlash against President Bill Clinton's politics, which in two years had seen a tax increase, homosexuals admitted into the military, and failure to pass healthcare reform. Bush's campaign came at a fortunate time for Republicans, as the midterm 1994 elections produced 73 freshman Republicans elected to Congress. Newt Gingrich orchestrated a Republican takeover of the House, catapulting himself into the speaker's chair.

Bush, who had been a rabble-rouser as a youth, once getting arrested for drunk driving and losing his driver's license for 30 days, had a religious experience in 1985 after meeting with Evangelist Billy Graham. The meeting transformed Bush's life, forcing him to reassess his values. He stopped drinking and left his family's Episcopal Church and joined his wife's United Methodist Church. Rove advised Bush to concentrate on his Christian values, opposition to gun control, and emphasis on family values. Bush cultivated a relationship with the National Rifle Association (NRA) by promising to support a concealed weapons bill vetoed by Richards. He also publicized the six openly gay officials appointed by Richards to state boards and commissions. Finally, he was able to attack Richards's prochoice stance on abortion. Bush accused Richards of being soft on crime, arguing that juvenile crime was out of control.

He was able to energize his base and they pulled off a stunning 53 to 46 percent victory over Richards. Bush then forged a political alliance with powerful Democrats to run Texas. In 1998 Bush crushed his Democratic opponent, Gary Mauro, 69 percent to 31 percent to win reelection. Bush had suddenly become the Republicans' best hope for recapturing the White House and immediately began to pick up endorsements from powerful conservative sectors.

PRESIDENCY

In 2000 Bush entered the Republican primary as a compassionate conservative and a throwback to the Ronald Reagan era. Bush campaigned on issues like allowing religious charities to participate in federally funded programs, cutting taxes, educational reforms including school vouchers, support for drilling in the Arctic National Wildlife Refuge, maintaining a balanced budget, and restructuring America's armed forces. Bush opposed the Clinton-era practice of using the armed forces in nation building. Bush was able to beat back a challenge from maverick Arizona Republican Senator John McCain to win the Republican nomination where he faced the formidable incumbent, Democratic Vice President Al Gore.

In a controversial election, Bush was declared the victor when the U.S. Supreme Court ordered Floridians to halt recounting votes. In the first presidential election since 1888, Bush, the Republican victor, did not receive the most votes. Also, for the first time since 1876, the U.S. Supreme Court became the final election arbitrator, when the election showed no clear winner. Gore

challenged the election results in Florida, where initial tallies suggested a Bush victory.

However, there were numerous charges of voter irregularities in the way the votes were tallied, which placed the returns in question. A series of court cases followed, challenging the legality of county-specific and statewide recounts. After a four-county hand and machine recount showed Bush still in the lead, the Florida Supreme Court ordered a statewide recount of all 67 counties, prompting a court challenge by the Bush campaign. The Supreme Court ordered the recount stopped and the state declared Bush the victor. With the recounting stopped, Bush won Florida by a mere 537 votes in an election with nearly six million voters statewide.

Issues of homeland security and foreign policy dominated Bush's first administration. He attempted to push through his grand domestic agenda, which included the largest tax cut in American history—a 10year, \$1.35 trillion tax cut. Bush then signed legislation giving a \$300 to \$600 rebate to taxpayers as a way to simulate the sagging economy, promising to retire budget deficits with surpluses in future years. However, as the economy continued to decline, the budget surplus Bush inherited and used to pass his tax cuts disappeared. Once again, in 2003 Bush went to Congress and asked for a \$350 billion tax cut to stimulate the economy, which Congress passed. Unlike his predecessor Clinton, Bush preferred tax cuts to deficit reductions to stimulate the economy. The results were predictable: skyrocketing deficits.

NO CHILD LEFT BEHIND

In December 2001, Bush pushed Congress to pass his landmark educational reform bill, entitled No Child Left Behind. This bill required states to provide annual performance tests to all elementary students. Bush then worked with liberal Democrats to ensure a \$4 billion increase in federal spending on education, raising the annual federal contribution to \$22 billion and mandating state tests in reading and math for all students in grades three through eight, and at least once during the 10th through 12th grades.

In early 2001, Congress passed Bush's so-called faith-based initiative, which changed the way government regulated, taxed, and funded charities and non-profits run by religious organizations. Bush allowed these organizations to separate their charitable functions from their religious functions, creating the White House Office of Faith-based and Community Initia-

tives. Although Bush became the first Republican to appoint an openly homosexual person to office, when Michael Guest was appointed American ambassador to Romania, he pleased conservatives by opposing recognition of same-sex marriages, even publicly endorsing a Constitutional amendment defining marriage as a union between a man and a woman. He further strengthened his conservative credentials when he sided with opponents of the University of Michigan's affirmative action policy, which favored minorities and women in admissions decisions.

The Bush administration seemed to have no answer for the failing economy, which saw an increase in the unemployment rate from 4 to 6 percent. The economic downturn was coupled with the collapse of several major U.S. corporations, such as Worldcom and the massive energy company Enron. The Enron failure proved catastrophic to investors as the stock's value fell from \$100 to less than \$1. More than \$50 billion was lost when the company failed. Later it was learned that executives in the company had engaged in patently scandalous business practices. Also, there were several corporate scandals as executives at Tyco International were accused of stealing more than \$600 million from the company.

SEPTEMBER 11

On September 11, 2001 Al Qaeda terrorists, under the leadership of Osama bin Laden, flew airplanes hijacked in America into the World Trade Center, the Pentagon, and the Pennsylvania countryside, killing some 3,000 Americans. Within a week, Bush announced that the United States would be engaging in a "war on terrorism." On September 20, 2001, Bush addressed a national television audience of more than 80 million, promising the United States would be proactive and preemptive with threats to the nation's security. He threatened unilateral action if necessary to protect the nation from terrorist attacks. After an initial investigation, on October 7, 2001, the United States, with international support, launched an offensive against Afghanistan to drive out the Taliban government, which harbored and protected bin Laden and his lieutenants.

As part of his war on terrorism Bush called for the creation of an agency he referred to as Homeland Security to coordinate threats to the American home front. Bush envisioned combining the Customs, Coast Guard, and Immigration and Naturalization services under one department. In November 2002, Congress approved the

establishment of a new cabinet-level department called Homeland Security. Former Pennsylvania Governor Tom Ridge was appointed the first secretary of Homeland Security.

Next, Congress wrote and then passed a controversial Patriot Act designed to defend America's home front against internal attack. Officially titled the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, this act proved to be one of the most controversial pieces of legislation passed during the Bush administration. Signed into law on October 26, 2001, just six weeks following the attack on the World Trade Center, the measure passed in the House 357 to 66 and in the Senate 98 to 1.

The act gave broad new powers to the federal government to conduct the war on terrorism. It allowed such things as real-time tracing of private calls, interception of computer information, government use of cable and electronic companies to spy on citizens, secret searches, so-called sneak and peak warrants, nationwide surveillance, roving wiretaps, and federal authorities' monitoring of computer usage at public libraries. Though civil liberties organizations criticized the measure as unconstitutional, most Americans believed that extraordinary measures were required to protect the country from terrorism.

A part of America's new aggressive foreign policy was a determination to reestablish American dominance on the international scene. Bush announced that the United States was pulling out of the Kyoto Protocol, an international agreement to control global warming, citing disadvantages to American industries. He announced his intention to pull out of the Anti-Ballistic Missiles Treaty signed with Russia in 1972. He also announced that he would not expose American service members to prosecution by the International Criminal Court for possible crimes committed in worldwide peacekeeping efforts.

In January 2002, Bush began to focus America's foreign policy on a search for weapons of mass destruction (WMDs), which might be used by terrorists to threaten or attack the United States. Immediately, his attention turned to Iraq. The United States demanded that Iraq allow United Nations inspectors to search for weapons, as Iraq had promised to do in 1991 as a condition to ending the Gulf War.

The United States began to plan for a unilateral strike against Iraq to force Iraq to disarm. In October 2002 Congress passed a resolution authorizing the president to use force to disarm Saddam Hussein if he did

not comply with United Nations (UN) resolutions. In November the UN Security Council voted unanimously to send its weapons inspectors back to Iraq to search for WMDs.

Despite their inability to find any evidence of Iraq's possession of biological, chemical, or nuclear weapons, the Bush administration pressed the body for a resolution authorizing the use of force to compel Hussein to comply. Both France and Britain chose not to endorse the plan, and the Bush administration decided to exercise its first unilateral action.

On March 18, 2003, U.S. missiles fired on a compound believed to house Hussein. The next day a multinational force that included 65,000 American troops crossed the border and invaded Iraq. By the summer of 2003 the war was basically over as most organized Iraqi military resistance had ended.

What followed was a long drawn-out insurgency, which continued into 2006. The United States was gracious in victory, securing \$30 billion from foreign and domestic sources to help reconstruct Iraq. In December 2003, U.S. forces captured Saddam Hussein, who was hiding in Iraq.

In 2004 Bush won reelection to a second term, narrowly defeating Democratic challenger Massachusetts Senator John Kerry. Once again Bush returned to his familiar themes, emphasizing family values, tax cuts, and his willingness to press the war on terrorism. Bush, with the help of Karl Rove, painted Kerry as a dangerous, weak, tax-and-spend Democratic liberal who could not be trusted to protect Americans. He also took advantage of his support for a Constitutional amendment

to protect marriage as a union between a man and a woman and Kerry's preference of allowing voters in each state to make the decision.

Bush's second term was mired in his efforts to build a working democracy in Iraq, inept government responses to natural disasters, and economic stagnation. Iraqis loyal to Saddam Hussein joined forces with foreign insurgents allied with Al Qaeda and carried on a guerrilla war that cost the lives of more than 2,000 American soldiers by the end of 2005. There were also concerns about the growing federal debt, which had reached more than \$8 trillion. Bush continued to remain optimistic, arguing that the economy was stable and the country was safe.

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WORLD POVERTY



Calvin, John (1509-64)

JOHN CALVIN CRITICIZED the French Catholic Church's interpretation of the Bible. He turned to Protestantism for fresh ideas, even though quite a number of so-called heretics were burned at the stake for their dissident ideas. Calvin moved around constantly, until he settled in Geneva, and when he died, his version of Protestantism, instead of the one propagated by Martin Luther, increased in popularity.

Even though Calvin insisted that church and state should be separate, he believed the state should be run according to Christian principles. The government had to be theocratic. After all, God was primary, and God's ideas were the foundation for the whole of society. Calvinism contained views on all aspects of life: politics, economics, and culture. Regrettably, Calvin believed man was essentially sinful and nothing but God's predestination for salvation in heaven could save a person. Other human beings were condemned to hell.

Thomas Hobbes (1588–1679) expressed that humans are alone, nasty, brutal, and aggressive in a more direct political meaning in his book *Leviathan*. Even if one led a perfect sinless life, one might still go to hell, as decided by God, but at least one died with inner peace.

As an individual, one was to make certain decisions. You and nobody else could make the decision as to which way to go—even though, of course, in the very end God's word overruled everything.

Besides the centrality of God, Calvin also emphasized the importance of the individual rather than that of the organized church (the pope's followers in Rome). Max Weber, in his *Protestant Ethic and the Spirit of Capitalism*, encouraged the individual to work industriously and never wastefully on this earth, rather than seeing life on earth as passive preparation for the afterlife of hell, heaven, or purgatory. Rational capitalism needs ongoing investment. It needs an individual's ascetic lifestyle rather than wasting money made in business on personal luxury or indulgences such as the building of castles, gambling, or fanciful clothes, or in Thorsten Veblen's words, "conspicuous consumption."

Personal wealth could be seen as a favor from God, maybe even as a sign of predestination. This, of course, meant that one would have to work as hard as possible to receive this sign. Material prosperity was now seen as positive, not as a sign of greed and exploitation. Max Weber sees this ascetic lifestyle as encouraging capitalist production and behavior; he links the Calvinist ethic of frugality and serving God to the "spirit of capitalism,"

the "accumulation of wealth" in a continuous, rational manner, rather than that capitalism comes about through economic changes, as Karl Marx analyzed it. According to Weber, because of Calvinism, capitalism developed in northern Europe and not in China (Confucianism), India (Hinduism), or the Arab world (Islam).

Weber understands Calvinism as breaking through the feudal order and preparing the ground for the acceptance of private profits and capitalism. The feudal political, economic, and cultural order fell apart and Calvinism was one of the responses. However, Calvin never advocated capitalism; he lived a God-fearing life on earth, but he did emphasize the importance of the individual and his decision for leading a life as God had intended—and the individual is also the key decision-maker in capitalism.

Calvin was no revolutionary. Until the end he advocated "render unto God what is due to God and to Caesar what is due to Caesar." Calvin advocated obedience to political authority, as Jesus had done earlier, but once the individual was set free from papal edicts, he was also set free economically. The unintended consequences of Calvinism led to capitalist industrialization and breakthroughs in the natural sciences. Protestantism, particularly in its Calvinistic form, is essentially individualistic in its outlook. Salvation is a matter between the individual and his or her creator in Protestantism, even though the ultimate decision may be a rather one-sided affair and every individual is to work for the greater glory of God. Calvinism became the ideology of the newly risen bourgeoisie.

SEE ALSO: Catholic Church; Protestant Churches; Protestant Ethics; Religion.

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Cambodia

CAMBODIA IS A country of some 11 million people located in tropical mainland southeast Asia. The major-

ity of the people are involved with subsistence rice agriculture. Despite being home to the powerful and socially and technologically advanced Khmer Empire, Cambodia suffered from colonization by the French, and then monstrous misrule by Pol Pot and the Khmer Rouge, the communist Cambodians who seized power in the chaotic scenes following the defeat of American forces in Vietnam. The Khmer Rouge regime murdered an unknown number of Cambodians either directly or through overwork and starvation.

The United Nations reports that poverty in Cambodia is characterized by low income and consumption, poor nutritional status, low educational attainment, little access to public services including school and health services, little access to economic opportunities, vulnerability to external shocks, and exclusion from economic, social, and political processes. Poverty has also contributed to the spread of HIV/AIDS.

Additionally, one of the legacies of Khmer Rouge rule has been the destruction of the intelligentsia in the country and, hence, the effects of poverty are exacerbated by the lack of medical, teaching, and scientific professionals, whose role in alleviating some of the effects of poverty is essential. Approximately 90 percent of the poor are located in rural areas, where incomes and educational and economic opportunities are lower than in the small urban areas. Around 40 percent of rural people and 36 percent of the population as a whole live below the poverty line of \$1 per day.

The government of Cambodia has established a poverty monitoring and assessment mechanism and is also working with neighbors and with donor nations and organizations to reduce poverty. Priority policy goals include the provision of education for all and awareness of health issues. Basic minimum needs for people in rural locations are being established with a view to strategy formulation. The government has also been working to develop some export industries to generate income, although at a very low level.

However, low levels of capacity in the government, together with the threat of pervasive corruption in government, threaten to reduce the effectiveness of government achievements. These problems are worsened by poor resource management, the presence of unexploded ordnance such as mines and bombs across much of the country, and unresolved issues relating to the previous genocide.

Tackling poverty will require considerable strengthening of civil society institutions to promote greater government and private-sector accountability. Promotion of potentially valuable economic activities such as

tourism, garment manufacture, and exploitation of natural resources must also continue. However, the great lack of government resources has prevented necessary funding of health and education services and is also threatening to derail the long-running, multilateral process aimed at bringing to justice former members of the Khmer Rouge.

Human Development Index Rank: 130 Human Poverty Index Rank: 81

SEE ALSO: Communism; Corruption; Rural Deprivation; Starvation.

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Cameroon

IN THE LOW-INCOME western African nation of Cameroon, where 48 percent of the population live below the national poverty line and where almost one-third of the people are unemployed, inequality continues to thrive. The lowest 10 percent of the population share less than two percent of national income, while the richest 10 percent possess 36.6 percent. Over half of Cameroon's population lives on less than \$2 per day. Cameroon continues to be dominated by the agricultural economic sector, in which 70 percent of Cameroonians labor.

Democracy has made slow inroads in this country, but the ruling ethnic oligarchy has achieved relative stability by promoting the agricultural and petroleum sectors and through improved infrastructure. In conjunction with the International Monetary Fund (IMF) and the World Bank, Cameroonian officials have instituted economic reforms that include poverty reduction and increased privatization.

Cameroon's population suffers from low life expectancy, and the median age is 18.6 years. Some 41.7 percent of the population are under 14 years of age. Be-

cause Cameroonians have a 40.2 percent chance of not surviving to see their 40th birthday, only 3.3 percent live past the age of 65. Approximately 42 percent of the population have no sustainable access to an improved water supply, and 21 percent lack sustainable access to improved sanitation.

The HIV/AIDS epidemic has become a major threat to Cameroonian health, and the 6.9 percent prevalence rate is a constant drain on the country's resources. By 2003 estimates, some 560,000 Cameroonians were living with HIV/AIDS, and 49,000 individuals had died from this disease. Other health problems include very high risks of contracting food and waterborne diseases such as bacterial diarrhea, hepatitis A, and typhoid fever. Under the guidance of the Carter Center, health officials and local groups have waged war against river blindness, which has affected an estimated 5.1 million Cameroonians. This debilitating disease is spread by bites of the blackflies that inhabit fast-flowing rivers.

In 1997 in conjunction with the Carter Center, Cameroon successfully eradicated Guinea worm disease, which is caused by contact with infected water. In some areas, vectorborne diseases such as malaria and yellow fever pose a serious threat, as do schistosomiasis and meningococcal meningitis. Health problems are complicated by the fact that Cameroon has only 0.1 physician and 2.6 hospital beds for every 1,000 people.

Children in Cameroon suffer disproportionately from poverty, and some 22.1 percent of Cameroonian children are malnourished. Infant mortality is estimated at 68.26 deaths per 1,000 live births. Poverty is responsible in great part for the mortality rate of 166 for children under the age of 5. Less than one-quarter of Cameroonian children receive oral rehydration therapy when necessary, and almost one-third lack access to affordable drugs. The result is that children die from what should be treatable diseases. Cameroon has improved its childhood immunization rates in recent years. In 2002, the measles immunization rate for infants was 62 percent, and the tuberculosis rate was 77 percent. By 2003, 61 percent of all children between the ages of 12 and 23 months had been immunized against measles, and 73 percent had received DPT3 immunizations.

Cameroonian women continue to suffer from the high fertility rate of 4.47 children per woman. Barely a quarter (26 percent) of Cameroonian females between the ages of 15 and 49 use contraception, and the adolescent fertility rate of 123 per 1,000 live births is unacceptably high. Cameroon's maternal mortality rate of 730 per 100,000 live births also poses problems for

health authorities. Since the mid-1990s, the Cameroonian government has pledged to end sex discrimination and has instituted new policies and programs that promote education and opportunities for women and which place increased attention on reproductive health. By the beginning of the 21st century, 60 percent of all births were attended by trained health workers.

While 84.7 percent of Cameroonian males are literate, almost one-quarter (26.6 percent) of females lack this necessary skill. Literacy rates have improved over the last decades. Between 1990 and 2000, the rate of illiteracy among males and females dropped from 43.8 to 20.9 percent and from 69.0 to 36.3 percent, respectively. Primary education is now free, and between 1999 and 2003, Cameroon saw a rise of 17 percent in total primary school enrollment and a 15 percent increase in the number of females completing primary school.

Human Development Index Rank: 148 Human Poverty Index Rank: 67

SEE ALSO: Children and Poverty; Disease and Poverty; HIV/AIDS; International Monetary Fund.

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Campus Compact

CAMPUS COMPACT IS a consortium of over 900 university and college presidents, representing more than five million students, across the United States, whose stated mission is to advance the public purposes of colleges and universities by deepening their ability to improve community life and to educate students for civic and social responsibility.

The organization was founded in 1985 by the presidents of three private universities (Brown, Georgetown, and Stanford) as well as by the president of the Education Commission of the States, an organization that

serves a clearinghouse function for advising education institutions on helping state leaders shape educational policies. At the time, the media was apt to portray college students as nothing more than money-hungry and self-centered individuals who were unconcerned with the world around them.

The four institutional presidents felt that that perception was incorrect and wanted to demonstrate that college students could make a difference in the lives of their fellow Americans. Thus, they founded Campus Compact to give students the opportunity to make that difference through voluntary work in their communities.

Through Campus Compact, students are taught the importance of public service and helping to improve the lives of those persons less fortunate than themselves. To this end, Campus Compact provides services to its member schools, such as training for students, faculty members, and administrators; research on programs that work; advocacy toward volunteer community partnerships; and leadership development.

The success of this organization can be measured in terms of organizational growth and student participation in volunteer opportunities. For example, Campus Compact estimates that student volunteers at member campuses contribute at least \$4.45 billion per year in services to their communities. Also, Campus Compact has enjoyed a large increase in both membership and activities in the five-year period between 1998 and 2003, the last year for which statistics are available.

Membership had increased from 548 to 924, and the percentage of students on member campuses who were volunteering their time had increased more than threefold, from 10 percent to 36 percent. Faculty involvement had increased from 10,800 to 22,000 faculty volunteers. Volunteers participated in a variety of programs, including those dealing with widespread hunger, housing and homelessness, environmental issues, and voting rights.

While Campus Compact is a national organization it also has state Compacts in each of the 31 states that have participating universities. The state Compacts are engaged in a variety of activities in support of the mission of the national Compact. For example, the California Compact has organized 40 conferences, workshops, and other events to provide training and opportunities to volunteers and others within their communities. In Indiana, the Compact became involved in 522 literacy programs, 85 percent of which resulted in an improvement in reading skills. The ability to read and write can have a major impact on helping people lift themselves

out of poverty by providing them with better opportunities to succeed.

SEE ALSO: Charity; Education; Deprivation; Nongovernmental Organizations.

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Canada

THROUGHOUT THE DECADE of the 1990s the United Nations Human Development Index regularly ranked Canada first in its quality of life survey. While this ranking has slipped slightly in recent years, Canada continues to be presented as one of the most affluent nations in the developed world.

This image, combined with Canada's vast natural resources, strong manufacturing sector, growing technological industries, and history of strong social policies, suggests that Canada provides a secure "safety net" to protect its citizens from the consequences of poverty. Despite this assumption, Canada's poverty rate remains inordinately high. According to a 1996 United Nations Children's Fund report, the poverty rate for families with children in Canada was the second highest of 18 industrialized nations, double the poverty rate of the Netherlands and six times higher than that of Finland or Sweden.

While these figures provide a shocking counterpoint to Canada's affluent image, conditions are worse for Canada's indigenous peoples, who have been isolated in remote communities and excluded from resource and industrial development. Consequently, despite its legacy of social security and welfare reform following World War II, the Canadian state has failed to effectively address poverty as a social issue. Rather than strengthen the state's role, policy changes since the 1980s have abandoned a universal approach and have increasingly returned social services in Canada to a "residual" model relying on private charity, a transition that drew effectively on the antiwelfare backlash throughout the 1990s and which has resurrected older social attitudes separating the "deserving" from the "undeserving" poor.

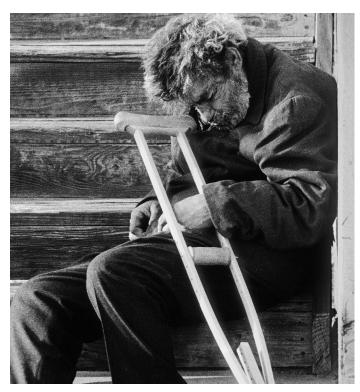
Well into the 20th century in Canada, the state had little direct role in providing for social welfare. The resistance to government involvement concerning social welfare reflected the socioeconomic structure of Canada during the mid-19th century. In a predominantly rural nation whose economy was driven by both the agricultural and resources sectors, it was assumed that anyone who was capable of working could find gainful employment and that charity would naturally account for the deserving poor.

Consequently poverty relief was based on a residual model where destitute individuals were expected to turn to their families, church, and philanthropic organizations, and only subsequently municipal or provincial governments, for relief. The residual system placed the emphasis on family and the local community to determine the level at which the indigent would be supported, and allowed for a simplistic separation at the community level between the deserving and undeserving poor. Essentially, outside of direct family-based charity, only those individuals whom the community deemed to deserve it would receive support. The elderly, widows with small children, the blind and deaf, and men crippled through work-related injuries could expect to receive community support.

Others, who were characterized as simply unwilling to work, could not find support. The underlying assumption behind this restrictive measure was the belief that charity inevitably produced dependency. Consequently, following practices that dated back to the Elizabethan Poor Laws, relief payments were customarily kept below the lowest level of wages that could be earned in the community and, to further discourage dependence, often required able-bodied recipients to perform some community service (cutting logs, breaking rocks, or sweeping the streets). These payments were usually made in kind (necessary goods and supplies), as it was generally assumed that individuals who were incapable of supporting themselves could not effectively manage cash relief payments.

In urban areas, this was particularly true in the case of relief provided to temporarily unemployed workers, seasonal workers, or recent immigrants, who were seen to have mismanaged their personal finances and who were often perceived to have succumbed to vices such as drinking or gambling.

In this manner, relief from poverty was dependent on both community attitudes (often toward the applicant personally) and local economic circumstances. This emphasis on community standards inevitably increased surveillance of relief recipients and encouraged



One of the most developed nations, Canada still wrestles with issues of poverty and state support of the "deserving poor."

the enforcement of strict codes of personal morality and behavior.

The initial crisis for the residual system began in the late 19th century as rapid urbanization and industrialization radically altered the socioeconomic nature of Canadian society. Canada's urban population increased dramatically in the late 19th and early 20th centuries from only 13 percent in 1851, to 35 percent in 1901, and 47 percent by 1921. While urbanization and industrialization provided new opportunities for some Canadians, for unskilled workers and recent immigrants the low wages, sporadic employment, and poor living conditions of urban tenements also heightened their vulnerability to poverty.

Although workers in skilled trades were able to establish contributory benevolent societies to provide limited security from illness, injury, or temporary unemployment, this option was beyond the reach of the majority of Canadian workers who lived at or slightly above the poverty line. These issues were highlighted by the Royal Commission on the Relations of Labour and Capital (1887), which revealed the exploitative working conditions and substandard housing experienced by Canadian workers. While rural workers had usually been able to turn to family for short-term assistance, the

demographic dislocation caused by urbanization severed many of these traditional family ties and forced an increasing reliance on private, church, and state systems of social welfare.

Consequently the late 19th century saw both an increase in working-class agitation for social reform, and the expansion of a middle-class reform movement. While labor leaders focused on unionization, improved working conditions, and higher wages as solutions to poverty, middle-class social reformers were more concerned with transforming the working-class itself to make workers both more industrious and more thrifty.

Although these middle-class reformers were deeply concerned with issues such as child poverty, they frequently blamed the structure of working class families, rather than low wages, for the poor living conditions experienced by working-class children. In response to this concern with child poverty, which the middle class intrinsically associated with juvenile delinquency, the state empowered private agencies, such as J.J. Kelso's Children's Aid Society (1887), to act to protect children by removing neglected children, and those in danger of becoming delinquents, from their homes.

In many instances these categorizations represented little more than a clash between the normative assumptions of middle-class social reformers and the realities of working-class family-oriented economic strategies, which frequently required the economic contributions of children and adolescents. Of particular concern to middle-class reformers was the practice of taking in paying boarders, either by having opposite-sex children share the same bedroom or by having male boarders share a room with adolescent boys. While working-class families viewed these practices as necessary economic arrangements, middle-class reformers viewed these arrangements as potentially dangerous sources of immorality.

Canada's social welfare system had a direct influence on the lives of all Canadians.

Beyond its support of quasi-state agencies such as the Children's Aid Society and its financial support of private institutions such as asylums for the insane or reformatories for delinquents, the state's involvement with social welfare in the early 20th century was largely restricted to efforts to address the growing issue of poverty among the elderly. At the federal level the first attempt to address this issue was the Government Annuities Act (1908), which allowed individuals to contribute to government-secured pension funds.

However, as with other private pension schemes, this did little to address the needs of the average worker who lacked the surplus income to contribute toward a pension. In 1927 the federal government passed the Old Age Pensions Act, in which the federal government funded 50 percent (increased to 75 percent in 1931) of provincial spending on old-age pensions. However, the "means-tested" qualifications continued to assume that family, not the state, had the primary responsibility for the care of the elderly.

While the need to support crippled soldiers and war widows following the First World War served to legitimize the state's role in maintaining social welfare, beyond the establishment of various mothers' allowance programs at the provincial level, little was done to restructure the residual model of social welfare in Canada. This failure was evident in Canada's response to the Depression, which emphasized local responsibility for relief programs with only minimal support from provincial or federal agencies.

While Canadian Prime Minister R.B. Bennett's Employment and Social Insurance Act (1935) attempted to establish a national system of unemployment insurance, these efforts were sidetracked by constitutional objections. This failure contributed to Bennett's electoral defeat by W.L. Mackenzie King, who turned the jurisdictional questions raised by Bennett's policies over to the protracted Royal Commission on Dominion-Provincial Relations (1937–40). Following constitutional alterations, which gave the federal government increased powers over taxation and employment policies, Mackenzie King's Unemployment Insurance Act (1940) initiated Canada's transformation into a modern welfare state.

Beginning in the early 1950s and continuing throughout the 1960s, numerous pieces of legislation were introduced to expand and support the creation of a universal social safety net within Canada. Key elements in this legislative initiative were the Old Age Security and Old Age Assistance Acts (1951), which were replaced by the Canada Pension Plan (1965) and the Guaranteed Income Supplement (1966), the Unemployment Assistance Act (1956), and the Canada Assistance Plan (1966).

Combined with a nationally funded healthcare system, by the early 1970s Canada's social welfare system had a direct influence on the lives of all Canadians. This switch to an institutional model of welfare reflected a reversal of the earlier social attitudes that had character-

ized the residual model. Under this institutional system, Canadians qualified for government assistance simply by virtue of their citizenship. Social assistance was transformed from charitable acts intended to assist the "deserving poor" to a government mandate, which reflected the state's obligation to protect all Canadians. This changing attitude was most evident in the Canada Assistance Plan, which, by providing direct financial assistance to the working-poor, sought to break the spiral of intergenerational poverty.

By the mid-1980s the decline of Canada's welfare system was already evident.

However, as the costs of these institutional programs increased through the 1970s and 1980s, the potential to achieve a fundamental restructuring of Canadian society was not realized. Rather than eliminating poverty, Canada's social safety net simply functioned as an ameliorative system, which sought to provide continued social stability for capital development.

By the mid-1980s the postinstitutional decline of Canada's welfare system was already evident and, throughout the 1990s, the rapid reduction of federal funding for welfare programs essentially returned Canada to a residual model as the burden of poverty relief was increasingly shifted back to charitable institutions. This process was contributed to by a virulent backlash against welfare programs throughout the 1990s, which recharacterized poverty as a problem for the lazy and irresponsible.

One example of this process can be seen in the transformation of Canada's unemployment insurance program during the 1990s from an almost universal system into an increasingly restrictive and punitive program where only 40 percent of all applicants qualify for benefits. Partially, this transition also reflects structural changes to Canada's economy, which have increasingly emphasized part-time and contract labor, changes that have increased the financial pressure on the working poor while undermining the minimal security that government programs had previously provided. For working families with young children, this transition has been particularly traumatic. Between 1984 and 1996 government assistance for working families with children was reduced by \$800 million (Canadian).

In 1996 the long-standing Canada Assistance Plan was replaced by the Canadian Health and Social Transfer, which further reduced federal funding for social services. A clear indication of the effect of these program changes on poor families can be seen in the expansion of charitable food bank programs across Canada, increasing from 75 food banks in 1984 to 625 in 1996. Consequently, despite the Canadian federal government's commitment in 1989 to eliminate child poverty by the year 2000, poverty has continued to be a daily issue for many Canadian families.

According to Statistics Canada's 2003 figures, 52.5 percent of children in female-headed, single-parent families live below its "low income cutoff" line. While Canada's rate of child poverty has improved since the mid-1990s, dropping from 23.6 percent in 1996 to 17.6 percent in 2003, this rate remains far higher than in western Europe. As a result, given the increased business reliance on part-time and contract work, the increased utilization of food banks by working families with children, and the reduction of real earning across the three lowest economic quintiles, it seems evident that poverty will continue to be a major social issue for Canada.

Human Development Index Rank: 5 Human Poverty Index Rank: 9 (HPI-2)

SEE ALSO: Capability Measure of Poverty; Children's Aid Society; Deserving Poor; Rural Deprivation; Social Insurance (Universal); United States; Urbanization; Welfare Dependence; Welfare State.

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Capability Measure of Poverty

THE CAPABILITY MEASURE of poverty (CMP) is a response to the growing recognition that income poverty is only a part of what constitutes conditions of poverty. The impetus for developing capability measures of poverty comes from the 1996 Human Development Report (HDR), produced by the United Nations Development Program (UNDP).

In that report, human development is defined in relation to the expansion of capabilities while deprivation is defined as the lack of basic or necessary capabilities. The 1996 HDR attempted to better understand both the extent of poverty and experiences of poverty by considering factors beyond income. Addressing links between poverty and human development and attempting to assess the multiple needs of poor people, the report introduced the CMP criteria to provide a multidimensional measure of deprivation. The capability measure of poverty shifts focus from means or input, such as income, toward ends by focusing on outcomes that reflect people's quality of life. Emphasis is placed on understanding how, and under what circumstances, people are able to act toward meeting their needs.

The CMP focuses on the percentage of people who lack basic or essential capabilities that are necessary to allow people to escape income poverty in a manner that can be sustained. Of particular concern is the lack of three basic capabilities for which the CMP provides a composite index. The first is the lack of nourishment and health as reflected in the proportion of children under 5 years old who are underweight. The second concerns the capability for healthy reproduction, as represented by the proportion of births unattended by people with proper training. The third factor is the extent of female illiteracy, which expresses a lack of capability to access education.

These factors are taken to speak to broader issues, such as overall health and nutrition and access to health services as a whole and to education. Significantly the measures emphasize women's deprivation because this has such a crucial impact on the development of families and social relations.

Applying the capability measure of poverty suggests that almost twice as many people in developing countries are poor than would be identified as such if one focused only on those below the income poverty line. Looking at poverty beyond the lack of income and addressing capability poverty reveal that the number of poor people in developing countries may be underesti-

mated by almost 700 million people where only income poverty is accounted for. In addition to the problem of underestimating the extent of actual poverty, failure to improve people's capabilities will contribute to the further growth of income poverty.

The Human Development Report of 1996 concluded that poverty cannot be eradicated simply by increasing income. Properly addressing poverty also requires a broadening of human capabilities as well as the productive deployment of those capabilities.

More recently there have been efforts to develop more comprehensive or refined measures of people's capabilities. Among the difficulties facing more comprehensive approaches remains the lack of available data across contexts.

Perhaps the most influential contribution to a capability measure of poverty is offered in the work of the economist and Nobel laureate Amartya Sen. Sen notes that the relationship between income and capabilities can vary greatly between communities and between individuals in the same community. Thus a numerical poverty line based on means such as income does not address variations in personal or social characteristics. Sen's work benefits from comparative analysis, which shows, as in comparisons between the United States and Europe or China and India, that countries with a similar Gross Domestic Product (GDP) can show widely differing capabilities for survival and education.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Income; Indicators of Poverty; Sen, Amartya; Sen Index.

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Cape Verde

POVERTY IN THE ARCHIPELAGO of Cape Verde is a result of lack of natural resources, a crowded job market, and poor agricultural conditions. Although in the mid-1990s, nearly half of the population of Cape Verde lived below the national poverty line, conditions have steadily improved and the United Nations Development Program (UNDP) has recently declared the islands to be a medium developed country (MDC). Existing in this developmental margin means that while some of Cape Verde's poverty problem has been alleviated, the country is still a nation at risk of pervasive impoverishment. The persistent problems affecting poverty in Cape Verde include a high unemployment rate (16 percent) and the fact that at best, Cape Verde can supply food for only 15 percent of its population, relying heavily on international food aid.

Poverty in Cape Verde is dependent on variables outside the citizens' control.

Emigration and migration as a result of insufficient resources and opportunities have been a consistent theme in the history of Cape Verde. Today it is estimated that as many Cape Verdeans live outside the country as within, and the economy is greatly bolstered by support from its diasporan community. This trend of emigration is a major factor stifling the development of Cape Verde, because half of the employable population works in foreign markets. Domestic migration has overwhelmingly been from rural to urban areas, where well over half the population resides, and where the service and manufacturing industries provide 70 percent of the nation's jobs.

This migration has caused a great strain on available social services in city centers and the saturation of the job market, which accounts for some of the unemployment and poverty in Cape Verde. The government of Cape Verde has both implemented a welfare program and has widely instituted public works projects, which provide permanent and temporary employment as well as public services in order to alleviate these pressures. However, poverty in Cape Verde is frequently believed to be a result of the structural inferiority of a young nation, in regard to the equitable dispersion of employment, healthcare, education, and sanitation facilities and the improper management of the public works programs. The country had only been independent for 30 years in 2005.

A large portion of the poverty in Cape Verde lies in the rural regions, where a quarter of the employed population shares less than seven percent of the Gross Domestic Product. Poor agricultural conditions resulting from persistent drought and a nationwide scarcity of fresh water yield erratic harvests from year to year. Periodic famine as a result of crop decimation is the cause of widespread hunger and poverty on the islands.

Farmers or agriculturalists in Cape Verde maintain a tenuous existence wherein their economic security is frequently upset by a harsh climate, which is known for decimating entire harvests every few years. This level of economic risk and uncertainly extends beyond the agricultural sector to be a theme for Cape Verde's economic fragility. Relying heavily on international aid (both nutritional and monetary), support from the diasporan community and international trade, all of which are not secure resource streams, poverty in Cape Verde is dependent on variables that are outside the citizens' control, and thus subject to sporadic fluctuation. While Cape Verde is now enjoying a period of economic growth and prosperity, its future sustenance hangs in the balance.

Human Development Index Rank: 105 Human Poverty Index Rank: 45

SEE ALSO: Drought; Famine; Structural Dependency; Urbanization; Welfare.

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Capitalism

THE CHARACTER OF capitalism has been changing since its inception. Great changes have taken place since the emergence of the capitalist mode of production, particularly in the second half of the 18th century, when the great Industrial Revolution was born, first in England, and then in other European countries. *Laissez faire* capitalism, based on pure capitalism, or a perfectly competitive market model, was exercised in these countries until the end of World War I (1914–18). After World War II (1939–45), capitalism transformed into modern capitalism, which may also be called managed, welfare, guided, or regulated capitalism.

At present, the perfect market model or pure capitalism is not exercised in any country of the world. Even the United States and the United Kingdom do not

have pure capitalism and are indeed exercising mixed economies. But their economies are still based on a free-market economy or capitalist mode of production, since the major role in these economies is played by the private sector.

DEFINITION OF CAPITALISM

Capitalism is a mode of production, based on the principles of institutional privatization, the maximization of profits, and a free-market economy. Under capitalism, all means of production are owned and operated by individuals or firms with the sole consideration of the desire to earn a profit.

Sidney Webbs defines capitalism with the necessary implications of the system. He states that "by the term 'capitalism,' we mean the particular stage in the development of industry and legal institutions in which the bulk of the workers find themselves divorced from the ownership of the instruments of production in such a way as to pass into the position of wage-earners whose subsistence, security and personal freedom seem dependent on the will of a relatively small proportion of the nation, namely, those who own and, through their legal ownership, control the organization of land, the machinery and the labour forces of the community and do so with the object of making for themselves individual and private gains."

FEATURES OF CAPITALISM

A wide study of capitalism reveals the important features or characteristics of this system with an assumption of *laissez faire*. The following are some of the common features of capitalism as experienced in different capitalist countries in the world.

The most important feature of capitalism, as experienced in various capitalist countries, is the individual ownership of private property and the existence of the system of inheritance. It results in the vital inequalities in respect to the distribution of wealth and property in the society. Rich persons become richer and, on the other hand, the poor become poorer.

Moreover, capitalism also consists of the private ownership of the means of production, which are utilized exclusively by a few individuals in their own interest. The result is that the lion's share of national income goes to a few rich people and the masses share the rest.

Economic freedom means the freedom of a producer or an individual to select his or her own enterprise, to operate it on a contract or agreement basis, and

to utilize personal property and wealth in his or her own way. It is a very outstanding feature of capitalism. An individual has the full liberty to establish and operate any firm in a capitalist society wherever he or she likes, provided that he or she has the desired capital and ability.

Another very important characteristic of capitalism is its operation on the basis of self-interest and the profit motive. Under capitalism, the profit motive is the main inspiration of an individual to undertake any productive activity. Capitalism does not rely on the sentiments and love of society, and all economic decisions are made by an individual in order to get maximum profit.

It was with this view that the classical economists, including Adam Smith and others, imagined an "Economic Man" under the capitalist mode of production who was merely a selfish and cruel person, and always thought of his profit rather than that of the welfare of the society. Alfred Marshall has explained the Economic Man as a person "who was under no ethical influence and who pursues pecuniary gain warily and energetically, but mechanically and selfishly." Thus, it was a hypothetical man who is at least not found at present in the world, and who appeared after the emergence of the Industrial Revolution, especially in England.

The other important feature of capitalism is the presence of consumer's sovereignty in a capitalist economy. It is thought that under capitalism the "consumer is king," which refers to the consumer's sovereignty in the real sense of the term. Broadly speaking, every consumer has a freedom of choice to get any service or commodity from wherever he wishes to purchase it, provided he has the desire and the ability to purchase the commodity or service. But in practice, since the income and the availability of goods and services are limited, and there are state interventions, the consumer's sovereignty is restricted even in the economies of the United States and the United Kingdom.

The open competition in the market, whether it is the resource market or the goods and services market, is another important feature of capitalism. All economic decisions depend on the conditions of the market, which are made by the private owners of the firms or the factories. Producers compete with each other to affect the consumer's choice through the media of publicity or advertising. They can depreciate the price or improve the quality of the products and/or offer other rebates or concessions to their customers. On the other side, there is also competition among customers to get

the commodities who may offer a higher price for them. Similarly there is also a competition among the owners of the various means of production, including land, labor, and capital.

Another remarkable feature of this economic system is the presence of class conflict in society. Society is divided into two classes, the rich and the poor. Since the rich people, small in number, dominate over the millions who are poor and belong to the exploited class, it leads to the conflict between capital and labor in capitalistic countries. The class struggle in such economies seems to be an inherent character, which does not have any immediate solution.

The masses do not find themselves in a position to get even two square meals a day.

The capitalist society is always followed by the inequalities of income and wealth, a very important characteristic of such a society. A few rich people enjoy all sorts of conceivable luxuries, and, on the other hand, the masses do not find themselves in a position to get even two square meals a day. The most painful thing is that the gap between the rich and poor is continuously getting wider.

Every economic decision is governed by the price mechanism in a free-market economy. The whole economic functioning in capitalism depends on the price system, that is, the demand and supply of the commodities and means of production determine their price in the market. Price is a very important factor in capitalism in order to operate the economic system and control it.

The absence of central economic planning is also a very remarkable characteristic of a private-enterprise economy. In such an economy producers and consumers, on the basis of the price mechanism, make the important economic decisions independently. The economies of the United States and the United Kingdom, characterized by the capitalist mode of production, do not have central planning. However, such economies depend on microlevel planning.

ACHIEVEMENTS OF CAPITALISM

Capitalism, as experienced in various countries of the world, has certain remarkable achievements. One of the main achievements of capitalism is its automatic functioning. This type of economy works out automatically



For critics of capitalism, the entire society is assumed to be divided into two major classes—the rich and the poor, that is, the "haves" and the "have-nots." The exploitation of the latter by the former gives rise to the class struggles in the society.

through the price system, as we have learned earlier. It does not require any central and comprehensive planning, but mainly depends on competition and the openmarket economic system.

Under capitalism, the personal profit motive works as the most powerful incentive. The producers in such an economy always try to maximize their profits. To achieve this objective, they manage and operate all economic activities in such a way that the target of maximum production may be fulfilled at the lowest cost with the largest amount of profit. According to the law of returns, it will be possible when the optimal use of resources is ensured.

On the other hand, the functioning of capitalism also provides incentives to the workers through higher wages, bonuses, and overtime. It improves the efficiency of workers and all factors of production work in a coordinated manner and efficiently, which accelerates national output and the economic growth of the country.

The incentive of profit stimulates entrepreneurs to take risks, and new avenues of production are explored, with the result that the growth of the country increases significantly and the standard of living of the people rises. In this respect, in the United States and European capitalist economies, the economic system based on

personal profit motive has ensured a high level of productivity along with an increasing rate of per capita income and standard of living.

The economy of the United States generally supplies annually all sorts of goods and services abundantly, and even the common people of the country enjoy them with pleasure. In this respect, Professor J.A. Schumpeter states: "The capitalist achievement does not typically consist in providing more silk stockings for queens but in bringing them within the reach of factory girls in return for steadily decreasing amounts of efforts. The capitalist process, not by coincidence but by virtue of its mechanism, progressively raises the standard of life of the masses."

Another very important achievement of the capitalist economy, as observed in several capitalist countries like the United States, the United Kingdom, Japan, and other European countries, has been the good chances for individuals. All factors of production, including land, labor, capital, management, and entrepreneurs, get good opportunities for progress in these countries. Moreover, the special features of a capitalist economy, such as the right of private property and inheritance, private profit motive, and personal freedom, have encouraged productive forces to mobilize and direct all re-

sources into productive works. Besides the fast developments in different spheres of life, capitalist countries have attained remarkable progress in respect to technological developments. Individual freedom in the U.S. economy, followed by the personal profit instinct, has explored new avenues.

The production of high-quality goods follows the latest inventions, new processes, and technological developments. U.S. technological developments are advanced compared to the progress of technology in the countries of other economic systems. In this respect, the United States has attained remarkable progress in the development of space technology and cost-reducing technology.

In the capitalist economy, where people enjoy not only economic freedom (that is, the freedom of consumption, freedom of production, and freedom of savings and investments) but also political freedom, democracy is regarded as essential for the sound and regular progress of individuals in the country. It is with this view that during the 20th century, the monarchy of capitalist countries was replaced by democracy. Even in England, the monarchy is merely formal and ornamental; the real power is in the hands of the government elected by the people.

CRITICISM OR FAILURES OF CAPITALISM

Though there have been many remarkable achievements of capitalism, it has also been criticized from all directions. A capitalist economy, or a free-market economy, gives birth to useless and wasteful cutthroat competition. It sometimes leads to sheer waste of money, time, and property on a large scale. Some economists may say a huge amount of money is wasted on publicity or advertising. Moreover, the person who has employed a large degree of resources in production and has been defeated in the race may suffer from a big loss. Cutthroat competition does not ensure any corresponding social benefit to the public in general, though it may be in the interest of the firm concerned.

Capitalism has been criticized for the recurrence of economic instability, particularly in Western capitalist economies. In such an economy, economic decisions are made in the absence of planning on the basis of the demand of the customers.

The overestimation of effective demand by producers in the prosperity period leads to the position of overproduction, and that further leads to the economic instability in the economy. The Great Depression of the 1930s is the best example for explaining economic insta-

bility, when capitalist countries were seriously under the cloud of depression and were the victims of unemployment.

In the boom period, there may be a danger of inflation, which may cause large-scale suffering to the poor and create political instability in the country.

Under capitalism the entire society is assumed to be divided into two major classes—the rich and the poor, that is, the "haves" and the "have-nots." The exploitation of the latter by the former gives rise to the class struggles in the society. The class struggle sometimes causes the replacement of capitalism by a socialistic pattern of society.

The economies of industrial countries or capitalist countries assume that such an economy is supposed to be stabilized at the level of full employment. Unfortunately, the assumption of full employment in the openmarket economies failed. Many economists state that the capitalist economy may stabilize somewhere above the level of full employment because of various rigidities and distortions in the economy.

It is a very serious charge against an economy based on a price system that the capitalist economy promotes the economic disparities in society. The general observations of capitalist economies, particularly in the context of the U.S. economy, reveals that the distribution of income and wealth is quite uneven, and there is a wide gap between the rich and the poor. Despite state intervention, the gap between the two is improving. As G.D.H. Cole observed, "there is a world of difference in terms of happiness between the high priest and the slaves in the temple of industry."

The monopolists, once in control, try to exploit consumers on a large scale.

Free competition in a free-market economy leads to the emergence of monopolies and the concentration of economic power in the hands of a few people. It thus becomes difficult for an ordinary producer to compete with them in the market. These big businesses, through their command and control over the means of production, defeat small producers in the open-market competition and establish monopolies in the market. The monopolists, once holding control over the market, always try to exploit consumers on a large scale by charging high prices for their products.

Sometimes the capitalist is blamed for the misallocation and misuse of the means of production. Under capitalism, production is not undertaken merely to fulfill the basic requirements of the poor people. Resources are generally used to produce luxury goods for the rich, and the interests of the poor are crushed significantly.

The alignments of big industrial countries like the United States, Great Britain, France, Germany, Japan, and Russia, which are mostly capitalist, enforce the terms of trade against backward countries. Moreover, the policy of big industrial countries consists of applying several restrictions against the under-developed countries so as to bring down their growth and hence enhance their dependence on them. Ultimately, poor countries have to depend largely on rich and powerful countries for undertaking their development programs, as we know that poor countries get their requirements fulfilled through foreign aid exclusively extended by the rich.

Their alignments also lead to several socioeconomic distortions. Some historians have pointed out that the big powerful countries may indeed take interest in provoking wars between two or more countries so that their leadership and supremacy may exist on the one hand, and their armament factories may be able to achieve success in selling arms to these countries, on the other.

ECONOMIC CRISIS UNDER CAPITALISM

The first stage of the economic crisis of capitalism started with World War I and the Russian Revolution. In this stage, the Soviet Union was fully under the influence of the capitalist world. But the economic benefits of the socialist system as compared to the capitalist economy were clearly visible. In due course, the Soviet Union by the end of 1930 appeared to be a powerful state, as it had been transformed from a backward agrarian country into a highly developed industrial country. The proportion of industrial output of socialist countries in the world rose from 3 percent in 1937 to 10 percent in 1977.

The crisis of the capitalist economies began with the struggle of independence, which spread over the imperial colonies and semicolonies. The proletariat, the most consistent fighter against colonialism, strongly protested against imperialism and forced all the working classes, including the peasantry, to join the struggle against the capitalist mode of production.

The most important feature of the national liberation movement in that period was the spontaneous attack of the oppressed and exploited masses against colonialism. Such class struggles started not only in Soviet Russia but also in Indochina, the Philippines, and China.

The economic crisis of capitalism was thus characterized by the gradual intensification of all contradictions of capitalism. The bourgeoisie was unable to use productive forces, the unemployed army of youths provided instability in the capitalist pattern of the society, and the movement of establishing socialism carried on with success.

The second stage of the economic crisis of capitalism developed during World War II with socialist revolutions in various European and Asian countries. The revolutionary transformation of capitalism to socialism, which began with the great Russian October revolution, continued, registering the victories of socialist revolutions in various European and Asian countries.

The victory of the Soviet people in World War II stimulated national liberation movements in various countries and strengthened the liquidation of colonial regimes. It also encouraged the breakup of the colonial system of imperialism. China, North Vietnam, and North Korea undertook socialist movements and established communalism in their countries, replacing the old capitalist system. American imperialism, converting into a new form of colonialism, spread its capitalist influence.

The third stage of the economic crisis of capitalism started in the mid-1950s, a period of rather peaceful co-existence and competition between the two economic systems. This proved the claim of some people that so-cialism could come only with war. According to the Marxist approach, the development and deepening of the crisis of capitalism are basically the output of the internal contradictions of the capitalist mode of production.

The final stage of the economic crisis of capitalism is characterized by the development and formation of the state-monopoly nature of modern capitalism, consisting of all its economic and social contradictions.

The capitalist economy became unstable with the new crisis of overproduction, which the capitalist world faced from 1957 to 1961 and from 1969 to 1971. The new crisis of overproduction seemed to be the worst and deepest of all crises experienced since the beginning of the 1930s. It affected all major capitalist countries significantly.

The economic disparities among the developing countries have led to interimperialist contradictions and to competition among three imperialist regions—the United States, western Europe, and Japan, causing

further decay of imperialism and emergence of new military powers.

Schumpeter has widely discussed the growth, development, and fall of capitalism in his book *Capitalism*, *Socialism*, *and Democracy*. Schumpeter understands the entrepreneur as the most important agent to be held responsible for the growth and development of capitalism, and describes him or her as a lever that plays a key role in a human body, whereas Karl Marx calls him or her a parasite for the failure of the capitalist system.

According to Schumpeter's analysis, the internal inspiration of an entrepreneur encourages him or her to invent new methods of production and management so as to produce new products of good quality, and to put the economy on a strong economic foothold. As an organizer, the entrepreneur has to find new sources of raw materials, new methodology, new products, and wide markets for every increasing output. Thus, it is the entrepreneur who with his or her intellectual and other capacities brings capitalism to its highest level of success. It is with this view that the class of capitalists or entrepreneurs may be a catalyst to improve the general standard of living in a country.

SEE ALSO: Colonialism; Communism; Depression, Great; Economic Liberalization; Industrial Revolution; Privatization; Socialism; Structural Dependency.

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CARE

CARE IS AN INTERNATIONAL humanitarian organization with headquarters in Brussels, Belgium. There are 11 separate CARE organizations serving millions of poor people in the poorest nations in the world. CARE, USA is headquartered in Atlanta, Georgia. CARE is

governed by a board of directors, elected by its members at an annual meeting. All of the board members are uncompensated volunteers. The acronym CARE today stands for Cooperative for Assistance and Relief Everywhere.

World War II witnessed enormous dislocations of millions of people who were suffering hunger, sickness, and starvation. Part of the suffering was due to the events of war, but much of it was the result of policies by the combatant nations that were designed to starve the enemy. By the end of World War II millions of people had fled their homes, factories were destroyed, and farms were often abandoned. The need for relief in postwar Europe was great. To provide relief, a consortium of 22 American charities united to create the Cooperative for American Remittances to Europe (CARE). The consortium, CARE, has been providing relief ever since.

CARE's relief operations in 1946 saw the first CARE packages arrive at Le Havre, France. During the Soviet blockade of occupied Berlin in 1948, CARE packages arrived on the airlift to supply the city. CARE's relief work during the Korean War (1950–53) encouraged Congress in 1954 to pass Public Law 480, which authorized the distribution of surplus American food to reduce hunger in foreign countries. Contributions were encouraged by celebrities like Ingrid Bergman who made CARE package household words. CARE has been involved in providing civilian relief in numerous conflicts. Eventually over 100 million CARE packages went to people in need.

In 1949 CARE began aiding the poor in the developing world with resources for development. Its first program was opened in the Philippines. When President John F. Kennedy signed the law establishing the Peace Corps, he sought help from CARE in training the first volunteers in Latin America. After 1966 CARE expanded its mission from relief work to self-help projects in developing countries, often with financing from indigenous governments. In 1974 CARE provided relief supplies for drought victims in Niger and Chad. Famine relief was greatly expanded in 1985 in Africa following drought in the Sahel. Expanded famine relief was undertaken in the politically unstable situation in Somalia in 1992.

In 1993, famine relief for people in Haiti was undertaken. In 1994 CARE was again on the front line providing relief as the civil war and ethnic massacres in Rwanda sent great numbers of refugees into Zaire (now Democratic Republic of Congo) and into Tanzania. A shift in developmental mission was initiated in 1986

with CARE's program for small-business development. A new family planning program to reduce poverty was begun in 1990. Family planning was expanded in 1997 into a holistic program embracing all aspects of family life in order to fight poverty systemically.

CARE's importance in humanitarian work in the last half of the 20th century was recognized in 1996 when the Smithsonian Institute included a CARE package in its permanent collection. In 2002 CARE reorganized and refocused its mission toward achieving lasting victories over poverty in the years ahead. Today CARE is one of the world's leading international humanitarian organizations dedicated to fighting global disease and poverty. Each year, its programs directly improve the lives of tens of millions of people in some 70 countries around the world as CARE helps poor communities create lasting solutions to their most threatening problems.

SEE ALSO: Conflict; International Nongovernmental Organizations; Standard Food Basket; Starvation.

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Caritas

CARITAS, AN INTERNATIONAL confederation of more than 150 Roman Catholic relief, development, and social service organizations, coordinates aid to the poor in over 200 countries. Taking its name from the Latin word for charity, the organization is headquartered in Vatican City, providing a structure for collaboration between Church-sponsored charitable agencies. As one of the most significant networks in the world supplying humanitarian aid, Caritas has provided assistance to tens of millions regardless of race, gender, ethnicity, or religion.

The first local organization of Caritas was founded in 1897 in Freiburg, Germany. Similar organizations were soon founded in Switzerland (1901) and the United States (National Conference of Catholic Charities, 1910). The confederation represented 60 organizations by 1924, when delegates from 22 countries met in Amsterdam. Four years later the organization took the name Caritas Catholica, though it remained an informal collaborative grouping. The confederation members agreed to meet biennially to discuss how they might collaborate to address the needs of the poor, migrants, and displaced persons. World War II interrupted their meetings, but they resumed in 1947 to organize war-related relief. That same year the Vatican secretary of state authorized Caritas to represent Catholic charitable organizations at the United Nations.

In 1950 a weeklong International Congress of Catholic Charities was summoned in Rome at the suggestion of Giovanni Battista Montini, then an official of the Vatican secretary of state and the future Pope Paul VI. At that meeting, it was decided to found an official international confederation of Catholic charities. After the Vatican approved the organization, the first official meeting of Caritas was held in December 1951. The official founding organizations represented 13 countries including Austria, Belgium, Canada, Denmark, France, Germany, Holland, Italy, Luxembourg, Portugal, Spain, Switzerland, and the United States. In the United States, the affiliated entities include Catholic Relief Services and Catholic Charities USA.

Under the leadership of Karl Bayer (1915–77), a German priest and first secretary-general of Caritas, the organization evolved into a major aid network. In 1957 the confederation changed its name to Caritas Internationalis to reflect its increasingly multinational membership. The Caritas-affiliated organizations focus their efforts on economic development, emergency relief, supporting human rights, and care for the environment. Significant emergency relief efforts have included airlifts of food and medical supplies to Nigeria during the Biafran civil war (1969–70), airlifts during the lengthy civil war in Angola, aid to refugees of the war in Rwanda (1994), and Asian earthquake and tsunami relief (2004–05).

Caritas roots its work in the teachings of Jesus Christ in the Gospels, literally following Christ's injunction to feed the hungry, clothe the naked, and give shelter to the homeless. Influenced by the social teachings of the Catholic Church that have developed since the late 19th century, Caritas' work stems from its belief in the dignity of every human person by emphasizing social justice, solidarity with the poor, and advocacy.

SEE ALSO: Catholic Church; Charity; Religion; Social Assistance.

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Carnegie, Andrew (1835–1919)

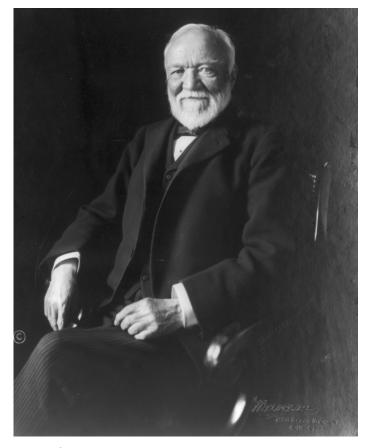
ANDREW CARNEGIE ROSE from poverty to become an industrial magnate as well as a prolific and influential writer. His writings celebrated individualism, democracy, competition, and economic growth, while challenging the wealthy to practice a philanthropy that would elevate humankind.

When Carnegie immigrated to the United States from Scotland at age 13, poverty compelled him to work as a bobbin boy in a cotton factory. Making opportunities for himself, working hard, and learning quickly, he rose to become superintendent of the Pennsylvania Railroad's western division by age 24. Desiring greater autonomy, Carnegie left the railroad in 1865 to run his own enterprises. By the end of his career, the vertically integrated Carnegie Steel Company was the world's largest steel producer

Carnegie owed his incredible business success to a strategy of relentlessly cutting costs, reinvesting profits, constantly rationalizing production via scientific research, and buying out financially strapped competitors during business downturns. He was a master at organization and at finding, rewarding, and keeping the best talent as his business partners. In 1901 he sold his interests to J.P. Morgan's syndicate for \$300 million, making himself one of the world's richest men. Thereafter he turned his attention to distributing his wealth and promoting international peace.

The voluble and eloquent Carnegie became the period's self-appointed spokesman for capitalism and democracy. Although he had only four years of formal education, between 1882 and 1916 he wrote 63 articles and eight books, and had 10 of his major public addresses published as pamphlets. Carnegie stood for a meritocracy in which, with integrity, thrift, self-reliance, and hard work, any man and his family could ascend the economic ladder—an optimistic creed that many Americans eagerly accepted.

His general thesis was that America's democratic institutions and the economic and social freedoms they



Andrew Carnegie dismissed complaints that the American economy had made the rich richer and the poor poorer.

encouraged were responsible for its ascendance over monarchical Europe and its progress in reducing poverty.

Citing statistical evidence (with which modern economic historians concur), Carnegie dismissed complaints by populists and socialists that the American economy had made the rich richer and the poor poorer. Although he admitted that income inequality had increased, he concluded, "much better this great irregularity than universal squalor," admonishing that the "poor enjoy what the rich could not before afford. What were the luxuries have become the necessaries of life."

To cure poverty, he championed the era's relatively laissez-faire economic policies and the ameliorative power of competition, to which "we owe our wonderful material development." He acknowledged that the growing economic and social distance between rich business owners and poor workers was breeding mutual distrust, but argued that the interests of capital and labor were not in conflict. In his most influential essay, "The Gospel of Wealth" (1889), he warned the wealthy

against spoiling their heirs with large inheritances—"I would as soon leave to my son a curse as the almighty dollar"—and supported an inheritance tax as a goad to force the wealthy to give away their riches during their lifetimes, because "the man who dies rich dies disgraced." He identified the "duty of the man of wealth: to set an example of modest, unostentatious living, shunning display or extravagance; to provide moderately for the legitimate wants of those dependent upon him; and after doing so, to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer, and strictly bound as a matter of duty to administer in the manner which, in his judgment, is best calculated to produce the most beneficial results for the community—the man of wealth thus becoming the trustee and agent for his poorer brethren, bringing to their service his superior wisdom, experience, and ability to administer, doing for them better than they would or could do for themselves."

The ideal philanthropist gave away wealth for large projects, which could be a "more potent force for the elevation of our race than if distributed in small sums to the people themselves." Traditional charity and almsgiving were destructive: "It were better for mankind that the millions of the rich were thrown into the sea than so spent as to encourage the slothful, the drunken, the unworthy. Of every thousand dollars spent in socalled charity to-day, it is probable that nine hundred and fifty dollars is unwisely spent—so spent, indeed, as to produce the very evils which it hopes to mitigate or cure." Instead, "in bestowing charity, the main consideration should be to help those who will help themselves. ... The best means of benefiting the community is to place within its reach the ladders upon which the aspiring can rise"—especially libraries, colleges, research laboratories, museums, concert halls, and parks.

Carnegie practiced what he preached, giving away over \$350 million before he died. Among the projects he funded were 3,000 libraries, the Carnegie Institute of Technology in Pittsburgh, and pensions for college professors. Atypical for his era, his donations went to many African-American organizations and he championed equal rights for blacks.

Critics attacked Carnegie on both the right and left. Many on the left found him hypocritical—celebrating the radical egalitarianism of his Chartist father and grandfather and making pronouncements about the sacred right of workingmen to combine—while living in a restored Scottish castle and trying to wash his hands of the use of force and strikebreakers in hardnosed labor relations practices that included the infa-

mous strike at his Homestead steel mill in 1892. Some on the right saw his call for giving away surplus wealth as dangerous and decried his turn toward trust-busting and government regulation—which, conveniently, occurred after he had sold his own company to help create a powerful trust.

SEE ALSO: Capitalism; Distribution; Industrialization; United States; Wealth Inequality.

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Carter Center

U.S. PRESIDENT JIMMY Carter and his spouse, Rosalynn Carter, founded the Carter Center as a nonprofit and nonpartisan organization in 1982 in partnership with Emory University in Atlanta, Georgia. The Carter Center and Emory University appoint the members of the Carter Center Board of Trustees.

The mission of the center is to "advance human rights and to alleviate human suffering." To this end, it has launched a variety of domestic and international programs on human rights; disease control, prevention, and eradication; agricultural development and hunger alleviation; peace and conflict resolution; and international sustainable development. In this regard it has been an effective domestic and international antipoverty agent.

The center's Human Rights Program works with other human rights organizations to promote legal and institutional changes in developing countries—especially in the newly emerging democracies in Africa—to establish and protect universal human rights. The center has been active in advising governments and policymakers on a wide range of human rights issues, such as their incorporation into the constitution and other civil and military laws, and their enforcement if human rights are violated.

The center's Health Programs focus on mental health and infectious diseases, especially the eradication of Guinea worm (Medina worm) disease and onchocerciasis (river blindness), and the control and prevention of trachoma and schistosomiasis (Bilharziasis or fluke). The center has been remarkably successful in controlling these diseases in Africa and Latin America. In addition, the center holds regular conferences on mental health, blindness, and other handicaps to increase global awareness and to fight the stigma and discrimination associated with them.

The center has several peacemaking initiatives, most notably observing elections globally to guarantee an honest and fraud-free election. In the early 2000s, for example, it has been an observer in the presidential elections in the Palestinian Authority, Mozambique, Indonesia, Guatemala, Nigeria, Kenya, Jamaica, Sierra Leone, Nicaragua, and other nations. Another peace initiative of the center is the Conflict Resolution Program, which mediates conflicts to avert crises.

In 2004, for example, President Hugo Chavez of Venezuela requested that Jimmy Carter mediate between him and the opposition group. The result of the deliberations and negotiations led by Carter was a democratic recall vote on Chavez, monitored together by the Carter Center and the Organization of American States (OAS), which Chavez won overwhelmingly. The mediation most likely averted an armed confrontation between the two factions in Venezuela.

International development initiatives by the center focus on the domestic ownership of development strategies in developing countries, and an international cooperation among donor countries. The center promotes and mediates increased participation at the policymaking stage by civil society organizations and other stakeholders, such as the business community, labor groups, and governments, to facilitate wider ownership of the long-term social, political, and economic development strategies. In addition to these national development strategies, the center has been successful in promoting agricultural training and new techniques to enhance crop yields and sustainable development in developing countries.

SEE ALSO: Agriculture; Carter, James (Administration); Disease and Poverty; Human Rights.

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M. Odekon General Editor

Carter, James (Administration)

THE CARTER ADMINISTRATION will be remembered for its promise to discontinue "immoral realpolitik," Watergate-type secrecy, and destabilizing CIA interventions by reducing military budgets, bringing some of America's overseas forces home, cutting arms sales abroad, slowing nuclear proliferation, and discontinuing the U.S. support of dictatorial regimes.

James "Jimmy" Earl Carter, Jr. (1924—) was elected 39th president of the United States on January 21, 1977, on the slogan "A Leader, for a Change." During the campaign he depicted himself as an outsider who could "clean up the mess in Washington" and restore credibility to the presidency. He portrayed himself as an embodiment of a revived national consensus and claimed that U.S. politics should reflect basic American values. Carter argued that the common people were his constituency and that it was their common sense that guided him instead of relying on the recommendations of power brokers or the calculations of the Washington, D.C., establishment.

Carter, a devout Baptist who became a "born again" Christian, was a profoundly and unequivocally religious person who endeavored to construct administration policies on moral principles, and committed the country to supporting human rights more than any president in the past. He ran the country with unassuming austerity to distinguish his administration from those of Richard Nixon and Gerald Ford. Carter's inauguration festivities were low-key and he wore a business suit instead of formal wear. To fortify his image of simplicity he walked to the White House instead of being driven in the limousine, to the horror of the Secret Service.

DOMESTIC POLICY

Carter's first act as president was to extend full pardon in January 1977 to the resisters of the Vietnam War, draft dodgers, military deserters, and all others who violated the Selective Service Act from 1964 until 1973, expanding the partial pardon Ford granted in 1974. Carter's pardon generated renewed controversy among the general public, who had been deeply divided on the issue.

The opponents in all branches of government were acutely frustrated with this decision because there was no constitutional mechanism to challenge the president's apparent unilateral decision. The pardon significantly contributed to the further alienation of the



Jimmy Carter is much more highly regarded today than when he lost his reelection bid in 1980 against Ronald Reagan.

executive branch of the federal government. It also demonstrated that Carter had a dislike for the backroom dealing that tends to be pervasive in Washington, D.C. A pattern of mutual distrust and contempt between the new president and Congress was strengthened when the consumer-protection bill and the labor reform package were shot down, to which Carter responded by vetoing a public works package in 1978. Carter never managed to bridge the chasm that continued to grow throughout the presidency and prevented him from establishing good working relations with Congress. Carter's only successes with Congress were when he backed existing Democratic programs like raising the minimum wage; deregulating the airline, railroad, and trucking industries to lower transportation costs; and establishing a fund to clean up toxic waste sites.

The Gerald Ford administration passed on a deeply tormented economy that has been ravaged by high inflation, unemployment, and a federal fiscal deficit. One of Carter's election pledges was to stabilize the economy and to end the period of stagflation (galloping inflation and a recession), but despite frequently changing the policy course, he was unable to inspire public confidence and fulfill his promises. Notwithstanding several

anti-inflationary measures that were put in place, the annual rate of inflation rose from 5.8 percent in 1976 to 13.5 percent in 1980, the federal budget deficit for 1980 grew to a staggering \$59 billion, while the unemployment rate remained around seven percent, amounting to about eight million people out of work by the end of Carter's term in the White House.

The program to solve the energy crisis, sparked in the early 1970s by the OPEC (Organization of Petroleum Exporting Countries) embargo, was among the more successful domestic legislative propositions. The president made public appeals for conservation of energy, which he stimulated by tax reductions for installing energy-saving devices and using a range of alternative energy sources.

The Carter administration also proposed energy taxes, limits on imported oil, and greater reliance on domestic sources of energy. Additional legislative accomplishments include successful deregulation of the nation's airline industry, the passing of major environmental legislation to protect the environment and instigate cleanup of hazardous waste sites, the revamping of the civil service, and the creation of the Department of Education.

Carter was given little credit for the administration's accomplishments, but gained a reputation for political ineptitude. He did not like to bargain and was portrayed by the media as both sanctimonious and arrogant, or as utterly incompetent. Carter was impersonal with reporters who mocked his moralistic attitudes and portrayed him as a cynical and manipulative politician. Though Carter was not physically clumsy like Ford, his media appearances frequently eroded his public image and added to his inability to control the Democratic majority in Congress and to rally the support of the general public.

One of the most far-reaching blunders was Carter's "malaise speech," which he delivered on July 15, 1979. He castigated American citizens for their extravagance as consumers and evoked the image of a nation plunged into crisis by the excesses of affluence, even though most of the nation had grown anxious about their purchasing power in the wake of the second major energy crisis of the 1970s.

FOREIGN POLICY

Carter believed in the rule of law in international affairs and in the principle of self-determination for all people. He also believed that American power should be exercised sparingly and he hoped that relations with the Soviet Union would continue to improve and relax Cold War tensions. Human rights were the main tenet of the administration's foreign policy, demonstrating the full extent of Carter's idealism. He frequently criticized foreign nations for violating human rights and attempted to link economic and military cooperation with the country's commitment to the American ideals of freedom and equality.

The Middle East policy and the ratification of the Panama Canal Treaty were two success stories of Carter's diplomacy. Carter invited Egyptian president Anwar el-Sadat and Israeli Prime Minister Menachem Begin to Camp David in September 1978, where, after two weeks of intense negotiations, the deal was brokered for a peace treaty between Israel and Egypt that was eventually signed in March 26, 1979. Though the Camp David Accords were never fully executed, the agreements provided a framework for settling the problem of the occupied territories and helped to temporarily reverse the president's downward spiral in popularity.

The Iranian hostage crisis was the most difficult problem of the Carter presidency and sealed the president's reelection hopes. In the wake of the overthrow of U.S.-supported Mohammad Reza Shah Pahlavi by the Ayatollah Ruhollah Khomeini in November 1979, the militants seized the U.S. embassy in Teheran, taking 60 American hostages. The failed attempt of April 1980 to rescue the hostages, and an inability to resolve the hostage crisis through negotiations for over a year, paralyzed Jimmy Carter as a leader and tainted his presidency. Ironically, the Iranians released the hostages in January 20, 1981, once Ronald Reagan was sworn in, and after Reagan promised to unfreeze the Iranian assets in the United States.

AFTER THE PRESIDENCY

Though challenged from within his party by Senator Edward Kennedy of Massachusetts, Carter won the nomination of the Democratic Party for president in 1980. He subsequently lost the election to Republican Reagan by nearly 10 percent of the popular vote and by 440 electoral college votes.

Carter continued actively promoting human rights in the years after he left office, and in 2002 he was awarded the Nobel Peace Price for "his decades of untiring effort to find peaceful solutions to international conflicts, to advance democracy and human rights, and to promote economic and social development." Carter is much more highly regarded today than when he lost

the reelection. His exemplary postpresidency includes mediation in disputes between nations, untiring leadership in the protection of human rights and democracy around the world, and seeking to eradicate hunger, malnutrition, and homelessness through the work of the Carter Center and Habitat for Humanity.

SEE ALSO: Carter Center; Democratic Party; Ford, Gerald (Administration); Human Rights and Poverty; Inflation; Minimum Wage; Moral Poverty; Reagan, Ronald (Administration); United States.

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Catholic Campaign for Human Development

THE CATHOLIC CAMPAIGN for Human Development (CCHD), a program administered by the United States Conference of Catholic Bishops, attempts to address the root causes of poverty among Americans. It is among the largest privately funded, self-help initiatives aiding the poor in the United States. Founded in 1970, the Campaign for Human Development has attempted to move beyond traditional forms of charity by promoting and supporting community organizations that

offer opportunities for men, women, and families to break free from poverty. In the wake of a heightened interest in humanitarianism brought on by President Lyndon B. Johnson's Great Society initiatives, the U.S. Catholic bishops began their own social justice program to aid minority groups and the poor in gaining economic strength and political power while educating Catholics about the need to be in solidarity with the poor.

The campaign is funded primarily from the contributions of Catholics in the United States, obtained through a special collection at churches throughout the United States each November before Thanksgiving. In the 30-plus years of the campaign, American Catholics have donated hundreds of millions of dollars. Of the money collected, 25 percent is retained by individual dioceses to be used at the local level. The remaining funds are allocated for individual projects in communities throughout the country. A committee of 15 that includes eight Catholic bishops and seven other members determines the policies and funding decisions of the campaign.

Though the funds allocated by the initiative are derived from private sources, the campaign's work has been scrutinized. Some detractors have argued that the charity practiced by the campaign is politically motivated. The CCHD has been criticized for siding with the aims of the Democratic Party in the U.S., while others charge that organizations supported by the campaign are frequently apathetic, if not hostile, to the Catholic Church, advancing contrary positions on abortion and euthanasia. In 1998, at the request of the United States bishops, the word *Catholic* was added to the organization's name and guidelines for funding were enacted to more closely adhere to the Catholic Church's teaching on social issues.

Some 4,000 local projects have received financial support from the Catholic Campaign for Human Development during its history. While direct aid to the poor is not provided from CCHD funds, local initiatives include job creation and vocational training, neighborhood improvement, and programs for students and young children.

To be eligible for funding from the campaign, initiatives must aim to attack the root causes of poverty; the beneficiaries of the initiative must be from low-income communities; and those who plan and implement the initiative must be poor themselves. A secondary aim of the campaign is to offer initiatives that educate Americans about poverty and its causes. A recent educational initiative, Poverty USA, raises awareness of the extent

of poverty in the United States and what citizens can do to curb its impact.

SEE ALSO: Catholic Church; Islam and Poverty; Johnson, Lyndon (Administration); Protestant Churches; Religion; United States.

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Catholic Church

THE CATHOLIC CHURCH'S teachings and activities about poverty reflect the church's own view of itself as an institution with a dual nature: an institution that is "in the world, but not of the world." This dual view of itself and its mission leads the Catholic Church to hold two views of poverty that, if not actually in conflict, are in tension with each other.

On one hand, the church teaches that this world is our preparation for the next, and that material poverty is a less serious problem than spiritual poverty: "Before all else, man must be concerned about his soul; gaining the whole world is not the purpose of this life," as stated by the Pontifical Council in 2005. In this, the church affirms Jesus' Gospel admonition through Matthew: "Lay not up treasures for yourself on earth, where moth and rust doth corrupt and where thieves break through and steal; But lay up for yourselves treasures in Heaven, where neither moth nor rust doth corrupt, and where thieves do not break through nor steal; For where your treasure is, there will your heart be, also."

On the other hand, the church teaches that all human beings have a duty to help those who are in material poverty. According to St. Gregory the Great, who served as pope from 590 to 604, "When we attend to the needs of those in want, we give them what is theirs, not ours. More than performing works of mercy, we are

paying a debt of justice." The Catechism of the Catholic Church (a document used to teach the church's doctrines to its lay members) affirms that "giving alms to the poor is one of the chief witnesses to fraternal charity; it is also a work of justice pleasing to God." The Catechism goes on to admit that the church and its members have not always carried out these duties perfectly: "The church, since her origin and in spite of the failings of many of her members, has not ceased to labor for [the poor's] relief, defence, and liberation through numerous works of charity which remain indispensable always and everywhere."

CHURCH ACTIVITIES AGAINST POVERTY

Because of the church's dual mission, its antipoverty activities have been both material and hortatory. On the material side, the church has founded and managed many charitable programs around the world, often serving as an intermediary for donations from its parishioners to the poor. Many orders (organizations) of priests and nuns throughout history have devoted themselves to aiding the poor by providing them with food, shelter, money, and spiritual guidance.

Usually members of these orders take vows of personal poverty, renouncing worldly goods for themselves so that they can focus their resources on helping the needy. If such vows have at times been followed imperfectly, the church would say it was a foreseeable result of imperfections in human nature: imperfections shared no less by the clergy than by the lay population. That we cannot perform these tasks flawlessly does not release us from the obligation of doing what we can.

On the hortatory side, the church has preached about the importance of helping the poor. It has preached not only to its own members, but also to people of all faiths around the world, as well as to governments, international organizations, local businesses, and global corporations. The impact of these efforts cannot be measured, but in the long run it is probably significant. As the economist John Maynard Keynes remarked in a different context, ideas "are more powerful than is commonly understood. Indeed, the world is ruled by little else.... The power of vested interests is greatly exaggerated compared with the gradual encroachment of ideas."

SOCIAL AND PERSONAL DUTIES TO THE POOR

One of the earliest sources of the church's view of social and personal duties to the poor is in the Hebrew Bible, which Christianity shares with Judaism and Islam, but sometimes interprets in different ways. In the Book of Deuteronomy (derived from the book's Greek title and meaning "second law," though the book's Hebrew title is *Devarim*, meaning "words," and is derived from the first sentence in the book), Moses told the Israelites, "If there is among you a poor man, one of your brethren ... you shall not harden your heart or shut your hand against your poor brother, but you shall open your hand to him, and lend him sufficient for his need."

The church harbors no illusions that poverty can be eliminated once and for all.

The Catholic Catechism expresses the same view even more strongly: "It is by what they have done for the poor that Jesus Christ will recognize his chosen ones." In the European Middle Ages—from the fall of Rome in 410 to the Renaissance in the 15th century—this view spurred wealthy people to give alms to the poor in hope that the prayers of the poor would secure forgiveness of their sins and admittance into heaven.

At the same time, the church harbors no illusions that poverty can be eliminated once and for all. First, beyond the most abject inability to secure food and shelter, poverty is relative: in any society, those people who have the least are poor. Most poor people in developed Western countries of the 21st century are better off than most wealthy people in medieval Europe.

Second, poverty—real, not relative poverty—still seems to be an intractable feature of a world in which wealth naturally flows most easily to those who already have it, as described in the *Catechism*: "Christian realism, while appreciating on one hand the praiseworthy efforts being made to defeat poverty, is cautious [about] the illusion that it is possible to eliminate the problem of poverty completely from this world. This will happen only on Christ's return.... In the meantime, the poor remain entrusted to us and it is this responsibility upon which we shall be judged at the end of time."

The church applies its thinking not merely to relations within society but to international relations as well. It opposes protectionist policies that further impoverish poorer countries by restricting trade in their goods. Paul VI espouses this idea in *Populorum Progressio*, published in 1967; as does John Paul II, in his *Encyclical Letter Sollicitudo Rei Socialis*, published in 1988. The Catholic Church holds that trade should promote

the common good, combined with "attention to the rights and needs of the poor in policies concerning trade and international cooperation."

HISTORY OF CHURCH WORK

From early in its history, and even earlier, Christianity and the teachings of Jesus appealed to the poor and powerless in society. In the Roman Empire, Christians were persecuted until the emperor Constantine made Christianity the state religion. In 360, Constantine's successor Julian ("the Apostate") tried to restore the empire's pagan religion and stamp out Christianity. His attempt failed, at least in part because of the church's untiring efforts to help the poor, which are described by T. Bokenkotter: "One of the most potent reasons for the appeal of the church to the masses was its magnificent system of charity, which aroused the admiration even of Julian the Apostate. Eventually, it broadened out to include a whole organism of institutions, including orphanages, hospitals, inns for travelers, foundling homes, and old-age homes—so much so that as the state became increasingly unable to cope with the immense burden of social distress brought about by the barbarian invasions of the fourth and fifth centuries, it relied more and more on the church."

Julian's successors gave official authority over poor relief and social welfare to the bishop of Rome (the pope), who ate his meals with the poor every day. Church law also required bishops to spend a portion of their region's revenues on help for the poor. Usually, they did this by founding a *hospitium*, which means a home for the poor.

In the Middle Ages, the collapse of the Roman Empire left a void of public services (and of the educated bureaucracy that was needed to deliver them). The church stepped into the breach. It continued and expanded its historic programs of poor relief, all centered on its hospitals (descendants of the *hospitia* of Roman times), which both cared for the sick and sheltered the poor. In England in the 14th century, for example, there were 17 hospitals in London and 18 in York.

One of the important aspects of the church's work was the formation of clerical orders dedicated to helping the poor. One of these orders, the Franciscans, was founded by St. Francis of Assisi (1181–1226), an Italian priest. St. Francis also founded a similar order for women, the Order of St. Clare. St. Francis and his followers took personal vows of poverty and devoted all their possessions to helping the poor with food, housing, and, of course, religious instruction.

The seriousness with which members of Catholic orders took their commitment to the poor is shown by a vignette from the life of St. Francis as told by Bonaventure, a 13th-century theologian. Even if the story is apocryphal, it shows how the priestly orders aspired to behave: "Once it happened that one of the friars responded gruffly to a beggar who had asked for an alms at an inconvenient time. When [St. Francis] heard this, he ordered the friar to strip himself, cast himself at the beggar's feet, confess his guilt, and beg for his prayers and forgiveness. When he had done this humbly, [St. Francis] added sweetly: 'When you see a poor man, my brother, an image of the Lord and his poor mother is being placed before you.'"

The church continues its help for the poor via material and spiritual ministry.

At the time of the Industrial Revolution in the late 18th and early 19th centuries, the church was uncertain what position it should take about factory working conditions, slum overcrowding, and the subsistence wages received by workers. Several leaders of the church urged that it take an active role in trying to make the system more humane, such as through legislation to limit work hours, permit rest days, inspect factories for safety, and discourage labor by women and children. However, as related by Bokenkotter, "Catholics had to take cognizance of the exceptional gravity of the social problems and the need to talk no longer of the poor but of poverty and to undertake collective action for reform rather than trusting to individual charity. Secondly, there had to be a sufficiently optimistic attitude toward the future."

The church vacillated on the issue until finally taking a strong stand in the 1870s, led by the English Bishop Henry Manning. Manning was an advocate of workers' rights who in 1874 gave a lecture on "the rights and dignity of labor" wherein he denounced child labor, defended the right of workers to form unions, and suggested legal limits on working hours. He worked with the British government on those issues as well as on a commission to make better housing available to the poor.

From the 19th through the 21st centuries, the Catholic Church continued its help for the poor via material and spiritual ministry. In the 20th century, the church became more involved in campaigns for economic justice in both Western societies and poor coun-

tries of the world. The church worked through the religious orders, such as the Franciscans; through national Catholic charities in each country of the world; and administered some aid directly from the Vatican.

In the United States, the national organization for poor relief is called Catholic Charities USA, and is fairly similar to its corresponding organizations in other countries. It manages a network of local Catholic charitable groups across the United States. These local groups administer relief for the long-term poor and homeless by the distribution of food, money, housing, and spiritual advice. They also help victims of personal misfortune and natural disasters, such as hurricanes. About two-thirds of Catholic Charities USA's 2005 budget of \$2.69 billion came from grants and contracts with local, state, and federal government agencies to provide poor relief, daycare, welfare-to-work programs, and other services. Another 14 percent came from the church and from individual donors. In 2005, the organization employed 51,000 paid staff members and had 175,000 volunteers for its relief programs.

SEE ALSO: Catholic Campaign for Human Development; Christian Antipoverty Campaigns; Francis of Assisi; Mendicant Orders; Missionaries; Religion; Western Monasticism.

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CDF Black Community Crusade for Children

THE BLACK COMMUNITY Crusade for Children (BCCC) is an initiative of the Children's Defense Fund (CDF), which is a nonpartisan, not-for-profit organization aimed at providing a head start for all American

children and the creation of generations of young people able to achieve political and personal freedom.

As part of the CDF, the BCCC was created to "weave and reweave the rich fabric of community that historically has been the cornerstone of the healthy development of black children. Tap into and strengthen the strong black community tradition of self-help. Rebuild the bridges between generations and between the black middle class and poor. Assist and galvanize current black leadership around specific goals for children. Identify, train, nurture, link, and empower a new generation of effective black servant-leaders younger than 30." There has been concern that breakdown of relations between generations and classes in the African-American community has contributed to increased inequality and social problems.

BCCC programs include the Student Leadership Network for Children, the Ella Barker Child Policy Training Institute, and the CDF Freedom Schools. One of these schools is the CDF Haley Farm program, which features community building; spiritual, character, and leadership development; intergenerational mentoring; interracial and interethnic communication; interdisciplinary networking, and training.

The activities held to further BCCC objectives include community building; spiritual, character, and leadership development; intergenerational mentoring; interracial and interethnic communication; interdisciplinary networking; and training. The Social Leadership Network for Children is a partnership of college interns and faculties that helps operate the CDF's Ella Baker Child Policy Training Institute and the CDF's Freedom Schools.

These are aimed at producing generations of young people willing and able to celebrate academic and societal achievements and to work toward the continued need for the emancipation of black people from poverty and discrimination. It is connected on several levels with faith-based organizations, more especially as many preachers articulate the link between faith and the need for social justice and equality.

One of the focal points of this collaboration is the Annual Samuel DeWitt Proctor Training Institute for Child Advocacy Ministry, which is due to meet for the 12th year in July 2006. Morning devotions and periods of meditation and prayer will be mixed with more practical workshops, training sessions, and information exchange aimed at revivifying advocates and activists who may have found their enthusiasm waning as a result of constant opposition and the relentless stream of evidence of increasing inequality in American society. The

BCCC offices are located in Washington, D.C., and also in Jackson, Mississippi.

SEE ALSO: African Americans and Poverty; Children's Defense Fund; Children and Poverty; Racial Discrimination.

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Center for Community Change

THE CENTER FOR COMMUNITY Change (CCC) is an organization that was established in 1968 as a result of ideas prevalent in the 1960s, which featured social change led by community involvement in the United States. The CCC works, therefore, to establish and develop community organizations nationwide that can raise awareness of all issues related to poverty and affecting community affairs to national attention and government action. Original partners influential in its formation include the Robert F. Kennedy Memorial Fund, the Ford Foundation, and the leaders of the United Auto Workers.

The CCC has provided expert advice and organizational capability on a wide range of issues, such as income support and job creation, affordable public housing, economic development, transportation, hunger and malnutrition, and immigrant rights. It has endeavored to be active in both rural and urban areas, as well as in all areas, and takes special care to represent as many different ethnic groups as possible. Its actions have been instrumental in creating initiatives such as the food stamps program, the Community Reinvestment Act, and the incubation of organizations such as the Coalition on Human Needs, the Workforce Alliance, the Environmental Support Center, and the National Campaign for Jobs and Income Support.

The National Campaign for Jobs and Income Support was an initiative of the CCC that, from 1999 to 2002, united organizations from more than 40 American states in the hope of achieving a refundable child tax credit and the restoration of food stamp eligibility

for many immigrant households. More than 1,000 grassroots organizations were involved, including low-income, women's, immigrant, and faith-based groups. They were united in the wish to bring poverty and economic inequality back onto the national agenda and forging a powerful alliance that, working together, could achieve far more than individual voices could manage. The work has been succeeded by the California Partnership, which unites more than 70 community-based organizations in that state and aims at stimulating decent job creation.

Other areas in which the CCC is active currently include community voting, education, the federal budget, welfare reform, immigration, and transportation. The Native American Project recognizes a group of people often left out of social development and aims at developing at the grassroots level leadership, organizational capability, and ability to effect social change among communities. It works with established groups such as the Affiliated Tribes of the Northwest, the American Indian Housing and Community Development Corporation, the Southern Californian Indian Center, and the Teton Coalition. The Voices for Change Project is a listenhancement program that uses modern information technology to help link together like-minded community organizations so that their voices increase in strength.

A wide range of institutional donors supports the CCC. Executive Director Deepak Bhargava calls upon several dozen specialists and community organizers. The CCC is an example of the communitarian aspect of American society, which encourages individuals to join societies and associations at the local level, and enhances the power of these to cause desirable social change regionally and nationally through enhancing their effectiveness by networking, partnership, and organizational development.

SEE ALSO: Antipoverty Organizations; Community-Based Antipoverty Programs; Nongovernmental Organizations.

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Center for Democratic Renewal

THE CENTER FOR DEMOCRATIC Renewal (CDR) is a multiracial organization that is intended to advance a vision of a democratic, diverse, and just society that is free from racism and bigotry. It was established in 1979 as the Anti-Klan Network, which united more than 60 smaller organizations in the struggle against resurgent racist violence in the United States. Its founders were the Reverend C.T. Vivian and southern rights activist Anne Braden. The CDR works closely with a wide range of civil and religious organizations in collecting data and publishing and promoting reports aimed at combating racism, bigotry, and white supremacy. Central to this effort has been When Hate Groups Come to Town: A Manual of Effective Community Responses, which documents practical steps that can be taken to resist racists. The CDR is based in Atlanta, Georgia.

Recent projects pursued by the CDR include an initiative to enable released felons to be eligible to vote and continued efforts to combat the burning of African-American churches. Inevitably, people with various types of political motivation have sought to besmirch the reputation of the CDR, claiming that its research has been falsified, is itself politically motivated, and is even a hoax. Nevertheless, the arson attacks on African-American churches continue and so too do attempts by white supremacists to instigate racial hatred. The debate as to where acceptable political beliefs shade into unacceptable bigotry is still being contested.

In the wake of the 2001 terrorist attacks, new controls have been introduced to regulate movement of people into and within the United States. This includes the National Security Entry-Exit Registration System. The CDR has opposed this scheme and argued, "This program is another in a series of moves to criminalize immigrants, particularly those from Muslim countries, and to promote a climate of fear, division, and repression during the United States' perpetual 'war on terror.' This system, used in conjunction with a soon to be broadened USA-Patriot Act, is leading to what many are calling a 'new totalitarianism.'"

In the political climate on the United States under the George W. Bush administration, this form of campaigning is maligned as unpatriotic and unacceptable. As the locus of acceptable political debate has been moved to the right, therefore, social campaigners such as the CDR have found itself recategorized in much of the mainstream media as extremists. Nevertheless the CDR continues to promote research and advocacy concerned with such issues as anti-immigrant vigilantism and the need to broaden and strengthen antihate crime legislation, and monitors far right white supremacist and neoconfederate activity.

SEE ALSO: African Americans and Poverty; Antidiscrimination; Crime; Immigration; Racial Discrimination.

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Center for Education Policy

THE CENTER FOR EDUCATION Policy (CEP) was founded in 1995 by John F. (Jack) Jennings; it is a national nonprofit independent organization, an advocate for public education and improving public schools. It is a division of the SRI (Stanford Research Institute) and has offices in California and Washington, D.C. CEP receives its funds predominantly from charitable foundations.

SRI's Center for Education Policy works on several projects: standards-based school reform that aims to increase student achievement through creating a set of stable expectations for what students need to know and be able to do, combined with professional development and curriculum initiatives to help the students to reach the standards; teacher development, which involves preparation, induction, and continuing support of teachers, with an emphasis on which policies lead to a guarantee of good teachers; math, science, and technology, which involves evaluations and studies on mathematics and science education since the 1980s; as well as studies on technology integration in the classrooms.

Other projects include school choice, which reflects the national debate on public versus charter schools, and literacy and lifelong learning, which stresses that the technology and the new information age create incentives for further education for all ages to acquire high-level language and literacy skills. Within that issue SRI's Center for Education Policy also explores issues of adult literacy and English for speakers of other languages.

To achieve its objective of improving public learning institutions, the center engages in research and evaluations on the design, implementation, and impact of a variety of educational programs. SRI's Center for Education Policy works closely with SRI's Center for Education and Human Services on programs that affect children and youth, as well as SRI's Center for Technology in Learning on issues related to the use of educational technology to improve educational practice.

Most of the work involves multiple methods, such as surveys, case studies, expert panel reviews, and focus groups. SRI's Center for Education Policy conducts work for federal agencies, state departments of education, local school districts, private foundations, and nonprofit groups. It serves as a link with educators and the public on the pertinent issues in education improvement, as a discussion forum for educators and policymakers, and as a think tank for policy initiatives. SRI's Center for Education Policy organizes meetings and presentations; conducts studies through surveys, panel reviews, and focus groups; and publishes reports and newsletters on a variety of topics, such as democracy and public schools, education and jobs, No Child Left Behind Act, testing, and improving public schools.

SEE ALSO: Education; Nongovernmental Organizations; Technology; United States.

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Center for Law and Social Policy

THE CENTER FOR Law and Social Policy (CLASP) is a Washington, D.C.-based organization that advocates for the poor and less fortunate of American society. CLASP was founded in 1968 as a public-interest law firm by a group of attorneys with the support of the late U.S. Supreme Court Justice Arthur J. Goldberg. For its first 14 years, CLASP concentrated on a variety

of legal issues affecting such areas as the rights of women, mental health, human rights, healthcare for the disadvantaged, and the environment. CLASP also served as an incubator for organizations such as the National Women's Law Center, whose stated mission is "to protect and advance the progress of women and girls at work, in school, and in virtually every aspect of their lives," and the Bazelon Center on Mental Health Law, whose stated mission is "to protect and advance the rights of adults and children who have mental disabilities." In 1981, CLASP's board of trustees decided to focus the mission of the organization on those issues particularly pertinent to the poor and less advantaged.

CLASP is involved in public policy research on approximately 10 issues directly related to poverty and the disadvantaged. CLASP analyzes proposed legislation and regulations that may directly impact the poor, children, and others and provides testimony, legal services, and policy on these issues. For example, CLASP is one of very few organizations that deal with the issue of prisoner reentry into society. A disproportionate percentage of prison inmates are people of color, who often go to prison poor and leave prison poor, with few positive opportunities.

As a result, poverty, homelessness, and recidivism rates for ex-convicts are extremely high. CLASP, in partnership with Community Legal Services, Inc., of Philadelphia, Pennsylvania, provides information on this important issue, as well as making suggestions for policies and solutions to assist decision-makers in finding positive ways to reintegrate ex-convicts into communities and families, while providing positive opportunities to reduce poverty and recidivism.

CLASP has taken an advocacy role in proposing that state and federal laws be changed such that garnished payments are passed directly to the custodial parent for the care of the children, rather than to state coffers. Related to this is CLASP advocacy against federal budget cuts to foster-care programs, which would make it harder to place abused and neglected children in the care of relatives such as grandparents, aunts, and uncles. While the authors of such legislation may be well-meaning in their intent, removing children from the familial sphere may under some circumstances have long-term consequences.

SEE ALSO: Nongovernmental Organizations; Poverty Laws; Poverty Lawyers.

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Center for the Study of Urban Poverty

PROFESSORS MELVIN OLIVER and Jim Johnson established the Center for the Study of Urban Poverty (CSUP) at the University of California in 1989. It exists to conduct research into issues relating to urban poverty and to strengthen capacity for future research and understanding by training undergraduate and graduate students, while supporting junior faculty members. Research has given rise to reports and publications and has fostered policy formulation and advocacy. The CSUP has established a reputation for creating and nurturing relationships with government agencies and other partners to create better researchers and social service providers.

The CSUP's research agenda focuses on three broad areas: poverty in Los Angeles, the working poor and transition to work, and disadvantaged low-skill workers. The location of the CSUP, in Los Angeles, means that it is placed in an environment in which large numbers of Latin American, Asian, and African immigrants first come to the United States, and the city offers numerous low-wage, low-skill jobs in both the formal and informal service sectors. As a result, Los Angeles offers an unusually interesting opportunity to study the dynamics of transitions into a large, complex, and flexible labor market. The lessons learned have wide application throughout the United States.

Research projects have included the Immigrants Organization Survey, which united the research efforts of four universities to study the creation and operation of formal and informal migrant organizations. These organizations can help new arrivals to integrate into society and, in particular, the labor market, as well as to maintain transnational links with their origin countries to provide information and resources to possible future arrivals.

The Geographic Skills Mismatch and Racial Differences in Search and Employment project considered the implications of racial housing segregation and job

decentralization in many large North American cities. These factors often lead to areas of high unemployment in low-skilled ethnically alike areas as, for example, those of African Americans whose search strategies for work may be improved.

Other projects have considered barriers, potential barriers, and perceived barriers to entry into employment. Employer Demand for Ex-Offenders in Los Angeles and Perceived Criminality, Criminal Background Checks and the Racial Hiring and Practices of Employers were both projects investigating the attitudes of employers toward various groups of people who have experienced difficulty in obtaining employment.

Publications include working papers, research reports, poverty report cards, and policy briefs. Abel Valenzuela, Jr., has headed the CSUP since July 2001. Its importance lies not just in its research and policy formulation but also in helping to educate the public about the importance and role of migrant and low-skilled workers to the economy as a whole, and the problems that these people face.

SEE ALSO: Crime; Employment; Immigration; Racial Discrimination.

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JOHN WALSH SHINAWATRA UNIVERSITY

Center on Budget and Policies Priorities

THE CENTER ON BUDGET and Policies Priorities (CBPP) is a nonpartisan research organization in the United States that was established in 1981 to identify federal budget priorities, particularly with respect to lower-income American families. The CBPP's brief has expanded considerably since that time, and its members now conduct research into a wide range of areas, at state and federal levels, as well as the interactions between the two levels of government. Research areas include pension reform, Social Security reform, Medicaid, food

stamps, low-income housing programs, and low-income tax credits. The CBPP has attracted many plaudits for the quality of its research and its preference for honest and open analysis rather than political posturing. The CBPP's board of directors and researchers are drawn from academic and nongovernmental organizations (NGOs) or research institution backgrounds and are united by their research interests. The CBPP is registered as a nonprofit-making, nonpartisan organization and is constituted as a charitable foundation.

Institutions are subject to criticism when their analysis challenges governmental policy.

Additional activities that the CBPP pursues include outreach programs and information dissemination. For example, more than 6,000 NGOs and governmental agencies participate in the center's Earned-Income Tax Credit (EITC) campaign, while the Start Healthy, Stay Healthy campaign links numerous health service providers, users, and advocacy groups in the hope of identifying more eligible recipients of free or low-cost health insurance programs. Working at both the state and the federal level, the CBPP focuses on accurate and timely analysis of specific budgeting policies and their likely outcomes. This is intended to strengthen states' abilities to create and transact prudent fiscal policies. Clearly, extensive tax cuts and excessive budget deficits are not viewed as being prudent.

Inevitably, given the polarized nature of American politics in the 21st century, all institutions are subject to criticism when their analysis challenges or contests governmental policy, especially in areas that are divisive and controversial, such as tax cuts, as well as correcting inaccuracies in analysis or reporting by other bodies. Since the center is concerned with the impact of policy changes on the poor and on issues of equity, it is widely portrayed as being a leftward-leaning organization, although the same can be (and is) also said of religious institutions that also have very conservative social agendas.

Recent CBPP policy briefs have featured, among many other issues, the failures of President George W. Bush's long-term Social Security plan, the economic problems inherent in substantial long-term budget deficits, consideration of medical insurance programs, and the need for supplementary social welfare for people in vulnerable groups. This has led its political opponents to criticize its research output and characterize the

group as a partisan lobbying organization. The center has described itself as fiscally conservative and with an interest in promoting policies to support low-income workers.

SEE ALSO: Bush, George W. (Administration); Earned Income Tax Credit; Healthcare; Nongovernmental Organizations; Social Security.

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John Walsh Shinawatra University

Center on Hunger and Poverty

THE CENTER ON HUNGER and Poverty (CHP) is part of the Institute on Assets and Social Policy (IASP) at the Heller School for Social Policy and Management at Brandeis University, located in Waltham, Massachusetts. The CHP developed from the Physician Task Force on Hunger in America, which, based at Harvard University under Dr. Larry J. Brown, was responsible for field trips and reporting across the country concerning the issue of hunger, which was of growing importance during the 1980s. The reports concerned not just hunger but its root causes, poverty, and economic inequality. It moved from Tufts University to its current home at Brandeis University in 2000.

The CHP has graduated from working through the Asset Development Institute and the Food Security Institute through a variety of special products. As an independent entity, it is able to employ greater focus and awareness of its aims, enabling it to compete better for research grants and attracting top-level research staff.

As part of the IASP, the CHP has focused on research in the following areas: "domestic hunger, including its dimensions, health, and nutritional consequences, and policy responses over time; hunger and food insecurity prevalence at the national, state, and local levels; promotion and expansion of the child nutrition and food stamp programs; development of nutrition education materials, specifically designed for low-income families with children; and program design and evaluation for innovative community initiatives in the hunger/nutrition field."

These objectives include a wide range of areas, from research and publication to policy formulation and advocacy, outreach, training, and development of educational materials. These activities require a wide range of skills and resources to complete satisfactorily.

Successes achieved by the CHP to date include initiating and drafting the Hunger Relief Act, preparing the National Food Security Scale and the Welfare Development Scale, being part of a network initiating and sponsoring the Mickey Leland Childhood Hunger Relief Act, conducting the "1993 Congressional Analysis: 30 Million Hungry Americans and Two Americas: Child Poverty in the U.S.," creating the Nutrition-Cognition Initiative, and being part of an initiative entitled the Medford Declaration to End Hunger in the U.S., which mobilized the leaders of more than 3,000 organizations that represent in excess of approximately 100 million members.

Special projects include Feeding Children Better, which provides resources and technical expertise to food banks across the country to improve the nutritional quality of supplies. An educational program entitled Know Hunger is designed to help students understand hunger and nutrition issues directly affecting their neighborhoods and is organized in association with the Gerda and Kurt Klein Foundation, which is a public, nonprofit organization aimed at helping young people to develop social awareness and then translate this into community service.

As one of the National Anti-Hunger Organizations, the CHP subscribes to the Blueprint to End Hunger, which recognizes that large-scale social change is necessary to end hunger in society, notwithstanding the charitable nature of many members of American society. This commitment includes the belief that "the root cause of hunger is a lack of adequate purchasing power in millions of households. When individuals and families do not have the resources to buy enough food, hunger results. As a nation we must encourage work and also assure all who work that the results of their labor will be sufficient to provide for the basic needs of their families."

In other words, the most effective method of ending hunger is to take a holistic understanding of society, which connects poverty with the responsibility of society and government to provide work for all, and work with a level of remuneration sufficient to sustain healthy and functional households.

SEE ALSO: Food for the Hungry; Food Stamps; Hunger; Nutrition.

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John Walsh Shinawatra University

Center on Urban Poverty and **Social Change**

THE CENTER ON URBAN Poverty and Social Change (CUPSC) is part of the Mandel School of Applied Social Change at Case Western Reserve University in Cleveland, Ohio. It "seeks to address the problems of persistent and concentrated urban poverty and is dedicated to understanding how social and economic changes affect low-income communities and their residents." Founded in 1988, its home city of Cleveland acts as a site for both conducting research and formulating policy, and is also a location in which community building can take place. The CUPSC focuses, that is, on action research that is designed to alter the environment it is studying.

As of 2005, two codirectors, Claudia Coulton and Sharon E. Milligan, lead a team of more than 20 staff members. Numerous partners and funding supporters have joined the CUPSC, including the Cleveland Housing Network, the Rockefeller Foundation, and the U.S. Department of Education. Activities include research and publications, education and outreach, and the CAN DO network. Funded research projects are clustered into four main areas: welfare, neighborhood change, community safety, and child and family.

Research activities focus on those in the most vulnerable categories and their experiences in the context of radical reform in the mid-1990s, as well as looking for opportunities for positive community development. Publications naturally concentrate on the CUPSC's areas of interest and are provided in a wide range of styles and formats to permit maximum appeal to a wide range of audiences. These include reports and working papers that are published to bring timely results of research findings. Methodologies and tools provide the actual survey instruments and research design plans that enable other researchers to conduct work of a sim-

ilarly high quality that may be comparative in nature. Reports specially designed to be broadly accessible to the general public include presentations and the *Briefly Stated* series.

Education and outreach activities include fellowships and assistantships, continuing education and training, and providing public speakers. Educational goals are to "prepare students for the roles as policy analysts and researchers; provide an opportunity to work directly with neighborhood residents/groups, community and political organizations in social welfare policy; have available to the center a corps of students who can undertake much of the actual data collection and data analysis (under faculty supervision); integrate the information resources and research experience of the center and its faculty into the Mandel School's curriculum whenever possible." Again, the educational function combines research with policy formulations and advocacy and action research.

CAN DO is the Cleveland Area Network on Data and Organizing. This involves the creation and maintenance of an online database of community and neighborhood statistics, including population and housing census data, economic data, crime and child maltreatment statistics, and other indicators. Neighborhood profiles are available for 36 neighborhoods in the city of Cleveland and 58 municipalities in Cuyahoga County. Researchers can use these data in their own work, and people generally can obtain up-to-date information about their home environment.

Cleveland has a high incidence of urban poverty, and this is felt particularly by women and female-headed families. More than one-quarter of all women in Cleveland live in poverty, and more than half are unmarried or have never been married, while the proportion of children born to unmarried mothers is twice the national average. Women's wages continue to lag behind men's. These factors are all interrelated in complex fashion, as researched by the CUPSC.

SEE ALSO: Community-Based Antipoverty Programs; Education; Feminization of Poverty; Poverty Research.

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John Walsh Shinawatra University

Central African Republic

IN THE LOW-INCOME, SEVERELY indebted Central African Republic, subsistence agriculture and forestry dominate the economy. Poverty is widespread, with 67 percent of the population living below the poverty line and 45 percent living in absolute poverty. Some 84 percent of the population live on less than \$2 a day. Almost a quarter of children in the country suffer from a lack of adequate nourishment. Decades of civil unrest and four coups have drained resources and hampered efforts to deal with economic problems, and basic health and education services have often been interrupted by paralyzing strikes.

Over 70 percent of Central Africans live in rural areas where resources are inadequate and healthcare is limited. Inequality is a fact of life, and the lowest 10 percent of the population receive only 0.7 percent of total income, while the richest segment possesses almost half of national income. The fragile economic situation in the Central African Republic has led to a call for international attention and aid.

The Central African Republic suffers from low life expectancy (41.01 years) and a low growth rate (1.49 percent). The median age is 18.12 years, and 42.5 percent of the population are under the age of 14. Only 55.3 percent of Central Africans can expect to see their 40th birthday, and only 3.4 percent of the population have reached 65 years of age.

Central Africans lack adequate access to potable water, basic sanitation, physicians, and lifesaving drugs, and the HIV/AIDS prevalence rate of 13.5 has created a national health crisis. Some 260,000 Central Africans are living with the disease, and 23,000 have died from the disease or its complications. Very high risks of foodand waterborne diseases such as bacterial diarrhea, hepatitis A, and typhoid fever continue to further drain the country's resources, as do malaria, polio, meningococcal meningitis, and the so-called sleeping disease.

Central African children are at significant health risk, and the infant mortality rate of 115 is unacceptably high. Between 1995 and 2000, the mortality rate for children under the age of 5 rose from 158 to 194 per 1,000 live births. Child immunization rates are declining, with only 35 percent of children between birth and 23 months receiving measles vaccinations and only 40 percent receiving DPT3 immunizations. Between 1990 and 2000, immunization rates for measles, DPT, and tuberculosis declined. Only 35 percent of all children receive oral rehydration therapy when necessary. Current estimates place the number of Central African orphans



Females in many African countries are often victimized by endemic discrimination, a significant lack of resources, and a tacit acceptance of violence. Women are more than twice as likely as men to contract HIV/AIDS.

at 110,000, in great part because of the HIV/AIDS epidemic. Children have also frequently been taken hostage during the constant political upheaval that has plagued the country.

Females in the Central African Republic are often victimized by endemic discrimination, a significant lack of resources, and a tacit acceptance of violence. Women are more than twice as likely as men to contract HIV/AIDS. Central African women continue to produce children at a rate of 4.5 children per female, and only 28 percent of all women use any form of contraception. The fertility rate of 122 per 1,000 births and the maternal mortality ratio of 1,100 per 100,000 live births are indications that the country needs to pay increased attention to reproduction health and education. Less than half (44 percent) of all Central African births are attended by trained medical staff, and barely one-fourth of rural women receive obstetrical attention.

Central African education is at a critical point, and the government has begun to develop programs and allocate resources designed to improve access to and the quality of education. While literacy rates for males have risen to 63.3 percent, less than 40 percent of Central African females are literate. Between 1990 and 2002, school attendance declined from 58 percent to 49 percent. Less than one-third of children in rural areas attend school regularly. The educational crisis has affected girls disproportionately at the primary level, but girls are now more likely than boys to attend secondary schools.

Human Development Index Rank: 171 Human Poverty Index Rank: 92

SEE ALSO: Debt; Disease and Poverty; HIV/AIDS.

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ELIZABETH PURDY, Ph.D. INDEPENDENT SCHOLAR

Chad

IN THE CENTRAL AFRICAN nation of Chad, some 80 percent of the population live below the national poverty line. Almost one-third of the total population and some 28 percent of all children are malnourished. Annual per capita income in Chad is \$210. The United Nations Human Development Report ranks Chad among the lowest countries on quality-of-life issues, but assessment of Chadian poverty is somewhat hampered by insufficient reporting of data.

From the 1960s to the 1990s, Chad was plagued by civil unrest and was invaded by neighboring Libya. Even after democratic elections were held in 1996 and 1997, power remained concentrated in the hands of an ethnic minority. The Chadian economy is dominated by agriculture, and more than 80 percent of the population are dependent on subsistence farming and livestock. The economy is expected to improve in the near future because a consortium led by two American oil companies invested \$3.7 billion to develop Chad's oil reserves, which are estimated at one billion barrels.

Chadians have a median age of 16.02 years, with approximately half of the population under the age of 14, and 2.8 percent reaching the age of 65. Life expectancy is 47.94 years, and Chadians have a 42.9 percent chance of failing to survive until their 40th birthday.

The Chadian population lacks proper access to potable water. Additional health and environmental concerns derive from the soil and water pollution that has resulted from improper waste disposal in rural areas. Lack of access to physicians, hospitals, and lifesaving drugs further threatens the population. Chad faces a 4.8 percent prevalence rate of HIV/AIDS, with 200,000 people living with the disease and 18,000 deaths attributed to the disease and its complicating factors.

Chadians also face a very high risk of contracting food- and waterborne diseases such as bacterial and protozoal diarrhea, hepatitis A, and typhoid fever. Additional health concerns include schistosomiasis, a water contact disease, and outbreaks of malaria, cholera, and meningococcal meningitis. In conjunction with the Carter Center, Guinea worm, which is also spread through infected water, was eradicated in Chad in 1998. Chad's infant mortality rate is unacceptably high at 117 deaths per every 1,000 live births, as is the mortality rate of 200 for children under the age of 5. In 2003, 61 percent of children between the ages of 12 and 36 months were immunized against measles, and 47 percent of that group received DPT immunizations. Among Chadian infants, 61 percent were immunized against measles, and 67 percent were immunized against tuberculosis. Only 36 percent of Chadian children received oral re-hydration therapy when necessary.

The fertility rate of 6.2 children among all females of childbearing age and the fertility rate for women aged 15 to 19 pose unacceptable risks to Chadian women. Only eight percent of Chadian women use contraceptives of any sort. The maternal mortality rate of 1,100 deaths per 100,000 live births is indicative of Chad's widespread poverty and its poor healthcare system. In 2003, less than 20 percent of all Chadian births were attended by trained medical staff. Chadian girls continue to be subjected to genital mutilation despite the efforts of both government and nongovernmental organizations to stop this practice.

Many parents in Chad feel that it is unnecessary to educate their daughters, so girls lag behind boys in literacy, educational levels, and overall achievement. Just over half of the male population of Chad is literate (56 percent), and only 39.3 percent of females possess this skill. Most children in Chad receive no more than five years of basic education.

Overall, school enrollment has increased from 30.2 percent in 1993 to 55.0 percent in 2001, but girls lag behind boys in enrollment rates. From 1995 to 2000, primary enrollment rates for boys rose from 59 to 79 percent, while enrollment for girls rose from 33 to 47 percent. During that same period, completion rates rose from 21 to 29 percent for males and from eight to 12 percent for females.

Human Development Index Rank: 173 Human Poverty Index Rank: 100

SEE ALSO: Child Malnutrition; Child Mortality; Children and Poverty; Libya.

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ELIZABETH PURDY, PH.D. INDEPENDENT SCHOLAR

Charity

CHARITY IS LOVE FOR fellow human beings, often expressed in a donation of goods and services to those in need. It is the spirit of active goodwill toward others, demonstrated in deeds to promote their welfare. The word *charity* is taken from the Latin word, *caritas*, or "love." Thomas Aquinas called charity the greatest of the virtues.

It has been said that the family is the oldest charitable and social welfare organization on earth. The family feeds, protects, and nurtures in a variety of ways all family members. One could say historically that two processes have been going on at once in the family, mutual aid and nurturance, and protection from outside forces. In early history, aid and protection gradually expanded to include other extended family members and other members of the tribe. This in turn accompanied the growth in cooperation in such areas as agriculture, hunting and fishing, and building. In time, charity became more structured and formalized.

All the major world religions developed teachings on proper conduct, including charity. These teachings became more structured over time. It is necessary to state this because most of the published works by authors in the West give considerably more attention to Judeo-Christian charity values and philosophies. There is more literature appearing of late on Islamic perspectives on charity, but little on Eastern religions (such as Buddhism, Confucianism, and Hinduism) and their perspective on charity.

One can find teachings on charity in the various sacred texts of Eastern religions, such as the various sayings about charity in the *Bhagawad Gita*. The act of giving a gift (*dana* in Sanskrit or *dan* in Hindi) is surely one of the more seminal characteristics of Hindu religiosity. It is a central component in the Law of Manu (dating from the 3rd century B.C.E.) and in the *Rig Veda* (dating back over 3,000 years).

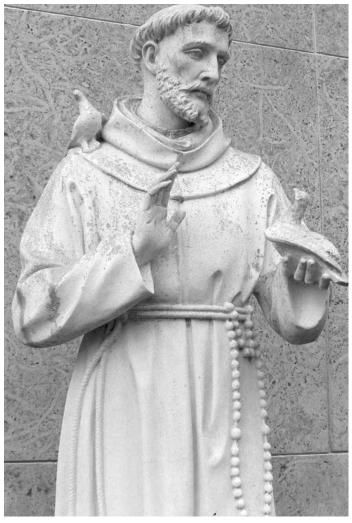
Buddhism emphasizes compassion for all living entities (humans, animals, and plants). In Buddhist thinking, charity that is done for no reward here or the hereafter is referred to as pure and unsullied, and is viewed as the best kind. The importance of compassion (metta) is a foundation stone of charity. Perhaps charity has not been structured as much in Buddhism because Buddhism has not traditionally had as strong an organizational base. Buddhists have been involved in charitable endeavors of various kinds, some of which have been modeled on Christian programs.

Confucianism treats the individual as a relational being. The person is not a detached and solitary entity, but is constantly involved in human relationships. In all relationships, both parties have obligations. For example, the father should show kindness, and provide security and education, in addition to other duties. In turn, a son should be respectful and obedient, and must show charity toward his father in old age, caring for his needs.

Jainism dates back to the 6th century B.C.E. A central teaching of Jainism is ahimsa, nonviolence to all living things. This surely influenced Mohandas Gandhi, who was not a Jain but grew up among Jains. Ahimsa can certainly be looked at in the context of a broader perspective on charity. In Jainism, charity or donation is Dana, and it should be done with compassion, with no desire for material gain, and in a spirit of self-sacrifice, and yet also should include joy in giving. Charity is of four kinds in Jainism, donation of food (Ahara-dana), donation of medicine (Ausadha-dana), donation of books or of education (Jnana-dana), and giving protection or freedom from fear (Abhaya-dana). In the Kundakunda Pancastikaya, it states that to be moved at the sight of a person in need and to offer relief to him is the "spring of virtue." In the Sutra-keit-anga, there is a similar statement that can be found in various other religious beliefs, namely, to treat all creatures in the world as one would like to be treated.

Similar statements to the above can also be found in the Bahai faith, Buddhism, Christianity, Confucianism, Hinduism, Islam, Judaism, Sikhism, Taoism, Zoroastrianism, other religious traditions, and even in Aristotle and in Greek philosophy.

One of the strongest declarations about the importance of charity can be found in Judaism. Jewish prophets like Amos, in the 8th century B.C.E., called on people to embrace charity, as did other Judaic prophets. Moses Maimonides (1135–1204) contributed notably here. The Jewish perspective on charity for ages past has emphasized justice or righteousness. In Judaism the



St. Francis of Assisi renounced wealth and founded the Franciscan order, which emphasized the love of the poor and the needy.

word *tzedakah* is employed to describe charity. *Tzedakah* does not mean love per se, but justice or righteousness. Christianity has taken the meaning of charity to be *caritas*, or love. There is an important distinction here. *Tzedakah* (which has its source in the Old Testament) turns the concept of charity into something of an entitlement. There is in Judaism a strong obligation to care for the poor. The Old Testament established rules for *tzedakah* by developing the rule of *peah*, leaving the corners of the fields unharvested, for the benefit of the poor.

Tzedakah was balanced by chesed, which is loving kindness. Charity and social welfare must ideally include both—justice on the one hand, and love on the other. St. Augustine (354–430) once stated that charity "is no substitute for justice withheld." Christianity inherited from Judaism a rich heritage of teachings in re-

spect to charity. Indeed, the very founder of Christianity was himself Jewish, Jesus of Nazareth.

Jesus called upon all to go beyond the structures of *tzedakah*, and called for a more individualized approach to caring for the poor. Catholic, Orthodox, and Protestant Christianity inherited this strong impulse to *caritas*. Thomas E. Woods, Jr., states that Catholic Christianity historically created and maintained strong social structures to ensure that charity occupied a central place. Examples abound, but a few stand out.

Medieval monasteries took their cue from St. Benedict of Nursia (480–547), the founder of the Benedictine order and the author of a monastic rule that included a strong component of charity and hospitality. St. Francis of Assisi (1181–1226) renounced wealth and founded the Franciscan order, which emphasized the love of the poor and the needy. The modern-day example of Mother Teresa (1910–97), an Albanian nun who worked among the poor and homeless in Calcutta, India, is yet another illustration of this *caritas* tradition.

She founded a religious order of nuns, the Missionaries of Charity, who are working with the poor in many parts of the world. The works of Thomas Aquinas (1225–74) and other noted figures and the papal social encyclicals provide a further backdrop. Charitable activities have been particularly in evidence with the "mainline" Protestant denominations (such as Lutheran and United Methodist). Certainly charity occupies a central place among all Christian denominations. Catholic, Orthodox, and Protestant Christianity is engaged in a vast, wide-ranging network of charitable activities worldwide.

Islam places a considerable amount of importance on the care of the poor and the needy. Zakat is a kind of alms tax, which goes to charitable activities. It is viewed more as charity by Shiite Muslims, and more as a social justice activity by the majority Sunni Muslims. In this respect, the Sunni view would come closer to the Jewish concept of tzedakah. In contrast to zakat, sadaqa is voluntary almsgiving to the needy and the poor. It is not mandatory but voluntary, and goes beyond the required zakat.

Another voluntary-sector charitable instrument in Islam is the *waqf*, a form of endowment. The Islamic concept of *umma* is important here. *Umma* means community, people, or nation, and has at times an almost ethereal quality in Islam. In this respect, *zakat* and *sadaqa* serve the needs and welfare of *umma*. Islam does not posit a "welfare state" to meet all the many needs of the poor, but assumes a strong voluntary-sector involvement, indeed an individual commitment and involve-

ment, to see this to fruition. Really, all the Abrahamic world religions (Judaism, Christianity, and Islam) would be similar in that respect.

The concept of charity has undergone considerable change over the last 150 years. The Social Gospel movement, which took root in the post-Civil War period in the United States, conjoined with Progressive-era movements to address living conditions, dislocation, and poverty. Charity was housed in a number of voluntary sector agencies like the Salvation Army throughout the early period of the 20th century. Gradually government involvement in social welfare grew, especially with the advent of the New Deal (1933–41). Increasing governmental involvement in social welfare during that period took place in a number of other countries.

The modern example of Mother Teresa is another illustration of this caritas tradition.

In some countries (such as Sweden) the involvement was so pronounced that it became known as a welfare state. Thus people who once were the recipients of charity gradually began to assume a right to social welfare benefits. The road through charity had ended up with entitlements. The view of social welfare programs as rights began to dominate over the view of social welfare as charity.

Charity is linked with the residual view of social welfare. It is not a basic, universalized, central part of the system, but is something that society does from the heart, not from the law. United Way agencies, for example, are not mandated by law to carry out charitable activities. The institutional perspective on social welfare bespeaks social welfare as more of a social right of citizens. The United States, in contrast to a number of welfare state countries, has maintained a dynamic, active, private, voluntary, nonprofit social welfare sector (many of these agencies are faith-based agencies). In that sense, it could be said that a more traditional view of charity is more in existence in the United States.

SEE ALSO: Catholic Church; Entitlement; Hinduism and Poverty; Islam and Poverty; Judaism and Poverty; Missionaries; Religion; Welfare State; Western Monasticism.

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Charity Organization Society

THE CHARITY ORGANIZATION Society started in England in 1869. It was originally designed to coordinate the work of various organizations that delivered charity and aid to the poor. It came to the United States in 1877 when a British cleric working in Canada named Samuel Humphrey Gurteens crossed the border and went to Buffalo, New York, to do welfare work. Gurteens's work coincided with the increased call for public attention to the growing seriousness of social problems in the United States.

Gurteens went to Buffalo in 1875 to serve as an assistant minister in the small parish called St. Mary's. There, he witnessed the economic devastation caused by the 1876 depression. Gurteens formed an alliance with T. Guilford Smith, a moderately successful businessman who shared Gurteens's interest in the plight of the poor. They joined forces with several other young professionals and came to the decision that the British working in the charity organization held the key to solving poverty. Gurteens traveled to England where he studied these organizations and then refined their methods and changed their approach to fit the situation in Buffalo.

Gurteens traveled the city preaching his brand of poverty reform, detailing his answers in "the phases of poverty," his response to the call for a comprehensive welfare reform program. The Buffalo Charity Organization Society, which opened in 1877, copied the British model, and had almost instant success. It served as a role model for other cities such as Baltimore, Boston, Detroit, Indianapolis, Philadelphia, and New York, dealing with staggering poverty rates. Gurteens and Smith traveled the country preaching the benefits of the Charity Organization Society. Gurteens's *Phases of Charity and Handbook of Charity Organization* served as the guidebook for those who established similar societies in their cities.

The Charity Organization Society anchored its support in what it called scientific charity. They believed that they could get rid of public charity and replace it with private philanthropy by coordinating relief. The Charity Organization Society emphasized seven fundamental ideas. They included: individualization, community education, interagency cooperation, preventive philanthropy, personal service, repression of mendicancy, and adequacy of relief. Because of its reliance on cooperation, the Charity Organization Society was totally dependent on registration so that people would know who was getting aid and from where.

Of equal importance was the need to be nonsectarian so that the cooperative spirit could be maintained. The Charity Organization Society workers were under strict orders not to provide aid. Instead, the "friendly visitors" who staffed the Charity Organization Society offices would investigate, and then after consultation come up with a course of action. They relied on education to teach both the poor and wealthy as the best way to provide aid to the poor.

Poor people were to be taught abstinence and diligence, while the wealthy were to learn to give modestly of their means, but liberally of their time. Charity Organization Society staff conducted stringent investigations into each request for aid. The staff was made up of friendly visitors, and later, agents that were responsible for investigations and getting aid for the families. The friendly visitor was supposed to be a semipermanent part of the family, providing instruction in nutrition, employment, healthcare, and education. The Charity Organization Society evolved into the most popular welfare organization in the country until its decline in the 1930s.

SEE ALSO: Begging; Charity; Education; Mother Teresa; Poverty in History; Religion.

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Child Malnutrition

CHILD MALNUTRITION IS a global problem that exists in developing as well as industrialized countries. In developing countries, poor nutrition contributes to more than half of all childhood deaths. One in three children in Africa is underweight, while half of all children in south Asia are malnourished. Approximately five million children in these developing countries die each year from malnutrition.

Child malnutrition impacts countries well beyond the individual effect it has on the children. Inadequate consumption of food and necessary vitamins and minerals during the developing years can have irreversible effects on a child's physical and mental capacities that consequently contribute to decreased productivity of future generations and of the society as a whole.

Infectious disease is highly associated with malnutrition and can be the cause of this condition, or the result. Families in poverty very often do not have adequate healthcare and live in impoverished areas that lack proper sanitation and clean drinking water. These conditions contribute to malnutrition by creating environments that are conducive to infectious diseases. A lack of essential nutrients breaks down the body's ability to fight off disease. Children, with their immature immune systems, are highly susceptible to these diseases, especially if their bodies are already fragile from lack of nutrition.

While malnutrition often invokes images of underweight children, those who suffer from malnutrition may suffer from obesity. Obesity as a result of malnutrition is often seen in more developed countries such as the United States. The United States is one of the richest countries in the world; however, areas such as the Rio Grande Valley, Central Appalachia, and the Mississippi experience poverty rivaling countries in the developing world. Reliance on cheap food that is high in calories and low in nutrients precipitates malnutrition

in poor families in the United States, which can lead to obesity and diabetes in children.

Micronutrient deficiency and protein-energy malnutrition are the two basic types of malnutrition. Micronutrients are trace vitamins and minerals that are essential for health. Deficiencies in the micronutrients vitamin A, iron, and iodine are of great concern for poor people in developing countries. A deficiency of the micronutrient vitamin A can cause night blindness, a reduction in the body's resistance to disease, and growth retardation.

Iron deficiency is a principal cause of anemia and results in a decrease in the amount of red cells in the blood. For children, health consequences of iron deficiency anemia include infections, physical and cognitive development impairment, and elevated risk of premature death.

Iodine deficiency can have devastating effects on a child's health, even before he/she is born. Iodine deficiencies in the mother can result in permanent damage to her child by increasing the risk of congenital abnormalities such as cretinism, a grave, irreversible form of mental retardation.

Child malnutrition is a devastating problem that is also a concern in prosperous countries.

The second type of malnutrition, protein-energy malnutrition, is the most lethal form of malnutrition and results from inadequate consumption of calories and protein necessary to meet the physical requirements for an active and healthy life. This type of malnutrition affects every fourth child worldwide and is the type normally thought of when one discusses malnutrition. Infants and young children are the most susceptible to protein-energy malnutrition because of their high energy and protein needs.

The degree of malnutrition in children is normally determined by height, weight, and age of the child. Three indicators often used to assess malnutrition in children include stunting, wasting, and underweight. For a child to meet the international criteria for malnutrition, he or she must be two or more standard deviations below the international average for height (stunting) or weight (wasting and underweight).

Children who do not have adequate height for their age may meet the criteria for stunting. Stunting is the result of chronic malnutrition at a young age. Adequate nutrition is essential to support growth; consequently,

children who are lacking in nutrition do not have the ability to sustain growth and their height may be retarded as a result.

Wasting and underweight both refer to inadequate weight. Wasting is a condition in which the child's height is within the normal range for his age; however, the weight is below the expected weight for his height. Therefore, wasting compares the child's weight to her height. Conversely, the underweight indicator compares the child's weight to the average for her age. Children who are two or more standard deviations below the average weight for their age are said to be underweight.

Malnutrition is a devastating problem that ultimately impacts everyone. While children in developing countries are at great risk of suffering malnutrition, it is also a concern in more prosperous countries. The future of societies is rooted in their children. Strong, healthy children create strong, healthy future generations.

SEE ALSO: Child Mortality; Children and Poverty; Disease and Poverty; Malnutrition; Nutrition.

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Child Mortality

WHILE THE TERMS child mortality and infant mortality are often used interchangeably, technically they are not the same thing. Infant mortality refers to the incidence of death among infants in their first year of life, whereas child mortality also refers to deaths of older children. Demographers define the infant mortality rate as the annual number of deaths among infants less than a year old per 1,000 births, whereas the child mortality rate usually refers to deaths prior to the fifth birthday.

It is useful to draw a distinction between the two types of rates as the likelihood of death is not nearly as high among children as it is among infants. Both of these agespecific mortality rates are widely considered among the most valuable indicators of societal development.

The risk of dying during the first few years of life has varied dramatically across societies and over time. For example, throughout most of human history, child mortality was almost universally high. Reasonable estimates indicate that about 30 percent of all births in premodern societies would have died in infancy. With the epidemiological transition of the 19th and 20th centuries, mortality declined dramatically, such that the vast majority of births in most societies now survive to adulthood. Yet there are important exceptions to this general rule, as high rates of death and disease continue to characterize the young in many parts of the world.

As an example of high child mortality, the United Nations has estimated for sub-Saharan Africa that overall, about 17 percent of all births in 2003 are not expected to survive to their fifth birthday. The situation is even worse in selected countries of equatorial Africa, as for example in Sierra Leone, where the comparable figure is about 28 percent of all births. While poverty is closely linked with high mortality, a variety of other interrelated factors are also important, including the relative success of public health initiatives, improvements in sanitation systems, water quality, the availability of modern medicines, antibiotics, vaccines, and the control of communicable diseases. The extraordinarily high child mortality that characterized Sierra Leone occurred in an already impoverished country that encountered drought, famine, and a breakdown in social order because of a violent and prolonged civil war.

Across affluent nations in the 21st century, the risk of death in infancy has plummeted to unprecedented low levels. For example, across most Western nations, the percentage of births not surviving the first year of life hovers at about one-half of a percent (slightly above or slightly below five deaths per 1,000 births). In this low mortality context, it is really the short period of time, just before or after birth that is most dangerous for infants. For this reason, there are special measures of infant death that assist in more clearly identifying the etiology of mortality. It is possible to distinguish between neonatal mortality (which refers to deaths of infants within 28 days after birth) and postneonatal mortality (which covers deaths from 28 days to one year).

When infant mortality is very low, as is true throughout most Western nations, neonatal deaths

comprise a large proportion of all infant deaths. On the other hand, postneonatal deaths are more common in poor countries, as they are more closely linked with poverty, inadequate diet, viral and bacterial risks, as well as injuries. In rich countries, most infant deaths relate to processes associated with gestation and birth, including premature birth, low birth weight, congenital anomalies, as well as obstetrical hazards associated with delivery.

Yet this is not to say that socioeconomic class and poverty are irrelevant, as neonatal mortality is higher among mothers who are economically disadvantaged. Better care for mothers and their infants before and after birth, including regular medical consultation, can reduce the risk of neonatal deaths as well as the risk of miscarriage. Other causes of low birth weight and premature birth include inadequate diet, smoking, and drug abuse by mothers, which also varies by socioeconomic class.

In demonstrating the extent to which poverty and underdevelopment are relevant in explaining infant mortality, the United Nations has estimated that just five diseases—pneumonia, diarrhea, malaria, measles, and AIDS—account for half of all deaths to children under age 5 worldwide. Many of these deaths can be avoided through relatively low-cost prevention and treatment measures. The encouragement of breastfeeding can have a major impact on infant mortality in a context whereby sanitation and water quality are problems. The availability of antibiotics and oral rehydration can have a major impact on the risk of death among infants who suffer from diarrhea and gastroenteritis.

The widespread impact of malaria could be reduced through the use of insecticide-treated mosquito nets and appropriate medicines. In addition, a large proportion of newborns born prematurely or with low birth weight in developing nations die of conditions routinely treated in the hospitals of industrialized nations.

SEE ALSO: Alcohol and Drugs; Child Malnutrition; Children and Poverty; Disease and Poverty; Sanitation.

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Child Welfare League of America

THE CHILD WELFARE League of America (CWLA), headquartered in Washington, D.C., was founded in 1920 as a result of President Theodore Roosevelt's 1909 White House Conference on the Care of Dependent Children. The stated mission and vision of CWLA are "We are committed to engaging people everywhere in promoting the well-being of children, youth, and their families, and protecting every child from harm. We envision a future in which families, neighborhoods, communities, organizations, and governments ensure that all children and youth are provided with the resources they need to grow into healthy, contributing members of society."

CWLA serves as an advocate for children and their parents through a network of members including local organizations, corporate and philanthropic partners, nongovernmental organizations, state offices, and public agencies. Through this network, CWLA lobbies for policies that will best benefit children and their families, while opposing policies that it considers to be harmful to children and their families. An organization of member agencies rather than individual members, in 2004 CWLA was composed of 909 agencies. Also in 2004, CWLA held 197 conference workshops on various issues affecting children, engaged in 74 collaborations with national organizations and 11 local collaborations, and held 200 contracts worth a total of \$2.2 million.

One underlying value of the organization is that it concentrates on applying research to practice. That is, CWLA conducts research, often in partnership with public agencies or other organizations, for the purpose of applying what is learned to improving the lives of children and their families. For example, in June 2005, CWLA held a national conference in Miami Beach, Florida, on best practices for dealing with juvenile delinquency. At that conference, the opening session

dealt with a collaborative effort between CWLA and the Seattle-King County, Washington, juvenile court system to improve the outcomes for children petitioned to that court for a variety of reasons. In addition, all of the conference presentations dealt with successful child advocacy programs, such as an in-school gang delinquency prevention program in Racine, Wisconsin, and a young prostitute rescue program in Boston, Massachusetts. CWLA learns from both positive and negative program outcomes, and helps communities and agencies put the positive into practice.

Through its National Center for Program Leader-ship (NCPL), CWLA advocates in at least 20 areas important to children and their families, such as adoption, child mental health, foster care, teenaged pregnancy, HIV/AIDS, and homelessness.

SEE ALSO: ChildLine; Children and Poverty; Children's Aid Society; Disease and Poverty; Nongovernmental Organizations.

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ChildLine

CHILDLINE IS the United Kingdom's free, 24-hour help line for children in distress or danger. The help line provides a counseling service to comfort, advise, and protect children and young people who may feel they have nowhere else to turn. ChildLine began in 1986, shortly after a television consumer program invited individuals to respond to a survey it was conducting on child abuse

As the program raised sensitive issues, a help line was provided for 24 hours after the program was broadcast. The help line received an overwhelming number of calls from children who wished to disclose reports of abuse and mistreatment while remaining anonymous. A national, toll-free telephone number was subsequently created and staffed by volunteers. Since its launch, ChildLine has counseled well over one million children.

One of the most common reasons why children call ChildLine is abuse. Statistics show that in Britain abuse was accounted for in the following ways: physical neglect (42 percent), physical abuse (32 percent), sexual abuse (19 percent), and emotional abuse (16 percent), with some overlap, according to B. Corby. Children suffering abuse are often threatened to remain silent or made to feel ashamed and guilty. Therefore, children and young people can be afraid to disclose their abuse for fear of what may happen to them or their family. However, ChildLine offers a service that is fully confidential and can therefore be a stepping-stone for children to begin to talk about their experiences and seek the help they need. Counselors can also give children information and advice about speaking to other adults and services, and will support them through this process.

There are a variety of reasons why perpetrators abuse children. For example, such people may have experienced abuse themselves. However, research shows that the biggest risk factor in the abuse of children is poverty, as shown by C. Becket. This is a complex issue and is not an exhaustive determinant. However, many factors contribute toward this risk. The National Research Council (1993) reported that in the United States, families who received welfare support, had single mothers, had unemployed fathers, or were living in poor neighborhoods were more likely to have children placed on a child protection register. All of these issues, and more, impact a parent's physical and mental wellbeing, especially cumulative stress.

ChildLine also received 31,000 calls in 2004 from children who were experiencing bullving. Children can be bullied physically, verbally, or emotionally, and experience hurt and humiliation. Threatening text messages and e-mails add to bullying in a more indirect way. A recent survey of 2,869 18- to 24-year-olds in Britain reported that 43 percent of children and young people had previously been bullied or discriminated against at school, according to P. Cawson et al. As in other forms of abuse, children who are bullied find it hard to disclose their experience, with 30 percent suffering in silence, as studied by D.S. Hawker and M.J. Boulton. In response to an increase in calls regarding bullying, ChildLine created a working partnership with schools, called ChildLine in Partnership with Schools (CHIPS). CHIPS works to highlight and address the issues surrounding bullying.

ChildLine provides training for staff and children, allowing children and young people to be more involved in dealing with bullying, as well as providing greater communication across all levels. ChildLine is prominently made up of volunteers for all its fundraising, outreach, and counseling work.

SEE ALSO: Child Welfare League of America; Children and Poverty; Children's Defense Fund; United Kingdom.

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Children and Poverty

IN ACKNOWLEDGING that every individual under the age of 18, if recognized by a country's law, has certain rights that must be protected, the United Nations Convention on the Rights of the Child sought to ensure the well-being of all children and treat them as individuals with their own privileges and freedom of expression. The convention, which was ratified by most United Nations member states (the exceptions being Somalia and the United States) and adopted into law in September 1990, asserts that children must be protected and provided with the necessary supports in order to mature into healthy adults.

Adoption of the convention has spurred a growing awareness on the part of world leaders that more concerted efforts were needed to provide children with a healthy start and protection against abuse, exploitation, and inadequate diet. To this end, the September 2005 United Nations World Summit witnessed one of the most auspicious gatherings of world dignitaries to reaffirm the Millennium Development Goals (MDG) that the United Nations declared in 2000. Among the nine stated goals that the MDG seeks to realize by 2015 is an improvement in the life chances of children by eradicating extreme poverty and hunger and reducing child mortality.

Poverty is highly contextual, which means that child poverty can take on different forms and can be accounted for by varying micro and macro conditions, depending on what region of the world they reside in. For some of the most impoverished nations in the southern hemisphere, poverty is often described in absolute terms and reflects an individual or family's ability to consume a specific caloric intake of food that is considered to be minimal to guard against starvation, dehydration, or life-threatening disease.

Even the richest nation is a long way from eradicating poverty at home.

For richer nations, where basic human needs such as food and water are provided, poverty measures often focus on income disparities or individuals' ability to purchase a range of goods and services deemed acceptable based on a country's standard of living. Poverty measures used around the world reflect these technical and conceptual distinctions about what constitutes poverty and also underscore differences in the standard of living enjoyed by nations of the northern hemisphere compared to those in the south.

A commonly cited measure of poverty in developing countries is the World Bank's Purchasing Power Parity (PPP) estimate, which sets the international poverty level for extreme poverty around \$1.08 per day or \$32.74 a month. By the end of the 1990s, the per capita income for nearly 44 percent of the population of least developed countries was at or below this extreme poverty threshold and close to 75 percent of the population were trying to survive on nearly \$2 per day.

In contrast, most western European countries have favored measuring poverty in "relative" terms, whereby thresholds are set in terms of the proportion of households with incomes less than 50 percent of the median adjusted household income for the country of residence. The United States' Federal Poverty Line (FPL), a more "absolute" approach, which was established in the mid-1960s to define a minimum level of subsistence, takes into consideration the size and composition of a household to determine its poverty status at a fixed point in time. Families are considered as being in poverty if their annual earnings fall below a designated threshold, depending on the size of the family. For a family of four in 2004, the U.S. poverty threshold was \$19,307.

Critics of an absolute measure of poverty contend that a more accurate appraisal of poverty would involve comparing some combination of a person's economic, social, and cultural resources to those of the society. Using such estimates, child poverty rates would be adjusted upward in countries like the United States where income disparities are far greater than in other developed nations in Europe and elsewhere.

Even by existing and possibly restrictive measures of poverty, rates of severe deprivation among children in the developing and industrialized world remain woefully high at the dawn of the 21st century. By 2000, babies in least developed countries were twice as likely to die at birth than infants born in richer nations. In addition, children in these countries experienced lower immunization coverage, worse healthcare services, higher rates of malnutrition, and greater gender disparities, in comparison to their better-off counterparts in the richer nations.

Wealthy nations are not above reproach. Official U.S. Census Bureau figures, using an absolute measure of poverty, report that the rate for children under 18 years of age was 17.8 percent in 2004, one of the highest among leading developed countries. Given how strongly individuals' social class during childhood predicts their economic opportunities later in life, such statistics suggest that even the richest nation is a long way from eradicating poverty at home.

CAUSES OF CHILD POVERTY

In addition to the ravages of war and a pandemic rise in the incidences of life-threatening diseases such as AIDS/HIV, which kills millions of adults and leaves countless children orphaned and impoverished, child-hood poverty in underdeveloped countries is due in part to global economic restructuring, the outmigration of low-income families from rural or agricultural-based dwellings to urban areas, demographic shifts, cultural norms, as well as an institutional framework that fails to meet the changing needs of indigenous peoples.

Though children constitute nearly 50 percent of the size of the population of least developed countries, investments in children are woefully inadequate. And, given the realities of enormous external debt, bureaucratic mismanagement, social norms, and cultural values that subjugate the rights of the child, plus a lack of a basic infrastructure upon which to build a compendium of services to support children, these countries face incredible obstacles to raising the quality of life of their youngest citizens, as noted by H. Penn.

Since children depend so much on parents' income, child poverty in both the north and south goes hand in hand with the economic prosperity of an adult caretaker. In some of the richer nations, global economic restructuring also has played a prominent role in the

marginalization and social isolation of low-income families and their children. The shift from manufacturing to a service-based economy and the increased emphasis on technology have excluded large portions of the population from the labor force in developed countries. A comparison of unemployment and child poverty rates among richer nations reveals some apparent inconsistencies. Whereas countries like the United States, United Kingdom, and Italy have low levels of unemployment but high rates of child poverty, others, like Finland and Spain, have higher rates of unemployment yet report lower levels of child poverty. What accounts for these dissimilarities is the concentration of unemployment and underemployment among adults with families, as is the case in countries like the United States, unlike Finland and other nations where young, childless adults are overrepresented on the unemployment rolls.

Literacy among mothers is also linked to child poverty rates in developing countries.

Other social demographic indicators have also been linked to poverty rates among children. In the United States, as divorce and nonmarital birth rates increase, so does the proportion of children who reside in single-parent, often female-headed families. Apart from the absence of an additional adult breadwinner, low-income female-headed households are often characterized by other socioeconomic and demographic characteristics, such as mothers' low educational attainment and early childbearing, which increase the likelihood that the children will spend some part of their formative years in poverty.

Minority status also matters since minority populations often find it harder to access employment opportunities that would afford a family a reasonable standard of living. In the United States, for example, where the legacy of slavery and racial intolerance continues to impact the life chances of black children, overt discrimination as well as the cumulative effect of prejudicial policies that prevented blacks from reaching their true potential in past decades today help to account for why black adults are more likely to be unemployed and earn less on average when they find a job.

Literacy among mothers is also linked to child poverty rates in developing countries. More educated girls are seen to delay marriage and make more informed decisions about childbearing and -rearing practices. In addition to basic literacy rates, low-income women's reproductive patterns, notably short birth spacing as well as mother's age at first birth, are strong indicators of poverty among children.

CONSEQUENCES OF POVERTY

Exposure to prolonged poverty can be especially detrimental to the health and safety of children. In instances where caregivers are either incapacitated, jobless, or have died or abandoned their offspring, children are often required to work for their own survival. Domestic and international laws have succeeded in outlawing child labor in wealthy nations around the globe. In developing countries the situation is much more complex, since poor families must often depend on the earnings of all household members, including the youngest.

Human rights groups have discovered some egregious examples of inhuman child labor conditions, and while the practice continues, such actions have increased the pressure that is brought to bear on developing countries and the companies that promote it, to abandon the practice altogether. What is not so easy to regulate and indeed continues to flourish below the radar screens of many international observers is the use of children as domestic laborers or indentured servants. Often these children endure long hours and the everpresent danger of physical or sexual abuse. Such labor is often associated with minimal or no compensation for the child and little regard for his or her personal development.

In addition to such flagrant examples of child neglect, poverty among children is also causally linked to illiteracy, short life spans, lack of access to appropriate healthcare, as well as social and economic disenfranchisement. For instance, enrollment rates in school for children were around 58 percent in least developed countries by 2000 compared to 85 percent in richer nations, according to UNICEF. These numbers only begin to elucidate the extent of the problem, since the rates are even starker if we look at disparities by gender (girls usually do worse on most measures in comparison to boys), region, birth order, caste, or ethnic origin of children in certain parts of the world. Even then, our understanding of the consequences of poverty on children in poorer countries is quite superficial apart from such fundamental measures that have been cited. This is because the south has not benefited from the wealth of investments, in terms of time and money, that have been devoted to understanding poverty's varied effects on children in the north.



In households where resources are greatly limited, girls may be the first to be denied opportunities for advancement.

North American and European studies, and growing evidence from the south, reinforce the argument that regardless of where they are born, the short- and long-term consequences of poverty on children are profound. While prolonged poverty is thought to have the most severe effects, even short exposure to extreme poverty, especially during prenatal or postnatal periods, can cause irreparable psychological, physical, or emotional harm to a child. A preponderance of evidence indicates that growing up poor increases the likelihood of cognitive deficiencies, health problems, poor academic achievement, as well as impaired behavioral and psychosocial abilities among children and earnings inequalities among adults, according to J. Brooks-Gunn and G.J. Duncan.

Mounting evidence also bolsters the argument that even among richer nations, the physical and social isolation of poor families in high-poverty neighborhoods has detrimental effects on children and youth. Communities that are characterized as being low in social organization and social control among neighbors are most often characterized as risky for children, as shown by R. Sampson et al.

GENDER DIFFERENCES

Faced with the need to support themselves or other family members who are unable to find work, boys and girls are often expected to assume the responsibility of primary provider for themselves and their families. When conventional methods of employment are unavailable, youth often resort to illegal activities. Boys are more likely to engage in property crimes, including theft or larceny, and in some instances, prostitution.

Girls are also likely to engage in pilfering when no other viable legitimate means are open to them, but all too often they are forced to sell themselves in order to earn a living. Ethnic and civil strife in some of the world's poorer nations has had an enormous impact on the number of boys who populate towns and villages. Boys are either conscripted into the armed forces or are some of the first victims of warring factions. Girls are more often the victims of sexual violence and are more likely to be exposed to sexual disease and impregnation.

Gender also confers different statuses on children, which, when coupled with the retarding effects of poverty and cultural norms, can further compound their precarious situation. In households where resources are greatly limited, girls may be the first to be denied opportunities for advancement. However, boys' preferred status does not provide them with a free ride since they are often the ones who are expected to work outside of the home to supplement meager household earnings or serve as the family's sole breadwinner.

Policies that work to ameliorate poverty are as diverse as are the conditions under which child poverty is realized and accentuated. In an effort to tackle the fundamental social inequalities that exist in many underde-



Children constitute nearly 50 percent of the population of least developed countries.

veloped countries, there is currently enormous support for loan forgiveness programs, which would help to remove some of their debt burden. Such actions, as well as increased and consistent support from donor countries, proponents of such policies argue, would allow these nations to redirect the saved monies toward much needed investments such as primary education, access to clean drinking water, and better health and nutrition services for pregnant mothers and children, according to J. Sachs.

Job training, affirmative action programs, setting minimum wage limits, and providing tax credits as well as public cash transfers and noncash benefits are just some of the approaches used by countries in the north to try to reduce poverty. Cash transfer programs seek to raise the standard of living of poor families and their children. Noncash benefits include such things as housing allowances and food stamp programs that are geared toward basic commodities that help to improve family security. Support for childcare in formal settings is also favored as an important service for low-income single mothers who must work outside the home.

However, prevailing notions of what constitutes basic entitlements are being challenged in some countries. In 1996, breaking from existing policies that supported low-income single mothers' desire to remain at home to raise a family, the U.S. federal government passed the Personal Responsibility and Work Reconciliation Act (PRWORA), which placed a limit on the amount of time low-income families can receive cash assistance and imposed strict work requirements on all able-bodied caregivers. Such approaches aim to increase the marketable skills and work readiness of low-income parents.

Other approaches in vogue currently include policies that promote marriage among unwed couples, which at their core also aim to reduce the numbers of poor children in the country. Though child poverty rates did fall in the United States during the 1990s, it remains to be seen if these gains were due to changes in national policy or a robust economy that has since fizzled.

SEE ALSO: CDF Black Community Crusade for Children; Child Malnutrition; Child Mortality; Children's Aid Society; Children's Defense Fund; Children's Hunger Relief; Third World; United States.

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Children's Aid Society

THE CHILDREN'S AID Society (CAS) was founded in 1853 in New York City by the Reverend Charles Loring Brace. Although it is best known as the original sponsor of "orphan trains" that carried about 150,000 dependent urban children to new homes in rural areas, the 19th century Children's Aid Society of New York was a multiservice agency. The CAS pioneered industrial schools, day schools for children with disabilities, visiting nurses, free dental clinics, and camping for poor children. In the 21st century, the CAS remains a child welfare agency offering a range of family and children's services at numerous sites in New York City. Other societies of the same name operate in large cities around the world.

The CAS of New York was founded during a period of high European immigration to the United States, accompanied by overcrowding of major cities. Poor families suffered from low wages, dangerous working conditions, high rates of morbidity and mortality, and few sources of help for the destitute. The middle of the 19th century was a period that embraced the "institutional ideal," the vision that people needing society's aid were best served in specialized hospitals, orphanages, and asylums.

Accordingly, voluntary and religious groups in most U.S. cities built orphanages for dependent children. Many of their wards were not complete orphans, but rather children who needed aid due to other family circumstances, including illness or death of a parent, desertion or family separation, acute poverty, or maltreatment. However, the existing institutions could not meet the extensive needs in large urban areas. Brace, a Protestant minister who had become aware of New

York's street children as well as those in institutions, was convinced that both groups of children could best be helped by placement with farm families in rural parts of the country. He founded the CAS of New York and began a program of placing children out of the city, the best-known service of the early CAS. Actually, the CAS helped children, young people, and their families in a variety of ways, and one study shows that only about a quarter of them fit the profile of orphaned, homeless, or abused "waifs."

Brace chronicled his work in *The Dangerous Classes* of New York and Twenty Years' Work Among Them, published in 1872, and he directed the CAS until his death in 1890. His legacy, and that of the early society, are somewhat mixed. During the years of the placing-out program, there was serious opposition from non-Protestant immigrant communities to the placement of their children in predominantly Protestant families and regions. More recently, the society's early work has been criticized for frequently disrupting poor families, and praised for including moral reform, as well as tangible assistance, in its work with poor families. Most commonly, the society is recognized as laying the groundwork for modern foster-care programs.

The CAS of New York has evolved into a complex child welfare agency, offering traditional, therapeutic, and medical foster care as well as adoption, health and dental care, school-based social services, teen pregnancy prevention, services for the homeless, community building, and camping and recreation. It has an annual budget of more than \$70 million and serves an estimated 120,000 children and families each year, including some in teen pregnancy programs and school-based services in U.S. cities outside of New York.

The Children's Aid Societies of Pennsylvania (established 1890) and Vermont (founded 1919) are examples of other large CASs that provide a range of child welfare services, while the Children's Aid Society of Utah (established 1910) operates as a traditional private adoption agency. Canadian Children's Aid Societies, such as Toronto's (established 1891), operate under public mandates to investigate allegations of child maltreatment and place children in substitute care. These nonprofit agencies receive substantial governmental funding and oversight. In Australia, the Victorian Children's Aid Society (founded 1893) merged with other voluntary children's agencies and assumed a new name, Oz Child-Children Australia, in 1992.

SEE ALSO: Children and Poverty; Family Desertion; Family Size and Structure; United States.

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Children's Defense Fund

THE CHILDREN'S DEFENSE Fund (CDF) was established more than 30 years ago in 1973 with the mission to Leave No Child Behind, by giving each child a Head Start, a Fair Start, a Safe Start, and a Moral Start through caring communities and families (the phrase No Child Left Behind was later employed as the name for the 2002 Education Act, with which it has no connection).

Based in Washington, D.C., the CDF aims to represent all of America's children, no matter how disadvantaged or disempowered they may be. The 2004 Annual Report states that "CDF provides a strong, effective voice for all the children of America who cannot vote, lobby, or speak for themselves. We pay particular attention to the needs of poor and minority children and those with disabilities. CDF educates the nation about the needs of children and encourages preventive investment before they get sick or into trouble, drop out of school, or suffer family breakdown." It also notes how the invasion and occupation of Iraq and the campaigns to counter terrorism have been used to deflect and marginalize social criticism. The increase in child poverty and mortality in the United States, for example, has received very little attention.

The CDF is a nonprofit, nonpartisan organization, which is supported by donations from corporations, organizations, and individuals, as well as bequests and sale of assets and other activities. Total net assets reached \$49 million in 2004. Activities pursued by the CDF include research and publication with policy advocacy. This is credited, in part, with successful implementa-

tion of legislation relating to the treatment of children and their mental and physical well-being. Publications of the center promote children's health and development, family income, and employment prospects, while outreach programs are aimed at engaging with faith-based and other organizations to forge partnerships supportive of the overall goals.

CDF Freedom Schools is an initiative inspired by the American civil rights movement, which led to its 1993 launch of programs featuring literacy, conflict resolution, and social interaction that now serve 5,500 children annually. College-level interns and staff facilitate these educational programs, which are aimed at children aged 5 to 18 and operate in 40 cities for five- to eight-week sessions.

The CDF's Haley Farm is a center located on a 157-acre site that once belonged to the author Alex Haley. There, young people and activists are able to meet and study new methods of becoming the servant leaders who can help lead the way toward spiritual and political freedom. The Action Council provides a center for campaigning and advocacy.

The Beat the Odds Program was started in 1990 as a means of celebrating the potential of teenagers, who are so often characterized in the popular media as victims or troublemakers. It works with local and community leaders to help recognize outstanding achievements by young people, whether academic, social, or creative in nature.

Marian Wright Edelman, who has a long and successful career as a lawyer and advocate for disadvantaged Americans, founded the CDF. She was the first black woman to be admitted to the Mississippi Bar and worked with Dr. Martin Luther King, Jr.'s Poor People's Campaign, among many other achievements. The CDF has become very successful in promoting children's rights in America. An influential early employee of the organization was Hillary Rodham Clinton.

SEE ALSO: CDF Black Community Crusade for Children; Child Mortality; Children and Poverty; Clinton, William (Administration).

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Children's Hunger Relief

THE CHILDREN'S HUNGER Relief Fund (CHRF) was established in 1975 by a group of American businessmen who were inspired by the tale of the Good Samaritan in the Bible to create a charity to assist needy children. This has led to the creation of overseas missions to open and operate orphanages and care centers in some of the poorest countries of the world, including Afghanistan, Rwanda, and the Darfur region of Sudan.

The three-part strategy used for rescuing vulnerable children entails keeping children alive, providing children with hope for the future, and breaking the cycle of poverty in children's lives. By working with local partners, CHRF claims to keep its administrative costs at less than three percent of total funds so that 97 percent of donations will directly reach those poverty-stricken populations in the Third World that are intended to receive them.

The 2003 Annual Report listed 97.2 percent of expenditures (\$33,277,047) as being spent on aid, emergency relief, and community development. The 2004 Annual Report states that this proportion increased to more than 98 percent (\$38,326,172).

Founder Colonel V. Doner was a leading member of the movement to mobilize professed Christian voters to elect President Ronald Reagan, and subsequently resigned in disappointment. After some years, he conceived of the "Samaritan strategy" as a way to spread his version of Christianity around America and the rest of the world.

The charity provides material assistance and education in American Christianity.

The part of his beliefs relating to charity states: "Do what you can for the child in front of you, and then the next child, and then the next." This results in "saving the world, one child at a time." In the Executive Message in the 2004 Annual Report, Doner writes:

"Children's Hunger Relief Fund is committed to saving children's lives and sharing God's love by helping people transform their lives and their communities so they can live productively and peacefully in a 'celebration of life.'

"To this end, we provide for people's immediate survival needs through feeding and medical programs, and also empower them for long-term transformation through education, business, vocational and leadership training."

The charity provides material assistance, therefore, as well as education in a form of American Christianity. This second aspect is resented by some critics who believe that the children concerned are very vulnerable, and should only with great care be introduced to beliefs often alien to their culture, which may cut them off from other members of their own communities.

The CHRF is now joined in the Samaritan Group by a number of like-minded organizations in many different countries, from Mexico to Uganda to Italy. Each has the same strategy of helping children on a step-bystep basis. Orphaned children's homes have been opened in Nicaragua, Mexico, Rwanda, and other locations in Africa and Asia.

SEE ALSO: Children and Poverty; Christian Antipoverty Campaigns; Missionaries; Samaritans.

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Chile

THE REPUBLIC OF Chile is composed of a narrow strip of land that runs for 1,800 miles between the Andes Mountains and the Pacific Ocean in South America. Originally inhabited by Incas, the Spanish settled Chile in the mid-16th century. After winning independence from Spain in 1818, Chile was ruled by a number of military regimes. A Marxist regime was overthrown in 1973 under the leadership of Augusto Pinochet, who ruled Chile until 1990, when free elections were held. The past decades have brought steady economic growth to Chile, and the country has become a model for democratic and economic reform. Chile has also taken an active role in regional and international affairs, particularly in the promotion of human rights.

With a per capita income of \$10,700, Chile is an upper-middle-income nation with a diverse market economy that attracts a high level of foreign trade. The Chilean economy is dominated by services, which employ 63 percent of the labor force. Industries engage

23.4 percent of the workforce, and the additional 13.6 percent are involved in the agricultural sector.

Chile's economic reforms of the 1990s created an environment in which initial growth was around eight percent. Growth fell to around four percent in 1998 in response to the global financial crisis, deficit checks, and decreased export earnings within Chile. By 2002, economic recovery had begun, but a poverty rate of 20.6 percent and an unemployment rate of 8.5 percent continue to be of major concern to the Chilean government.

Over nine percent of the poorest Chileans live on less than two dollars a day. Inequality is an endemic problem in Chile, with the richest 20 percent of the population controlling 62.2 percent of available resources and the poorest 20 percent claiming only 3.3 percent. Chile is ranked 57.1 percent on the Gini Index of Human Inequality. The United Nations Human Development Report ranks Chile 43 of 177 on general quality-of-life issues.

Even though poverty levels are high, antipoverty measures, coupled with economic growth, have succeeded in reducing poverty levels from 38.6 to 20.6 between 1990 and 2000. During that period, the rate of female poverty dropped from 39.2 to 20.8 percent. In Chile, females head one in every three households. As a result, women, especially those who live in rural areas, are more likely than men to be among the ranks of the poor. The Training for Employment Program for Women on Low Incomes was established to address the issue of female poverty, and single mothers have priority. Over the past few years, 70,000 women have received benefits from the program.

In 2002, the Chilean government implemented the Comprehensive Social Protection program, designed to distribute services and support to the 225,000 poorest families in Chile. Under this program, a government grant is issued to the woman of the family, whether she is a single parent or not. In addition to the monetary assistance distributed through the program, the government gives recipients preferential access to social promotion programs, employment assistance, and social security benefits.

According to estimates for 2005, life expectancy in Chile is 76.58 years. In general, women (80.03 years) survive men (73.3 years) by seven years. The population of 15,980,912 has a median age of 30.07 years. Slightly over one-fourth of the population is under the age of 14, and eight percent have seen a 65th birthday. Except in remote areas, Chileans have access to basic necessities. Four percent of the population lack access to safe

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drinking water, and seven percent lack access to safe sanitation. There are 115 physicians for every 100,000 residents, and 80 to 94 percent of Chileans are able to afford essential drugs.

Childhood mortality has fallen drastically in Chile over the past decades. Between 1970 and 2004, infant mortality fell from 98 to eight deaths per 1,000 live births. Among children under the age of 5, the mortality rate decreased from 98 to 12 deaths per 1,000. Chilean children tend to be healthy, and only one percent of children under 5 are malnourished. Five percent of infants are underweight at birth. Infant immunizations range from 94 to 95 percent, and the rate for children between 12 and 23 months is 99 percent.

Females bear an average of 2.02 children each, a decline from 3.6 children per woman in 1970. For females between the ages of 15 and 19, the fertility rate is 43 per 1,000. Some 56 percent of Chilean women use some method of contraception. Healthcare is readily available, and trained medical staff attend 100 percent of all births. According to modeled estimates for 2000, maternal mortality in Chile occurs at a rate of 31 deaths per 100,000 live births.

Chile has made great advances in education in the last decade. Preschool education increased from 21 to 32 percent, secondary education rose from 80 to 90 percent, and tertiary education climbed from 15 to 31 percent. Primary school completion rates reached 100 percent. These gains are the result of a constitutional amendment that made 12 years of school compulsory. Education is free for all Chileans below the age of 21.

Expanding the accessibility and quality of education has become a major priority in Chile, and particular attention has been paid to improving school enrollment rates for females and rural residents. Grants that increase with the level of education are allotted to students who live in extreme poverty. Low-income mothers of school-age children are eligible for an education completion program. The government has also implemented the High School for All program to improve enrollment rates at the secondary level. As a result of the emphasis on education, the Chilean population is highly literate. Among the population over 15, 96.4 percent of males and 96.1 percent of females can read and write.

Human Development Index Rank: 37 Human Poverty Index Rank: 2

SEE ALSO: Economic Liberalization; Education; Human Rights and Poverty; Welfare.

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China

ON JANUARY 6, 2005, China officially reached a population of 1.3 billion. With this number, the country accounts for one-fifth of the world's population. The real size of the Chinese population is, however, unknown, in particular because of secret and thus unregistered births in the rural parts and questionable counting methods. Despite a number of loopholes, the one-child policy has contributed to a decline of the fertility rate from 2.29 children per woman in 1980 to 1.69 children per woman in 2004, and to 300 million fewer births in the last 30 years. The policy has helped to ease the pressure on resources and reduce poverty.

However, the policy is currently being questioned because of an increasingly aging population and a strong imbalance in the sex ratio of 118 boys to 100 girls. The population number excludes Taiwan, Hong Kong, and Macao. The average life expectancy climbed from 63.2 years in the first half of the 1970s to 71 years in the period 2000–05. Life expectancy in 2002 climbed to 68.8 years for men and 73.2 years for women. The infant mortality rate was down to 31 (per 1,000 live births) in 2002, from 85 in 1970.

The under-five mortality rate fell from 120 to 39 in the same period. Living standards have increased and the diet has improved. The official adult literacy rate of 2002 is 90.9 percent (86.5 for women, 95.1 for men); the combined gross enrollment ratio for primary, secondary, and tertiary schools is 68 percent (64 for women, 69 for men). Within a decade, the percentage of undernourished people fell from 17 percent to 11 percent, and the population with sustainable access to improved sanitation rose from 29 percent to 40 percent. Eleven percent of the under-5-year olds are underweight; 16 percent of the under-5-year olds are under-height. Be-

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tween 80 and 94 percent of the population have sustainable access to affordable essential drugs. The annual average growth rate of Gross Domestic Product (GDP) per capita was 8.2 percent between 1975 and 2002, and 8.6 percent between 1990 and 2002. In 2004, GDP rose officially by 9.5 percent.

Unemployment is rising high; 10 million workers per year enter the urban employment market; 14 million are still laid off from state-owned enterprises; and in 2003, 110 million migrants sought work and an estimated 150 million surplus laborers could be found in the countryside. Of the population, 16.6 percent live below the income poverty line of \$1 a day, 46.7 percent below the line of \$2 per day.

POLICIES

The reform program of the "four modernizations" (si ge xiandaihua), which was declared in 1978, has produced a development gap between the industrialized coastal belt and the landlocked rural hinterland and between urban and rural areas. A third gap of intrarural and intraurban income is on the rise.

In June 1986, in order to streamline responsibilities of the various agencies and ministries involved in national and regional poverty alleviation programs, the government established a Leading Group (or Committee) for Economic Development in Poor Areas under the State Council; in 1993, it was renamed Leading Group (or Committee) for Poverty Alleviation and Development under the State Council. Beijing's immediate poverty alleviation policy focuses on providing access to adequate food and clothing for the population in the rural areas.

Although urban poverty is a growing concern, the need to concentrate poverty alleviation efforts in the countryside is still acknowledged by the government. Measured at China's national poverty line, official statistics say that in 1978 the number of the extremely rural poor with inadequate access to food and clothing was 250 million, or roughly one-third of the total rural population (the exact numbers differ from source to source between 30.7 percent and 33 percent). By 1985, the number was down to 125 million, to 80 million in 1994, and by the end of 2003, to 29 million, or 3.1 percent.

In 2003, however, the number of extremely poor Chinese, defined as living below an annual net income of 637 yuan per capita (\$77), rose by 800,000. In the same year, the national average annual income reached 2,622 yuan (\$316).

The gap between both income lines has widened since 1992, and a stop to this tendency is not within reach. In addition, natural disasters in the provinces of Henan, Anhui, Shanxi, and Heilongjiang caused an official rise in the numbers of poor Chinese by more than two million in 2003.

The Chinese way of measuring poverty in the rural areas is the household responsibility system, which was introduced in 1983 as a replacement for the people's communes, a system that was in part responsible for agricultural mismanagement and widespread famines owing to bad harvests.

The household responsibility system in practice reintroduced private land property, although by law private property is not allowed. In lockstep with the reestablishment of private markets, farmers again were given the incentive to produce on their "own" land and sell the surplus at private markets to increase their income. Township enterprises began to boom, employing rural people unable to find a job within the agriculture sector.

Ninety million people fall below the poverty line, including 75.8 million rural residents.

In the mid-1980s, however, the rural economy started to stagnate. In 1986, the poverty standard was calculated at 206 yuan per capita net income in rural areas for the year 1985. In 1994, the standard was raised to 400 yuan per capita net income for the year 1992. In 2004, the rural poverty line was adjusted to 668 yuan, from 637 yuan in 2003; the low-income line rose from 882 yuan to 924 yuan. The population living at the low-income line is said to have solved the problem of access to food and clothing.

By the end of 2004, the rural population in absolute poverty was calculated as 26.1 million or 2.8 percent of the total rural population, a decline of 2.9 million or 0.3 percentage point from 2003. The low-income population was 49.77 million at the end of 2004, a decline of 6.4 million from 2003. The proportion of the low-income population to the total rural population was 5.3 percent, down by 0.7 percent. However, even the official media criticizes this standard as distorting the real picture given the rising living expenses, and in May 2005, the government acknowledged that, under international standards, 90 million rural and urban people fall below the poverty line, including 75.8 million rural residents.



As exemplified by the bright lights of the city of Shanghai, China has pursued a capitalist economic system that has created a new wealthy class, yet China is now eager to emphasize its concerns for those losing out in the era of capitalist reform.

Under the 1994 standard, 592 counties were designated as poor. The so-called 8-7 plan (National Plan for Poverty Reduction), run from 1994 to 2000, targeted these counties with the aim of relieving them of poverty by the year 2000. The 8-7 plan was introduced to reverse the trend of growing poverty, which coincided with a stagnation of the rural economy in the mid-1980s. As a result of the stagnation, per capita net income fell from an average of 12.2 percent between 1978 and 1985 to an average of two percent between 1986 and 1993.

The failure of the 8-7 plan to channel funds directly to the poor and alleviate the incidence of poverty prompted a new plan, the New Century Rural Poverty Alleviation Plan, for the period from 2001 to 2010. Under this plan, the government has pledged to wipe out poverty by 2010. This plan not only targets counties declared as poor, but also specifically 50,000 villages, a measure that is designed to help villages in counties that are not designated as poor and hence were not included in the 8-7 plan.

The new plan recognizes village participation and multisector approaches. It places a new emphasis on sickness as contributing to poverty, and accordingly the government has started to experiment with healthcare and social security programs in rural areas. The plan also puts an emphasis on education and a reduction of obstacles to rural-urban migration in order to enable

the unemployed to leave the countryside and find work in the urban areas without the bureaucratic difficulties, which the household-registration (*hukou*) system still imposes on migrants. The government itself does not seem to be very confident about achieving the abolition of poverty by 2010. The government has announced it will abolish poverty by 2020, a target set within the framework of the United Nations Millennium Goals.

The government has set a goal to increase the income of local farmers, including professional training and development of local enterprises. It has also focused on providing adequate infrastructure, financial services, and employment, and is experimenting with the extension of social security and assistance systems from the urban to the rural areas, including those of healthcare and education. The regions principally targeted by rural poverty alleviation programs are the land-locked western regions and the industrialized northeast.

One of the programs concentrating on the west was the China Southwest Poverty Reduction Project, supported by the World Bank and carried out between 1995 and 2001 in the provinces of Guangxi, Yunnan, and Guizhou. At present, on the provincial level, the 9+2 initiative is under way.

The initiative is a program that aims at the establishment of economic cooperation between well-developed provinces and those that are less developed. The idea behind this is to use the economically vibrant Pearl River delta with Hong Kong, Macao, and Guangdong province as the core for a spillover effect into the southwestern provinces of Hainan, Guizhou, Jiangxi, Yunnan, Sichuan, Hunan, Fujian, and Guangxi. Other specialized poverty relief projects are Project Hope, which deals with schooling of poor children; the Glorious Cause, which helps private businesses in underdeveloped areas; and Project Happiness, which targets poor mothers.

Other special projects concentrate on the handicapped, bringing more girls in compulsory education, and on the self-reliance of poor rural households. On October 17, 2004, the Office of Poverty Alleviation and Development under the State Council and the All-China Federation of Industry and Commerce signed an agreement to include more private-sector initiatives in the poverty alleviation measures.

URBAN POVERTY

Urban poverty has become a matter of rising concern to the government. Increased unrest over urban living conditions are due to the structural changes in the economy since 1978. Socialist societal characteristics, such as the "iron rice bowl" (tie fanwan), which guaranteed lifetime employment including housing, food, clothing, healthcare, old-age support and other welfare services looked after and controlled by the "work unit" (gongzuo danwei), were abolished and have not yet been comprehensively replaced under the new market conditions. Urban poverty projects thus focus on re-employment measures, unemployment benefits, old-age support, health care and other social welfare systems.

In 1997, the first national urban poverty line was calculated at 1,700 yuan annual per capita income. In the same year, the State Council decreed all towns and cities would set up urban poverty relieve schemes by mid-1999. In September 1999, the State Council issued the Regulations on the Minimal Living Standard for Urban Residents. Under this scheme, laid-off SOE (state-owned enterprise) workers are trained at reemployment centers and receive a living allowance for three years. Should they be unable to find a new job, they receive unemployment benefits for two years.

China expects the middle class to expand to 45 percent of the population by 2020.

After that, some are entitled to a minimum subsistence allowance. The laid-off workers at reemployment centers do not appear in the unemployment statistics, which is why the centers are often accused of hiding unemployment. The effectiveness of their training is also doubted. The statistics show only those who are officially registered as unemployed: 4.3 percent in 2003, 4.2 percent in 2004. Also, the financial and organizational capacities of carrying out this and other programs vary across municipalities. In addition, each city has its own poverty line. Urban poverty is mostly due to redundancies at SOEs. This forces many workers previously employed by the formal state sector and for whom the "work unit" is unable to find reemployment to enter the informal nonstate sector (mainly consisting of menial work, such as street vending, rubbish collecting, knife sharpening, housekeeping, construction working, "self-employed" decorating, carpentry, and barbering), which used to be the exclusive work place of rural migrants.

This problem is enforced by the general breakdown of the rural-urban divide, as a result of which an increasing number of rural migrants leave the countryside in search of employment in the urban informal sector. In 2003, the official number of urban poor according to the national urban poverty line was 22.35 million.

In January 2005, the National Bureau of Statistics published a definition for the urban middle class based on a four-month survey of 263,584 households. The income line was defined as falling between 60,000 yuan and 500,000 yuan. The result was that the middle class turned out to be smaller than previously thought, comprising only 5.04 percent of the population. Whether real or unreal, the bureau expects a rapid expansion of the middle class to 45 percent of the population by 2020.

BACKGROUND

Deng Xiaoping's reform program laid the emphasis on prosperity rather than equality and opened the country to the capitalist economy. It put the emphasis on pragmatism and results instead of an economy guided by ideological visions. Deng argued that "whether a cat is black or white makes no difference. As long as it catches mice, it is a good cat."

As opposed to that, the Maoist development concept had paired equality with prosperity. Its aim was the complete socialization of economy and society. A successive collectivization of land was taking place since 1951 and resulted in the establishment of the People's Communes in late 1956.

The Great Leap Forward (*da yue jin*) of 1958–59 was supposed to press this aim forward, including the functions of the family. The Great Leap is perhaps the most well-known example of the failed Maoist development concept. The famine that followed the ill-conceived policy of the Great Leap Forward to industrialize the country was made worse by the so-called three bitter years of 1960–62, during which natural disasters plus the famine reduced the overall population. How many died is unknown; estimates vary between 20 and 75 million people.

The years that followed the famine saw a struggle between reformists and conservatives in the party and state hierarchy over the correct economic and social policies. The victory of the reformist wing was followed by a reassertion of the conservatives led by Mao during the Great Proletarian Cultural Revolution (wenhua dageming), which started in 1966, reached its height in June 1967, and was officially stopped in 1969, when the government felt it necessary to crush the Red Guards it had originally instigated in order to stop their violent excesses.

The repercussions of the revolution, however, were felt until 1976, the year in which Mao died. The number of victims is estimated to be three to seven million people. After Mao's death, the Gang of Four—the group of leading Marxists, which included Mao's wife—was quickly imprisoned, and Hua Guofeng had to succumb to the reformist wing gathered around Deng Xiaoping.

A prominent system that had to adjust to the modernizations since 1978 is the household registration (hukou) system. The hukou system was in place from around 1957. It was based on the separation of the economy in agricultural and industrial production—the rural-urban divide. In order to be able to manage this separation, the flow of resources between both sectors had to be controlled. Once a household was registered with an urban or agricultural hukou, it was almost impossible to change it.

Only few exceptions were made, such as sending redundant young people entering the urban economy to the countryside—a measure of economic necessity clouded in ideological pronouncements (learning from peasants through hands-on experience), especially some years later during the Cultural Revolution—and employing rural residents for menial work in the SOEs.

Apart from these adjustments to the system, only those in possession of an urban *hukou* were entitled to employment allocated by the state labor administration for the urban economy. Those with an agricultural *hukou* were employed through the collective economy of the People's Communes. This residential status was enforced, for instance, through rationed food supplies, which had to be purchased with coupons, which in turn were allocated according to the residential status shown in the *hukou* document. The rural-urban divide effectively prevented migration. Changes in residential status were only possible if both the original and the targeted "work unit" agreed. Legal migration thus happened with official consent only, and was often of a private nature (for example marriage).

At the Third Plenary Session of the 11th Central Committee of the Chinese Communist Party (CCP) in December 1978, the reformist wing of the CCP around Deng Xiaoping announced the program of "four modernizations." In its original order, industry was put first (heavy industry received priority over light industry), agriculture had second place, science and technology third, and national defense fourth.

By March 1979, the order was changed, with agriculture coming in first place, followed by light and then heavy industry. China also opened the doors to foreign

investment with the policy of reform and opening (gaige kaifang). The first Special Economic Zone (SEZ) was set up in Shenzhen in the early 1980s with tax incentives to attract foreign capital and businesses. However, the abandonment of the "iron rice bowl," the discarding of socialist principles such as egalitarian development, and hence the acceptance of uneven economic development by letting parts of the society and the country get rich earlier than others have produced a widening wealth gap.

The strict control of people's movements through the household registration system was relaxed in order to ease entrance into small towns, where unemployed rural residents could find employment in the quickly developing township enterprises. Rural enterprises thus employed rural laborers in the nonagricultural sector. In cities, migrants were welcomed because they constituted a cheap workforce for the booming coastal cities.

Moreover the establishment of free markets and a temporary *hukou* system enabled rural residents to survive in cities for some time. Reforms in the registration system, however, were also due to the increasing failure of the state to monitor movements and the necessity to succumb to reality and legalize previously illegal migration.

In 1985, the system of a temporary *hukou* was introduced. Although in recent years more migrants have managed to acquire white-collar jobs, for most of those, who are unskilled and badly educated (or not educated at all) and have no legal residence status in the city or gained only a temporary registration, the informal non-state sector remains the only employment possibility. Migration is partly enforced in order to divert unemployed rural residents to urban areas and ease the dire situation of the countryside, and partly enforced by income pressures, which make it necessary for farmers to work temporarily in towns and cities. Migrants who successfully found a job usually contribute to the income of the family in the countryside by sending money back home.

For agriculture, one decision adopted to help rural people out of poverty was a land division to the peasant household in poor areas. In 1983, this policy finally led to the "household responsibility system for agricultural production," or in short, the "household responsibility system" (bao gan dao hu, literally to contract the work to the household—hence the sometimes heard designation of the system as "contract responsibility system").

Although the word *contract* implied that the land was not in the ownership of the peasants, it effectively reintroduced the private use of land. Together with the

step-by-step introduction of this "household responsibility system," which linked the household's income to its output, the liberalization of agricultural market prices reestablished the markets for agricultural products.

The explosiveness of the unsolved social issues (developmental discrepancies, the discarding of socialist societal principles such as the "iron rice bowl" and the all-round care of the "work unit," the slow progress of abolishing widespread rural and rising urban poverty, a widening wealth gap, corruption of local cadres, and frequent unrest over working conditions, most prominent in mining areas) has alarmed the government.

The fourth leadership generation with Hu Jintao, who replaced Jiang Zemin as CCP secretary-general in November 2002, president in March 2003, and chairman of both Central Military Commissions (the CMC of the party, which is the influential one, in September 2004, and the CMC of the state in March 2005), and Wen Jiabao, who replaced Zhu Rongji as prime minister in March 2003, has changed the tone of its economic policy.

The Chinese government still finds it difficult to move against corruption.

China is now eager to emphasize its concerns for those losing out in the era of capitalist reform. A prominent phrase of Hu Jintao is yi ren wei ben—putting people first. Wen Jiabao also frequently uses the phrase. This policy implies a shift from GDP-centered to people-centered policies, which put the emphasis on a more equal, socially sustainable development. The new tone indicates the nervousness with which the government observes the frequent eruptions against unsolved social questions. According to official pronouncements, of the 48.8 billion yuan transferred to the 592 officially poor counties since 2004, 4.343 billion yuan disappeared for other purposes.

The government, however, still finds it difficult to move against corruption comprehensively and often turns a blind eye to corrupt local officials, who either divert central government funds to their own pockets or exploit the rural population through high and random fines. In imperial China, the latter measures were partly seen as additional income for local officials and can to some extent be regarded as a remnant of traditional China's policy and an inherent part of the political system.

The sincerity with which the government is regarding the disruptive nature of widespread poverty is shown by a series of articles in the *People's Daily*, the English-language version of the national daily, *Renmin Ribao*. The series mentioned the failure of abolishing poverty by 2000 and the actual rise of it, and also pointed out the problem of corruption, through which a significant amount of state subsidies goes into the pockets of local government officials, who are responsible for channeling the central government's aid to the local population.

The articles appeared especially during an international high-profile conference, Scaling Up Poverty Reduction: A Global Learning Process and Conference, which was held from May 25 to 27, 2004, in Shanghai. In addition, on May 27, 2004, a Memorandum of Understanding was signed by Chinese government agencies and the United Nations Development Program to establish an International Poverty Reduction Center in China. Also, the Poverty Eradication Awards of October 17, 2004, the International Day for the Eradication of Poverty, were publicized, a public relations measure launched in October 2003 to be awarded every two years.

Human Development Index Rank: 85 Human Poverty Index Rank: 27

SEE ALSO: Capitalism; Chinese Definition of Poverty; Communism; Corruption; Economic Liberalization; Family Size and Structure; Rural Antipoverty Programs; Rural Deprivation; Urbanization.

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Chinese Definition of Poverty

THE PEOPLE'S REPUBLIC of China has one of the fastest-growing economies in the world today. With 1.3 billion people, it also has the largest population on earth. China claims it has been very successful in reducing the number of people living in poverty. In 1978 the Chinese government reported that 250 million people lived in poverty. In 2005, the number was reportedly down to 28 million.

However, this is according to the Chinese government's definition of poverty as an income of \$.66 (66 cents) a day or \$240.90 per year. By comparison, an American teenager staffing the drive-up window at a fast-food restaurant and earning \$6.10 an hour makes more than that each week.

In the United States, poverty is defined as \$9,645 or less a year for a single person living alone. For a family of five (for example, a single mother with four children), the U.S. Census Bureau sets the poverty threshold at \$22,199 or less per year.

The causes of poverty in China are many and varied. Chief among them are adverse natural conditions and government corruption. In 1978, China introduced policies ending communist centralized agricultural planning. It returned land used for communal farms to individual families, restoring family farms. Freeing up the productive capacity of hundreds of millions has become the single largest factor in helping China's rural poor escape poverty. In the communal farm system, the emphasis had not been on production, but on advancing politically. The result was cronyism and sagging productivity.

With traditional farms restored, incentives would seem to be back for farmers to profit personally from hard work, risk-taking, and increased productivity. However, the Chinese government's claims of vast gains are not to be believed, according to a best-selling book published in China in 2003 that was abruptly pulled from bookstore shelves in 2004 after selling more than 150,000 copies in a matter of weeks. The 460-page report, A Survey of Chinese Peasants, alleges that after years of celebrated agrarian reforms and impressive claims by the Chinese government, many remote Chinese villages are still farming in primitive conditions and have again fallen into deep poverty.

The authors charge that the benefits that peasants gained from reforms largely disappeared because of corruption. In the past decade, rural tax burdens have increased four to five times, with as many as 360 different fees imposed by all levels of government. A farmer, says the book, has to pay three times more taxes than a city resident even though his annual income is only one-sixth that of an urban dweller. Sometimes the taxes are the result of a corrupt political system that gives far too much authority to a select few.

The authors tell of the death of a young villager named Ding Zuoming. In 1993, Ding uncovered corruption among village communist officials after one-third of his and other villagers' annual income was taken as taxes. When he organized the farmers to request an audit, local police beat him to death. The villagers rebelled when the local authorities tried to cover it up as an accident, and central authorities finally intervened to punish the killers. Even so, justice has not been done. When the authors visited Ding's family, all three of his children had been forced out of school because of poverty. His wife had broken an arm while working, his mother lay paralyzed in bed, and his father was too ill to work.

Meanwhile the small amount of compensation promised by the government for his death never materialized. From such a disturbing picture the authors examine the difficult and complex reform efforts in several provinces. By reconstructing the debates, decision-making process, progress, and setbacks, the report exposes the failures of the entire system.

A long chapter is devoted to how local officials led former president Jiang Zemin, former premier Zhu Rongji, and other leaders to inspect dressed-up "shining spots" where they were impressed by what they saw. They then came up with unattainable policies based on false realities.

Thus, the authors warn, measures for reducing the peasant burden or increasing rural income will not change the social structure that exploits peasants.

Therefore, some experts say encouraging reports by the Chinese government are to be viewed with skepticism.

SEE ALSO: China; Income Inequality; Income Poverty; Indicators of Poverty.

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Christian Antipoverty Campaigns

SEVERAL TIMES IN THE New Testament, offerings for the poor, especially those at Jerusalem, are mentioned. These were in part a response to the First Church Council in Jerusalem, in which Paul's ministry to the Gentiles was affirmed and he was charged to "remember the poor" (Galatians 2:10). These references show that since the beginning of the church, Christians have been aiding the poor. Today a vast number of programs are under way not only to provide relief, but to eliminate poverty altogether.

Christian antipoverty programs occur at the local church, regional, national, and international levels and in recent times at a global level. Some of the antipoverty programs are church-based and some are parachurch in nature.

The ecclesiastical antipoverty programs begin with the local church and the individual Christian. There is hardly a church that does not have some kind of fund to at least provide relief for the poor. The churches in the countries and areas where Christianity has been long established are usually wealthier. Most of these are engaged in numerous local ministries for the poor. Churches, no matter how small, give to a variety of ministries to the poor. Many aid local people who call asking for help with fuel, medicine, food, and all manner of assistance. Local programs can include food

banks and soup kitchens, adult and childcare, Meals on Wheels, Room in the Inn for Abused Women, and numerous other charitable actions.

For churches of over 100 or so members there is usually a food pantry, clothes closet, and numerous offerings for special projects to aid the poor locally or in some foreign mission. Some of these local offerings may be for something like the PATH program in Cherokee Presbytery (northwest Georgia) of the Presbyterian Church (USA). PATH is the Presbyterian Answer to Hunger. Church members save two cents for every meal each year, which is about \$23 per person per year. The change is collected about Thanksgiving time and used to feed the hungry in the region and for food supplement programs in Nicaragua or Ghana. This example could be matched by thousands of unique ways in which local churches unite to aid the poor.

The giving by individual Christians to all manner of charitable causes is rarely recognized as Christian giving because it is hidden by a general appeal. Americans giving over \$1 billion to relief for the victims of Hurricane Katrina in the summer of 2005 included a great many people of no faith, as well as all kinds of faith, including Christians.

In recent years initiatives have begun to deal with poverty beyond relief and development.

All of the mainline Protestant churches give to offerings such as the One Great Hour of Sharing, which is an interdenominational donation for helping the poor. Roman Catholics use Catholic Relief Services and other organizations. Mennonites use the Mennonite Central Committee. Both orthodox churches and Protestants have joined together in organizations such as Church World Service. Many of these programs are linked to a network of antipoverty organizations.

Charitable activities such as these have gone on for generations. These offerings have ministered not only to the local poor, but to those in the poorest countries. Missionaries have long appealed to Christians in established churches for help.

The advent of the internet has allowed information to flow from distant places where relief is needed to people in wealthier areas of the world. Christians working in the poor countries can often gain help for relief by an appeal that is acted upon by advocates in churches in North America or in Europe. For example, an e-mail from Malawi, describing the growing likelihood of star-

vation due to drought, received on a weekday can be shared so that by the next Sunday the whole congregation of a local church will be informed of the need and asked to give. A response of this kind will be much quicker than a request for foreign aid to governments. Rarely, however, is aid from any source enough to provide complete relief, not to mention ending poverty altogether.

Since World War II, ecclesiastical antipoverty programs have been paralleled by parachurch organizations. These are organizations operated by Christians that engage in relief and long-term antipoverty programs. The work that is being done is growing in scope to reach more people. They include organizations such as Bread for the World, Food for the Hungry, the Society of St. Andrew, World Vision, and many more around the world.

In recent years initiatives have begun to deal with poverty beyond relief and development. The ambitious goal of working to completely end poverty is being discussed. One such organization is CAPOR (Christian Antipoverty Online Resource), a website being used to organize and coordinate Christian ministries engaged in fighting poverty.

Another movement is the Micah Challenge, a Christian antipoverty program taking its inspiration from Micah 6:8. It is a response of the World Evangelical Alliance (WEA) to the problem of poverty. There are Micah Challenge organizations in Canada, the United States, and elsewhere, all part of the International Facilitation Group of the Global Call to Action Against Poverty (GCAP), which is a global Christian antipoverty program. These and many other groups are connected with the Developmental Gateway and have issued a Global Call for Action Against Poverty. Loosely associated, these Christian groups are also willing to work with governments and with secular or non-Christian groups in the common cause of relieving poverty.

Occurring at a rapid pace is a vast networking of ministries focused on a common goal. Jim McDonald, who is with Bread for the World, has described, in Catholics for Faithful Citizenship, the work of Christian antipoverty programs as a "rising crescendo" around the issue of global poverty. This movement engages vast numbers of Christians in patterns of ministry for the poor that unite them despite denominational or theological differences.

Perhaps the most ambitious vision for ending poverty is the developing service of Rick Warren, the pastor of the Saddleback Church and author of *The* Purpose-Driven Life (26 million copies sold). Warren's wife, Kay, feeling a call from God to do something about HIV/AIDS, especially in Africa, enlisted Rick's help. Together with Bruce Wilkinson (author of The Prayer of Jabez) and others, they made contacts with local pastors in Africa. The antipoverty vision that Warren sees is the uniting of the growing millions of local churches to put down the "global giants." The global giant of poverty is one of these. Warren envisions mobilizing Christians from the grassroots level everywhere, uniting them to deal with disease, poverty and other big issues that afflict the world. His plan is to enlist one billion individuals through local congregations to be purposedriven about dealing with global poverty.

Christians have also enlisted the entertainment world to conduct fundraisers to meet the needs of the poor. Musical groups have put together Live Aid concerts as part of their Make Poverty History campaign.

Coupled with the delivery of food or other supplies to the poor in the world is a growing association of different Christian leaders and groups for the purpose of lobbying governments to adopt policies and practices that will end poverty. This is viewed as the work of establishing the justice of God's kingdom on earth.

SEE ALSO: Brot für die Welt; CARE; Catholic Church; Charity; Church of England; Church World Service; Faith-Based Antipoverty Programs; Protestant Churches.

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Christian Community Health Fellowship

THE CHRISTIAN COMMUNITY Health Fellowship (CCHF) is a faith-based healthcare organization that was started in rural Mississippi in 1978–79 as a small healthcare ministry for the underprivileged in New Hebron. As a part of the Christian community development in the Jackson area, there was a desire to include a rural healthcare ministry in New Hebron, Mississippi. H.P.

Spees was charged with the task of opening and managing the rural Christian healthcare program in this poor, primarily African-American community in rural Mississippi. Early in its development a newsletter was generated through which Christians wishing to become engaged in healthcare among the poor could share ideas. The newsletter was called *Health & Development* to emphasize that the focus was not narrowly medicine but health in all of its physical, mental, social, and spiritual dimensions. "Development" was a reflection that health was strongly influenced by the social and economic development process.

Currently it has offices in 48 states and its members are spread out all over the United States, Canada, and also 25 foreign countries. CCHF serves as a national network for over 1,600 Christian healthcare professionals and students and others concerned about the healthcare needs of the impoverished communities in the United States.

The goals of the CCHF are to: help provide quality healthcare for the poor through recruiting and empowering Christian healthcare workers for this important task; function as a forum to raise and discuss questions related to this vision; and create opportunities for healthcare professionals and students to meet and share stories for mutual education, support, and fellowship. CCHF seeks to attain these goals by providing publications, planning and supporting conferences, and offering opportunities for students to serve among the poor. The organization also provides technical assistance to healthcare centers interested in starting up, and evaluates existing programs.

Through a grant from the Bureau of Primary Health Care in 2000, the CCHF was able to establish a Best Practices program to identify and document existing best practices among the health ministries affiliated with CCHF; plan, implement, and prospectively evaluate new/young programs; and develop the infrastructure for a faith-based practice research network that will address important questions relevant to the CCHF-affiliated ministries.

Through a Compassion Capital grant from the President's Office of Faith-based and Community Initiatives, CCHF is expanding its provision of technical assistance and awards to new faith-based and community groups that are establishing comprehensive, community-oriented primary healthcare centers in needy communities. CCHF has a student program that aims to let the students enter the healthcare field in a faith-based atmosphere. There are projects targeted specifically for students, such as study materials, conferences,

preceptorship/rotation opportunities, the *Apprentice* (a student publication), and others.

SEE ALSO: Christian Antipoverty Campaigns; Community-Based Antipoverty Programs; Faith-Based Antipoverty Programs; Healthcare.

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Christmas Seals

IN THE 19th and early 20th centuries, tuberculosis was a widespread disease with a high mortality rate, particularly among the poor. Before the use of streptomycin in the 1940s, there was no medical cure for this lung disease, but there were treatments that involved protracted stays at sanatoriums. These institutions were expensive to build and operate, and funding was often insufficient.

In 1903 Einar Holbøll (1865–1927), a future postmaster of Denmark, came up with the idea of using the volume of Christmas mail as a way of raising money for tuberculosis treatment. Holbøll, who was also a member of the precursor to the Danish Lung Association, was familiar with the effects of tuberculosis, particularly in children. Holbøll proposed that the Danish post office sell the Christmas Seals and that the proceeds go toward supporting institutions that would treat tubercular patients.

The first Christmas Seal was sold in Denmark in 1904, and received the support of King Christian IX and his wife Louise, who was featured on the first Christmas Seal. The money generated from the sale of the first Christmas Seal was used to build the Julemærkesanatoriet (Christmas Seal Sanatorium) in Jutland. The original Danish Christmas Seal Foundation continues to own and operate a number of these homes, albeit for children who suffer from diseases related to obesity.

In the United States, Christmas Seals were introduced in 1907 through the work of Emily Bissell (1861–1948), a humanitarian with a broad range of causes, including the Red Cross, which gave permission to use its emblem on the first American seal. As in Denmark, monies raised were used to build fresh-air sanatoria, but the U.S. Post Office was not directly involved in the sale of the seals. Today, Christmas Seals are a registered trademark of the American Lung Association, and the monies raised through their sale are used to fund the fight against lung diseases such as asthma and emphysema.

Since their inception in 1904, Christmas Seals have been sold in over 130 countries worldwide. Generally, in Christian countries, Christmas Seals in support of tuberculosis are recognizable by the double-barred cross of Lorraine, whereas in Muslim countries they are distinguished by a red crescent. In many developing countries, the proceeds from the sale of Christmas Seals or their equivalent continue to be used locally for community-based programs aimed at preventing and treating tuberculosis.

Interestingly, there is an avid community of philatelic societies specializing in the collection of Christmas and tuberculosis charity seals. Established in 1920, the International Union Against Tuberculosis and Lung Disease (the Union) works with 325 other organizations to prevent and treat tuberculosis around the world. At its annual conference on lung health, the union holds a Christmas Seal contest and chooses the best design among the submissions.

Each year over eight million people develop active tuberculosis, and almost two million die from this disease, almost all of them in the developing world. Worldwide, the prevalence of tuberculosis has declined 20 percent since 1990. The exceptions to this are sub-Saharan Africa, where tuberculosis, linked to HIV, is rising at a rate of three to four percent annually, and countries of the former Soviet Union. China and India together account for approximately one-third of global tuberculosis cases.

SEE ALSO: Charity; Disease and Poverty; Easter Seals.

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Church of England

THE CHURCH OF ENGLAND (also known as "the Anglican Communion") is a Protestant offshoot of the Catholic Church that shares most of the latter's structure, liturgy, and beliefs, though it adds some Protestant beliefs of its own. Christianity had been practiced in Britain since the 2nd century. In the 16th century, however, Pope Clement VII refused to annul King Henry VIII's marriage to Catherine of Aragon, who had not borne him any heirs.

Henry prevailed upon Parliament to "divorce" the Church of England from the Catholic Church and to make the English king the head of the new church. Other than that—and the annulment of his marriage to Catherine—Henry envisioned no changes in church belief or ritual, though some specifically Protestant reforms were introduced after his reign.

In 2002, the Church of England had approximately three million members in Great Britain. Worldwide, many churches and denominations are affiliated with the Anglican Communion, but membership numbers are not available.

The Church of England's antipoverty efforts follow the same general outlines as those of the Catholic Church, combining material aid for the poor in this world with a spiritual focus on living to prepare for the next world. Some specific areas of church antipoverty work are the Church Urban Fund, the Children's Society, the Church Board for Social Responsibility, the Make Poverty History Coalition, and the Trade Justice Movement.

The Church Urban Fund was founded in the 1980s to help direct financial and other aid to the poorest residents of British towns and cities. From its inception until 2005, it distributed £54 million (about \$90−100 million) to more than 4,000 local antipoverty organizations. The fund attempts "to be a Christian organization that makes a significant and lasting difference in the lives of individuals and communities blighted by enduring poverty." In addition to providing poor relief, the fund attempts to identify the causes of poverty and engage in poverty prevention as a long-term strategy. For example, the fund attempts to help women and children who are abuse victims, not least because they are at great risk for lifelong poverty.

The Children's Society was founded in London in 1881 as the Church of England Central Home for Waifs and Strays. In 1946, it changed its name to the Church of England Children's Society, and again in 1982 to simply The Children's Society. Through this program, the

church focuses specifically on the problems of child poverty in the United Kingdom. It provides food and shelter, education, daycare, nutritional counseling, and other social or family services as needed. In each church diocese, the program works with local groups to help identify the problems faced by poor families and find solutions. It helps runaways, abuse victims, and youthful offenders, and campaigns for legal changes to help poor children.

The Church Board for Social Responsibility is the church's organization that campaigns for social, political, and legal changes to improve the condition of the poor in Britain. It spotlights problems such as income inequality, low pay for working Britons, and unemployment. It supports solutions such as tax credits, minimum wage legislation, housing benefits, and exemption from tax for the poorest Britons. The board also focuses on the problems facing poor families, such as child poverty, and tries to find solutions.

In the Make Poverty History Coalition, the church tries to raise public and government awareness of the problems of poverty and marshal material support for the poor, and in the Trade Justice Movement, the church urges developed countries to pursue trade policies that help the poorest nations upgrade their economies and increase their productivity. The church also supports debt forgiveness for poor countries.

SEE ALSO: Catholic Church; Christian Antipoverty Campaigns; Protestant Churches; United Kingdom.

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Church World Service

Church World Service (CWS) is the relief, development, and refugee assistance ministry of 36 Protestant, orthodox, and Anglican denominations in the United States. Partnering with indigenous organizations in 80 countries worldwide, CWS works to meet human needs and foster self-reliance. CWS is affiliated with the National Council of Churches and helps U.S. commu-

nities respond to disasters, resettles refugees, promotes fair national and international policies, provides educational resources, and sponsors CROP Walks.

CWS began in 1946 as a partnership of several Christian denominations responding to human needs in the aftermath of World War II. Its mission was biblical: feed the hungry, clothe the naked, heal the sick, comfort the aged, and shelter the homeless. In the 1950s and 1960s, CWS expanded its relief work to include Asia, Africa, and Latin America. During the 1960s emergency relief was complemented by social development addressing long-range needs.

CWS expanded its relief work to include Asia, Africa, and Latin America.

CWS's mission today is Christians working together with partners to eradicate hunger and poverty and to promote peace and justice around the world. CWS programs are guided by principles derived from experience: relief packages are not enough; long-term needs must be addressed to avert future crises; true partnering involves giving and taking, learning and teaching, listening and teaching; development priorities should come from grassroots partners rather than from donors; ending hunger requires integration of material assistance with attention to the root causes of hunger poverty and injustice; women are integral to lasting solutions to poverty and hunger; all people have fundamental human rights; need must be addressed without regard to religious affiliation or creed; and interfaith collaboration is essential.

The CWS budget exceeded \$72 million in 2004, supporting CWS programs for Immigration and Refugees (35.1 percent), Disaster Relief and Recovery (18.7 percent), Social and Economic Development (15.6 percent), Education and Advocacy (4.9 percent), and Mission Relationships and Witness (1.8 percent).

The CWS Immigration and Refugee Program (CWS/IRP) has resettled about 400,000 people and settles approximately 5,000 refugees annually in the United States. CWS/IRP is one of nine voluntary agencies that, through private and government funding, ensure that refugees are properly resettled, adjust to their new homes, and regain self-sufficiency. The agencies help refugees enroll children in school, seek medical attention, apply for work, receive language training, obtain housing and basic necessities, and receive legal services.

The CWS Emergency Response Program works in the United States and throughout the world to help vulnerable persons and communities achieve long-term physical, psychological, and spiritual recovery in the aftermath of natural and human-caused disasters. Globally, CWS responds to disaster through Action by Churches Together. In the United States, CWS coordinates its disaster response work through a network of Professional Disaster Response and Recovery Liaisons. CWS Tools of Hope (blankets, tents, fishing nets, clean water, microloans, garden tools, seeds) and Gift of the Heart Kits (soap, toothpaste, bandages, pencils, diapers, and emergency cleanup buckets) are widely distributed following disasters.

CWS fosters education, innovation, enterprise, and collaboration powered by local ingenuity and nurtured by self-respect. Through facilitation, capacity building, and financial support, CWS helps vulnerable and marginalized groups build just and sustainable communities. Programs addressing health and HIV/AIDS, water management, community-based development, education, women and children, civil society, and indigenous populations are being carried out in Africa, Asia and the Pacific, Europe, Latin America and the Caribbean, and the Middle East.

CWS aspires to raise awareness about poverty, the HIV/AIDS epidemic, human rights, and peace building, bringing the voices of partners into churches, community groups, and government. It educates the public about issues and legislation, and encourages and facilitates contacts by advocates with elected officials and the media.

The first CROP Walk was in World Food Day in 1969 in Bismarck, North Dakota. A thousand walkers raised \$25,000 to help stop hunger. CROP walkers solicit pledges of so much per mile from their backers for antihunger programs. Today, CROP Walks are held annually in about 2,000 U.S. communities and provide major funding for CWS development work throughout the world.

In the past 20 years nearly 5.5 million CROP walkers raised \$264 million for antihunger programs, providing seeds and tools, wells and water systems, technical training, and microenterprise loans—tools of hope for persons worldwide. About 25 percent of funds raised may be allocated to local antihunger programs.

SEE ALSO: Christian Antipoverty Campaigns; Faith-Based Antipoverty Programs; Human Development; Natural Disasters.

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Civil Society

CIVIL SOCIETY IS PLACED between the individual and the state. The term is used in reference to the broad collectivity of voluntary, nonofficial, noncommercial, and more or less formally organized groups that develop in the space between the individual and the state, socializing the former and humanizing the latter.

Civil society refers to autonomous groups and associations that might cooperate but can also compete with each other. Although the associations comprising civil society have widely differing objectives, size, membership, resource levels, institutional forms, organizational cultures, and campaign tactics, they all aim at either reenforcing or altering existing rules, norms, and deeper political, economic, and social structures. Civil society refers to activities by voluntary associations to shape policies, norms, and/or deeper social structures. Civil society is therefore distinct from both official and commercial circles, though the line can become blurred at times.

The term *civil society* went through a revival in the 1990s. In 2005, it was thought of as a counterbalance to the power of the government. John Locke and others used it to separate the government from organized society, since a contract among rational men had been agreed upon in order to escape the state of nature.

Civil society describes the space of collective action and public discourse that exists between government and private citizens, and which is filled typically by citizens' movements, relief organizations, peace activists, human rights advocates, labor unions, charities, social and sports clubs, farmers' groups, environmental groups, ethnic lobbies, criminal syndicates, academia, the media, consumer protection bodies, community-based organizations, women's networks, civic clubs, citizens' initiatives, citizen action groups, nongovernmental organizations, interest groups, cultural and edu-

cational institutions, and private religious and developmental organizations. However, this term does not cover political parties, as their only reason for existence is to work to take political power. Neither is private business part of civil society, as it is private and profitoriented. Besides the understanding of civil society as "space for action," the concept is also understood to mean the society we all want to live in: trustful, tolerant, and co-operative. In the past this was a society of good manners. *Civil society* can refer to the voluntary sector as well as express an alternative vision of society.

The state should be a minimal or noninterventionist state. This type of state should be limited to looking after law and order and military defense, and it should provide space for civil society, as Adam Smith argued in his Wealth of Nations in the 18th century. For Smith, society was separate from the government, and civil society was a counterbalance to repressive government. Smith described the self-regulating economy as civil society. Protestant (Calvinist) individualism had provided the beginnings of civil society.

Smith believed that the market would give one civility, and that civil society was the result of the market, not what the government had wanted to do in the first place. In the 20th century, Antonio Gramsci in Italy emphasized culture and education, which were under threat to be used by the powerful government to impose its perspective on civil society's culture and education. Gramsci, but also before him, G.W.F. Hegel and Karl Marx in the 19th century, understood civil society as a public sphere beyond the control of the government and the family. The market needed individuals who would also play a key role in civil society.

For Hegel, this civil society, or *Buergerliche Gesell-schaft*, was the end goal of history; for Marx civil society was merely one step on the way to communism. In central and eastern Europe, at the end of the 20th century, dissidents were successful in building a "parallel society" based on active citizenship, which would lead to democracy, they hoped.

In the West, civil society promised a participatory society, which would be properly democratic to politicize the social and to deepen and radicalize democracy, as civil society does not want more welfare or economic rights. Civil society gives space to environmental, peace, feminist, and gay and lesbian groups, and leads to participation in decision-making.

These new social movements can now cooperate with each other across time and space thanks to modern telecommunications such as the internet, e-mail, and fax. As a result, there is a global opposition, and



On a global level, civil society should exist as part of the liberal state and as part of global governance.

with an increasing "NGOization" of the world, also a global civil society.

However, this global civil society needs a strong liberal state with separation of powers, checks and balances, pluralism, civil rights, and politics not as violent conflict but as an argument, in short the ability to protect this space of civil society. This might even be used to criticize the government, but at least for the time being this space might also be used to strengthen a market economy. Functions of the state in the field of welfare were taken over by civil society, not only saving the government money and leading to the reduction of the tax rate, but also smoothing the path of economic globalization. In addition, the degree of popular participation and consultation on a national and global governance level must not be exaggerated. Only a small proportion of the world's population has thus far become actively involved in civil and global civil society.

On a global level, civil society should exist as well in the same way as part of a liberal state, but now as part of global governance, sometimes also called transnational civil society or transnational advocacy networks, which have become important since the 1990s with growing interconnectedness. This global governance is part of post-Cold War arrangements—away from bipolarity to multilateralism, despite G.W. Bush's attempt at unilateralism.

Global governance is the attempt to coordinate policies on global issues, which by their very nature affect the majority of countries in the world through global warming, transnational capital flow, smuggling, and human rights. There is an increase in new centers of authority above, below, and alongside the government. U.S. citizens are today affected by decisions made by the World Trade Organization's (WTO) Arbitration Committee in Geneva, Switzerland.

Global civil society, which will become stronger, is the domain of world politics, outside the control of the state, where international nongovernmental organizations (INGOs) and other social movements pursue their specific socioeconomic and political goals. Global governance differs from world government, which is highly unlikely to exist even in the distant future, and is about establishing global rules, norms, and standards to regulate transborder conflicts such as the global drugs trade. Global governance is about civilizing, democratizing globalization, and enhancing democracy in global relations.

However, not everybody has the same resources, influence, and access to key centers of decision-making. Rupert Murdoch's News International has a greater capacity to shape the global agenda than does, for example, the Rainforest Action Network.

However, at the moment, this kind of civil society on the global level does not avoid the problems of civil society on the national level, where, after all, only a limited number of people take part in it.

Where does the ability to make decisions lie in the end, if not in the developed countries?

The first problem with global civil society, as with globalization as such, is that global civil society is not really global. Global civil society is uneven globally; it is a developed countries' (DCs or northern) civil society. The International Monetary Fund (IMF) and World Bank headquarters are in Washington, D.C.; the World Trade Organization is situated in Geneva, Switzerland; the North Atlantic Treaty Organization (NATO) is headquartered in Brussels, Belgium; and the the United Nations is in New York City.

Global civic activity has occurred disproportionately among white, northern, university-educated, computer-literate, propertied persons. On the whole, the world's underclasses have lacked the funds, language fluency (or translation facilities), and organizational capacities required for effective participation in global civil society.

Another problem is that global civil society is meant to affect multilateralism and to democratize global governance, to diffuse power away from Washington, D.C., but where does the ability to make decisions lie in the end, if not in the developed countries, or north? INGOs, and with them global governance, create norms, standards, and "soft law" with the threat of "naming and shaming." But in the last analysis, if a government thinks its national interest is more important, and if governments do not implement global standards automatically, what can be done about it? Who/what could arrest, punish, and incarcerate a government? Global governance has no enforcement power. INGOs affect multilateralism, but only if states allow them to do this. In the very end, it is the Group of Eight (G-8) of most industrialized countries, together with transnational companies and northern INGOs, that show the unequal power relations in the world, as (southern) NGOs (nongovernmental organizations) are limited.

Global civil society as the bedrock for global governance needs to be based on structural change; fairness in the world economy and global governance needs to have enforcement power. The way things are now organized, global civil society repeats the interests of strong states. The sovereign state has not come to an end, but state power has simply been reconfigured. Global civil society reproduces national civil society's hierarchy on a global level.

SEE ALSO: Globalization; International Nongovernmental Organizations; Marx, Karl; Moral Poverty; Nongovernmental Organizations; Smith, Adam.

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Class Analysis of Poverty

MOST SOCIALISTS, especially Marxists, have long maintained that one cannot properly understand, nor can one adequately address, poverty without linking it to deeper issues of class and exploitation underlying capitalist social relations. Class analysis recognizes that within capitalist societies the vast majority of people are separated from the means of producing their basic subsistence, including food, clothing, housing, and other necessities.

This majority, the working class, must survive by selling its capacity to work to those capitalists who own and control productive resources and is therefore in a precarious socioeconomic position. Thus, the material conditions enjoyed by a minority in capitalist societies are directly related to the material exclusion of the majority. Poverty is socially produced rather than resulting from characteristics of the individual.

From the perspective of class analysis, poverty is an inherent and regular feature of capitalist social relations rather than an unfortunate exception or by-product of some specific feature of capitalism, such as the unequal distribution of income or competition.

Instead poverty is understood as an integral, indeed central, feature of class exploitation within capitalist societies. Poverty, rather than an accidental outcome of specific economic policies or periods within trade cycles, is a necessary condition for capitalist productive relations and the accumulation of profit.

While more common in other parts of the world, class analyses of poverty are the least prominent approach taken by social scientists and analysts of poverty in North America. The most prominent perspectives on poverty within social sciences in North America explain poverty as resulting from opportunity structures faced by poor people.

In this view, deindustrialization, the decline of manufacturing and loss of decent-paying unskilled or semi-skilled jobs, generally related to economic globalization, has broadened and deepened experiences of poverty in the industrialized north. Poverty is thus regarded as an outcome of shifts in the economy from Fordism to post-Fordism or from the welfare state to the workfare state through neoliberalism.

For advocates of this approach the solution to poverty is through a return to policies and programs featured within previous welfare state regimes. Emphasis is often placed on training programs geared toward providing people with the skills necessary to compete more successfully in the labor market. Other proposed

solutions include the expansion of public works to provide job opportunities for people with limited skills. In either case, however, these proposals can be complementary with workfare schemes.

The underlying assumption is that poverty can be solved if powerful actors, such as corporations or the state, are convinced of the effectiveness of certain social programs to alleviate poverty, and consent to fund such programs. Nowhere is there a sense that powerful groups in society have a direct interest in the continuation of poverty.

Because of its primary elements, poverty is also produced as a feature of capitalism.

From the perspective of a class analysis of poverty, reducing poverty actually requires confrontation with, and the eventual defeat of, powerful social groups, most notably those who own and control capital. These groups cannot be converted to the cause of real poverty eradication because their social position is based on the ongoing existence of poverty. Indeed, for powerful elites, that is, members of the capitalist class, the eradication of poverty would undermine the social basis for their position as a privileged class within capitalism.

So long as productive property, or what is sometimes referred to as the means of production, is privately controlled in the hands of the few who make decisions about what will be produced, when, and by whom, leaving working people in a condition of having to sell their laboring capacity to these owners of capital, there will be poverty.

The negative features of private ownership and control are exacerbated by capitalist competition, which, in the search by individual capitalists for competitive advantage against their challengers, leads to technological innovations, or laborsaving devices, that contribute to unemployment as well as the movement of production in search of cheaper labor. Because private ownership, competition, and production for profit are primary elements of capitalism, poverty is also produced as a regular feature of capitalism.

A class analysis of poverty leads to the conclusion that social reforms cannot end poverty within the context of a capitalist economy. As a result proponents of class analysis advocate and work toward more radical and thoroughgoing, even revolutionary, transformations of capitalist society, generally in the direction of a society organized on the basis of some form of socialist

or communist social relations. In the most radical versions of class analyses of poverty the only possible way to really reduce or eliminate poverty is to abolish capitalist social relations altogether.

This does not mean, as is sometimes suggested, that proponents of a class analysis of poverty are idealists who do not support reform efforts to alleviate or reduce the impacts of poverty. Social democratic versions of socialism, as represented by some labor parties, maintain that the negative characteristics of capitalism can be moderated through policies that, without infringing upon private ownership, can still make significant gains in reducing poverty or lessen the impact of poverty on people's lives.

Still others view the launching of reforms as part of a transitional program that might meet people's needs in the present while contributing to a transformation of society toward socialism or communism. Regardless of which approach is taken, those who maintain a class analysis of poverty generally agree that addressing poverty requires a political challenge to the social power of capitalists and their government supporters and cannot be arrived at through a process of education and consensus.

SEE ALSO: Capitalism; Class Structure; Communism; Marx, Karl; Socialism.

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Class Structure

ECONOMIC CLASS IS often seen as a function of income and wealth levels. According to this way of thinking, there are lower, middle, and upper classes, or alternatively, the poor, the middle class, and the rich. Members of these economic classes would not necessarily have any functional economic interests in common, but rather would have lifestyles and material interests in common.

The three classes differ first by the annual incomes of their members. In the United States there is an official federal government poverty level that could be used as the line between the poor and the (lower) middle class. In 2005 this level was set at \$19,500 for a family of four (U.S. Census Bureau, 2005). This means that any member of a family of four whose annual income was less than \$19,500 was living in poverty, and thus was a member of the lower class (poor). Demarcating the middle class is not so easy. Certainly, the lower income limit would be \$19,500, but what the upper limit would be is unclear. Some people would put it at \$200,000, some people at \$500,000, some even higher. Given that there is no generally accepted definition of the maximum income for the middle class, the range for the upper limit is quite large. At some income level, however, the upper class (rich) begins. As for the upper boundary for the upper class, the sky is the limit.

The second difference between the classes is net wealth, defined as the value of the total assets held by a household minus its debts. What is interesting to note about wealth is that a significant proportion (18 percent) of U.S. households have no wealth. Those with no wealth would include the poor, as well as the lower end of the middle class. The rest of the middle class would have minimal to fairly high levels of wealth, perhaps up to \$900,000. Wealth really begins to accumulate, however, with the rich (after all, they are considered wealthy). As with income, the upper boundary for wealth is fantastical; for a single family it is in the billions of dollars.

When class is viewed in this tripartite fashion, the middle class is by far the largest of the three in the contemporary United States. Those classified as poor are about 13 percent of the population, while those who are rich constitute about one percent or two percent depending on where the upper income limit for the middle class is set. That leaves about 85 percent of the population who would be considered middle-class. By this standard, the United States is quite homogeneous by class.

The relative size of the middle class varies considerably across countries by this definition. In India, for example, the middle class constitutes about 20 percent of the population, with the rest of the population living in poverty (the percentage who are wealthy is negligible). The Chinese middle class is even smaller, with only three percent to 13 percent of the population considered as such (*China Daily*). As a general rule, the more developed economies have a larger middle class, while the less developed economies have a smaller middle

class and a correspondingly larger proportion of the population living in poverty.

While the above definition of class is useful in describing certain economic characteristics of the population, it is not how economic class is viewed in political economy. Rather than relating to income or wealth, a class is defined by its ownership, or lack thereof, of the means of production. The means of production are defined as the tools, machinery, buildings, and all other nonhuman material with which labor works to produce output.

In a capitalist economic system these means of production are privately owned, that is, they are (primarily) not owned by the government. Those who own the means of production constitute the capitalist class (bourgeoisie). Through their ownership they are able to control production as well as control workers, those who do not own the means of production. This latter group, the working class (proletariat), owning nothing but its ability to work, must labor for capitalists in order to survive. Since they do not own anything with which to produce, workers must sell their ability to work to someone else—the capitalists—and subject themselves to the discipline of capitalists in the production process.

Only a small proportion of the U.S. working class would be considered poor.

There is a connection between this conception of class and our first conception, since there is a correlation between class as now defined and income and wealth levels. Capitalists will, on average, be significantly richer than workers. Certainly there are exceptions to this, with some workers being quite wealthy, and some capitalists not having all that much, but the difference between the average material standards of living of the two classes is large and noticeable.

Poverty is concentrated in the working class and those who are barely part of the economic system. For example, a worker earning the U.S. federal minimum wage of \$5.15 per hour would earn about \$10,300 per year, an income far below the U.S. poverty level. Only a small proportion of the U.S. working class would be considered poor, however, as the vast majority of them earn far more than the minimum wage.

On the other hand, in less developed countries (India, China, and the sub-Saharan African countries) the majority of the working class does live in poverty,

corresponding to their overall lower national standard of living. Another significant segment of those in poverty are people who have only a tenuous connection to the workforce. This so-called lumpenproletariat, or underclass, earns income only sporadically and would fall solidly within the ranks of the poor. The lumpenproletariat, however, does not constitute another class within capitalism, but rather could be thought of as a sort of classless segment of society, an underclass only marginally attached to the economic system living in extreme poverty. The lumpenproletariat barely exists in the developed economies, while it may be quite large in certain less developed economies.

These two classes—the working class and the bourgeoisie—are considered in political economy to be the two major classes within capitalism. Each exists only as a counterpart to the other. By defining class in relation to the ownership of the means of production, it can be seen that the two classes are fundamentally antagonistic. Capitalists will want workers to produce as much as possible as cheaply as possible. Workers, on the other hand, will resist being driven too hard and will want to be paid as much as possible. Thus there is an inherent conflict between the two classes over control of the production process and over distribution of income.

It is usually considered politically desirable when the poor move into the middle class.

In less developed countries, such as Mexico or China, there is a third group to be considered—the peasantry. Peasants, defined as those who work the land and possess their means of production, constitute a precapitalist class existing within a capitalist economic structure. Neither bourgeois nor proletariat, these workers tend to be poor, earning little from their agricultural products. While still surviving in large numbers in some countries, there is a historical tendency to push the peasantry into the ranks of the proletariat. Thus, in developed countries, such as the United States or Germany, there is virtually no existing peasantry.

We have identified only two classes in the discussion above. In advanced capitalism (such as the United States), however, there appears to be a large group between capitalists and workers. This group would include, among others, the intelligentsia, managers, teachers, entertainers, and engineers.

Some economists believe that this group constitutes a new class because they are in economic opposition to both of the other two classes. Since they are wageworkers, selling their ability to work to capitalists, this middle class would have economic interests opposed to capitalists, and since they control and manage workers, they would also have a fundamental antagonism to workers. While acknowledging the existence of this middle stratum, other economists would see this group as occupying a contradictory class position, not really a class, but sometimes aligning with workers and sometimes aligning with capitalists. Whether a separate class or not, because of its large size, this middle stratum plays a significant role in the class structure of advanced capitalist economies.

The middle class defined immediately above—according to the position occupied in the workplace—is similar to the middle class first defined by income and wealth levels. While most of the middle class defined above would fit into the income middle class, the latter would also include much of the working class, especially in developed economies. We should also note that the middle class in both definitions is often considered a stabilizing force within a political system. Thus it is usually considered politically desirable when the poor move into the middle class, defusing any revolutionary tendencies they may have.

In addition to the basic division between classes, there also exist divisions within each class. For example, within the capitalist class there may be conflicts that arise between financial institutions, which lend money, and industrial capitalists who use this borrowed money for production: the former would want to receive high interest payments while the latter would want interest payments to be low. Similarly, within the working class, interests may differ between skilled and unskilled workers, or between workers and foremen. Thus, within the overall division of society into two classes, there is a further division of the classes into various parts.

It is the essence of class that society is not seen as a collection of atomized individuals. Their group identification—in this case defined by their ownership relation to the means of production—influences and informs their interactions in society. They will differ as individuals, of course, but they will have important similarities as workers or capitalists, especially with regard to their economic relations in society.

In addition to class, other social groups can be identified. For example, individuals may be members of gender, racial, ethnic, or religious groups that are important to their identity as social beings. While these intersect with class in a complex way and may influence how class is experienced, it is important to note that they are

distinct from, and have a different economic status from, class. All of these social formations combine into a complex social structure in which individuals come together in overlapping groups, acting not as isolated economic agents but as members of various social groups.

Economic class is considered important in political economy because it is thought that economic interests primarily lie with this particular grouping. Because of this shared economic consciousness, strong political-economic bonds should be formed in opposition to the other class: class "distinguish[es] the groups whose antagonisms define the basic historical processes," according to Leszek Kolakowski.

Political economy sees economic class as one of the most important divisions within society affecting the historical development of the economy. The class structure of capitalism is both simple, consisting of only two (or three) classes, and complex, with numerous divisions within the classes interacting with each other and with the other classes, as well as with all of the other non-class societal divisions. The nature of the class struggle, along with the struggles of the other nonclass groups, will determine in large part the future of capitalist economies.

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Cleveland, Grover (Administration)

NO PRESIDENT HELD TO his convictions more steadfastly than Grover Cleveland. He was born in Caldwell, New Jersey, in 1837. Cleveland practiced law in Buffalo, New York, and later became mayor of that city after some local businessmen encouraged him to



Grover Cleveland's second administration presided over the depression of 1894, which threw many Americans into poverty.

run. He earned a reputation for honesty by exposing corruption in Buffalo. This reputation helped him to become governor of New York, and as governor Cleveland fought the corruption of Tammany Hall. He gained such a reputation as an anticorruption reformer that a run for the presidency became possible.

The Democratic Party nominated Cleveland for president in the election of 1884. The Republican candidate, James G. Blaine, had strong ties with special interests on Wall Street and in the railroad industry. The contrast between the incorruptible Cleveland and Blaine was so great that many Republicans voted against their party's candidate. Cleveland won by a mere 29,000 popular votes and 37 electoral votes. In his inaugural address, he pledged himself to peace, civil service reform, fiscal austerity, and government on constitutionalist principles.

As president, Cleveland resisted special-interest politics, largely by vetoing legislation from Congress. Cleveland vetoed more legislation than any previous president in an effort to watch over the Congress's tendency to favor special interests. This earned him the nickname "the guardian president." He vetoed bills to support farmers in Texas and for false claims to veterans' benefits, and investigated railroad landholdings in the west.

Cleveland believed that paternalism "weakens the sturdiness of our national character." Toward the end of his first term, Cleveland pushed to reduce tariffs despite industrial support for protection. Big business supported Republican Benjamin Harrison and funded his campaign lavishly. He was warned that this would damage his chances for reelection, but insisted that he must stand for his principles. He won the popular vote but lost the electoral vote.

The fact that Cleveland would not bow to special interests may have cost him immediate reelection, but he would return to the White House. Cleveland won the election of 1892 but soon faced a severe depression. The unemployment rate reached 18 percent. Many businesses failed and unemployed workers endured dire economic circumstances. Cleveland's main economic policies were to repeal the Sherman Silver Purchase Act and to maintain the treasury's gold reserves.

Cleveland blamed the Sherman Antitrust Act for the depression. He also broke a railroad strike by 150,000 workers in Chicago. This action proved highly controversial. He also pressured the British to accept an agreement over the border of Venezuela, and justified his strong stance with the Monroe Doctrine. He also got involved in a dispute with Germany over Samoa. As before, he suffered a political loss for having taken strong stands. The Democratic Party nominated William Jennings Bryan instead of Cleveland in 1896.

Cleveland retired to Princeton, New Jersey, and died in 1908. Many historians have criticized Cleveland's second administration for its economic policies. Yet the depression of 1894 ended by the time he left office. Cleveland's commitment to principles, resistance to special-interest politics, and strict opposition to corruption separate him from many other politicians. His efforts to overcome corruption and machine politics did not always succeed. Yet the fact that he made such an effort at risk to his own political career is what is most commendable about his presidency.

SEE ALSO: Bryan, William Jennings; Poverty in History; United States.

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Clinton, William (Administration)

IN 1992, GOVERNOR Bill Clinton of Arkansas came to the presidency on the strength of his personal charisma and his strategic vision for a "third way" in American politics that borrowed from both traditionally Republican and Democratic approaches to social and economic problems.

Promising voters that he was a "New Democrat," Clinton spent his two terms distancing himself from the pervasive image of Democrats as poor stewards of the economy and as soft on crime and welfare, an image whose popularization had been the work of the two previous administrations. Despite Clinton's preference for consensus building over ideological confrontation, his personal Horatio Alger story and the dream of recapturing the White House after 12 years of exile gave liberals in his party reason enough to support him.

To conservative Democrats and Republicans, Clinton's open intention to revisit some of the most precious building blocks of the 1960s welfare state, including the welfare program itself, signaled a willingness to compromise that gave them new hope for change in social policy.

BIOGRAPHY AND PHILOSOPHY

The youngest man elected to the presidency since John F. Kennedy, Clinton had achieved the office absent his hero's privileged background. Born to a widow in one of the poorest states in the country, Clinton emphasized his personal experience with deprivation and the avenue for achievement that education had afforded him (he was educated at Georgetown, Oxford, and Yale). As governor of Arkansas for five terms, Clinton made a name for himself as an innovative reformer who sought consensus between the political parties.

Seen by many as a throwback to Kennedy, Clinton's campaign in 1992 was based on a combination of in-

spiring rhetoric, personal likeability, and a coherent message that a cautiously activist government should nurture responsibility, opportunity, and community. Clinton's poverty-fighting philosophy largely reflected these themes throughout his administration.

POVERTY POLICY AND ECONOMIC AGENDA

Clinton governed during the longest period of sustained economic growth in U.S. history. High-technology innovation, falling interest rates, and low inflation all contributed to the economic boom and provided the government with many of the resources necessary to ensure that the rising tide did, indeed, lift all boats. Clinton used essentially the same combination of macroeconomic tools, including tax credits and wage increases, that his predecessor had wielded to fulfill his campaign commitment to reward personal responsibility.

In sharp contrast to the George H.W. Bush administration, however, Clinton's first budget proposed a tax increase on workers earning more than \$250,000 annually to pay for tax relief for working families, without exacerbating the national deficit. Revenue increases and some targeted spending reductions (predominantly in defense spending), coupled with the overall economic growth, combined to eliminate the budget deficit during the Clinton presidency and amass the largest budget surplus since 1951. These conditions made targeting the working poor a more palatable legislative priority.

The poverty rate among all groups fell substantially during the Clinton years.

In his first budget, Clinton requested an expansion of the Earned-Income Tax Credit (EITC). The EITC enjoyed bipartisan support and was expanded significantly in 1993, providing a family with two children a \$.40 tax break for every dollar of income earned up to \$9,500. In 1996, the president and Democratic allies in Congress managed to win an increase in the minimum wage from \$4.25 to \$5.15.

Investment in job-training programs helped ensure that workers in low-income communities would have access to some of the prosperity made available by the tightening labor market. Yet none of these proposals demonstrated the kind of commitment to large-scale employment measures that the Democratic Party had historically supported. As proof of Clinton's evolution toward an even more moderate course than that with which he entered the office, he rejected the suggestions of more liberal advisers like First Lady Hillary Rodham Clinton, Labor Secretary Robert Reich, and Health and Human Services Secretary Donna Shalala to propose a more aggressive long-term public policy approach to the ongoing inequalities in unemployment in poor minority communities. Despite his more moderate approach, the poverty rate among all groups fell substantially during the Clinton years, largely due to the robust economy, from 14.8 percent in 1992 to 11.3 percent in 2000. Child poverty fell from 25.6 percent in 1993 to 16.9 percent in 2000.

HEALTHCARE

After Congress blocked Clinton's ambitious (some would say overambitious) national healthcare program in early 1994, the administration and Democratic allies in Congress undertook a piecemeal approach to healthcare reform. In 1997, Clinton signed the Children's Health Improvement Program into law, providing \$24 billion to cover five million children whose parents made too little money to buy private health insurance, and too much to qualify for Medicaid.

Spotty enforcement in the states made for mixed results, but the program did extend coverage to a greater number of poor children. Ensuring child immunization for all children was another long-term administration goal. By 1998, child immunization rates had hovered at near 90 percent for two years. In addition, Clinton protected and expanded the improvements in Medicaid made during the early 1990s against the onslaught of an aggressively anti-entitlement conservative majority in Congress.

HOUSING AND HOMELESSNESS

Though voters did not perceive the issue of homelessness to be as urgent and terrible as they had four years earlier, Clinton did work to continue making progress on sheltering the hundreds of thousands of men and women who still lived on the streets. During his presidency, the Housing and Urban Development Department (HUD) invested almost \$5 billion in programs to help the homeless, three times the investment of the previous administration. Calling its program the Continuum of Care, HUD helped 300,000 homeless people find housing and jobs as part of the larger goal of self-sufficiency. Focusing attention on the long-term challenges to this employment objective, Clinton included



The Bill Clinton administration's most significant effort in dealing with poverty issues was welfare reform.

drug treatment, mental health assistance, domestic violence counseling, and primary care in this program.

In a policy that concurred with Clinton's "New Democrat" approach, HUD did not invest in new public housing units during the president's two terms. Instead, emphasis was placed on rehabilitating the reputation of an agency perceived by many in Congress to be overly bureaucratic and scandal-prone. Credibility and vitality were restored to the agency. Clinton's HUD initiatives included a key program advocated by the department under the Bush administration and actively promoted by Clinton during the campaign: the creation of urban Empowerment Zones.

In 1993 the administration secured \$3.5 billion in federal funding to help low-income communities in select urban and rural zones; \$2.5 billion of the appropriation was earmarked for tax incentives to lure investment into these areas, with an additional \$1 billion provided for block grants to build safe and usable public spaces. In 1999, the Empowerment Zone program was expanded with an additional \$3.8 billion in

funding for 20 more needy regions. Another Bush initiative, the controversial Moving to Opportunity (MTO) pilot program, was resuscitated by Secretary Henry Cisneros and gave vouchers to poor people to move to rental housing in suburban communities. MTO was predicated on the notion of undermining spatial segregation of poor minority people but has achieved mixed results and is still a source of debate among housing advocates.

EDUCATION

While most of the Clinton administration education proposals were geared toward making college education more affordable for middle-class families, there were a few notable efforts to target low-income communities. The two most significant of these were Clinton's increases to Title I funding, providing better educational opportunities to 11 million poor children, and his unwavering support and expansion of the Head Start program, for which funding increased by 90 percent from 1993 to 2000. In 1994, Clinton obtained funds from Congress to establish Early Head Start to improve early childhood development among poor children under three.

Other less tangible efforts to improve educational opportunities for poor children included mentoring and literacy programs that were part of Clinton's overall effort to revive 1960s-style national service programs, providing tuition assistance to young college students in exchange for their commitment to teach in impoverished school districts and provide literacy tutoring in poor schools. These and other elements of Clinton's education policy toward low-income communities echoed earlier proposals by the Bush administration, including some form of school choice. Although an opponent of private school vouchers, Clinton supported the creation of public charter schools that could serve distressed communities. By 1998, more than 1,200 public charter schools were operating in the country.

WELFARE REFORM

In his 1996 book, Between Hope and History, Clinton wrote that "for 15 years, going back to my service as governor of Arkansas, I have worked to reform welfare, to make it a second chance and not a way of life." Indeed, welfare reform is the single most significant aspect of Clinton's legacy on poverty issues and reflected his longtime emphasis as a governor on local control of federal funds.

Replacing Aid to Families with Dependent Children with the Temporary Assistance for Needy Families program, the Personal Responsibility and Work Reconciliation Act of 1996 turned a nationwide entitlement program whose funding was determined by the federal government into a block grant system through which the federal government allocated a portion of funds to states, which had to raise revenue to supplement the cost of local services. De-emphasizing cash benefits, the act included provisions to provide some services that would help recipients move into jobs, including education and job training. The administration also proposed legislation that sought to make the transition for recipients easier, including housing vouchers, food stamps, childcare, and better child support enforcement while also giving tax incentives to companies that hired recipients, working to prevent teenage pregnancy.

Although the welfare reform bill was not as instrumental in this significant drop as the growing economy, clearly the goal of lowering the number of welfare recipients had been achieved. Some 14.1 million people received welfare benefits in 1993, the majority of them children. By 1996, when the welfare reform bill was enacted, that number had dropped to 12.2 million.

In 1999 the number had plunged further, with some 6.6 million people using the program. The legislation represented a clear victory for those who believed that the welfare system itself inculcated dependency in a population of largely undeserving poor people and discouraged family cohesion and self-sufficiency. Ideologically, Clinton's support for the Personal Responsibility Act was the most obvious sign of his divergence with many of his party's historic standard-bearers. Marian Wright Edelman, the president of the Children's Defense Fund and a longtime personal Clinton friend, called the Personal Responsibility Act of 1996 the "moral blot on the Clinton Presidency," and many of the president's supporters questioned the motives of the welfare reform initiative, intimating that the president was bowing to political pressure in an election year instead of making a principled stand. In good economic times, the decision was popular with most voters, however, and Clinton became the first Democratic president elected to a second term since Harry Truman.

MAJOR EVENTS

Although Clinton did spend a significant share of his time focused on foreign affairs, including the growing threat of terrorism, the breakdown of the former Yugoslavia, the ongoing violence in the Middle East, and brokering a delicate peace in Northern Ireland, his presidency was, true to his word in the 1992 campaign, one largely geared toward domestic issues.

With a vibrant economy and a majority of voters feeling good about the direction the country was going in, there were few major events that distracted the nation from enjoying its prosperity or detracted from the president's generally strong approval ratings among voters. Among these, however, were the dramatic loss of the House and Senate for the Democrats in 1994 after controlling the Congress for 40 years; the sometimes bitter debate over free trade, which Clinton supported; the emerging realities of globalization; and Clinton's impeachment in 1998 over questions about whether he lied under oath about an inappropriate relationship with a woman.

The debates over free trade and globalization were most relevant to the issue of poverty, provoking the final turn by the American political mainstream toward neoliberal economic policies, further diminishing the already lagging manufacturing industry that, through the efforts of organized labor and its Democratic Party, had been largely responsible for providing social mobility to working-class Americans for 50 years. The "third way" Clinton espoused clearly rejected the viability of that model, with lasting repercussions for the poor in the United States and around the world.

CONCLUSION

While pledging to focus on domestic issues and act boldly, Clinton's presidency was characterized more by piecemeal efforts to fight poverty in targeted ways than by any large-scale antipoverty programs. Provoked by a desire to prevent the downward financial pressure many middle- and working-class families were experiencing because of skyrocketing healthcare costs, his effort to create a national healthcare program that would provide coverage to every single American was a notable exception.

The defeat of the Health Security Act in Congress and the retaking of congressional control by conservative Republicans in both houses in the 1994 midterm elections left Clinton with political leverage insufficient to achieve momentous change.

For the remainder of his presidency, Clinton sought to work with members on both sides of the aisle on issues that many in the Republican Party deemed sensible ways to address poverty. However, private scandal and partisan assault on his personal character brought a swift end to any meaningful bipartisan consensus developing between the president and Congress. Clinton's impeachment and subsequent confession of personal failings overshadowed any policy initiatives his administration proposed during the last two years of his presidency, although his welfare reform initiative has become the standard of government policy toward the desperately poor.

SEE ALSO: Democratic Party; Earned-Income Tax Credit; Head Start; Minimum Wage; Neoliberalism; Temporary Assistance for Needy Families; Welfare; Working Poor.

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Cold War

POVERTY WAS AN important factor in the advance of the Cold War, the ideological conflict that sharply divided the world into two contrasting blocs from the end of World War II to the collapse of the Soviet Union in 1991. The Western bloc included the United States and its North Atlantic Treaty Organization (NATO) allies, and the Eastern bloc consisted of the Soviet Union and the communist regimes of central and eastern Europe.

The Cold War did not escalate into an armed conflict between the two superpowers, although both the United States and the Soviet Union were directly involved in several conflicts such as Vietnam and Afghanistan, respectively. The two countries also engaged in the largest nuclear arms race in human history. The Cold War, a term coined by American political adviser Bernard Baruch in 1947, was fought through propaganda, intelligence services, diplomatic plots, and economic pressure.

Following the Truman Doctrine, formulated by President Harry Truman, the United States decided to send aid to countries such as Greece, which, at the end of World War II, were facing civil wars that could lead to the establishment of communist regimes. Without this policy of containment, the entire region would suffer from a domino effect, bringing about a generalized acceptance of communism.

As part of this policy, growth and development became key words in the economic schemes of the Cold War. Countries associated with the United States would be able to display affluence in contrast to the austerity associated with communism. The Marshall Plan (or European Recovery Program) was the first outcome of the new policy of containment, although it was originally devised when World War II alliances were still in place.

At the end of the war, European countries were devastated. Heavy bombings had destroyed entire cities and had damaged industrial production. The agricultural sector too was destroyed, which had led to starvation in several areas of Europe. Food shortage and high unemployment were causing discontent and social unrest. An incredible sum of \$13 billion (the equivalent of today's \$100 billion) was given to those European countries that had joined the Organization for European Economic Cooperation.

The Soviet Union and the countries in eastern Europe did not join the project. Postwar poverty was proving one of the major factors in the growth of communist parties in western Europe, especially in Italy and in France, where the PCF (French Communist Party) became the single largest party in postwar elections. Yet the PCF was forced to leave the government in 1947, and a similar fate befell the Italian Communist and Socialist Parties.

The United States had also hoped that the Marshall Plan would help to break the Eastern bloc, and in July 1947, all European nations except Spain were invited to a meeting in Paris to discuss the plan. Poland and Czechoslovakia agreed to attend at first, but were prevented from doing so directly by Moscow. The Soviet leader, Joseph Stalin, obviously feared that the plan would have caused the integration of eastern European countries within the American sphere of influence. The plan initially met with strong opposition from the Republican Party in the U.S. Congress; however, it was finally passed with a strong bipartisan majority when it became apparent that the Soviet Union was trying to extend its sphere of influence over Europe.

The plan officially began in July 1948, although substantial funds had been given to anticommunist factions in Greece and Turkey as early as 1947. In 1951, the plan ended and could not be renewed because of the expenses of U.S. rearmament for the Korean War. Although most historians agree that the Marshall Plan alone cannot be credited for European recovery, American aid contributed to revive the European economies and to defeat poverty and famine. Industrial production

grew by 35 percent in the four years of the plan and the agricultural sector exceeded prewar levels. Politically, the plan reduced the influence of the Soviet Union on western Europe and encouraged the formation of NATO, the military alliance that would strongly tie western Europe and the United States during the Cold War.

In the mid-1950s, developing countries became the next frontier of the Cold War. In the second postwar period, the rise of movements for independence of colonies in Africa, Asia, and Latin America from their respective colonial powers led to the creation of independent states. These were obviously new states where American or Soviet influence could be established. The egalitarian message of communism was a source of inspiration for many anticolonial movements that saw in the doctrine an effective response to centuries of imperial rule and oppression.

The two superpowers, in effect, created very little economic or political redistribution.

So-called Third World internationalism, the ideology that emerged from these anticolonial movements, was in its original formulation a rejection of the world's division into spheres of influence and an attempt to build peace and stability. These new emerging countries were unwilling to align themselves with one bloc or the other, as they proudly confirmed at the Bandung Conference in 1955. The states emerging from the decolonization process did not want to fall prey again to a different colonizer and thus tried to establish a "creative confrontation" by playing the two superpowers against each other to their benefit.

Yet in the context of the Cold War and of the competition between the socialist and capitalist camps to gain new allies, the leaders of these movements for decolonization soon came to be seen by Western eyes as dangerous communist revolutionaries. To counter the thrust toward social revolution that was shaking many former colonies, the United States adopted a rhetoric siding with former colonies against colonial powers and emphasizing the potential these countries had for development.

In a 1961 television debate with the Indian leader Jawaharlal Nehru, U.S. Senator Adlai Stevenson stated that the United States was firm in its opposition to colonialism and supported the people's rights to selfdetermination, which should be "the objective of all peoples everywhere." The development of Third World countries, of course, could only be fully attained under a capitalist economy.

As Bangladeshi scholar Anisur Rahman pointed out, "It was the threat of Bolshevik revolution inspiring social revolutions in the Third World that was countered by a promise of 'development' to help the underdeveloped societies to catch up with the 'developed.' Development was defined exclusively as economic development, reducing the degree of progress and maturity in a society to be measured by the level of its production."

Western countries stressed that their capitalist model had functioned to create wealth and, at the same time, had ensured democratic forms of government. Yet the very concept of development adopted by the West shows a clear descent from a colonial model, since the underdeveloped new countries were dependent on developed nations just as they once were on their mother countries. In addition, when Secretary of State John Foster Dulles stated in 1951 that Russians looked "upon anybody who is not for them as against them," he was also commenting on his future foreign policy. Faced with the reluctance of many Third World nations to side with either the capitalist or the socialist bloc, Dulles declared three years later that neutrality was an "obsolete conception and, except under very exceptional circumstances, it is an immoral and short-sighted conception."

The swift change in Dulles's position was brought about by the increasing popularity of socialism in developing countries and especially by the personal success of the Chinese leaders Mao Zedong and Zhou Enlai at the Bandung Conference. The Russian leader Nikita Khrushchev had also started a campaign of financial and military aid to nations in Asia and the Middle East. As containment was replaced by *détente* in the 1970s, the Soviet Union and America continued to compete for Third World allies.

Socialism promised a redistribution of economic resources in favor of the dispossessed, while capitalism and political liberalism encouraged a wider distribution of political power in favor of marginalized groups. Yet this international split in two contrasting blocs did little to relieve Third World countries from poverty. The two superpowers, in effect, created very little economic or political redistribution. Third World countries such as Vietnam and Afghanistan were often the battlegrounds where the Cold War became a military confrontation between the blocs, although not between the two superpowers. These conflicts and the totalitarian govern-

ments that often followed augmented poverty and caused cruel massacres.

In spite of the West's image as the champion of democracy, American administrations supported totalitarian governments such as the regime in Indonesia and the dictatorship in Zaire. Through the Central Intelligence Agency (CIA), the United States also organized coups to overthrow democratically elected governments, as was the case with the military putsch that killed the Chilean socialist leader Salvador Allende. Several African countries are still suffering from the civil wars between Marxist-oriented factions and those subsidized by NATO. In Angola, for example, factions intermittently fought from the late 1970s to 2002. Ravaged by the civil war, since the cease-fire the country has not had free elections, which were scheduled for 2006.

Paradoxically, the focus on international relations and on how to win poorer countries to their respective blocs led the two superpowers to neglect poverty at home. Suddenly, at the end of the Cold War, Russia and America discovered their own poor. The dissolution of communist regimes and the transition to a free-market economy was traumatic for the Soviet Union and for many eastern European states. A large percentage of people of former communist countries now battle with poverty, and their living conditions and life expectancy have declined.

Schemes to reduce poverty in America were implemented during the Cold War, including Lyndon Johnson's ambitious War on Poverty in the 1960s. Yet these met with mixed success. Johnson's War on Poverty, for example, had a limited impact on rural areas and did not discourage migration to the already overcrowded northern cities. The large military spending of the Cold War led to the neglect of domestic social problems, particularly during the presidencies of Ronald Reagan and George Bush.

At the end of the 1980s, historian Paul Kennedy diagnosed the United States with the same "imperial overstretch" that had afflicted the United Kingdom and Spain in earlier centuries. The nation's productivity and competitiveness had to be restored and its federal debt drastically reduced if America was to avoid decline. President George H.W. Bush dismissed these gloomy forecasts, yet his neglect of domestic poverty, unemployment, and homelessness contributed to his defeat by Bill Clinton in 1992.

SEE ALSO: Angola; Johnson, Lyndon (Administration); Poverty in History; Russia; United States; War and Poverty; World War II.

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Colombia

AFTER SEVERAL YEARS of battling with the Spanish, troops led by Simón Bolívar won independence for a large area of South America in 1824. Bolívar united Colombia, Venezuela, Panama, and Ecuador into Gran Colombia. The union collapsed in 1830, and Colombia, Ecuador, and Venezuela emerged as separate nations.

For several decades, Colombia has faced an insurgent struggle to overthrow the government, financed in large part by funds from the drug trade. In response, a large paramilitary army has surfaced that is challenging the insurgents over territory and for control of the drug trade. While neither group has been entirely successful in its efforts to take control of the country, they do interfere with the government's ability to function in rural areas and with the right of Colombians to enjoy a basic standard of living free from violence. The political instability has also had a negative impact on the Colombian economy and on relations with neighboring countries

While the Colombian economy has become more diversified in recent years, the agricultural sector still makes up almost a third of the labor force. Colombia is subject to occasional earthquakes, droughts, hurricanes, floods, landslides, and volcanic eruptions that can devastate crops. Some 46 percent of the labor force are involved in services, and 24 percent are engaged in industry. Officially, unemployment stands at 13.6 per-

cent; but it may be as high as 20 percent by unofficial accounts.

With a per capita income of \$6,600, Colombia is an upper-middle-income nation with the potential for economic success. Natural resources include petroleum, natural gas, coal, iron ore, nickel, gold, copper, emeralds, and hydropower. While petroleum production has declined, coffee production has increased, along with the possibility of expanding into new markets. Since 2003, Colombia has made definite steps toward economic recovery. The government has instituted a program of austerity and is determined to reduce public debts and to develop export-oriented growth.

The internal strife in Colombia has resulted in the forced displacement of around three million people since 1985. In 2002, some 320,000 people moved to other parts of Colombia to avoid open warfare. Since 2003, an additional 90,000 people have been displaced. Between 2000 and 2003, approximately 100,000 Colombians fled to surrounding countries for safety.

The vast displacement in Colombia has contributed to the poverty that plagues the country. Estimates of the poverty level vary from 55 to 64 percent. It is estimated that 80 percent of all rural residents are poor and that one-fourth of the population lives in abject poverty. Almost 23 percent of Colombians live on less than \$2 a day, and 8.2 percent subsist on less than \$1 a day. While the poor are struggling to survive, the wealthiest portion of Colombia's population is supported in part through the drug-trafficking rings run by the paramilitary groups. The richest 20 percent of Colombians claim 46.5 percent of resources while the poorest 20 percent share 2.7 percent. Colombia is ranked 57.6 on the Gini Index of Human Inequality.

There are only 94 doctors for every 100,000 patients in Colombia, and six to 20 percent of the people have no access to affordable essential drugs. Nine percent of the population lack access to safe drinking water, and 14 percent lacks access to improved sanitation. Around 48 percent of Colombians have no healthcare, and Colombians face vectorborne diseases such as malaria and dengue fever as well as from communicable diseases and respiratory ailments.

In the past, Colombians have also been susceptible to river blindness, a disease spread by bites from black-flies. This disease is now under control through the efforts of the Carter Center of Emory University. The Carter Center has teamed with local officials to teach prevention and to dispense necessary medications. HIV/AIDS has also become a growing threat in Colombia, with a prevalence rate of 0.7 percent. Approxi-

mately 190,000 people are living with this disease, which has already killed 3,600 people.

Life expectancy in Colombia is 71.72 years. With a projected life span of 75.7 years, females outlive males (67.88 years) by an average of seven years. Among the population of 43,954,279, the median age is 26.04 years. Around 31 percent of the population are under the age of 14, and 5.1 percent have reached the age of 65

Between 1970 and 2005, infant mortality in Colombia dropped significantly from 69 to 20.97 deaths per 1,000 live births. Among children under the age of 5, the mortality rate fell drastically from 108 in 1970 to 21 in 2005. Seven percent of all children under the age of 5 are malnourished, but the number of children who are malnourished has fallen steadily since 1980, when 17 percent of under-5s were malnourished. About 14 percent of under-5s suffer from moderate to severe stunting. Nine percent of all infants are underweight at birth. Immunization rates for children from birth to 23 months range from 81 to 91 percent. Immunization rates have risen in recent years in response to the efforts of international organizations.

Since 2003, Colombia has made definite steps toward economic recovery.

Between 1980 and 2005, the fertility rate of Colombian women dropped from 3.9 children per woman to 2.56 children per woman. The adolescent fertility rate is 70 per 1,000 births. Sexual activity among teenagers has increased, and adolescent fertility has risen by 19 percent in urban areas and by 47 percent in rural areas. In 1980, barely half of Colombian women practiced birth control, but that number increased to 77 percent by 2005.

Trained medical staff attend 86.4 percent of births in Colombia, but attended births generally take place in urban areas. Elsewhere, access to prenatal and antenatal care is poor. Based on modeled estimates for 2000, maternal mortality occurs at the rate of 130 per 100,000 live births. Rates of illiteracy in Colombia have been reduced over the past decades. In 1980, 15.1 percent of males and 16.8 percent of females over the age of 15 could not read and write. Within 10 years, illiteracy rates had declined to 9.7 percent for males and 10 percent for females. By 2005, 92.5 percent of the relevant population were able to read and write, and differences according to gender were negligible.

Officially, most Colombian students attend school for 11 years, but it has been estimated that as many as 1,800,800 children are outside the school system in Colombia. Among those who are counted, basic education rates have improved, and the grade completion rate has rosen for both boys and girls.

By 2003, 88 percent of males and 92 percent of females were completing primary school. Over one million Colombian children between the ages of 5 and 17 are working. Large numbers of children are either commercially or sexually exploited, and a number of children have been forced to take up arms against the government or rival groups.

Human Development Index Rank: 69 Human Poverty Index Rank: 8

SEE ALSO: Child Mortality; Foreign Aid; North American Free Trade Agreement; Venezuela.

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Colonialism

COLONIALISM IS A FORM of imperialism based on the maintenance of complete control over an occupied entity by a ruling state. In a colonial situation the ruling party, usually represented by occupiers from a stronger state, will exercise all executive, judicial, and legislative power over the inhabitants of the occupied territory. Power is invariably extended to control over the economic activities taking place in the colony and the acquisition of resources and processed goods found and produced within the colony.

The colonial master strictly orchestrates the movements and activities of the colonial inhabitants, and their efforts are directed to benefiting the occupying state. Implicit within the concept of colonialism is the inequality of human rights.

Two major periods of global colonialism have occurred. The first period followed the European discovery and occupation of unknown lands in the western hemisphere, beginning with the voyages of Christopher Columbus in 1492. At that time in human history, Spain and Portugal were the leading maritime nations and leading contenders to reap the spoils of new territories. Protracted competition between these two countries was avoided when the Treaty of Tordesillas was signed in 1494. The treaty divided the newly found lands between Spain and Portugal. A line of longitude was drawn 1,800 kilometers west of the Cape Verde Islands. The treaty stated that Spain would receive all lands to the west of the line and Portugal all lands to the east. The great benefactor in this treaty was, of course, Spain. It received all of North America and the majority of the territory in South America. Portugal acquired only the eastern portion of South America that extends into the Atlantic Ocean. Modern-day Brazil, with its Portuguese language, is evidence of the original territorial grant in 1494.

The second wave of colonialism occurred in the last quarter of the 19th century. The activity was efficiently planned and prosecuted. The Berlin Conference was held in 1884 to decide which European country would occupy what regions of Africa. The eventual occupation and control of most of the continent of Africa brought extensive and irreversible changes to the region.

The impacts of the occupation are felt even today, decades after the eventual relinquishing of control and the end of colonialism. Enormous expanses of territory were claimed and occupied during both periods of colonialism. By the beginning of the 20th century, 90 percent of the land area on the African continent came under colonial control. In Polynesia, 99 percent of the land was colonized and in Asia, 56 percent. All of Australia was colonized and 27 percent of the Americas were under colonization at tat time. In Africa, France and Britain together colonized over 70 percent of the land. Other major colonizers during the 19th century were Belgium and the Netherlands. Germany began colonizing activities in Africa in 1914.

The primary incentive during both major periods of colonialism was economic gain for the occupying state. In Latin America, and to a lesser extent in North America, extensive landholdings were taken in the name of the occupying state and presented to individuals settling in the new lands. In addition, vast amounts

of precious metals were extracted and sent back to Europe. In the second period of colonialism, a system was established to extract raw materials and food products from the colonies and ship them to processing centers in Europe. These items were then used in the manufacturing process to create products of greater value, which were sold within the European countries and shipped back to the colonies for purchase there.

The major economic gain in this series of exchanges was realized by the occupying state while the colony derived very little if any monetary gain. This economic system came to be known as mercantilism, a process that greatly enhanced the socioeconomic status of the occupying state but added little to the wealth of the colony.

The colonial era issued in a global system of uneven economic development. The core-periphery concept of economic development developed to its fullest during this time. In this development model, the core represents the developed world and the periphery is composed of those countries, many of which were colonies, on the lowest rungs of the development ladder.

In many cases, the economic status of former colonies has not appreciably changed following independence. The continuation of the colonial status has been identified as neocolonialism, a situation in which both dependency on a developed country and inequality of economic gain persist. This model was articulated most effectively by Immanuel Wallerstein in his work on "world-system" analysis.

Wallerstein expands on the core-periphery relationship and identifies three basic features: 1) a single integrated world market operates in a capitalistic mode; 2) a multistate system exists in which no single country can dominate the system; and 3) a capitalist world system exists in which there are three regional components: the core, the periphery, and the semiperiphery.

The core is the generator of the world system and the greatest accumulator of wealth. The periphery is composed of countries in the developing world. The semiperiphery includes countries that are on the verge of breaking into the core.

The most compelling conclusion by Wallerstein is that there will always be a core and a periphery and that gains in the economic level of the periphery will always be exceeded in the core. In short, the development gap between the core and periphery not only will be maintained but will expand as time goes on. This is a dire prediction; however, in the time since Wallerstein published his world-system thesis, the development gap has increased.

By the middle of the 20th century, most of the colonial entities had received their independence. Yet their development situation was still fraught with difficulty. During the colonial period, full regional development of colonial territory was not furthered. On the contrary, the infrastructure of the colony was developed only to the degree that would ensure the production and transfer of raw materials to the occupying state. As such, the task of completing surface transportation systems, the building of suitable housing and sanitation systems, the opening of a new agricultural sector, and the development of profit-making industries were left to the newly independent former colonies, which, in most cases, did not have the capital to proceed.

May it be concluded that colonialism is directly responsible for poverty?

It is not surprising that nearly all of the former colonies have high levels of poverty. One of the frequently used indicators of poverty is the percentage of the population in a region or country living with an income below \$2 per day. World estimates for 2005 suggest that over 50 percent of world population are living in this precarious situation. It will come as no surprise to note that the measure is essentially zero for the developed world and 56 percent for the developing countries. The figure for Africa, where 90 percent of the land area was under colonialism, is 66 percent. For Africa south of the Sahara it is 75 percent.

The Latin American countries, the region subjected to colonization during the early period, do not have measures as low as those of Africa. For all of Latin America, the figure is 26 percent. May it be concluded, therefore, that colonialism is directly responsible for poverty? Certainly it was a factor, and in some cases under the regime of neocolonialism, continues to be an influence. But colonialism is not the only contributor, and in fact some previous colonies have attained developed country status (the United States, Canada, and Australia).

To the extent that colonialism and neocolonialism prohibit a newly independent country from developing its economic structure to the fullest, the answer is yes; colonialism contributes to poverty. However, when deterrents to economic development come from within the country (corruption in government, use of valuable resources that do not address the common good, and

the inability (or reluctance) to work toward the full regional development of the country), the answer is no.

The United Nations instituted a program to eradicate poverty and hunger in the developing world. One set of goals includes cutting in half, between 1990 and 2015, the proportion of people whose income is less than \$1 a day; cutting in half, in that same time frame, the proportion of people who suffer from hunger; and ensuring that, by 2015, all children everywhere will be able to complete a full course of primary schooling.

SEE ALSO: Brazil; Income Inequality; Mercantilism; Missionaries; Poverty in History; Power and Poverty; Spain; Third World; United Kingdom.

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Comic Relief

COMIC RELIEF IS a United Kingdom-based charity that aims to end poverty and social injustice at home and in some of the poorest areas in the world. It was launched in 1985 from a refugee camp in Sudan in response to the African famine. Since then, Comic Relief has maintained a special focus on Africa. Comic Relief has a unique identity through its famous Red Nose Day. Every two years, Britons are encouraged to raise money while doing something silly at work, school, or home, wearing a red nose. Many places of employment and education take part. The day culminates in a live television broadcast where television, music, and sports celebrities join in the fundraising antics. The charity aims to mix comedy with serious issues.

Money raised by Comic Relief is distributed to programs through a grant scheme. Work conducted in Africa takes a variety of forms. Civilians in Africa are gravely affected by war and conflict. Communities are often completely destroyed, leaving the poor without access to housing, education, and basic health services,

as well as the means to continue their livelihood. In more arid areas of northeastern and southern Africa, pastoralists and hunter-gatherer societies have recently been forced out of the environments upon which they traditionally survived. Governments prefer to use land for more lucrative gain, such as tourism. Comic Relief helps such people to gain land rights as well as support small business and trading opportunities for those who need to supplement their income.

On the other hand, Africa also faces widespread migration from rural areas into towns and cities. Slum areas are created as a consequence. These areas can be especially hard on children, as a lack of employment within families can force children to work or live on the streets. Adults and children who are disabled also face poverty through widespread discrimination in Africa. Children can be hidden away, preventing them from receiving an education. Adults also need support to work independently or play a more active family role. One of the largest issues affecting the poor in Africa is the spread of HIV/AIDS. Over 70 percent of the world's HIV sufferers live in Africa. This disease has had a profound effect on families.

The majority of those living with HIV/AIDS are young adults. Millions of children have lost their parents. Thousands of others face trying to look after them. Women also face further economic responsibilities through the loss of male providers. Furthermore, because of abject poverty, these families are unable to afford the drugs that can stem the progress of AIDS. Comic Relief provides workers, counseling, and drugs to Africans as well as raises awareness about the often-fatal disease.

To reach those suffering from poverty or injustice in the United Kingdom, funds are aimed at different kinds of work. Programs cover local communities to combat social and economic degeneration; refugees and asylum seekers, as those fleeing war and persecution are often forced to leave all they own in their home country; domestic abuse, as this is the largest form of violent crime committed against women in the United Kingdom; fighting for justice, as individuals can face poverty and disadvantage because of the attitudes and discrimination of others—prejudices against the old, for example, can categorize them as unworthy of certain services; and supporting young people as they can be particularly vulnerable to alcohol and drug misuse, homelessness, and mental health problems. As well as fundraising, Comic Relief aims to promote social change through education and raising awareness of subjects such as fair trade and Third World debt.

SEE ALSO: Antipoverty Organizations; Charity; International Nongovernmental Organizations; United Kingdom.

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Communism

ESSENTIALLY COMMUNISM is a system of social organization in which property, and in particular productive assets, are held in common, that is, owned by the group or community instead of by individuals. In the broadest sense it comprises communistic anarchism, socialism, and communism in the strict sense. Anarchism calls for the abolishment of private property and any form of government. Socialism, on the other hand, implies the collective ownership and management primarily of the vital economic resources, or means of production. As such, socialism would be the first stage of communism, when the necessity for private property would cease and all the goods would be commonly owned. However, the modern use of the term socialism implies the abandonment of violence and revolutionary means to achieve an egalitarian society.

The rise of capitalism, reinforced by the Industrial Revolution, which began in the 18th century, created conditions that gave rise to modern communism. The working environment, wages, hours, and overall factory conditions for the new industrial laborers were appalling. The first comprehensive criticism came from French intellectuals. Gabriel de Mably (*Doutes proposés aux philosophes économiques*, 1768) and Morelly (*Code de la nature*, 1755), both apostate priests, relying on Plato's and Jean-Jacques Rousseau's ideas, advocated the equality and state ownership of property and industry. It was Morelly's ideas on state ownership that were embraced by the French Revolutionists. The revolution, however, fell short of fulfilling demands for economic egalitarianism.

IDEOLOGISTS

François Babeuf was chief ideologist and leader of a group of disillusioned revolutionaries who strenuously advocated economic equality—the right of all men to work and to share in the products of the economy. The form of communism desired by the conspirators referred mainly to the distribution of goods rather than to the means of production. He founded a political journal, the *Journal de la liberté de la presse* (later the *Tribun du peuple*), and formed a secret society known as the Conspiracy of the Equals that plotted to overthrow the government.

His plans included compulsory labor and public distribution of the product according to individual needs. The plot was betrayed to the government and Babeuf was guillotined. His doctrines, however, known as Babouvism, were kept alive by secret revolutionary societies and by his coconspirators.

Count Henri de Saint-Simon did not demand common ownership of all property. In that regard his ideas, as exposed in his Nouveau Christianisme (1825), are socialist rather than communist. A founder of utopian socialism, he was the first to emphasize the division of modern society into employers and workingmen. His writings contain ideas of positivism (Auguste Comte was his pupil at the time), socialism, federation of the nations of Europe, and many other modern trends. Saint Simon envisioned the role of state as the manager of industry, assuring that particular tasks are assigned according to capacity and rewards are accrued in proportion to work. In his model, the state and central government, rather than local authorities and/or voluntary associations, played the pivotal role in arranging the economic life of the society.

Charles Fourier, Saint-Simon's contemporary and author of *Traité de l'association domestique-agricole* (1822), advocated a different approach. According to Fourier the organization of economic life was carried out by local communities called phalanxes. The members were to live a common life and dwell in one large building called the phalansterie. Individual preferences played an important role in determining working assignments, although frequent changes of occupation were envisioned. A minimum wage that ensured a comfortable livelihood was guaranteed to every worker. The surplus product would be divided among labor and capital, but the least desirable work would obtain the highest compensation.

The practical experiments of Robert Owen inspired another utopian socialist, Etienne Cabet. Cabet's Voyage en Icarie (1840), modeled upon the work of Thomas More, described an ideal society in which an elected government controlled all economic activity and supervised social affairs. Goods were to be produced and dis-

tributed by the community as a whole, and there was to be complete equality among all its members. The book was extremely popular, and Cabet gained many followers. In 1848 he immigrated to America, and established the community of Icaria in Texas. In 1849, Cabet and his followers moved to the abandoned Mormon settlement of Nauvoo, Illinois, and established a temporary colony. After a bitter internal dissension arose in 1856, he left the settlement and moved to St. Louis, Missouri, where he soon died. The last Icarian settlement survived until 1898.

Louis Blanc, French socialist and historian outlined his ideal of a new social order based on the principle "from each according to his aptitudes ... to each according to his need." In his Organization du travail (1840) he advocated a system of national workshops (ateliers sociaux) controlled by workers with the support of the state. After the Revolution of 1848 the French government did introduce several national workshops, which did not last long because of the lack of genuine state support.

MARX AND ENGELS

The appearance of The Communist Manifesto of Karl Marx and Friedrich Engels in 1848 marked the radical departure from the utopian socialism to the doctrine called scientific communism, popularly known as Marxism. The Marxian theory of communism rested on the constructs of dialectical materialism and historical materialism. Dialectical materialism explained the class division of the society and ever-present forces that struggle to eliminate this dichotomy (class struggle). Historical materialism postulated the inevitability of a communist society that will emerge as a result of a class struggle. The history of our civilization, according to Marx, is a history of class struggle: a struggle between slaves and slave owners, serfs and gentry, and industrial proletariat and capitalists. The root of a class division in society is the presence of private ownership of the means of production and appropriation of economic surplus by owners of capital and land rather than by surplus creators, that is, laborers. The abolishment of private property over the means of production, and the establishment of the classless society are the ultimate destination in the Marxian concept.

According to Marx communism would emerge in the most economically developed societies and countries. In these countries, Marx contended, private property and ownership of the means of production, and the ensuing distribution of economic surplus, will become an obstacle for further socioeconomic development. The establishment of the social ownership of the factors of production would eliminate the economic base of the class division in society and eventually lead to communism. Communism, as envisioned in the original works of Marx, is an affluent society in which division of labor and distribution of goods and services are done according to the principle "from everyone according to his ability, to everyone according to his needs."

Marxian theories and programs became an impetus to formation of political organizations and parties known as socialist parties. While all of the socialist parties advocated and fought for the betterment of the working class, the dividing issue was whether that should be achieved through cooperation with capitalist governments and gradual reforms or through inevitable, proletarian revolution.

VLADIMIR LENIN

This division became obvious during World War I when the Second International, an umbrella organization of socialist parties, dissolved as the separate national parties that comprised it supported a war effort of their respective nations, rather than being faithful to the ideals of a class war.

The leading revolutionary organization was the Russian Social-Democratic Party, which under the leadership of Vladimir Lenin successfully instigated a coup d'etat in Russia, overthrowing the provisional government in November 1917 and establishing the first state of "working peoples" in the world. The establishment of a working socialist state in Russia substantially changed the political and theoretical landscape on which socialist parties operated.

Leninism represented a radical departure from original Marxian analysis. Unlike Marx, who believed that communism will emerge in the most developed countries where the working class is the strongest, Lenin advanced the thesis that communism is possible to achieve in the rural economies, where capitalism is still weak. Thus, according to Lenin, the strong working class, or proletariat, is a sufficient but not necessary condition for the revolution—it is the weak capitalist infrastructure that makes revolution possible (the "weakest link" thesis).

The success of the Russian Revolution led to the complete breakup of the Second International and formation of the Third International, or Comintern, in 1919. The central policy of the Comintern was that communist parties should be established across the

world to aid the international proletarian revolution. The Comintern initially called for the uniting of all the workers of the world for the coming world revolution, which would be followed by the establishment of a dictatorship of the proletariat and state socialism. As a result a classless society would emerge and the state would wither away.

NEW ECONOMIC POLICY

The bloody defeats of communist revolutions in Germany and Hungary and the advent of Joseph Stalin as undisputed leader of the Communist Party of the Soviet Union, the largest and strongest communist organization in the world, led to departure from the concept of a world revolution and the adoption of a new paradigm known as "socialism in one country." Leon Trotsky, another popular leader of the Russian Revolution, challenged Stalin's model by advocating a concept of "permanent revolution," and after being expelled from the Soviet Union in 1929, he founded a Fourth International in 1938 to rival Comintern. The Trotskyist International, however, split into many fractions and was unable to establish itself as a viable alternative to Comintern.

The victory of communists in Russia and the subsequent formation of the Soviet Union brought about profound changes in the political and economic sphere. Immediately after seizing power, Russian communists, known as Bolsheviks, implemented sweeping reforms. Private ownership was suspended and all the economic surpluses were quickly expropriated for the purpose of defending the revolution from "internal and foreign enemies."

Despite the success in mustering the resources necessary to win the civil war and repel the foreign intervention, the harsh methods of war communism led to growing dissatisfaction among the population, a sharp drop in industrial and agricultural production, and widespread hunger.

Disillusioned with the results of a primitive communism, Lenin launched the New Economic Policy (NEP), an economic policy that marked a radical departure from orthodox communism. The NEP reintroduced the market economy, and private ownership, and encouraged small businesses and entrepreneurship. The state remained in control of a few strategic sectors, such as heavy industry, known as commanding heights. In a very short period of time, the NEP resulted in a revival of the Soviet economy and substantial growth, especially in agricultural production.

The death of Lenin, and Stalin's victory in the ensuing power struggle, led to the abandonment of the NEP, nationalization and expropriation of privately owned businesses, and collectivization in agriculture. In a matter of years, the private ownership virtually disappeared in the Soviet Union and was replaced by state ownership of resources. In addition, the Communist Party and a few of its satellites (unions and various youth associations) became the only political organization allowed to operate in the Soviet society.

STALIN'S STATE CONTROL

Stalin's methods of tight state control over every aspect of Soviet society became a trademark of communism in the first part of the 20th century. The remarkable economic growth, industrialization of the country, elimination of illiteracy in the essentially backward peasant-dominated society, and improvement in the overall standard of living were overshadowed by Stalin's political repression, suppression of individual freedoms, coercion, and isolation. Socialism in the Soviet Union as a "first stage on the road to communism" had very little in common with brotherly society as envisioned by early communists, utopian socialists, and/or Marx.

The totalitarian tendencies in the Soviet Union and the tight control of other nations' communist parties by Moscow drove the wedge between socialists and communists. While the policy of total hostility of communists toward socialists was changed in the mid-1930s, it already facilitated the proliferation of radical rightwing political organizations, such as the Fascist Party in Italy, Nazi Party in Germany, and their various clones throughout Europe.

The Soviet Union's alliance with western democracies during World War II prompted the dissolution of Comintern in 1943. The cooperation between the Soviet Union and the west, however, deteriorated quickly following the war. The victorious march of the Soviet Red Army liberated much of eastern Europe from Nazi occupation. Stalin seized the moment and used the fight against Nazism to promulgate Soviet-style communism in a number of countries that came under Soviet influence—Albania, Poland, Czechoslovakia, Hungary, Romania, Poland, Bulgaria, the German Democratic Republic, and Yugoslavia.

The communist governments in these countries closely followed the Soviet path of political and economic development. Political life became dominated by the Communist Party, private ownership was decidedly

limited, and central planning was introduced throughout the economy.

Despite the visible totalitarian tendencies, Soviet resilience to the Western boycott and animosity following the revolution, heroic resistance in repelling the Nazi invasion, and undisputed economic growth and industrialization of the once-peasant-dominated Russian Empire became a desirable option to the colonial regime still prevalent after World War II.

Numerous countries that embarked on the process of anticolonial struggle and national liberation found in the Soviet Union a natural ally for their cause. However, Stalin's rigidity and tight controls, which he not only implemented inside the Soviet Union but expected to be mirrored in every other socialist country, prevented a number of newly liberated countries from joining the communist bloc.

CHINA

The most important deviation from the Soviet model occurred in China. The Communist Party emerged victorious in the civil war in China and by 1950 the communists came to control the most populous nation in the world.

The issues of personal rivalry between Chinese communist leadership under Mao Zedong and Stalin, who was more interested in exerting Soviet primacy than in building socialism in China, led to a split between the Soviet Union and China. Ideological differences between China and the Soviet Union became increasingly apparent in the 1960s and culminated in several border skirmishes in 1969 that brought both countries close to war.

In the early 1960s, Chinese socialism exhibited even harsher totalitarian features than the Soviet system. Mao's radical rhetoric against the West, the experiments with the Great Leap Forward, and the Cultural Revolution led to the China's isolation and serious economic challenges. Despite the successes in industrialization, the Chinese economy greatly suffered during the period of Cultural Revolution, when terrible losses occurred because of the ill-devised ideological paradigm according to which human resources were interchangeable across various economic sectors.

The death of Stalin in 1953 led to the relaxation of the Soviet model, and at the 20th party congress in 1956, Premier Nikita Khrushchev denounced the methods of Stalin and called for a return to the principles of Lenin. Khrushchev's erratic economic policies were followed by the period of Great Stagnation under Leonid Brezhnev, who was the leader of the Soviet Union for almost two decades. Brezhnev's economic policies were characterized by slow-paced reforms aimed at improving the cumbersome central planning and the efficiency of state-owned enterprises. Despite the partial reforms, the Soviet political system was unable to address issues coming from the growing demand in the consumer sector or the notorious inefficiency of the agricultural sector.

The death of Brezhnev and the advent of Mikhail Gorbachev as leader of the Soviet Union led to the introduction of deep and sweeping reform policies of glasnost (openness) and perestroika (restructuring). Reforms were aimed at democratizing both the political and economic sphere of Soviet society. As control steadily dissipated, centrifugal tendencies prevailed both within the multinational Soviet state and within the communist bloc.

One by one the countries of the Warsaw bloc, Poland, Hungary, Czechoslovakia, Bulgaria, East Germany, and Romania, abandoned communist rule by 1990. In 1991, driven by nationalistic fervor in many of the republics and a collapsing economy, the Soviet Union dissolved and Gorbachev resigned as president. Democratization of political life led to the dissolution of another socialist country—Yugoslavia, which slid in to bloody civil war in 1991. The disintegration of Yugoslavia marked an end to a self-managed socialist economy.

By the beginning of the 21st century, the traditional communist parties held power only in China, Cuba, Laos, North Korea, and Vietnam. However, with the exception of North Korea, all of these countries have reduced state control of the economy. The Chinese experience with the introduction of the market economy under the auspices of the Communist Party is particularly intriguing given the rapid economic growth and emergence of China as a world economic powerhouse.

The collapse of the Soviet Union and the communist bloc, and Chinese reforms brought about a radical departure from central planning and elimination of the state control over economic life. The introduction of market a economy and the severe reduction in state services, however, increased the poverty level in the majority of formerly communist countries. The poverty level was exceptionally high in some countries that emerged as successors of the Soviet Union and Yugoslavia.

The disappearance of the Soviet Union and the radical changes in the economic sector of the remaining

countries that nominally adhere to the communist ideal marked the beginning of a new stage in the history of communism.

The Soviet experiment, which hinged so heavily on central planning, state ownership of economic resources, exclusivity of the Communist Party as the only political organization, and tight control over almost all aspects of society, was unable to compete with the continuous democratization of Western countries. The internal contradictions present in the Soviet model of communism intensified with the elimination of poverty, the rising standard of living, and the economic emancipation of the population. The plurality of political views and forms of ownership and the continuous striving for personal freedom proved to be an insurmountable challenge for the rigid, command-driven societal structure of the Soviet model.

While Soviet economic achievements were hard to dispute, especially in eliminating urban poverty and raising the overall standard of living of the population, the initial economic successes were associated with great sacrifices, famines, forced labor, and often waste of resources.

SEE ALSO: Capitalism; China; Engels, Friedrich; Marx, Karl; Russia; Socialism.

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Community-Based Antipoverty Programs

COMMUNITY-BASED antipoverty programs in the U.S. were created in the 1960s to address the growing problems of urban decay and concentrated poverty. Most programs were initiated during President Lyndon Johnson's War on Poverty. Johnson's War on Poverty programs included a wide variety of initiatives across several federal agencies. The programs lacked a coherent

policy that linked them together or an empirical base that guided their activities. One of the key innovations of the antipoverty programs of this era was the emphasis on community-based approaches to addressing poverty problems. Among the most important place-based programs were the Community Action Program (CAP), Model Cities, and the Special Impact Program (SIP).

CAP was one of the more innovative approaches to poverty alleviation. Through this program, federal funds were administered to local organizations that coordinated social services, including housing, employment, and educational programs. A critical component of CAP was that it required the "maximum feasible participation" of residents in the community in the implementation of the program. Local politicians were threatened by this program because it established a political process, and power, that went around local governments. Daniel Moynihan criticized the program for raising expectations among the poor that were unrealistic. He attributed the urban riots of the 1960s to these programs that failed to address the needs of the poor.

Model Cities was established through the Demonstration and Metropolitan Development Act of 1966. In response to criticism by local officials, the Model Cities program made grants directly to city agencies to improve housing and provide services to low-income neighborhoods. It also provided funds for building projects and gave local officials control over the planning process. In many ways it resembled the New Deal programs with its emphasis on slum clearance and redevelopment on a massive scale. Demonstration cities submitted proposals but were given the ability to control local projects. The key shift, however, was moving the control over the programs to city officials rather than nonprofit organizations.

The third program was SIP, which provided financial support to community development corporations (CDCs) for urban revitalization, especially housing. Over the years, this program has become the primary mechanism for the federal government to fund affordable housing. From the 1960s to the 1990s, CDCs and other nonprofits produced about three-quarters of a million units of federally assisted housing.

The War on Poverty stressed the participation of poor people in designing policies to provide services to their neighborhoods. Prior to the 1960s, New Deal programs emphasized federal intervention rather than local control. In addition, revitalization was considered largely a process of constructing new buildings and clearing out slums. The shift was not only from federal

to local, but also from people- to place-based programs. Rather than direct programs to individuals there was recognition that community context played a role in generating and reproducing poverty.

Many social scientists have been critical of these efforts to promote participation among the poor to implement these programs. Some have questioned the capacity of the poor to be involved in these programs. Others have criticized place-based antipoverty programs because they have moved away from organizing the poor to a focus on development. As CDCs have matured they rely increasingly on financial resources from institutions and place a higher priority on technical assistance than on mobilizing the poor. Some scholars make a more fundamental critique of the Great Society programs by suggesting that they were used to regulate the poor rather than to empower them. Welfare programs reduced the potential for social unrest.

Antipoverty programs took a different approach during the Clinton administration.

Although there is considerable criticism of the Great Society programs, they do represent important innovations in public participation. The idea that the poor should be engaged in the redevelopment of their neighborhoods is an idea that has survived the 1960s. Although this component has been de-emphasized over time, public participation is now considered a key component of community-based antipoverty programs.

EVOLUTION OF PLACE-BASED PROGRAMS

Since the 1960s there has been a partial retrenchment in community-based antipoverty programs. Although many Great Society programs were dismantled during the Richard Nixon and Ronald Reagan administrations, some were restructured into the Community Development Block Grants (CDBG). The CDBG program deemphasized public participation, but it still gave localities control over these resources to serve low- and moderate-income residents. The CDBG program is now one of the largest federal grant programs. Communities receive grants to promote economic development and to provide affordable housing opportunities.

Antipoverty programs took a different approach during the Bill Clinton administration. The primary vehicle for funneling resources to localities with high poverty rates was the Empowerment Zone/Enterprise Community (EZ/EC) initiative. The EZ/EC initiative established tax credits and financial assistance for employers locating in the identified distressed communities. Only communities with high rates of poverty are eligible to participate in this program. Initially, Empowerment Zones received \$100 million in block grants. The effectiveness of this program remains in question. Critics charge that many of these firms would have located in these communities anyway and it simply amounts to subsidies to businesses.

Community-based approaches to poverty alleviation have evolved over the years. Many of the programs began in the 1960s with a strong emphasis on public participation of the poor. Participation plays a much smaller role in these programs today. Current programs emphasize incentives to businesses rather than organizing the poor to provide services.

Critics of community-based antipoverty programs have raised several concerns with this approach to poverty alleviation. Most nonprofit or locally based organizations do not have sufficient resources to address the problems in neighborhoods with high concentrations of poverty. Even during the War on Poverty, the U.S. federal government could not marshal enough financial resources because of its commitment to the Vietnam War. Since that time, the financial commitment to poverty programs has waned and welfare reform in the 1990s represented a significantly different approach to fighting poverty.

Another line of criticism of community-based programs is that they cannot address the root causes of concentrated poverty, but tend to focus on the symptoms. Community-based programs have a limited ability in addressing issues such as racial segregation, employer discrimination, or the changing skill demands in the workforce. Similarly, the forces that have contributed to urban sprawl and the movement of the middle class to the suburbs in metropolitan areas are unaffected by these local programs. Middle-class subsidies for housing, the decline of mass transit and support for highways all have contributed to the changing urban spatial patterns over the past 50 years.

A more fundamental critique, however, concerns the ability of localities to promote economic development. It has been argued that community-based programs have been effective in providing affordable housing in poor neighborhoods, although they have not come close to satisfying the real demand for housing in these areas.

The contention is that there is little evidence that these efforts have been successful in generating jobs and investments in poor neighborhoods. Employers have moved out of the inner city for decades to areas with lower taxes, less crime, and cheaper labor. Similarly, middle-class residents have fled the inner city to avoid many of the problems in urban areas. Author Nicholas Lemann views these processes as natural and asserts that they are beyond the influence of local neighborhoods.

ASSET-BASED DEVELOPMENT AND POVERTY

Critics of community-based antipoverty programs raise some difficult issues. Many of the root causes of poverty reside outside poor neighborhoods. Federal programs, global economic changes, and regional landuse decisions shape the fate of the poor in these neighborhoods. Promoting community-based approaches to alleviate poverty is a bit like engaging in "blaming the victims." Yet, by stressing the role of these structural forces in poor neighborhoods, we ignore the assets that these neighborhoods possess, according to John Kretzman and John McKnight.

Asset-based development focuses attention on the resources that are available within the community, including individuals, organizations, and institutions. Individuals have experiences, training and education, and financial assets that are frequently overlooked. Organizations provide networks and social resources that can be mobilized for community action. Local institutions offer a variety of resources, including physical space, purchasing power, jobs, and expertise. The key to mobilizing these resources is mapping these assets and identifying strategies and programs that build on these assets rather than the problems of the community.

A few examples may help illustrate the asset-based development approach. In Boston, a neighborhood that suffered employment and population loss for decades started a planning process for the community, but was constrained by the large number of vacant properties in the region.

The Dudley Street Neighborhood Initiative considered these vacant properties as an asset that could be used to benefit the community. The community was able to persuade the city of Boston to grant it the power of eminent domain and it used the land to develop affordable housing projects in the neighborhood.

Other communities have focused on financial assets. Many poor neighborhoods suffer from disinvestment as financial institutions reinvest local assets in outside investments. The problem is not that the communities do not have financial resources but that these

resources are used for investments outside the area that may yield a higher return for investors. Community development credit institutions, however, invest local assets in opportunities in the area. Many of these institutions, such as microenterprise loan funds, focus on the financial needs of the poor. This model was adopted from programs in the Third World that have been used to allocate small amounts of credit to the poor. Rather than focusing exclusively on profits as the criterion for making investments, community development credit institutions inject a social element as well. These institutions attempt to decommoditize credit and ensure that local resources are used to benefit local residents.

Community-based antipoverty approaches will never be able to overcome all of the structural forces that are affecting poor communities. In this regard, Lemann is correct in pointing to the limits of community-driven efforts to ameliorate poverty. Yet there are meaningful things that can be done at the local level to address the needs of the poor. The asset-based development approach does not deny the importance of structural forces in generating concentrated poverty. It does point to resources available within the community that are underutilized and can be mobilized, along with structural changes outside the community, to address the conditions that generate persistent poverty.

SEE ALSO: Asset-Based Antipoverty Programs; Empowerment of the Poor; Great Society Programs; Johnson, Lyndon (Administration); Microcredit; War on Poverty.

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Comoros

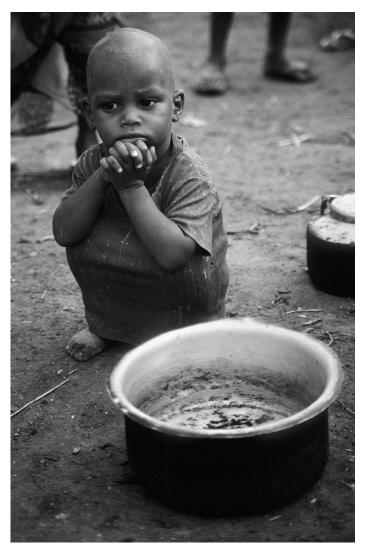
ONE OF THE POOREST nations in the world, Comoros is composed of three islands located at the northern end of the Mozambique Channel in sub-Saharan Africa. This small nation of 671,247 people has few resources to support its growing population. Many Comorans lack the education and training necessary for better-paying jobs, leaving 80 percent of the people dependent on subsistence agriculture and forcing others into the ranks of the unemployed. The Comoran economy depends on regular remittances from the 150,000 Comorans who work abroad.

Owing to a lack of arable land, Comoros is not able to produce its own food supply, including the rice that makes up the staple of the Comoran diet. This lack has created an environment in which 42 percent of all children under 5 are malnourished and in which 60 percent of the population live below the poverty line. In 2002, the Comoran government initiated community-based programs aimed at improving nutrition levels for children under 5 and pregnant and lactating women. However, most social programs tend to be of poor quality, and the poor look to their families for aid more often than to the government. Lack of data hampers a total assessment of Comoran poverty.

Much of the poverty in Comoros is derived from the instability of the government and insufficient social programs and institutions. Since the mid-1970s, 19 attempts have been made to overthrow existing governments. A military coup in 1999 paved the way for the establishment of a confederal government under a new constitution. The government pledged to upgrade education, stem population growth, and improve healthcare even as it struggles to deal with staggering debt and attempts to diversify the economy and attract foreign aid and investment.

The median age in Comoros is 18.61 years, with a life expectancy of 61.96 years. Almost 43 percent of the population are under the age of 14, and three percent are over 65. Comorans face an 18.1 percent probability of not surviving to the age of 40. General health conditions have improved somewhat, and 98 percent of the population have access to sanitation and 96 percent have access to improved water sources.

Children suffer greatly from the poverty that plagues Comoros. One-fourth of all children under 5 are moderately to severely underweight. Some 12 percent suffer from moderate to severe wasting, and 42 percent suffer from moderate to severe stunting. However, some important gains have been made in the last two



Children suffer greatly from the poverty that affects many African countries. Gains in health have been made in Comoros.

decades. Between 1990 and 2001, the infant mortality rate dropped from 88 deaths per 1,000 live births to 59 deaths per 1,000 live births. The mortality rate for children under 5 dropped during that same period. However, between 1990 and 2002, the number of infants receiving measles vaccinations decreased by 16 percent, and the number of DPT vaccinations decreased by five percent. In 2003, 63 percent of children ages 12 to 23 months received measles vaccinations and three-fourths of all children received DPT3 vaccinations. Only 22 percent of Comoran children receive oral rehydration therapy when necessary. On the positive side, the immunization rate for 1-year-olds is 90 percent for tuberculosis and 98 percent for polio.

Estimated fertility reports for Comoran women range from 4.0 to 5.09 children per woman. Estimates

place the adolescent fertility rate at 68 births out of every 1,000 women aged 15 to 19. Barely one-fourth of all Comoran women use any sort of contraception. The maternal mortality in Comoros is 480 deaths per 100,000 live births. Trained medical staff now attend 61.8 percent of all births, an increase of roughly 10 percent since 1990. The country has only seven physicians for every 1,000 people and 2.8 hospital beds for every 1,000 people. About 80 to 94 percent of Comorans have no sustainable access to affordable lifesaving drugs.

The male literacy rate is 63.6, but less than half of Comoran females over 15 possess this ability. Government emphasis on education has begun to show some success. Between 1995 and 2000, significant gains were made in the percentages of children who completed primary school. Male completion rose from 32 to 58 percent and female completion rose from 34 to 50 percent.

Human Development Index Rank: 132 Human Poverty Index Rank: 57

SEE ALSO: Child Malnutrition; Maternal Mortality and Morbidity; Poverty Politics; Subsistence.

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ELIZABETH PURDY, Ph.D. INDEPENDENT SCHOLAR

Comparative Research Program on Poverty

THE COMPARATIVE Research Program on Poverty (CROP) is a nonprofit international nongovernmental Organization (INGO), founded in 1992 by the International Social Science Council (ISSC) in collaboration with the United Nations' UNESCO. It is based in Norway. CROP is composed of a Secretariat and a Scientific Committee.

The Scientific Committee is the main guiding force behind CROP; its members are distinguished scholars in the field of poverty research. The funds come from multiple sources, including higher-education institutions, charitable foundations, and various United Nations agencies.

CROP is organized around an extensive international and multidisciplinary research network, which is open to all poverty researchers and others interested in a scientific approach to poverty. The General Assembly of ISSC appoints the CROP Scientific Committee to advise the program. The members of the Scientific Committee are outstanding poverty researchers representing different geographical regions and scientific disciplines worldwide.

The self-proclaimed objectives of CROP are to consider how the social sciences can better contribute to the understanding of poverty in a global context, compare the different theoretical approaches so as to understand better their links and relationships, consider how scholars working within different paradigms can develop a joint arena for multiparadigmatic poverty research, establish an international scientific network that will give impetus to a long-term research program, generate and secure high quality-data of importance for different social science approaches to the comparative study of poverty, and create a body of scientific knowledge that can be used for poverty reduction.

CROP aims to fulfill the objectives by organizing regional workshops, international conferences, and projects that serve for discussions of ideas and projects for researchers. Special emphasis is placed on projects concerning "contextual poverty," those focusing on poverty in relation to a society's cultural, economic, and political patterns; that is, those projects that focus not only on the world of the poor, the effects of poverty, and solutions to it, but also on the causes and the role of the nonpoor in creating, sustaining, and reducing poverty.

The organization publishes books, annual reports, papers, reviews, and newsletters, which are distributed globally to the CROP researchers, academic institutions, nongovernmental organizations, and governments. Topics include poverty and indigenous people, demography of poverty, social costs of poverty, law and poverty, politics and poverty reduction, poverty and water, best practices in poverty reduction, and elite perceptions of poverty and the poor. The CROP Newsletter is published and distributed four times a year, free of charge, to all members of the CROPnet. It contains articles about poverty research, reports from workshops and conferences, information about new publications, ongoing projects, future CROP workshops, as well as book announcements.

SEE ALSO: Contextual Poverty; International Nongovernmental Organizations; Poverty Research; Scientific Definitions of Poverty.

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Paul and Tanya Sloan Independent Scholars

Concern

CONCERN IS THE REGISTERED name of Concern Worldwide, an Irish nonprofit company incorporated under the Irish Companies Act of 1963. It is headquartered in Dublin, Ireland. It also has offices in Belfast, London, and Glasgow and an affiliate fundraiser in New York. Concern is controlled by its members, who form the general body, maintain the Articles of Association, elect the council, appoint independent auditors, and approve annual financial statements.

The council of Concern is elected from among the membership at each annual general meeting of Concern. The council usually numbers around 35, who are rotated out of office after three years, but may be reelected later. The council meets at least quarterly. Concern is financed by donations, fundraisers, legacies, and its retail sales through Concern Charity Trading Limited, which operates in Ireland. It also provides logical and support for fundraising activities.

Concern began when people in Ireland became alarmed over the famine in Biafra in 1968, brought on by the Nigerian civil war. Starvation was affecting great numbers of people; however, thousands of Irish missionaries of the Catholic Church had served in Biafra.

A group of people in Ireland began to organize to minister to the situation. Calling themselves Africa Concern, they rallied support for relief. On June 28, 1968, Roman Catholic Bishops J.B. Whelan and G.E.C. Cockin along with Nigerian Anglican bishops of Owerri and Biafra, launched a program called the Send One Ship Appeal, or the SOS Appeal. The immediate goal of the drive was to fill one ship with relief supplies

for the people of Biafra. The people of Ireland responded with money and in-kind donations. Within three months £250,000 had been donated. The money was used to purchase the SS Columalle. It was loaded with relief supplies and sailed on September 6, 1968, for Africa. The ship was unloaded at the small west African island of São Tomé. From there the supplies were smuggled into Nigeria each night. Soon other ships were loaded with supplies and sent to São Tomé for distribution in Nigeria.

With the end of the fighting and the normalization of life the board of Africa Concern struggled with its mission. Instead of accepting congratulations for a job well done and closing its doors, the board, after much discussion, decided to set a new mission for the organization that had developed. The new mission was to work on small projects in various places, but especially in Africa. In addition it would seek to provide financial and skilled human assistance to organizations already operating on relief and development projects in the poor nations of the world.

The new mission adopted by Concern was soon redefined by events. In November 1970, a devastating cyclone struck what was then East Pakistan. The natural disaster was soon followed by a civil war between East and West Pakistan. Millions of people fled into India as refugees. In response, Concern sent a medical team to Salt Lake Camp at Calcutta. In June 1971, Concern organized the East Pakistani Famine Appeal to provide relief for the refugees.

The work in what was to become Bangladesh forced Africa Concern to change its name to simply Concern. Its mission was also changed to seek to enable the absolutely poor to achieve major changes in their material conditions and in their lifestyles in ways that are sustainable without further help from Concern. To achieve its mission, Concern works with the poor and with both local and international partners who are also working to end poverty.

The vision of Concern is the creation of just and peaceful societies where the poor can exercise their fundamental rights. In order to achieve its mission, Concern has organized itself to work with people in a caring and personal way, to deal with even the most difficult of circumstances, to work with other organizations and with governments, to use innovation to solve poverty problems, to engage in long-term development work as well as emergency relief projects, to engage in both global and civic education about poverty, and to boldly speak as advocates for the poor in situations that require either a national or a global response.

SEE ALSO: Bangladesh; Catholic Church; Charity; International Nongovernmental Organizations.

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Conflict

IT IS WELL ESTABLISHED that conflict, including war, civil war, and occupation, is linked with poverty in a number of direct and indirect ways. The primary form of conflict in the present period occurs within, rather than between, states. Thus conflict is largely over access to or control of resources and opportunities by groups within the same society. In 2003, 30 of the 53 countries in Africa were experiencing some form of intrastate conflict.

Many would argue that the strongest common denominator, indeed the root cause, of civil conflict is poverty. A study by Paul Collier of the World Bank, which examines civil wars since 1960, has found that the best predictors of conflict are low average incomes, low growth, and a high dependence on exports of primary products such as oil or diamonds. The same study found that when income per person doubles, the risk of civil war drops by one-half.

Poverty, then, not only holds negative impacts for the lives of individuals but also threatens the stability and peaceful development of entire societies. Poverty and conflict have a two-way relationship, in that poverty is both a cause and an outcome of conflict. The poverty includes not only absolute poverty but also the unequal distribution of wealth in countries that are rich in natural resources, which are controlled by governments and withheld from populations.

Countries with plentiful natural resources face additional risks, including rebellions caused by outrage when governments deny people what is deemed to be a fair share of revenues from resources such as oil or diamonds that may be located beneath a community's ancestral lands. Such has been the case in Angola, to name only one example.

Marxist theorists have long linked the instance and experiences of poverty within specific groups as being important determinants of social revolution. In classic Marxist theory, revolutionary movements are strongly linked with social processes of impoverishment among broad sections of the population.

A quick illustration of the link between poverty and conflict comes if one looks at conditions in some of the world's lowest-income countries over the last decade. In 2002, of 63 countries identified as low income, 38 are situated in sub-Saharan Africa. Of these countries, 30 had experienced some form of conflict, ranging from political violence short of war, as in the case of Mauritania, which experienced a series of coups, to large-scale international conflicts, such as the war in the Democratic Republic of Congo.

Thus there is a clear correlation between poverty and conflict in a variety of national contexts. At the same time, some analysts debate the strength of this association and have questions about the causal link between poverty and conflict. In the view of some skeptics, economic factors play a part, but not necessarily the predominant part, in the emergence of conflict.

It is sometimes argued that the link between economic concerns and ethnic conflict, for example, is quite variable and is shaped in large part by numerous noneconomic factors. Elsewhere skeptics argue that in some cases, such as Quebec and Malaysia, to cite quite different examples, economic expansion or accelerated growth failed to reduce ethnic conflicts and even showed some growth in conflict.

Some suggest that while the link between poverty and conflict is clear, there is less certainty over the conditions by which economic growth will lessen conflict or by which economic crisis will worsen conflict. According to those who question the link between poverty and conflict, poverty may lead to conflict but only in combination with other factors. For some, poverty is a necessary but not sufficient factor explaining outbreaks of conflict.

In response, those whose work draws connections between poverty and conflict reject arguments that tend to blame such factors as tribalism and social underdevelopment (meaning generally the absence of electoral democracy), which in fact have little to do with most of the world's civil wars and conflicts. The tribalism response (rather than explanation) is nothing more than an excuse for indifference and inaction from outsiders.

Any discussion of links between poverty and conflict must address broader structural issues, including the impacts of global networks and neoliberal structural adjustment programs. War-torn areas like the Congo reflect not only local issues but the internationalization of African conflicts, not only in terms of inter-

state relations but also through global business networks. Some commentators prefer to look at poverty and conflict as interlinked and intentional outcomes. A. Ismi suggests, "an unstable, war-wracked and poverty-stricken Africa amounts to a stable and prosperous West." In part, this relates to the wealthier countries' constant need for raw materials at low prices. War conditions also benefit the wealthier nations and multinational corporations by keeping supplies of minerals off the market and thereby increasing the prices gained for minerals controlled by the multinational mining firms.

The pressing need to finance the war put the Congo government in the desperate position of offering quick, undervalued deals to mining companies for exploration rights. This made resources available much more cheaply than they would have been during peacetime conditions. The structural context that has nurtured the particular regional processes in the Congo has been conditioned by neoliberal globalization, notably through the imposition of structural adjustment programs in Africa. Neoliberal globalization has encouraged the formation of often illicit, cross-border networks with multinational corporate linkages.

A couple of key points have been identified in the relationship of neoliberal approaches in Africa and the extension of Western imperialism. First among these is the extent to which "rulers of weak states who face severe internal threats and intense external pressures are the most consistent and thorough in destroying any remaining formal institutions of state," according to I. Taylor. The internal and external pressures instigated by situations like the war in Congo have the further effect of driving the privatization regimes preferred by Western corporations and governments.

Under the pressures of neoliberal structural adjustment programs and imperialist invasion and occupation, the state gives primary attention to developing and maintaining loyalty with security services. This then fuels the militarization of society as it "elevates the role and power of those with weapons and prioritises their needs over the wider needs of society, cultivating warlordism either in service to the incumbent who wears the thin mantle of sovereignty, or to his challengers," explains Taylor. This further exacerbates conditions of poverty.

SEE ALSO: Angola; Congo, Democratic Republic; Globalization; War and Poverty.

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Congo

LOCATED ALONG THE south Atlantic Ocean, the sub-Saharan low-income nation of the Republic of the Congo (Congo) was formerly known as Middle Congo. In 1990, the Congolese chose to transform their Marxist economy, and democratic elections were held in 1992. When former Marxists returned to power five years later, civil war broke out. A tenuous peace was negotiated in 2003, but the Congo is still suffering a humanitarian crisis because of the many refugees.

The Congo has great potential for further development of its large petroleum reserves. However, government resources are strained by excess mortality rates, low life expectancy, and low population and growth rates. At present, the Congo's economy combines small farming and handicrafts with a growing industrial sector. Nearly one-third of all Congolese suffer from malnutrition.

The Congolese median age is 20.7 years, and life expectancy is 48.97 years. About 37 percent of the population are under 14 years of age, and 3.7 percent are over 65. The Congolese have a 39.3 chance of not surviving until their 40th birthday.

The HIV/AIDS prevalence rate is 4.9 percent in the Congo. In 2003, it was estimated that 90,000 Congolese were living with the disease, and 9,700 deaths have resulted from the disease and its complications. The people are also at very high risk of developing food- and waterborne diseases such as bacterial diarrhea, hepatitis A, and typhoid fever, and vectorborne diseases such as malaria. In the spring of 2005, Congolese officials reported an outbreak of acute hemorrhagic fever. Approximately 49 percent of the population have no sustained access to improved water sources, and access to sanitation is sorely inadequate. General health is further threatened by limited access to physicians, hospitals, and lifesaving drugs. On the positive side, the number of undernourished Congolese dropped from 37 percent in 1990 to 32 percent in 2000.

Infant mortality is unacceptably high at 81 deaths per 1000 live births, as is the under-five mortality rate of 108. Immunization rates have declined since the 1990s. Between 1990 and 2002, infant DPT immunizations decreased from 77 to 41 percent; polio immunizations dropped from 79 to 41 percent; measles immunizations decreased from 77 to 37 percent; and tuberculosis immunizations dropped from 94 to 51 percent. In 2003, half of all children ages 12 to 23 months received measles and DPT3 immunizations. Most Congolese children who die do so from preventable diseases. About 14 percent of all children under 5 have moderate to severe malnutrition; three percent suffer from severe malnutrition; four percent have moderate to severe wasting; and 19 percent suffer from moderate to severe stunting.

The Congo's estimated fertility rate of 3.54 children per female in 2005 was a definite drop from the 6.3 children per female only two years earlier. The adolescent fertility rate, which is estimated at 143 births per 1,000 women aged 15 to 19, remains high. The Congolese maternal mortality ratio is also high at 510 deaths per 100,000 live births.

The Congo provides free and compulsory education up to age 16. After 1990, when a 90.1 percent primary school attendance was reported, a decline began that was associated with the ongoing conflict. By 2003, males were completing primary school at a rate of 59 percent and females at a rate of 56 percent. Literacy rates are relatively high for sub-Saharan Africa, and 83 percent of the population are literate, although at 78.4 percent, female literacy lags behind males at 89.6.

The Congo has established the National Plan of Action for the Advancement of Women in response to international pressure to deal with the issues of poverty and women's rights. The plan has targeted areas of concern that include violence against women, conflict resolution and peace restoration, health and environmental issues, HIV/AIDS, literacy training, human rights, and infant and maternal health.

Human Development Index Rank: 142 Human Poverty Index Rank: 54

SEE ALSO: Child Malnutrition; Congo, Democratic Republic; Disease; Extreme Poverty.

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ELIZABETH PURDY, Ph.D. INDEPENDENT SCHOLAR

Congo, Democratic Republic

IN THE LOW-INCOME sub-Saharan African nation of the Democratic Republic of the Congo (DRC or DROC), formerly known as Zaire, it is estimated that 75 percent of the people live in absolute poverty and 41 percent live in inhumane poverty. Even though data are often unavailable in significant areas, the extreme poverty is evident. In the late 1990s, the DRC became a hot spot for African political unrest. Three and one-half million people died in the DRC from the war and from famine and disease. Resources were severely strained by an influx of refugees from nearby Rwanda and Burundi and by the bloody civil war and ethnic strife that followed. In July 1999, under the guidance of the Carter Center and the international community, the DRC government, along with the governments of Zimbabwe, Angola, Namibia, Rwanda, and the Republic of the Congo, signed a cease-fire.

With relative stability restored after the removal of most foreign troops in 2002, the government turned its attention to improving the economic outlook for the 60,085,804 people who live within its borders. Officials faced the daunting task of coping with extreme poverty, low life expectancy, high mortality, and low growth rates. The poverty within the Democratic Republic of the Congo is somewhat remarkable because of the country's vast potential for wealth. The International Monetary Fund and the World Bank have begun working with Congolese officials to tap into these resources and to initiate much-needed economic and social reform. Reforms include diversifying the economy, which is now dominated by agriculture; improving the infrastructure; and alleviating the staggering foreign debt.

Life expectancy in the Democratic Republic of the Congo is 49.35 years. The median age is 15.8 years, with 48.1 percent of the population falling in the under-14 category and only 2.5 percent of the Congolese population living to the age of 65. The Congolese have a 47.2 percent chance of not surviving to the age of 40.

Health officials in the DRC are understandably concerned with the 4.2 percent prevalence rate of HIV/AIDS.

An estimated 1.3 million residents now live with the disease, and an estimated 100,000 deaths have occurred from the disease and its complications. Officials are also concerned about the very high risk of food- and waterborne diseases such as bacterial and protozoal diarrhea, hepatitis A, and typhoid fever, and the water-contact disease schistosomiasis. Some locations have witnessed outbreaks of malaria, plague, and sleeping sickness. Even treatable diseases pose problems for the Congolese because of the lack of physicians and hospital care and limited access to affordable lifesaving drugs. Health problems are further complicated by the fact that 55 percent of the population have no sustainable access to improved water sources and 79 percent have no sustainable access to improved sanitation.

The bloody battles have orphaned large numbers of children.

The United Nations' UNICEF estimates that hundreds of thousands of Congolese children have died from malnutrition and preventable diseases. The bloody battles have orphaned large numbers of children. Some children have been forced by rebels to engage in fighting. Infant mortality is unacceptably high in the DRC, particularly for male Congolese, and the rate has changed little from the 1980 rate of 128 per 1,000 live births. In 2000, the infant mortality rate was estimated at 129 deaths per 1,000 live births.

Out of every 1,000 live births, 101.25 male infant and 84.23 female infant deaths occur. The under-5 mortality rate is 205 per 1,000. About 31 percent of Congolese children under the age of 5 suffer from malnutrition. Nine percent of this group are severely underweight; 13 percent suffer from moderate to severe wasting; and 38 percent suffer from moderate to severe stunting. Immunization rates lag behind much of Africa.

In 2003, 54 percent of children aged 12 to 23 months were immunized against measles, and 49 percent received DPT3 immunizations. Among infants, immunization rates were 55 percent for tuberculosis and 45 percent for measles. Only 11 percent of Congolese children receive lifesaving oral rehydration therapy when necessary.

Despite the low Congolese population and growth rates, fertility is high at 6.7 children per female. That number increased from 6.5 in 1970, even though enormous advances in birth control were made during that

period. The adolescent fertility rate is 222 births out of every 1,000 women aged 15 to 19. Less than one-third of all Congolese women use any form of contraception. Maternal mortality continues to be high at an estimated 990 deaths out of 100,000 live births, an increase from the 1995 estimate of 940. Many women lack access to adequate healthcare, and trained healthcare staff are present at less than 61 percent of all births.

Attendance at primary schools is extremely low in the DRC, and the percentage of those attending school decreased during the years that political unrest was at its height. Between 1995 and 2000, male attendance at primary schools decreased from 72 to 35 percent and female attendance declined from 50 to 34 percent.

In response to international and domestic pressure to address the issue of poverty and women's rights, the DRC set up the Commission on the National Strategy for the Fight Against Poverty. The commission is made up of four female and 24 male ministers. The commission's antipoverty goals include slashing the number of the Congolese population surviving on less than \$1 a day, dealing with persistent hunger, providing free and compulsory basic education, cutting rates of illiteracy, improving HIV/AIDS education, enhancing employment and credit for women, facilitating access to healthcare, and improving reproductive health.

Human Development Index Rank: 167 Human Poverty Index Rank: 82

SEE ALSO: Conflict; Congo; Definitions of Poverty; Disease; Extreme Poverty; War and Poverty.

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ELIZABETH PURDY, Ph.D. INDEPENDENT SCHOLAR

Congressional Hunger Center

THE CONGRESSIONAL Hunger Center (CHC) is a bipartisan, nonprofit, antihunger leadership training organization located in Washington, D.C. Republicans

and Democrats founded the CHC in 1993 in response to a 22-day fast by Democratic Representative Tony Hall from Ohio, protesting the abolition of the House Select Committee on Hunger.

The CHC follows three major strategies to fulfill its mission of fighting hunger by developing leaders. It trains leaders at the community, national, and international levels about the causes of and solutions to hunger, poverty, and humanitarian needs. It facilitates collaboration between organizations that design policy and those that develop and implement programs intended to end hunger in the United States and abroad. It increases awareness and develops strategies for the general public as well as for antihunger activists by providing skills and issues training that bridges the gap between service and public policy.

The CHC is a 501(c)(3) organization funded by grants from foundations, corporate and individual contributions, and an appropriation from Congress honoring former members of Congress Mickey Leland and Bill Emerson.

HOUSE SELECT COMMITTEE ON HUNGER

The House Select Committee on Hunger, founded in 1983 by Representatives Benjamin Gilman, Mickey Leland, and Tony Hall, sought viable solutions to domestic and global hunger and poverty. Leland, a Democrat from Texas, was a strong advocate for ending hunger and chaired the committee until his death during a 1989 humanitarian mission to the Horn of Africa. Hall then chaired the committee until the House of Representatives voted to eliminate all such select committees in 1993.

Hall's fast in protest of the House action galvanized bipartisan support for the establishment of the CHC. He and Republican Representative Bill Emerson from Missouri served as the CHC's first cochairs of a diverse board of directors representing the food industry, hunger policy experts, entertainment industry activists, and members of Congress. In 2005 U.S. Representatives Jo Ann Emerson, a Republican from Missouri, and James P. McGovern, a Democrat from Massachusetts, chaired the bipartisan CHC Board of Directors.

LEADERSHIP PROGRAMS

In 1994 CHC established a national antihunger leadership program under the auspices of Volunteers in Service to America (VISTA). In 1996 and 1997 the CHC's Beyond Food program placed 100 hunger activists in four states. Second-year Fellows were placed with policy/advocacy organizations such as Food Research and Action Center, Bread for the World, and Share Our Strength. CHC cosponsored the first National Summit on Food Recovery and Gleaning. In 1999 Congress provided funds to establish the Mickey Leland International and Bill Emerson National Hunger Fellowships. In 2004 CHC partnered with the UPS Foundation to convene the first National Hunger Forum, in Washington, D.C. By 2005 over 500 antihunger leaders had been trained in CHC programs. Program and advocacy efforts were being expanded to include close collaboration with the newly formed Senate and House Hunger Caucuses.

The Bill Emerson National Hunger Fellows Program places Fellows for six months in urban and rural community-based organizations involved in fighting hunger at the local level, followed by six months of work in national advocacy organizations, think tanks, and federal agencies.

The two-year Mickey Leland International Hunger Fellows Program provides opportunities for service while Fellows develop and refine skills useful in the global fight against hunger. The first-year field placement in a developing country allows the Fellow to research, implement, or evaluate programs or initiatives addressing issues surrounding hunger and poverty, including gender, health and nutrition, agriculture, sustainable development, and emergency relief.

SEE ALSO: Brot für die Welt; Community-Based Antipoverty Programs; Food Research and Action Center; Share Our Strength.

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Consumption-Based Measures of Poverty

CONSUMPTION-BASED measures of poverty are a class of poverty indicators that use consumption as a measure of individual welfare. A poverty measurer can

be described in terms of three main characteristics: a measure of individual welfare; a poverty line, that is, a threshold for the welfare measure below which an individual is classified as poor; and a summary statistic, for instance the proportion of the population below the poverty line (headcount ratio). Consumption and income are the most common measures of individual well-being that have been used to obtain poverty indicators.

Household surveys typically contain information on household expenditure for several product categories. However, household expenditure is a satisfactory measure of living standards only if everyone faces the same prices and everyone lives in households with the same size and composition. In most cases we observe households of different sizes living across regions or neighborhoods with different prices. Therefore, we have to make some adjustments to obtain a proper consumption-based welfare measure.

Two measures are the most commonly used to adjust for differences in prices: the money metric utility, proposed by P.A. Samuelson, and the welfare ratio, based on C. Blackorby and D. Donaldson. A. Deaton and S. Zaidi provide a discussion of the theoretical foundations and the practical implementation of these two measures.

Adjustments are necessary to get a consumption-based measure of standard of living. For instance, it is very common that rural households should invest part of their income into agricultural production inputs such as fertilizer, water, or seed. These expenditures should not be considered as household consumption but as investments. Otherwise we would overstate the actual welfare levels achieved by households. Deaton and Zaidi describe other types of adjustments for durable goods, rationing, public goods, and leisure.

CONSUMPTION VERSUS INCOME

There is a good deal of consensus on the value of using consumption as a summary measure of living standards. In recent years, researchers at the World Bank have used consumption-based measures constructed from survey data to measure poverty, to analyze changes in living standards, and to assess the distributional impacts of antipoverty policies. There are several reasons why consumption can be a better measure of welfare than income.

Consumption can provide a better picture of actual standards of living when income fluctuates significantly. In particular, consumption takes into account whether households can access credit markets or household savings at times when current income is low because of, for instance, seasonal variations. Furthermore, consumption may be better measured than income in poor economies with large informal sectors where households consume their own production or exchange it for some other goods.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Cost-of-Living-Based Measures of Poverty; Household Consumption; Household Income.

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Contextual Poverty

TO THE CASUAL OBSERVER, it probably seems that poverty is the simple lack of material goods, and that poverty is everywhere the same. In fact poverty varies with the context in which people live. Poverty varies across communities, towns, cities, across geographic regions, and among countries.

Contextual poverty describes the differing rates of poverty that exists across communities, between communities, and between regions of the world. The differing rates of poverty can be seen between rural and urban poverty. They can also be seen between individuals who are below the poverty line and families who are impoverished.

The differing demographic factors describe differing poverty rates. Children are often poor because they are dependent upon adults. Single mothers in most cultures are poor because their husbands are not providing

support, whether through death, divorce, or inability. The aged can also be poor because they have earned income that was insufficient to provide the savings needed to support them in their less productive late years of life. Or it may be that their pension plans have been taken from them by some means (such as a company's bankruptcy). They can also be poor because they did not have children to support them. All of these and many more factors contribute to variations in poverty between individuals and groups.

Contextual studies can produce reliable research that gives a focused look at poverty.

Social scientists have conducted studies to explain the varying rates of poverty across communities. Community studies are useful for understanding community characteristics as well as community-level policies and practices. Community studies also can be used to show how policies and practices affect poverty rates.

Community studies can aid contextual studies because they take into account the variables that have been demonstrated to affect how poverty varies as a function of community demographic and economic structure. This holds true whether the community studied is urban or rural.

In rural communities the area studied in the United States or in some other Anglo-Saxon country is usually the county. The county is a basic unit of rural government that has existed for a thousand years. The other unit that has been used for measuring poverty in rural areas has been the labor market for the area.

Community studies and contextual studies of poverty differ in several ways. Typically community studies use county-level data to estimate poverty. The typical contextual study in contrast uses individual-level data on the probability that a particular household is impoverished. It does this by examining location and other factors. Usually constructing a poverty profile is much easier with a contextual study than with a community study. Some organizations working to eliminate poverty have found that contextual studies give them the basis upon which to develop poverty reduction programs. Contextual studies can produce sound and reliable research that gives a focused look at poverty in relationship to the cultural, economic, and political patterns of a society.

Another advantage of contextual studies is that they are more readily used for predicting future poverty cases. Instead of just identifying where poverty is currently located, the contextual study enables researchers to examine current social circumstances and trends that can lead to poverty-producing behaviors. Some kinds of behavior are more likely to contribute to poverty in the future.

Contextual studies of youths in certain areas have found that some may engage in behaviors that are risky for escaping poverty. Youths failing in school, skipping school, gambling, abusing alcohol or drugs, practicing unprotected sex, or doing unlawful economic activities such as smuggling are among a few of the risky behaviors that can contribute to a worsening of the conditions of poverty in the future.

SEE ALSO: Community-Based Antipoverty Programs; Comparative Research Program on Poverty; Cost-of-Living-Based Measures of Poverty.

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Coolidge, Calvin (Administration)

CALVIN COOLIDGE WAS one of the most unusual and misunderstood of all American presidents. Contrary to what one would expect from a successful politician, he spoke relatively little, earning the nickname "Silent Cal." Most historians depict his administration as passive and accepting of the status quo. This is not quite the case. He came from a modest background. Coolidge was born in Plymouth, Vermont, on July 4, 1872, and went into law and politics. By 1919 he was the governor of Massachusetts.

He attracted national attention by using the state militia to suppress a police strike. In 1920 Coolidge became vice president under Warren G. Harding. Harding died on August 2, 1923. At this time Coolidge was back in Plymouth. In order to transfer power, Coolidge took the oath of office immediately. His father, who was a



Calvin Coolidge presided over a time of prosperity in the American economy, which was followed by the Great Depression.

notary public, administered the oath late that evening. Coolidge gained popularity rapidly. The economic boom of the 1920s surely helped his public image. The policies of the Coolidge administration were similar to those of his predecessor.

During this time Coolidge signed two major tax cuts into law. The 1924 Revenue Act reduced the top tax rate from 46 percent to 25 percent and the bottom rate from 1.5 percent to 1.125 percent. The 1926 Revenue Act reduced income taxes further and reduced inheritance and excise taxes. Federal revenue grew during this period, and the national debt fell. Also the percentage share of the total tax burden borne by low-income Americans fell while this burden rose for high-income Americans.

Data on ownership of what were then new modern conveniences indicate that consumers did quite well during the Coolidge years. During the period of 1920–30, auto ownership went from 26 percent to 60 percent, washing machines from eight percent to 24 percent, vacuum cleaners from nine percent to 30 percent, electric lighting from 35 percent to 68 percent, radios from zero to 46 percent, and flush toilets from 20 per-

cent to 51 percent. Perhaps the strongest evidence of prosperity during the Coolidge years comes from unemployment statistics. In 1923 unemployment was 3.2 percent. It went up to 5.5 percent in 1924, and then fell to four percent in 1925. Unemployment in 1926 was only 1.9 percent. At the end of his second term it was back up to 4.1 percent.

Of course this prosperity was not universal. Many farmers endured hard times during his presidency. Coolidge vetoed two farm relief acts, as he was opposed to federal intervention in such matters. Contrary to his reputation as an ardent supporter of free markets, Coolidge signed the Radio Act of 1927, which created the Federal Radio Commission (now known as the FCC). He also supported various labor-oriented policies as governor of Massachusetts. He endorsed protective tariffs and restricted immigration as a means toward the end of keeping wages and incomes high.

Some characterize Coolidge as an isolationist. While he favored "detachment from old world interests," Coolidge thought it proper for the United States to help settle contentious issues in Europe and Asia. Two examples of this principle in action were the Dawes Plan and the Pact of Paris. The Dawes Plan sought to relieve the crisis that developed out of the impossible burden that the Treaty of Versailles placed on Germany. The Pact of Paris renounced war as an instrument of national policy.

Coolidge died in January 1933. Historians have tended to denigrate his presidency. This is largely due to the dismal record of his successor. Some historians fault Coolidge for not preventing of the Great Depression. Yet the Depression began months after Coolidge left office and did not become severe until 1931. Most Americans became more prosperous during his administration. It is hard to say exactly how much of this prosperity was due to Coolidge's policies. Yet he surely deserves some credit for the prosperity that reigned during his presidency.

SEE ALSO: Depression, Great; Fiscal Policy; Harding, Warren (Administration); United States.

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Corruption

CORRUPTION IS THE misuse of public power for private benefit. The process of corruption involves private and public interests or services. Corruption affects public responsibility and the private domain and usually takes place at the interface of the public and private sectors. However, the World Bank has defined the corruption as "the abuse of public office for private gain." That definition is not quite complete from a scientific point of view, as a definition of corruption depends on a country's economic and political system, development level, and traditions and customs.

Corruption's negative impact is not in doubt. It diverts resources from their planned usage, destroys economic systems, and makes a country inefficient when competing with other countries. Corruption exerts an especially hard toll on the lives of the poor by decreasing employment possibilities, causing higher prices, and demanding additional fees for government-financed public services.

Especially in developing countries, corruption makes it harder for people to meet fundamental needs such as food, health, and education. At the same time, it creates discrimination among the different groups of society. Corruption, by itself, doesn't create poverty. However, it has direct outcomes on economic and governance characteristics, intermediaries that in turn produce poverty. Finally, it can be recognized that corruption is only one form of bad governance.

The first classification of corruption is based on its distinct forms, namely bribery, embezzlement, fraud, and extortion. Bribery is usually described as obtaining money or favors by politicians or bureaucrats in return for preferential decisions or government services. Bribery acts involve two sides, mainly a representative of state and a civilian. In this transaction the representative of state misuses his or her power.

Embezzlement is associated with theft of resources by disloyal employees from their employers. There usually is no client involved during the embezzlement act. Embezzlement can derive from the impression that "everyone is doing it." Fraud is an economic crime that involves some kind of trickery, swindle, deceit, manipulation, or distortion of information, facts, or expertise. Quite often we observe that bribery directly involves fraud. On the other hand, fraud also arises when public servants take a role in organized crime like smuggling, or when contracts are given to a company whose public administrators have a conflict of interest with their responsibilities. These public servants' be-

havior is sometimes described as lawless behavior because state officials act as if there were no existing rules or regulations. Extortion means that resources are extracted by the use of coercion, violence, or threats to use force.

There are two types of corruption: petty and grand. Petty corruption involves small payments paid to low-level public servants. Usually, public servants charge a fee in addition to the amount required by law. They may threaten harassment or delay services until this payment is made. This type of corruption has a negative influence on the quality of life and the economic opportunities of poor people. The additional costs of petty corruption can be vast and severely limiting for the economic activity of the poor, as costs of bribes can reach nearly seven times the regular costs incurred.

Corruption exerts an especially hard toll on the lives of poor.

Grand corruption involves the making of large payments to people in positions of power in order to secure a right or obtain an advantage that could not be secured or obtained legitimately. This diverts substantial national resources from the public sector into the pockets of a corrupt few, and channels funds into inefficient uses by awarding contracts based on graft rather than on efficiency and social desirability. Grand corruption imposes social costs (in term of lost efficiency) in the domestic industry that focus more on relationships and side payments than on the competition in terms of efficiency and quality. Grand corruption can erode export opportunities and associated additional employment opportunities. The cost incurred by business because of bribery and lost economic opportunity can add to costs in excess of 11 percent of total gross incomes, as in the case of companies in the country of

There are major ways corruption can impact economic growth: corruption affects decisions about foreign and direct investments; corruption curtails or stops entrepreneurship with required licenses or permits that must be paid with bribes; corruption decreases the quality of public infrastructure; corruption reduces tax revenues; and corruption distorts the composition of the public expenditure.

The above statements were confirmed by World Bank corruption investigations. For example, in Bulgaria results state that one in four businesses was planned to expand, but corruption was an important indicator why the plan failed. In the case of influencing investment decisions, both types of corruption (petty and grand) have an indirect economic impact that constrains economic growth by increasing the uncertainty and unpredictability of costs to prospective investors. This point is debatable, as there are researchers who state that corruption may attract foreign direct investments (FDI) once investors belong to the inner circle of those profiting from bribery. Likely, this impact is not strong enough, as investors consider differences between petty and grand corruption.

Corruption distorts the investment climate in a country because it increases the risk of "rescuing" invested funds. Citizens of corrupt countries already recognize this risk and often send their savings out of the country. They avoid leaving their earnings near regulators, who can use funds illegitimately. So the wealthy send their investments to foreign countries, making them richer and the poor poorer.

The outcomes of corruption, which reduce tax revenue, can have a double effect.

Corruption for licenses and permissions was observed in several studies, where there are indications that small businesses tend to pay most of the bribes as a percentage of total revenue (Bosnia-Herzegovina, Ghana, Slovak Republic). Meanwhile, Polish businessmen are working in an environment that requires additional licenses, making them more prone to extortion. Payments for public administrators are made to avoid delays in services. In Russia, private investors negotiate with various public agencies (fire, police, banks, etc.), each of them requesting a bribe in exchange for speedy approval of a business license.

The outcomes of corruption, which reduce tax revenue, can have a double effect. From the state's point of view, the budget can lose funds when a household engages in corruption in an effort to ameliorate its own poverty. For example, in the case of Bangladesh, more than 30 percent of the household respondents reduced electric and/or water bills by bribing the utility meter reader.

Recognizing the problem of corruption, research respondents from Indonesia and Romania were so worried about the problem that they indicated a strong willingness to pay more taxes if corruption could be controlled.

Corruption can create weak and vulnerable national government institutions, such as a parliament, the judiciary, the civil service, and police; it can impose a limited democratic culture, decrease citizen participation in policy implementation, and have impacts on the delivery and/or quality of public services as well as on infrastructure. All these impact the poor.

CORRUPTION AND ECONOMICS

Corruption may create permanent distortions from which some groups or individuals can benefit more than others. Economists confirmed this in terms of Gross Domestic Product (GDP) linked to corruption as they found that there is a strong correlation between GDP per capita and corruption. In corrupt environments, corruption increases income inequality. At the same time, it reduces growth and thereby exacerbates poverty. For example, the children of poor parents go to publicly financed schools because their parents can't afford the bribes necessary to go to privately financed schools.

In the former Soviet Union, the change to the market system was associated with a sharp initial drop in output and significantly higher levels of poverty. Privatization of the public sector was one of the variables that created trauma for people as they became unemployed. A process that was not transparent and was usually corrupt influenced the income of the state and, in the end, the welfare of citizens. On the other hand, in other environments, corruption has not had as severe an impact. The so-called Asian tigers miracle was a perfect example of rapid economic growth (during the 1980s and 1990s) despite some corruption, where figures of people living below poverty line of \$1.25 per day decreased significantly.

Corruption impacts the delivery and quality of public services as well as infrastructure and has a direct connection with public expenditures. Different authors have confirmed that corruption lowers the quality of public infrastructure. The corrupt governments may display predatory behavior in deciding how to distribute public expenditures, for example for road construction and irrigation systems. Not surprisingly, in such situations corruption may lead to higher spending on the military. Different surveys from 1985 to 1998 confirm that corruption is highly correlated with higher military spending.

Public administration institutions with a high level of corruption tend to delivery lower-quality services in general, and corruption can be connected with the delivery of public services in such sectors as education and public health. However, some exceptions exist, as those services are directly dependent on client impressions rather than reality.

Obviously, investigations on corruption in Bosnia-Herzegovina, Indonesia, and Latvia confirm that public-sector institutions where corruption was high delivered low-quality and inefficient services. Conversely, countries with efficient public-sector institutions had lower corruption levels.

Another important fact is that corruption can lead to reduction of social spending on health and education. The starting point is that changes in costs due to corruption reduce tax incomes, increase government operating costs, and increase government spending for wages. These opposing forces create a policy dilemma, as there is no doubt about the importance of human capital investments. It may mean that in developing countries the bureaucracy tries to maximize its power by maximizing its budget. Finally, a monopoly situation comes into being, which isn't useful for the fundamental needs of citizens.

In surveys on good governance, investigators conclude that there is an association between good governance and poverty alleviation. In other recent studies on the control of corruption as one component of good governance, the analysis illustrates a strong positive causal relationship between improved governance and better development outcomes as measured by per capita incomes.

An important issue is the relationship between corruption and lack of environmental regulation of polluting the air and water. This, of course, implies both a direct effect of corruption (decreasing the effectiveness of environmental regulation) and an indirect impact through which corruption affects income.

The implications of corruption can lead to citizens' mistrust of their government. In practice, corruption destroys people's trust in government institutions. Some surveys illustrate that people with the lowest incomes don't trust some public institutions, such as healthcare providers, police, and customs, and see them as corrupt and evil. This conclusion is not without merit, as it is the poor people who cannot afford to pay bribes to unresponsive civil servants.

INITIATIVES AGAINST CORRUPTION

Global initiatives against corruption are number one on the agenda of many countries. The most well-known nongovernmental organization (NGO) that puts forth huge efforts in this matter is Transparency International, based in Berlin, Germany. This organization was established to fight corruption throughout the world and has branches in many countries. During the last 10 years Transparency International has published the Corruption Perception Index (CPI). The methodology of the CPI is improving each year and the number of the countries included is growing (the 2004 edition had 146 countries).

Additionally, there are 18 sources from 12 different institutions that report on corruption, for example Freedom House Nations, Gallup International, and the World Economic Forum. By studying the CPI between 1995 and 2004, a significant downward trend was reported in Argentina, the Czech Republic, Ecuador, Poland, and Zimbabwe. A significant upward trend was found in Bulgaria, Colombia, Estonia, Hong Kong, Mexico, and Spain.

The main reason why we must measure corruption is that many areas of human interaction and economic planning require the existence of hard, objective, and undistorted data. These data also help to set priorities for future reform and mobilize citizens to be actively involved in different processes that can help relieve poor people of the burdens of corruption.

SEE ALSO: Argentina; Colombia; Culture of Poverty; Non-governmental Organizations; Poland; Zimbabwe.

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Cost of Living

COST OF LIVING refers to the income required to maintain a certain standard of living. Many poverty statistics, such as the headcount index, rely on per capita or household income as a primary measure of wellbeing. Owing to differences in price levels, however, a certain income level will provide a different standard of living in various time periods or across differing geographical regions. Most countries have experienced inflation, that is, increasing price levels, over the past century, meaning that the income required to maintain a fixed standard of living has increased over time, resulting in a higher cost of living. Deflation, that is, decreasing price levels, is rare but has also occurred in some countries during specific time periods. Countries that are undergoing deflation experience a lower cost of living as time goes by.

The cost of living is generally measured using a price index. The most widely used price index is known as the Consumer Price Index (CPI). The CPI tracks the cost of purchasing a specific fixed basket of commonly purchased goods over time. For convenience, the CPI is scaled such that in the first year of the measurement, known as the base year, the value of the CPI is set as equal to 100.

Other ways to measure changes in the cost of living also exist. In the United States, consumer price indexes that track more specific baskets of goods such as healthcare or food are widely available. The core CPI measures changes in the overall price level, excluding two highly volatile sectors: food and energy. The Producer Price Index (PPI) estimates the cost of purchasing a fixed basket of goods commonly purchased by businesses. The PPI is known as a leading indicator for the cost of living as it is considered a good predictor of future changes in the CPI. Finally, the Gross Domestic Product (GDP) deflator tracks price levels for goods and services produced economy-wide, and is also calculated in a slightly different manner from normal price indexes. The GDP deflator and CPI generally correlate very closely with one another, and in practice they can be used interchangeably.

While measuring changes in the cost of living using the CPI is straightforward, it is not without several difficulties. First, the basket of goods used to measure the CPI represents the goods and services typically purchased by an average urban consumer. The prices of goods and services tend to be lower, particularly for housing, in rural areas. Furthermore, the cost of living for some groups may rise faster or more slowly than the

overall CPI depending on that particular group's consumption patterns. For example, the elderly spend a disproportionately high fraction of their income on healthcare, a sector that has experienced above-average inflation over the past several decades. Therefore, a cost-of-living adjustment for the elderly based upon price increases for a basket of goods purchased by an average consumer will undercompensate this group.

In addition, the Consumer Price Index suffers from three theoretical deficiencies. First, since the CPI measures a fixed basket of goods, it does not account for the ability of consumers to switch away from goods whose prices are rapidly increasing to cheaper substitutes. Second, the CPI often fails to account for increases in the quality of goods.

For example, as previously noted, while healthcare costs have been increasing rapidly in the United States, a large portion of these price increases are due to the introduction of expensive new technologies that allow for longer life expectancies and improvements in people's quality of life rather than simply higher prices for the same goods.

Third, the nature of the CPI makes it difficult to include newly introduced goods and services. A basket of goods created in the 1970s would not include goods such as personal computers, mobile phones, and MP3 or DVD players, items that are part of many persons' consumption bundles today. New items often rapidly fall in price shortly after their introduction. For these reasons, economists believe that inflation as measured by the CPI overstates the true increase in the cost of living by one percent to two percent per year.

A final challenge in measuring the cost of living is the difficulty in comparing incomes across countries. While it is appealing to simply convert incomes using prevailing exchange rates, differences in the cost of living are generally not fully reflected in this manner. Instead economists advocate comparing incomes across countries using the Purchasing Power Parity (PPP) method, which incorporates international differences in the cost of living into income measurements. The most complete group of PPP measures is the Penn World Tables.

Generally, the cost of living is lower in developing countries with lower incomes than in rich industrialized nations. For example, in 2002, by the exchange rate method, the per capita income of Japan was \$31,407 compared to just \$989 in China. Adjusted for PPP, however, Japan's annual per capita income falls to \$26,940 and China's rises to \$4,580, suggesting that the cost of living in Japan is over five times that of China.

SEE ALSO: Headcount Index; Inflation; International Poverty Rates; Living-Standards Measurement Study; Relative-Income-Based Measures of Poverty.

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Cost-of-Living-Based Measures of Poverty

COST-OF-LIVING MEASURES exist for two fundamental reasons. First, they are a means of comparing the relative purchasing power of income across geographical regions. For example, the amount of income it would take to maintain a certain standard of living in New York City would be different from the amount required to maintain a similar standard of living in Dallas, Texas. Second, in order for certain public policies to be consistent across states or regions, it is often necessary to use cost-of-living measures to develop equality across these areas. For example, when developing policies aimed at creating income parity among states on salaries, it is important to determine the true difference in income in order for the policy to be consistent for every state.

Because cost of living is based on the purchasing power of income, it is closely tied to rates of inflation and deflation. The U.S. government uses a cost-of-living measure prepared by the U.S. Bureau of Labor Statistics known as the Consumer Price Index (CPI) to calculate the rise and fall of prices in the economy. The CPI measures the average change in prices paid for a fixed market basket of consumer goods and services over a specified period of time.

The market basket is composed of such goods and services as food, housing, transportation, medical care, recreation, and education. The CPI is expressed as a percentage of change in the cost of a market basket from one year to another. For example, consider that the market basket price for 1980 was \$100. A market

basket price of \$160 in 2000 would suggest a 60 percent increase in the cost of living from 1980 to 2000. This percentage of change in the CPI is referred to as the inflation rate.

Disparity exists over whether the CPI is an accurate measure of cost of living.

The CPI is calculated for different geographical areas and income levels. The Consumer Price Index for All Urban Consumers (CPI-U) is based on residents of urban and metropolitan areas and represents 87 percent of the U.S. population. The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) is a subset of the CPI-U and represents households where more than one-half of the income is from clerical or wage occupations and one household member has worked at least 37 weeks in the previous 12 months. The CPI-W accounts for approximately 32 percent of the population.

The CPI is closely monitored by policymakers and employees whose wages vary with the economy. The practice of indexing wages to the CPI, known as Cost of Living Adjustment (COLA), was designed to offset changes in purchasing power as measured by the CPI and is built into many employee contracts.

Disparity exists over whether the CPI is an accurate measure of cost of living. Some authors suggest that because it does not measure factors that affect consumer well-being, such as crime, and that it is based on averages that do not reflect the experience of any one family, it is not an accurate measure of cost of living. These authors favor other measures, such as the social-cost-of-living index, which estimates economic demand based on the underlying welfare functions of consumers.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Consumption-Based Measures of Poverty.

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Costa Rica

THE REPUBLIC OF Costa Rica, which is located in Central America along the coast of the Caribbean Sea and the Pacific Ocean, is one of the most democratic countries in the region. Land is much more evenly divided than in most countries in Latin America. However, income and social inequalities have begun to increase in recent years.

The richest 20 percent of the population claim 51.5 percent of available resources while the poorest 20 percent share 4.2 percent. Costa Rica is ranked 46.5 on the Gini Index of Human Inequality. Most Costa Ricans enjoy a comfortable standard of living, and in Latin America, Costa Rica, with no military, has become a force for peace.

Originally, Costa Rica was home to some 25,000 natives who were virtually killed off by their Spanish conquerors. After achieving independence in 1821, Costa Rica was taken over for two years by the Mexican Empire. By 1848, Costa Rica had become a republic and has remained democratic from that point on except for 12 years under a military dictatorship in the late 19th century.

While agriculture, particularly coffee, banana, and beef exports, is still integral to the Costa Rican economy, the system has become more diverse in recent years. Services now employ 58 percent of the labor force, and industry engages another 22 percent. Technology and tourism have proved to be major sources of revenue for Costa Rica. The country's only natural resource is hydropower. Foreign investors are attracted to Costa Rica because of stable conditions and an educated population. With a per capita income of \$9,600, Costa Rica is an upper-middle-income nation. Despite the positive economic outlook, the Costa Rican government continues to deal with a large deficit, a substantial internal debt, and an unemployment rate of 6.6 percent.

For over a decade, Costa Rica has been steadily reducing the overall poverty rate, which is currently estimated at 22 percent, through economic growth and a strong social safety net. The sectors of the Costa Rican population that are most vulnerable to poverty are immigrants, the indigenous population, females with young children, those who live in rural areas, and elderly women. Poverty has continued to rise among certain groups. From 2001 to 2002, the number of female-headed families rose in both urban and rural areas of Costa Rica. At the same time, the number of such families living in poverty was 34.5 percent. By

2003, that number had risen to 36.2 percent. Government data also indicate that the number of households that lack basic needs increased from 28.1 percent in 2002 to 31.1 in 2003. Some 30 percent of Costa Rican children live in poverty. Six percent of the population are undernourished. Around 10 percent of the population live on less than \$2 a day, and two percent live on less than \$1 a day. The extensive social net provides financial benefits, housing assistance, healthcare, training, and education. The government is in the process of revising the Child Welfare Institute and has appointed a Minister for Children and Adolescents.

Life expectancy in Costa Rica is 76.84 years. Generally, females (79.55 years) outlive men (74.26) by more than five years. Among the population of 4,016,173, the median age is 26.03 years. Nearly 29 percent of Costa Ricans are under the age of 14, and 5.6 percent have lived to the age of 65. Generally, healthcare is readily available in Costa Rica, and there are 160 physicians for every 100,000 residents. Only five percent of the population lack access to affordable essential drugs. Five percent of Costa Ricans lack access to safe drinking water, and seven percent lack access to improved sanitation.

HEALTH STATISTICS

Between 1970 and 2005, infant mortality in Costa Rica fell from 62 to nine deaths per 1,000 live births. Among all children under the age of 5, the mortality rate during that same period plunged from 83 to 10 deaths per 1,000. Five percent of all children under the age of 5 are malnourished, and seven percent of infants are underweight at birth. Six percent of under-5s suffer from moderate to severe stunting, and two percent suffer from moderate to severe wasting. Childhood immunization rates for children from birth to 23 months have increased in recent years. Currently infant immunization rates are at 94 percent against measles, DPT, and polio and at 91 percent against tuberculosis. About 89 percent of children from 12 to 23 months have been vaccinated against measles, and 88 percent have been vaccinated against DPT3.

Between 1970 and 2005, the fertility rate in Costa Rica decreased from 4.3 children per woman to 2.28 children per woman. The adolescent fertility rate is 62 per 1,000 births. The rates of teenage pregnancies have increased steadily in recent years because teenagers have become more sexually active. Costa Rica recently passed the Responsible Paternity Law, a landmark piece of legislation that could serve as a model internation-

ally. However, there has been institutional and cultural opposition to implementing the law. Three-fourths of Costa Rican women use some method of birth control, an increase from 66 percent in 1980. Only two percent of all births in Costa Rica occur outside the presence of trained medical staff. Based on modeled estimates for 2000, maternal mortality occurs at the rate of 43 deaths per 100,000 live births.

Among the population over the age of 15, 96 percent can read and write. With a literacy rate of 96.1 percent, females are slightly more literate than males (95.9 percent). From 1999 to 2003, total primary school completion rates increased from 84 to 94 percent. During that period, female completion rates rose from 86 to 95 percent. By 2002, secondary enrollment had increased to 49.9 percent. Grade repetition and high dropout rates continue to be a problem. Out of every 10 children, three will fail to complete basic education requirements. Around 40 percent of all adolescents in Costa Rica are no longer in the school system.

Human Development Index Rank: 47 Human Poverty Index Rank: 3

SEE ALSO: Education; Income Inequality; Paternalism and Welfare; Poverty Rate.

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Côte d'Ivoire

THE OUTBREAK OF CIVIL war in 2002 following the succession of unstable governments since 1999 has made poverty a poignant problem in Côte d'Ivoire. In 2003, an estimated 37 percent of households were living below the poverty line and in 2004, the United Na-

tions Development Program ranked Côte d'Ivoire among the lowest countries in terms of human development.

The low standard of living evidenced in Côte d'Ivoire has its origins in a gripping recession coupled with a large population increase experienced in the 1980s and 1990s, which indirectly resulted in the 1999 coup. The dust had barely settled on the new government when in 2002, a military mutiny in Abidjan led to a wave of violence throughout the nation.

Today, in the midst of a stalled peace process, many regions of the country are without access to basic social services such as education and healthcare. The transitional government that has guided Côte d'Ivoire through the peace accords has been powerless to work positively in the social sector as a result of a deadlock with dissident political parties. Moreover, the division of the country into northern and southern territories prevents any countrywide initiatives from moving forward. The persistent threat of violence in Côte d'Ivoire has also displaced a large portion of the population, especially in the western region of the country where the civil conflict has been particularly fierce. The refugee population constitutes a significant contingency of impoverished people whose itinerancy stifles their self-sustainability.

Côte d'Ivoire's poor health and education systems have at best stagnated since the conflict began. In 2002, adult literacy was below 50 percent; primary school enrollment was a mere 63 percent, and secondary school enrollment less than 25 percent. While the fertile, tropical climate of Côte d'Ivoire does not make nutritional deficiency a pervasive problem, the ravages and spoils of war have seriously upset the agricultural sector and not caused a scarcity of food but dealt a debilitating blow to the national economy.

Côte d'Ivoire is also faced with a significant lack of healthcare resources and a daunting HIV/AIDS crisis. Since the 1990s, Côte d'Ivoire has had only nine physicians per 100,000 people and 0.8 hospital bed per 1,000 people. In 2003, Côte d'Ivoire reported 570,000 cases of HIV/AIDS and lost 47,000 people to the virus. The life expectancy in Côte d'Ivoire is currently just over 40 years of age.

The instability and unaccountability of Côte d'Ivoire's recent governments have discouraged international aid and finance to Côte d'Ivoire over the last five years, with considerable dropoffs expected in 2006. These revenue sources constitute a significant proportion of the funding that subsidizes programs for public health and education, which are rapidly deteriorating if

they have not already ceased to exist. Demanding to see positive action taken in the restoration of civil governance to Côte d'Ivoire, the international community has put a moratorium on funding until that time. Elections were scheduled for October 2005, but were unlikely to take place as a result of insufficient planning. The prolongation of the peace process entails ever increasing impoverishment in Côte d'Ivoire, but the pressure of the United Nations Security Council and the international community will most likely deter a renewed outbreak of violence in 2006.

Human Development Index Rank: 163 Human Poverty Index Rank: 84

SEE ALSO: Conflict; Economic Insecurity; HIV/AIDS; Human Development.

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Coughlin, Charles (1891–1979)

FATHER CHARLES E. Coughlin, a Roman Catholic priest and popular radio personality, significantly influenced American opinion during the Great Depression. A priest of the Diocese of Detroit and pastor of the Shrine of the Little Flower in Royal Oak, Michigan, Coughlin began broadcasting his sermons on the radio in 1926. His program, *The Golden Hour of the Little Flower*, on CBS radio, quickly gained a national audience.

However, Coughlin's harsh denunciations of President Herbert Hoover caused the station to discontinue his program. Not to be dissuaded, Coughlin formed his own network, which grew to more than 30 stations. Coughlin's *Golden Hour* was heard by as many as 40 million listeners throughout the 1930s and early 1940s. In addition to religious matters, Coughlin spoke frequently on economic and political issues, focusing on the Depression and the evils of modern capitalism. His

theory of economic populism consisted of a radical reform of the monetary system in America, challenging Wall Street, the gold standard, and the international banking system. He advocated a return to currency based at least partially on silver and the creation of a Bank of the United States of America to ensure democratic fairness by replacing the Federal Reserve system, which Coughlin considered dominated by bankers. He frequently ridiculed wealthy industrialists and financiers who he believed were more connected to the economic problems of the Great Depression than to their solution.

At first, Coughlin supported President Franklin D. Roosevelt's plan of reforms known as the New Deal, and Coughlin himself had been considered for a post as one of Roosevelt's economic advisors. Coughlin, however, became disenchanted with the slow pace of reforms and beginning in 1934 denounced the president's program as a grand deception. Coughlin formed his own organization, the National Union for Social Justice, in 1934 and launched an affiliated publication, Social Justice, in 1936, eventually amassing a readership of one million. In 1936 Coughlin opposed Roosevelt's reelection as president, instead helping to organize a rival political faction. The Coughlin-supported Union Party selected William Lemke as their candidate but Lemke received fewer than one million votes, hardly enough to counter Roosevelt's 27 million supporters.

Coughlin's message appealed to a broad cross section of America, including Protestants and Catholics, laborers, and small business owners in cities and farms in the American heartland. His message of reform was particularly attractive to those with little hope of material prosperity, discontented and poor first- and second-generation Americans, ethnic minorities, and the unemployed, as well as an emerging middle class that had lost its sense of economic security during the Depression.

At the high point of his influence, his listeners numbered one-third of Americans. His reforms were not as controversial as his assessment of blame for the Great Depression. Anti-Semitism tainted his message and by 1938 he routinely targeted Jews as the cause of economic hardship in America. He leveled frequent verbal attacks against Jews, Freemasons, Nazis, fascists, communists, and atheists as part of "Satan's organization" aimed at overthrowing America and Christianity.

Despite his criticism of Nazis and fascists, as his message became extreme, he spoke of his sympathy for Adolf Hitler and Benito Mussolini. His influence launched the Christian Front, a group of anarchists centered in Brooklyn, New York, and Boston, Massachusetts. Because of mounting pressure from his religious superiors and lack of financial support from listeners, Coughlin abandoned the airwaves in 1940. He ceased all public political and economic activism in 1942, the same year the U.S. Postal Service refused delivery of his publication, *Social Justice*, under the government's Espionage Act (1918). Coughlin continued his work as a parish priest in Detroit until retiring in 1966.

SEE ALSO: Capitalism; Depression, Great; Judaism and Poverty; Roosevelt, Franklin (Administration).

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Credit

CREDIT AS A TERM refers to the granting of goods, services, or money in return for a promise of future payment. The future payment includes an interest or charge for the use of credit or money. Interest is usually determined as a percentage of the principal and computed annually, which makes the future payments greater than an immediate payment would have been. Credit and its opposite, debt, are operations that involve lending. Taking credit is an equivalent to going into debt.

In commercial trade, credit is used as the approval for delayed payments for goods purchased. Credit enables producers to close the gap between production and sales of goods and services, and it allows consumers to purchase goods and services at the present time and pay for those services from their future income. Companies regularly offer credit to their customers as part of the terms of a purchase agreement.

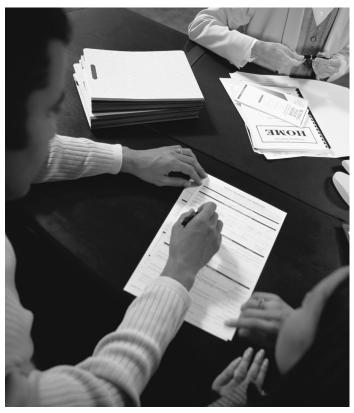
Credit extension and debt creation can be traced back to ancient times. The volume and complexity of credit transactions have grown substantially with the emergence of capitalism. Credit transaction emerges whenever capital is used and savings are required. Any movement of financial capital is dependent on credit, which in turn is founded upon the lender's confidence in the borrower and borrower's reputation or credit risk. The credit risk or default risk generally refers to the probability that the borrower will default on future payments. Data as to credit risk are supplied by agencies organized for that purpose. The chief agency in the United States is Dun and Bradstreet, formed by a merger (1933) of R.G. Dun & Company (1841) and the Bradstreet Company (1849). Often the borrower is required to provide collateral, that is, a financial instrument, as security for payment of a loan.

The most commonly used instruments of credit are the acceptance, bill of exchange, letter of credit, and promissory note. The instruments are often negotiable and traded in money markets. The purest form is the credit default swap. This is a specific type of counterparty agreement which allows the transfer of third-party credit risk from one party to the other. One party in the swap is a lender and faces credit risk from a third party, and the counterparty in the credit default swap agrees to insure this risk in exchange for regular periodic payments. If the third party defaults, the party providing insurance will have to purchase from the insured party the defaulted asset. In turn, the insurer pays the insured the remaining interest on the debt, as well as the principal.

There is a distinction between business credit and consumer credit. The principal function of business credit is the transfer of capital from those who own it to those who intend to use it. The main objective of business credit is an enlargement of capital. Consumer credit, on the other hand, allows the purchase of retail commodities without the use of cash or with the use of relatively little cash.

The principal economic function of consumer credit is to move consumers' consumption of goods and services forward in time. The main types of consumer credit are noninstallment credit and installment credit. Noninstallment credit is to be repaid in a lump sum. Installment credit, which is a prevalent form, represents all consumer credit that is scheduled to be repaid in two or more installments. It is estimated that some 90 percent of all wholesalers' and manufacturers' sales, and more than 30 percent of all retail sales, are made on a credit basis.

Another type of credit is bank credit. This type involves lending by the banking institution through bank



Consumer debt can build up to such a point that a bankruptcy must be declared, possibly pushing the consumer into poverty.

advances, overdrafts, discounting bills, or purchasing securities.

Recently a new form of credit called microcredit gained prominence. The working definition adopted at the Microcredit Summit in February 1997 characterizes microcredit as small loans extended to very poor people for self-employment projects that generate income, allowing them to care for themselves and their families. Microcredit is the extension of small loans to entrepreneurs unable to qualify for traditional bank loans. The principal aim of microcredit is poverty alleviation, enabling those without access to lending institutions to borrow at bank rates and start small businesses in their communities.

Credit plays an important role in macroeconomics, especially in money supply theory. In the aggregate models of the financial sector of an economy, credit markets and credit creation are analyzed via their relation to money markets, money creation, and price level. These models clarify the role of central bank policies in controlling money supply and price level. If more credit is granted than the community can liquidate, there is inflation; if too little is granted, there is deflation. A lack of business confidence may cause credit to dissolve,

thereby contributing to economic crises, panics, and depressions.

While credit made a contribution in the effort to alleviate poverty, especially in developing countries, credit on its own should not be viewed as a universal remedy to poverty eradication.

SEE ALSO: Debt; Economic Growth; Microcredit; World Bank.

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Crime

THE LATE 19th and 20th centuries have been characterized by the tendency to study crime as well as its causes and effects. Cesare Lombroso's Criminal Man (1876), which introduced the atavistic idea of the born criminal; Enrico Ferri's Criminal Sociology (1884); and Rafaele Garofalo's Criminology (1885) are some of the most popular early works on crime. In different time periods, a series of works have focused on crime, although not always with the same analytic tools and purposes. For instance, psychology and psychiatry focus mainly on the individual characteristics of deviants or criminals and examine the eventually problematic relationship between the criminal and the society, while sociology and criminology focus more on the social aspects of crime and on crime politics.

Edward Sutherland carried out the first important study of the relationship between crime and economic status in 1939. Sutherland described forms of nonviolent business crime that were committed by businessmen and members of the middle class in the course of their economic activity, or white-collar crime. The study

managed to show how special forms of economic criminality of the middle class (fraud, embezzlement, bribery, forgery, tax evasion) remained—contrary to blue-collar crime—unpunished. Because business-class members had the means to hide their activity and avoid arrest, they were able to minimize the chances of being punished. This study also provoked the mainstream view that criminals were usually poor or economically marginal individuals.

The increasing interest in crime and its etiology has led since 1960 to the emergence of a series of subfields, like the sociology of deviance, sociology of social control, sociology of social exclusion, and criminology. These subfields addressed a number of important issues and problems related to the analysis of crime and crime politics as well as to the understanding of the political economy of crime and its interrelation with the economic structure. A heterogeneous ensemble of critical, radical, Marxist, deconstructionist, and feminist criminologies studied the mechanisms of marginalization, stigmatization, demonization, and social exclusion of deviants.

Contrary to the biological and psychological causations of crime, researchers were interested in the social processes with which individuals were being labeled, such as deviants, delinquents, and criminals. Crime was understood as a social and legal construction using the labeling approach. Critical criminologists in Europe and the United States in the 1960s and 1970s underlined that the term *criminal* was the act that violated the penal law and considered penal law as an instrument of state power that defines which behavior is criminal or not, and decides whether and how this act will be punished.

For those criminological schools, crime, both as a human behavior and as a legal category, does not exist before penal law. At the same time, the concept of social control became very influential and increasingly important for the understanding of crime, social reaction to crime, and the official and organized responses to it, for instance through the mechanisms of penal law.

Social control was initially introduced by Edward Ross, who described it as "the moulding of the individual's feelings to suit the needs of the group." Also, for the sociological approach of social consensus by Emile Durkheim and for the structural functionalism of Talcott Parsons, social control was a social phenomenon that they considered *a priori* positive for the maintenance of social order.

According to these approaches, criminal acts violate the moral rules of an organized society, which punishes



New studies suggest that poverty is being architecturally, politically, and socially criminalized.

them in order to avoid social conflict and disorganization. The problem is not the social structures or the existing social and political norms of a society that eventually produce deviance, but the deviants who disobey the moral and penal laws of the society.

With the influence of Marxism in social sciences, social control ended up having a different meaning and representing the means of imposing power and punishing individuals and groups that it defined as deviant, dangerous, and criminal. Radical and critical criminologists defined social control as the organized ways in which the punishing power maintains order and discriminates particular social groups in the name of social cohesion. The author of *Visions of Social Control*, the sociologist Stanley Cohen, has noted that "Social control is the organized ways in which society responds to behavior and people it regards as deviant, problematic, worrying, threatening or undesirable one way or another."

In the frame of this criticism, the relationship between poverty and crime became an important topic on the criminological agenda. Especially influential was the work of Michel Foucault, especially his book *Discipline* and *Punish*: The Birth of the Prison (1975). By examining

the history of prisons in modernity, Foucault studied the mechanisms of discipline and classification of individuals as well as the social processes with which individuals were categorized as healthy or ill, as normal or abnormal, and as criminal or conform.

In the same spirit and influenced by Foucault, Dario Melossi and Massimo Pavarini attempted with their book, The Prison and the Factory: Origins of the Penitentiary System (1977), to study the relationship between crime and the economic system. Radical and critical criminologists and sociologists considered crime politics as the politics that produced social exclusion. The official punishing mechanisms of the state were seen as processes of representation and reproduction of class inequality, social divisions, and political pressure. The mechanisms of the penal system were considered to be responsible for a variety of strategies of discipline, coercion, retribution, and punishment.

It would be unthinkable for society to change its perceptions about the offender.

The basic argument of deconstructive sociology was that the state possessed the legal means to enforce control, in order to serve the needs of its dominance and exercise "the monopoly of violence." In this frame the abolishment of prisons was proposed by sociologists like Thomas Mathiesen. For Marxist criminologists like Richard Quinney and Alessandro Barratta, the penal law system was not ideologically neutral. It reflected rather the interests of the ruling classes. Poor and economically unprivileged social groups and individuals possessed, therefore, no means to influence political power.

Crime politics in the period of the Keynesian welfare state gave the discussion about poverty and crime new arguments and directions. Social control was practiced by a series of social institutions. Social workers, psychiatrists, therapists of every kind, "professionals of the soul," and multifarious specialists were all aiming at the rehabilitation and the resocialization of the offender.

On the social level, the offender was thought to be ill, abnormal, or dangerous. Society could not accept him or her and for this reason he or she had to change (it would be unthinkable for society to change its perceptions about the offender). Both models—punishment and rehabilitation—became objects of criticism during the 1960s and 1970s.

As far as state control was concerned, the criticism focused on recidivism, on the social stereotypes, social discrimination, and repression that the state produced by creating a criminogenic surrounding that was in turn reproducing the criminal population. This population was in one way or another considered as a dangerous class, the class that was at the same time economically weaker.

With regard to rehabilitation, the criticism focused on the rehabilitator's motivation: even when it was philanthropic or well intended, it was functioning under the notion that the deviant should be cured and changed. The social reaction to the criminal was not the main problem; the main issue was the deviant's problematic personality. Through rehabilitation, stigmatization, marginalization and the labeling process, the social exclusion of the deviant was administrated in a professionalized, scientific way.

The demise of the Keynesian welfare state in the late 1970s led to the abandonment of the model of rehabilitation and resocialization. The state could no longer afford the costs of rehabilitating institutions and the various experts on the criminal's treatment. The criminological theories that reduced criminal actions to the social environment and proposed that effective resocialization measurements would help to decrease crime rates gave place to a series of new theoretical approaches. Referring to and focusing on state control, the state of the 1980s seemed to play an increasingly administrative and managerial role.

Within contemporary theories in criminology, such as the routine activities theory, the opportunity theory, theories about community policing or community control, and certain victim theories, the center of analysis transferred from the state to the citizen. Citizens are now responsible for protection from crime. According to such theories, the state has no effectiveness in confronting the high rates of crime, so citizens must be self-protected. Crime, just like poverty, is considered inevitable. Social and economic inequality are uncritically seen as normal factors of neoliberal capitalism.

The deviant is still stigmatized, but there is no need to explain causally and sociologically his or her behavior. Contrary to the premises of radical and critical criminology, social and economic structures are for postmodern criminology unproblematic. Problematic are the ways of dealing with crime. Solutions like digital surveillance in public spaces and increase of private security through alarm systems are proposed.

Together with an increase in fear of crime and the need for more surveillance and security, what David Garland calls "responsibilisation strategies" have emerged. Self-protection from crime is becoming a new social need and an ethical value. The responsibility of citizens becomes a new duty. Citizens must have a special consciousness for preparing a surrounding that will hinder the efforts of other citizens to commit illegal acts. Crime is the taken opportunity to commit crime. The reduction of crime is equal to the reduction of opportunities to commit crime. The criminal, the crime, and the rehabilitative visions are of little or no interest to either criminology or the consequential policies. The interest is transferred to the damage caused by crime. Thus, what must be protected is property and what must be punished is poverty.

At the economic level, these trends reflect the demise of the welfare state and the efforts of the managerial state to reduce the costs of policies on crime prevention. The following abstract, by Brandon C. Welsh, David P. Farrington, and Lawrence W. Sherman (2001), shows the shift in research interests of modern criminology and its economization: "What are the cost savings from preventing a typical burglary, robbery, assault, or even a criminal career? Who benefits from these savings? How often do the benefits from preventing crime or criminal behavior exceed the resources spent on preventing or controlling crime? Is it more cost effective to invest in early childhood programs or juvenile boot camps to reduce criminal offending? It is important to provide answers in order to ensure that the dollars devoted to crime reduction are spent as efficiently as possible."

Following the neoliberal trend, the interests of criminology have shifted.

The emphasis lies on achieving results rather than on administrating processes. The ultimate principle is the "triple 'e': economy, efficiency and effectiveness." To this extent, cost-effective strategies in order to ensure value for money are mobilized. The interest is being transformed from inputs to outcomes. The setting of explicit targets and programs is thought to employ the new managerial aim of efficiency and effectiveness. The organizations and institutions of crime prevention ought to copy the strategies and ways with which the private sector develops.

For these purposes, models of statistical prediction of crime, comparative research, and microprogramming become more and more influential. Both the programmatic goals of the institutions of crime prevention and their results in everyday life should now be evidence-based. Effective crime prevention is now understood in terms of actuarial management. It is not being questioned in the long run, but it is related to micropolitical, technical, and managerial targets that are supposed to be nonideological and serving a common interest, the interest of safety, which again is supposed to be a nonideological and intraclass concept.

Following the neoliberal trend, the interests of criminology have shifted to more managerial and technical questions. New definitions of crime arise, for instance the one of Philip Cook, who argues that "crime is a tax on our standard living, imposing both tangible and intangible costs." The focus now is on situational crime prevention, environmental criminology, and the monetary dimensions of crime prevention policy.

At the social level, these trends reflect the transformation of social control to self-control. According to David Garland, the consolidation of the idea that citizens are potential victims if they do not manage to protect themselves or if they do not become consumers of the products of the new security markets serves very fundamental functions of the state, without the direct involvement of the state.

In this frame, a great degree of fear of crime is necessary; fear of crime is the presupposition and at the same time the result of these techniques of individualization of control.

The architecture of social and urban environments is also subjected to the new class divisions. The privatization of security is not taking place on behalf of the whole society, but on behalf of those parts that are economically and socially able to take advantage of such a privilege. A new class society emerges, a society that is constituted of those who can and those who cannot afford to pay for the new idea of security or the new security itself.

This new polarized society can be observed also in the architecture of urban surroundings and cities. Shopping centers, banks, and luxury zones are well protected from dangerous, poor, or foreigner social groups, those who cannot afford security and on whom fault and blame are concentrated. Poverty is being architecturally, politically, and socially criminalized.

SEE ALSO: Corruption; Fraud; Poverty Trap; Public Policy; Social Inequality; Social Insecurity; Vagrancy.

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Croatia

CROATIA IS THE FORMER constituent republic of the Socialist Federal Republic of Yugoslavia, which gained independence and international recognition in 1992. Croatia borders Bosnia and Herzegovina, Hungary, Serbia and Montenegro (north); Serbia and Montenegro (south); and Slovenia. Croatia is composed of the historic provinces Istria, Dalmatia, and Slavonia, with a population of 4,495,904 (2005). The ethnic composition of Croatia is 89.6 percent Croatian (77.9 percent before the end of the civil war in 1995), 4.5 percent Serbian (12.2 percent, respectively), and 5.9 percent other, including Bosniak/Muslims, Hungarians, Italians, Czech, and Roma. Croats speak the Croatian language, and the majority is Roman Catholic (87.8 percent).

With the exception of Slovenia, Croatia was the most prosperous and industrialized area among Yugoslav republics. After a recession, the Croatian economy revived in 2000, with tourism, banking, and public investments leading the way. The rate of growth was 3.7 percent in 2004, while Gross Domestic Product (GDP) per capita was 11,200 (purchasing power parity). Unemployment, however, remains high, at 13.8 percent. While absolute poverty is low in Croatia, significant poverty exists in the rural areas and certain ethnic groups (Serbs, Albanians, and Roma).

Croats, along with other South Slavs, moved into the valley of the Sava and Drava Rivers in the course of the 6th and 7th centuries. Prosperous during the reign of King Tomislav, medieval Croatia lost its independence to Hungary in 1102. Following the collapse of the Serbian empire, a large number of fleeing Serbs found a refuge in bordering regions of Croatia. The territory known as the Military Border enjoyed a considerable autonomy in the Austrian empire and became bitterly contested between Croats and Serbs. Following World War I and the collapse of the Austro-Hungarian Empire, Croatian lands became a part of the Kingdom of the Serbs, Croats, and Slovenes. During World War II, Croatian nationalists, who opposed the common state, formed a Nazi puppet Independent State of Croatia. After World War II, Croatia became a part of Yugoslavia.

Dissatisfied with the status of Croatia within the Yugoslav Federation, Croatian nationalists continued to pursue a drive toward independence, which culminated in the proclamation of independence in June 1991. This led to the outbreak of hostilities among the Serbs who lived in Croatia, the Croats, and the Yugoslav People's Army. In 1995, with tacit approval of international community, the Croatian army launched a major offensive, which resulted in expulsion of more than 200,000 Serbs from Croatia.

Today Croatia is a parliamentary democracy. The head of state is the president, who is commander in chief of the armed forces and also formally appoints the prime minister based on the parliament's recommendation.

Human Development Index Rank: 45 Human Poverty Index Rank: Not included.

SEE ALSO: Bosnia and Herzegovina; Czech Republic; Serbia and Montenegro; Slovenia; World War II.

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Cuba

THE ISLAND OF CUBA, which is located south of Key West, Florida, between the Caribbean Sea and the north Atlantic Ocean, was released from the brutal con-

trol of Spain by the intervention of the United States in 1898 in the Spanish-American War. Since 1959, Cuba has been under the communist dictatorship of Fidel Castro. The economic relationship with the United States has been difficult since President John F. Kennedy placed a trade embargo on the communist neighbor in 1961. In order to escape Castro's repressive regime, many residents of the island willingly place their lives in jeopardy by sailing for the United States in boats ill-equipped for the voyage. Others attempt to enter the United States illegally with the help of smugglers or by coming into the country by airplane or along mainland routes into southwestern states.

After the dissolution of the Soviet bloc in the 1990s and the withdrawal of several billions of dollars in annual subsidies, Cuba experienced a recession from which it has yet to recover. The island has a diversified economy, with over half of the labor force involved in services. One-fourth of all workers are employed in the manufacturing sector, and 24 percent are involved in agriculture. Cuba has a per capita income of \$3,000, and unemployment is currently at 2.5 percent. The island has been faced with severe shortages of food, consumer goods, and services. As a result, the standard of living has declined. Some 11 percent of the population suffer from malnutrition. Nevertheless, Cuba has almost halved its poverty level in recent years. Unofficial reports place the current poverty level at 5.1 percent.

Cubans experience a life expectancy of 77.23 years, with women outliving men an average of five years. The median age is 35.36 years. Almost 20 percent of the population are under the age of 14, and 10.4 percent have reached the age of 65. Healthcare is free and universal in this socialist country, covering 99.2 percent of the population. HIV/AIDS prevention is a major priority in Cuba, and the country has a prevalence rate of only 0.1 percent. However, most reported incidents in Cuba are spread through sexual contact, so the country faces an ongoing threat from tourists. Approximately 91 percent of the population have access to safe drinking water, and 98 percent have access to proper sanitation. There are 596 physicians per 100,000 residents, and virtually everyone has access to essential drugs.

Infant mortality rates have declined in Cuba in response to easy access to healthcare. Between 1970 and 2005, the mortality rate dropped from 34 deaths per 1,000 live births to 6.33 per 1,000. During that same period, the mortality rate of all children under the age of 5 declined from 43 to eight per 1,000. Approximately six percent of infants are underweight at birth, and four percent of all children under the age of 5 are malnour-

ished. Five percent of under-5s suffer from moderate to severe stunting, and two percent suffer from moderate to severe wasting. Infant immunizations are almost universal, with one percent who have not been immunized against tuberculosis and DPT and two percent who have not been immunized against measles and polio. Only one percent of children between the ages of 12 and 23 months have not been immunized against measles. However, 29 percent in this group have not been immunized against DPT3.

Literacy is nearly universal in Cuba. Only 2.8 percent of males and 3.1 percent of females over the age of 15 cannot read and write. While most children attend school regularly in Cuba, the number of children completing primary school declined between 1999 and 2004. The decrease was from 104 to 94 percent for males and from 102 to 94 percent for females.

Family planning is promoted under the National Sex Education Program, and abortions are legal and free. Cuban fertility dropped from 3.5 children per woman in the 1970s to the current rate of 1.66 children per woman. The fertility of females between the ages of 15 and 19 is 67 per 1,000. Some 73 percent of all Cuban women use contraceptives of some sort. Since medical care is free in Cuba, 99.9 percent of all births take place in health centers. As a result, maternal mortality is low. Modeled estimates for 2000 place maternal mortality at 33 deaths per 100,000 live births.

In response to international pressure, the Cuban government has taken steps to improve the status of women, in part by implementing programs that fight poverty. Through the National Employment Program, the government has reduced unemployment among women to four percent. Single mothers receive economic assistance from the government along with education and skills training. Cuba has also strengthened protections for the elderly.

Human Development Index Rank: 52 Human Poverty Index Rank: 5

SEE ALSO: Communism; Education; Healthcare; Kennedy, John (Administration).

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Cuernavaca Center

THE CUERNAVACA Center for Intercultural Dialogue on Development (CCIDD) is a school for training people to be change agents in the Liberation Theology perspective. CCIDD is at a retreat center located near Cuernavaca, Morelos, Mexico, which is about 40 miles south of Mexico City. The city of Cuernavaca lies at an elevation of about 5,000 feet where it enjoys a springlike climate year-round. In pre-Columbian times it was the resort used by the Aztec rulers. During colonial times the explorer Hernando Cortés and many other elites went to Cuernavaca to enjoy the especially restful climate.

CCIDD is an ecumenical Christian center and bases its operations on theology that is inclusive and liberational. Its mission is to give churches, groups, and individuals from Canada and the United States opportunities to encounter the presence of God in the struggle for justice in the Americas so that they will be equipped and empowered for the work of social transformation. It also has a program that is secular and appropriate for colleges and graduate programs. The CCIDD experience usually lasts from 10 to 15 days. It is presented as either a faith-based experience or a secular experience.

Either program seeks to aid the specific interests and needs of those who attend. CCIDD seeks to give to its faith-based visitors an encounter with the spirit of God as a part of the struggle for social justice in Latin America. The encounter takes place by meeting the spirit of God in direct encounters with the people of Mexico, who have experienced social, political, economic, religious, and cultural realities that deny them their divinely ordained full dignity as human beings. The Liberation Theology that CCIDD uses as part of its curriculum stresses that God has a "preferential option for the poor" and that their voices enable others to encounter prophetic dimensions of diversity in local communities of faith and hope.

CCIDD's training enables participants to be able to name and challenge practices that may be cultural, political, spiritual, or economic that support structures of inequality. The structures or systems of inequality support discrimination against people because of their gender, race, class, sexuality, or economic status, or even against the environment and the ecology of earth. Another part of CCIDD's curriculum analyzes the relationships between the northern and southern hemispheres whereby wealth abounds in the north and poverty in the south.

This disparity in wealth and the negative impact of American and Canadian foreign policies and business activities are examined as the sources of injustice between the regions. To eliminate these injustices the curriculum seeks to move beyond individualism and to promote the values of community. Those who study at CCIDD should leave empowered to work for social transformation at both the individual and collective level.

SEE ALSO: Christian Antipoverty Campaigns; Inequality; Liberation Theology; Mexico.

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Culture of Poverty

THE SO-CALLED CULTURE of poverty refers to both a theoretical perspective and a U.S. government policy suggesting that living within the conditions of poverty leads to a series of behaviors and attitudes, a "culture" so to speak, adapted to poverty or want. The phrase was coined by the American anthropologist Oscar Lewis and developed in his book *La Vida: A Puerto Rican Family in the Culture of Poverty*.

Lewis argued that individuals growing up in an impoverished environment would share such ideas and behaviors, that parents would pass these characteristics on to their children, and that poor communities would share them. This "culture" might seem maladaptive to outsiders of higher economic status, but it would permit the poor to survive under conditions of unpredictability and want.

Focusing on individuals who acquired a worldview or culture based on their lives in poverty, Lewis argued that those who lived in a culture of poverty shared a set of values including a present-time orientation and inability to defer gratification, a seeming disinterest in planning for the future, and a kind of resignation or fatalism about their situation. Such values overlapped: one who remained focused on the immediate situation would be unlikely or unwilling to plan for the future; a desire to gratify oneself (in some way) immediately also seemed to indicate a disinterest in the future.

Values associated with poverty tended to manifest themselves in specific behaviors.

Lewis also noted that his poor subjects had little or no interest beyond their own immediate concerns, that they were often unaware of events in other parts of their city or nation and might spend their lives in a fairly small limited area, perhaps circulating among family and friends a few blocks apart. Values associated with poverty tended to manifest themselves in specific behaviors, often violence, alcoholism, child abandonment, and other socially disruptive activities, while their limited awareness of the larger world often reduced people's strategies in fighting or escaping poverty.

The ethnographic work culminating in this concept was conducted among Puerto Ricans who lived in San Juan and in the slums of New York City, but Lewis had also examined the effects of poverty in several earlier studies in rural and urban Mexico (1959, 1961). This earlier work also explored his interest in culture as a set of shared values or kind of group personality, a perspective widely popular in American anthropology at that time.

At the same time, Lewis thought that a culture of poverty represented a reasonable set of adaptive cultural strategies that arose when individuals were poor; as a set of values, families then handed these down to their children in a kind of cultural evolution. Lewis's work was influential, suggesting that poor people were not somehow cultureless but had a kind of subculture that might be understood. His focus on motivation—that is, one's values—and the role of the family appealed to U.S. policymakers who were uninterested in or hostile to structural explanations for poverty. The culture of poverty initially prompted scholars and policymakers to explore ways of aiding poor families, rather than examining the larger social and economic

factors that prompted poverty. Edward Banfield elaborated upon Lewis's work in his examination of urban deterioration, *The Unheavenly City*. Eager to explore the reasons behind urban violence in the poorest parts of urban America, Banfield drew upon his own earlier work and that of others like Lewis to suggest that urban poverty, particularly that of African Americans, was deeply ingrained, the result of psychological attitudes and beliefs, a culture if you will, of lower-class behavior that would persist in spite of opportunities to improve oneself.

Banfield's outlook was bleak and he suspected that the degree to which the poor were embedded in their impoverished values would render them essentially ungovernable and unimprovable. The poor, he argued, preferred living in their impoverished surroundings and would likely destroy the trappings of the middle class, for example libraries or parks. They would require extreme measures and Banfield was willing to suggest some, for instance the removal of poor children from their families so they could be appropriately trained in the ways of the middle class, and surveillance of poor young men in the hope that they could be drawn away from a life of crime and violence.

Banfield's perspective, focused as it was on the role of individual responsibility—in this instance, its absence among the poor—and the certain failure of government aid, made him popular in conservative circles, a popularity that persists today, some 35 years after *The Unheavenly City*'s publication.

CRITICAL PERSPECTIVES

The academy was not unanimous in its endorsement of the cultural poverty concept, however. Anthropologists in particular were quick to criticize parts of the culture of poverty. Leacock noted that Lewis was unable to sort out the sources of the culture of poverty he saw in his subjects. Was it poverty, or could it be the specific history of the people he was interviewing, for example?

Indeed, Eleanor Burke Leacock noted that the culture-of-poverty model was ahistorical, seemingly arising entirely from the family and its shared values. Charles Valentine argued that an analysis based upon a culture of poverty tended to focus policy decisions on eliminating the culture rather than poverty itself. Its most extreme interpretations argued against any sort of intervention, and perhaps the elimination of programs that might assist the poor, suggesting that they were futile given the poor family's inability to respond with the appropriate middle-class values.

Other scholars turned to field research, producing ethnographic studies that demonstrated the strength and resilience of the urban poor. In one typical example, Carol Stack found that poor African-American women used a range of kin networks to provide each other with various kinds of resources: money, childcare or other work, places to live. Stack intended her work to provide a kind of critique of culture-of-poverty arguments. For example, she drew explicit attention to poor women's interdependence and reliance upon each other, rather than pursing individual strategies more typical of the middle class.

SOCIAL POLICY

The academic debates regarding the culture of poverty occurred during a time when policy experts hoped to eliminate American poverty. President Lyndon Johnson made the elimination of poverty the centerpiece of his administration, calling for a War on Poverty, in which a range of programs and policies would be devised with the goal of eliminating poverty from the United States. Numerous programs, including Head Start, Job Corps, and Medicaid were launched as part of the War on Poverty, and some of these have been quite successful since their inception.

However, some policy officials developed arguments about the poor that paralleled those of Lewis and Banfield. The best known and most influential of these was Daniel Patrick Moynihan's policy paper, "The Negro Family: The Case for National Action," often referred to as the Moynihan Report.

Moynihan argued that the African-American family was at risk of crumbling because of its deviant social structure, and that this in turn jeopardized young African Americans who might otherwise rise out of poverty to the middle class. Moynihan marshaled a range of studies from the social sciences and history to suggest that the black family fit what he called a "matriarchal" pattern in which women had a dominant role and men a lesser one.

Such a family structure could lead to increased bitterness and hatred by men, who felt their appropriate superior role had been usurped. This might cause men to become depressed or angry, to display violence toward their families, or even to adopt a criminal lifestyle. Moynihan further noted the negative effect on children with absent fathers, including poorer school performance, delinquent behavior, and truancy. Indeed, Moynihan titled his discussion of black family structure "The Tangle of Pathology."

The Moynihan Report made no policy recommendations beyond calling for a general effort to aid the African-American family, and many scholars and policy experts were explicitly hostile to his arguments. In the 40 years since the report's publication, research has disproved some of its arguments. Family structure is known to be more flexible than Moynihan assumed, and certainly the way that women's roles are viewed is quite different. At the same time, conservative thinkers remain influenced by Moynihan's and related arguments, using updated variants to suggest the elimination of poverty programs. However, a wider range of explanations for the persistence of American poverty is accepted to some degree, and policy experts recognize that culture is only a partial explanation for understanding poverty.

SEE ALSO: African Americans and Poverty; CDF Black Community Crusade for Children; Moynihan Report; United States; War on Poverty.

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Cyclical Poverty

CYCLICAL POVERTY DESCRIBES poverty that is intermittent as opposed to poverty that is long-term. Actual poverty in the United States is determined by the U.S. Office of Management and Budget and is based on the number of adults and children in the household. Some individuals spend their lives in actual poverty, while others fluctuate in and out of poverty. It is the latter who are referred to as the cyclical poor. The cyclical poor often work at jobs that are highly affected by

changes in the environment or the economy. In industrialized societies the cyclical poor are regularly referred to as the working poor. Because of their marginal poverty status, this population tends to cycle on and off public assistance, often in congruence with economic highs and lows. In contrast, the structural poor are represented by the long-term, often generational poor, and are less affected by the economy.

It is assumed that cyclical poverty exists as a result of fluctuations in the economy from periods of economic prosperity to lows that are associated with recessions and depressions. These fluctuations, referred to collectively as the business cycle, affect unemployment rates and employee wages. In prosperous economies jobs are readily available, leading to low unemployment rates. Prosperous economies also bring about increases in wages for those who are employed. Alternatively, as the economy declines, unemployment rates increase, employees are laid off, and wages are reduced. The most notable economic low in the history of the United States is the Great Depression, which lasted from 1929 until the recovery of the 1940s. At the worst point of the Depression, one in four Americans was unemployed.

The regular ups and downs of the economy can have widespread implications, especially for the marginal working poor. Because increases in unemployment are associated with increases in poverty, recessions or depressions within the business cycle result in increased poverty rates. The individuals most affected by this cycle are the millions of working poor families who earn incomes near the poverty line. During the economic downturns that occur every four to 10 years, the working poor are laid off or suffer pay cuts. Because of their precarious proximity to poverty, these economic lows can be the catalyst that plunges the marginally poor into actual poverty.

Cyclical poverty in nonindustrialized societies is often due to food shortages caused by poor agricultural planning or by natural phenomena. In nonindustrialized countries, farming is often an attempt to achieve a level of food security. Because of a lack of knowledge or lack of capital, these farmlands are often not used efficiently. With proper planning, several different crops can be grown in a season on one parcel of land without destruction of soil. However, insufficient knowledge of effective farming methods and planning and decreased income can lead to erosion of the land. Thus, farming in these areas is often unproductive.

Natural phenomena that affect crop production can also destroy the sustenance of these countries. Floods as well as droughts can wipe out vast amounts of crops, and freezes that come too late or too early can significantly impact crop production. Fluctuations of crop production in these nonindustrialized societies cause prices to rise and fall, resulting in a cyclical pattern of poverty.

Seasonal farmworkers are especially impacted by natural conditions. For many of these workers, the income they receive during the farming season is what sustains them for the entire year. A season that does not produce a profitable harvest can result in a year of poverty.

Cyclical poverty continues to be a way of life for many of the marginally poor.

In the United States, cyclical fluctuations of poverty have decreased since the mid-1980s. During the recession of the 1980s, many U.S. cities experienced economic and geographic changes that contributed to the segregation of poverty in the inner city. While the country recovered from the recession, poverty rates did not decrease as much as was expected. Unemployment rates were similar to unemployment rates experienced during the recession and were considerably higher in urban areas, despite employment availability.

During the recession the impoverished became geographically isolated in the inner cities, and researchers speculated that this isolation could have resulted from the increase in relocation of manufacturing jobs to the suburbs during this period. As jobs relocated to the suburbs, those who could afford to followed. This led to the out-migration of the middle class from the inner city, a shortage of males in the inner city who were employed and able to support a family, and a basic alteration of the family structure of the urban poor.

The result was predominantly female-headed households living in the inner city, high rates of welfare dependency, and high risk for unemployment. Furthermore, economic fluctuations did not have the same impact as prior to the recession. It appeared these people had become trapped in poverty and were unaffected by improvements in the economy.

Cyclical poverty continues to be a way of life for many of the marginally poor. These individuals experience waves of highs and lows in income based on the economy or natural conditions. Living on the edge of poverty and working a job that is affected by fluctuations in the economy or the environment increase the chance that one will experience cyclical poverty. SEE ALSO: Agriculture; Depression, Great; Poverty Trap; Structuralist School; Unemployment; Working Poor.

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Cyprus

LOCATED IN THE Mediterranean Sea, the island of Cyprus attained its long-sought independence from Great Britain in 1960. Three years later, tensions between the Greek Cypriot majority and the Turkish Cypriot minority exploded into violence. A United Nations peacekeeping force was subsequently deployed but was unable to negotiate a lasting peace. Turkey controls the northern third of the island, which it has named the Turkish Republic of Northern Cyprus. Other governments do not recognize this area as a separate country. Repeated efforts to reunite Cyprus have been unsuccessful.

The republic of Cyprus is a high-income nation, with a per capita income of \$20,300. Over three-fourths of the labor force is engaged in services, mostly in tourism and finances. Approximately 10 percent of the labor force are involved in agriculture. The unemployment rate is 3.2 percent. Cyprus joined the European Union in 2004, and all Cypriot citizens have the rights granted to members of the Union. In Turkish Cyprus, economic indicators are less positive. The per capita income is \$7,135. Half of the labor force is involved in services, and 15.1 percent are engaged in agriculture. Agriculture is made more difficult in Cyprus because prolonged droughts may go on for several years, creating water shortages.

Data on some social indicators for Cyprus are missing, and there is no official poverty line. The govern-

ment believes it has eradicated hunger by providing a social net for those in need. Nevertheless, when compared to other Cypriots, single mothers and rural and retired women are likely to make up the poorest segment of the population. Single mothers are the only group of Cypriots who are in danger of becoming victims of long-term poverty. Benefits granted to needy individuals include pensions, public assistance, and monthly child benefit payments. Government programs offer training, employment, and social services.

Life expectancy in Cyprus is 77.65 years, with females outliving males by an average of five years. The median age is 34.68 years. Nearly 21 percent of the population are under the age of 14, and 11.4 percent have lived to see a 65th birthday. Even though water shortages are a problem, all of Cyprus has access to safe drinking water. Proper sanitation is also available to 100 percent of the population. A national health plan has been considered but has failed to garner sufficient support for passage. While healthcare is not free, it is widely available. There are 269 physicians for every 100,000 people on Cyprus. Some 95 to 100 percent of Cypriots are able to afford essential drugs.

Cypriot infant mortality is low at four deaths per 1,000 live births. This rate has drastically decreased since the 1970s when the rate was 29 deaths per 1,000 live births. Between 1970 and 2005, the mortality rate for all children under the age of 5 was slashed from 33 to five deaths per 1,000. Nine percent of all infants are underweight at birth. Immunization rates for children from birth to 23 months range from a percentage in the mid-80s to the high 90s.

Cyprus has made a concentrated effort to promote family planning. Between 1970 and 2005, the fertility rate fell from 2.5 children per woman to 1.83 children per woman. Teenage pregnancy is relatively rare at 16 per 1,000 births. Professional medical staff attend 100 percent of all births. Based on modeled estimates for 2000, maternal mortality in Cyprus occurs at a rate of 47 deaths per 100,000 live births.

Approximately 98 percent of Cypriots over the age of 15 can read and write. The increase in female literacy since 1980 is striking because the rate jumped from 84.7 to 96 percent. Male literacy increased from 96 to 97.6 percent. Most children attend school for at least 13 years. Primary school enrollment rates have dropped in recent years. Between 1990 and 2000, for instance, total enrollment dropped from 100 to 94.9 percent.

Human Development Index Rank: 29 Human Poverty Index Rank: Not included. SEE ALSO: Drought; European Relative-Income Standard of Poverty; European Union Definition of Poverty.

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Czech Republic

THE CENTRAL EUROPEAN nation of Czechoslovakia was formed after World War I when the Czechs and the Slovaks, both of whom had been part of the Austro-Hungarian Empire, united as one nation. After losing territory in the aftermath of World War II, Czechoslovakia became a satellite of the Soviet Union. Subsequently, an attempt to liberalize communism within the country failed. Czechoslovakia achieved independence through the Velvet Revolution after the collapse of the Soviet Union. In 1993, the Czechs and Slovakians agreed to a "velvet divorce" that resulted in the formation of the Czech and Slovak Republics as separate entities. Subsequent reforms led to Czech membership in the North Atlantic Treaty Organization in 1999 and the European Union in 2004.

The posttransition economy of the Czech Republic is one of the most stable and most prosperous of all former communist countries in Europe. Despite vast improvements and a diversified economy, the Czech Republic is facing an unemployment rate of 10.6 percent. The decline in employment has forced a number of families to turn to the government for social benefits. This is particularly true in families with several children and in those headed by single parents. Some people feel that most so-called poverty in the Czech Republic is more a matter of comparative lifestyles than an absence of basic necessities.

When asked to classify themselves, 25 to 35 percent of all Czechs feel they are poor even though their incomes are above subsistence level. These views are partially a result of the fact that the poorest 20 percent of

Czechs live on 10.3 percent of available resources while the richest 20 percent claim 35.9 percent. The Czech Republic is ranked 22.4 percent on the Gini Index of Human Inequality.

The projected life span in the Czech Republic has been steadily increasing since the 1980s. The current population of 10,241,138 enjoys a life expectancy of 76.02 years. Generally, females outlive males by six or seven years. The median age is 38.97 years. Less than 15 percent of the population are under the age of 14, and over 14 percent have seen a 65th birthday. All Czechs have access to safe drinking water and improved sanitation. There are 342 physicians for every 100,000 residents, and 80 to 94 percent have access to affordable essential drugs.

Childhood mortality is extremely low in the Czech Republic, with 3.93 deaths occurring out of every 1,000 live births. Among children under the age of 5, the mortality rate is five deaths per 1,000. In the 1970s, the mortality rate of infants was 21 per 1,000 live births, and the mortality rate of under-5s was 24 deaths per 1,000. Overall, Czech children are healthy, and only one percent of children under the age of 5 are underweight. Seven percent of infants are underweight at birth. Two percent of all under-5s suffer from moderate to severe stunting and two percent suffer from moderate to severe wasting. Nearly all children in the appropriate age groups are immunized in the Czech Republic, with immunization rates in the high 90s.

Approximately 72 percent of all Czech women use contraceptives. As a result, fertility rates are low. In 2005, the estimated fertility rate was 1.2 children per woman. This rate declined from 2.2 in the 1970s. Adolescents give birth at a rate of 23 births per 1,000. Only one percent of Czech births take place outside the presence of trained medical staff. Consequently, the maternal mortality rate is low at nine deaths per 100,000 live births.

Literacy is virtually universal in the Czech Republic at 99.9 percent, and most Czech students attend school for 15 years. In 1990, 92 percent of males and 86 percent of females completed primary school. Within five years, all Czech children were completing primary school. About 34 percent of all students in colleges and universities are studying math, science, or engineering.

Human Development Index Rank: 31 Human Poverty Index Rank: Not included.

SEE ALSO: Communism; Economic Liberalization; European Union Definition of Poverty; Unemployment.

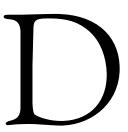
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WORLD POVERTY



Damascus Road

DAMASCUS ROAD was founded in 1995 in Chicago, Illinois, during the Restoring Our Sight Conference. The name *Damascus Road* refers to the process of transformation that Saul experienced on the road to Damascus (Acts 9:1-31). While Damascus Road (DR) provides space for individual transformation, the entire program is designed to work toward long-term transformation of institutions, particularly churches and faith-based organizations.

The inception is credited to about 250 Mennonites and Brethren in Christ, who, during the conference, sought to address elimination of racism in the Anabaptist community. They aimed to explore the biblical basis for antiracist work, as well as the history of racism in the Anabaptist tradition, emphasizing institutionalized racism. The overarching purpose of Damascus Road was to lay the groundwork for the long-term work of dismantling racism in Mennonite and Brethren in Christ congregations, conferences, and institutions by training teams, leaders, and supporters from those organizations.

To achieve this, the organization set a goal to equip each person and team with a biblical basis, grounded in the Anabaptist tradition, for dismantling racism and a basic analytical framework for dismantling systemic racism.

Damascus Road's antiracism work is carried out primarily through workshops organized at the local level, with organizational help and trainers provided by the national organization. Workshops include: Antiracism Analysis Training, which helps articulate the biblical call to antiracist action and presents a common language for talking about racism; Introductory Workshops, which provide a customized introductory analysis; Antiracism Organizing Training, which encourages teams to continue to deepen their theological understanding of antiracism work, learn basic concepts and skills for institutional organizing, and develop a vision, goals, and strategies for their work; Antiracism Educating and Communicating Training, which covers concepts and skills for effective antiracist education; Bread for the Journey, which develops team resources and networking; and Set Free and Fire & Clay Retreats, in which participants explore issues of internalized racist oppression and superiority.

Over 60 institutional teams and 1,300 individuals had participated in Damascus Road training by 2005, which included these workshops plus conferences, networking events, consultation, and antiracism audits. The Core Organizers, composed of eight trained individuals, provide additional emphasis on broader organizing concerns, while the Core Chaplains seek to articulate the theological and spiritual foundations of antiracism.

The teams that participate in the training represent various institutions, such as congregations, church conferences/districts, denominational boards, mission agencies, colleges, high schools, and service organizations. Damascus Road's work is grounded firmly in the Anabaptist family of churches (Mennonite, Brethren in Christ, and Church of the Brethren); however, they do accept all those who are willing to participate. The organization publishes regular newsletters and provides video and print resources for antiracism work. Damascus Road is part of the Mennonite Central Committee (MCC) U.S. Peace and Justice program.

SEE ALSO: Antidiscrimination; Faith-Based Antipoverty Programs; Protestant Churches; Protestant Ethics; Racial Discrimination.

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Darwinism

AS IT PERTAINS TO POVERTY, Darwinism itself is relatively neutral. In fact, although Charles Darwin (1809–82) was born into a wealthy family, he was, for the most part, socially egalitarian and sought out all kinds of people who had more advanced expertise in areas that interested him regardless of their social standing.

Darwin was inclined to the sciences early, but he had no specific interest by the time he was college-aged. After failed attempts to complete medical school at the University of Edinburgh and theology school at Cambridge University, his passion for the natural sciences was met when he was invited to participate on a five-year survey trip on the HMS *Beagle* in 1831. It was during and after this voyage, and upon reading the works of

geologist Charles Lyell, who argued that the world had been shaped not by natural catastrophes but by gradual processes, that Darwin's ideas about biological change would develop. Darwin would observe Lyell's theories of slow cumulative change over long periods of time firsthand while on board the *Beagle*, and this would eventually lead him to postulate that the same method operated in living organisms.

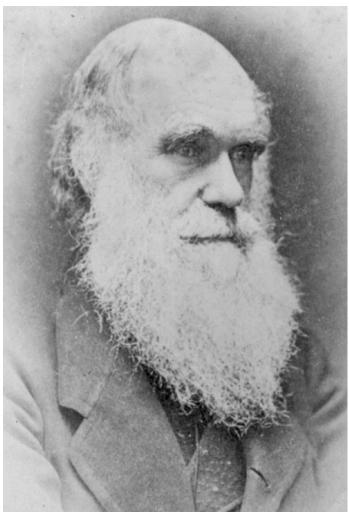
According to Harvard biologist Stephen Jay Gould, throughout his intellectual life Darwin pursued two goals: to show that species had not been separately created, and that to show natural selection had been the chief agent of species change. This latter idea would prove to be the most contentious. Darwin never applied his ideas to human cultures or social classes and never meant to have them interpreted that way.

However, two of Darwin's contemporaries in particular, Francis Galton and Herbert Spencer, would attempt to use Darwin's theory of natural selection to propagate an idea that had little, if any, scientific foundation. It is this idea that would become known as social Darwinism, which has meaning in the context of world poverty. This is because social Darwinists argued that the poor and disenfranchised were so not because of circumstances largely beyond their control, but because they simply did not try hard enough to succeed. As a result, intellectuals and public officials who were convinced that social Darwinism was valid attempted to construct and enforce policies aimed at ridding society of underachieving people rather than helping them.

Research by Martin Bernal shows that during the Victorian age, European intellectuals popularized a romanticized idea of progress. As such, many Victorian thinkers were compelled to venerate all that was modern and technologically advanced over that which had passed before it, thus creating a sense of undue superiority and racial chauvinism among many Europeans.

In essence, what was happening was that many European elites, the class from which most writers came, were attempting to rationalize and justify the European domination of Asia, the Americas, the Caribbean, and Africa in the name of the natural march of progress by applying Darwin's theory of natural selection (gradual change for the benefit of the living organism) to a theory of social change that was at its base both pernicious and bunk. Some European writers went so far as to call their domination "civilizing missions."

It is noteworthy that Darwin himself resisted any social application of evolutionary theory. In fact, throughout the first edition of *Origin of Species* (1859), Darwin never even used the term *evolution* for fear of its



Charles Darwin's work inspired others to apply evolutionary principles to social issues, including poverty.

misapplication, and in 1872 he would write, "After long reflection, I cannot avoid the conviction that no innate tendency to progressive development exists."

Francis Galton (1822–1911), Darwin's cousin, founded a school of thought called eugenics in part because he was overcome by the fear that the British elite were being outpaced in terms of population by an evergrowing underclass of "undesirables." Galton believed that behavior was genetically controlled and therefore easily manipulated. As a result, he conceived eugenics as a way to eradicate unwanted or socially harmful predilections from the gene pool by breeding out unwanted characteristics through selective mating.

He claimed, incorrectly, that social distinctions such as wealth or career reflected differences in innate endowment and that middle and upper classes tended to possess more civic worth and therefore ought to be encouraged to reproduce, while lower classes should be persuaded or even forced to limit their reproduction.

Applying Darwin's theory of natural selection to social classes, Galton assumed that ability was determined by heredity and that well-off individuals and families were so because they possessed genetic traits that were superior to those of the poor. His 1869 Hereditary Genius attempted to prove that ability was inherited in accordance with the same rules that governed physicality. Although eugenics is now discredited, Galton's work with Karl Pearson in psychometrics, especially in regression analysis, continues to be useful.

Herbert Spencer (1820–1903) grew up as an undisciplined child and was so stubborn as an adult that he would discount the opinions of those with whom he disagreed and refused to read authors whose work ran counter to his own beliefs. After the 1853 death of his uncle Thomas, his inheritance made it possible for Spencer to concentrate on writing without having to be otherwise employed. From 1862 to 1893, although afflicted with a series of mental health problems, Spencer completed A System of Synthetic Philosophy, a multivolume work describing his views in biology, sociology, ethics, and politics organized around the principles of his evolutionary theory.

Spencer believed that human life was the culmination of evolutionary processes and that human society reflected the same developmental evolutionary principles as any other biological organism. In essence, natural and social development unfolded along the same lines. To this effect then, he proposed that it was possible to know what kinds of "natural laws" promoted life and produced happiness. Further, he maintained the primacy of the individual over the aggregate and that society changed only as individuals changed. To this he added that human beings were imbued with an innate moral sense, one that provided them with the basis to make decisions about seeking pleasure for personal gain at the expense of limiting the pleasure of others. Spencer's ideas about individualism, morality, and pleasure led to his conceptualization that supporting people who were underemployed, underachieving, or underperforming was, in effect, antithetical to pursuing one's self-interest (pleasure) and counter to evolutionary principles.

It is in this context that Spencer interjected the idea of "the survival of the fittest," a phrase that he, not Darwin, coined. Here, Spencer attempted to apply the biological process of natural selection (genetic inheritance) as conceived by Darwin to acquired characteristics such as thrift and industriousness. Thus his political

philosophy asserted that industrious people who were free of commitments to existing structures such as religion and government would thrive peaceably together and toward the common good.

In contrast, people who lacked the ability to succeed on their own skill and merit would (or should) be selected out of society. Run to its logical conclusion, social Darwinism posits that there are natural inequalities among individuals resulting in a stratified social organization, which is also natural. Therefore, this self-perpetuating social structure, where only some people are morally and economically fit to procreate, is both right and good. Spencer's reasoning equated freedom from want and fear with the freedom to accumulate property and exploit others, and found justice in the unequal distribution of wealth.

Galton's and Spencer's misguided theories have continued to persist into modern times, and have found currency among social critics such as William Shockley, Arthur Jensen, Charles Murray, and Richard Herrnstein. Such theorists continue to perpetuate ideas that indicate social disparities are immutable natural differences.

SEE ALSO: Class Analysis of Poverty; Class Structure; Human Development; Missionaries; Social Exclusion; Underclass.

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Debt

DEBT IS AN AMOUNT of money that is owed, measured in a single snapshot of time, as a result of previous borrowing. Debt is a stock concept, as opposed to flow concepts in economics, which are expressed over

certain periods of time. Debt represents accumulation of deficits between monetary receipts and payments—flows measured monthly, quarterly, or annually. There are several different types of debt: external (foreign) debt; public (national, domestic, or government) debt; and private (corporate and household) debt.

External debt arises through accumulation of deficits between a country's receipts and payments with the rest of the world. It is usually a result of persisting trade deficits. Public debt represents accumulated budget deficits, measured as a difference between the government's tax revenues and its expenditures. It is usually a result of persisting budget deficits. The accumulated negative difference between the income and expenses of corporations and households gives rise to private debt.

Debt redistributes purchasing power between a debtor (borrower) and a creditor (lender), where the debtor is an entity that increases current consumption against consumption at future times, when the debt needs to be repaid to the creditor. The repayment of the debt includes a part of principal and an interest over the agreed-upon period of time. The interest rate is negotiated between the lender and borrower and includes the assessment of a market-free interest rate as well as risk characteristics, for example the creditworthiness of the borrower.

The ability to repay the debt, sometimes referred to as the debt burden, depends on the ability of the borrower to generate sufficient revenues in the future that would repay principal and interest without comprising too heavily already reached levels of consumption at the times of repayment. Solvency and liquidity of the debtor are instrumental in measuring the ability of repayment. Debt can be restructured or cancelled. Debt restructuring involves renegotiation between the debtor and creditor of the terms and maturity of the debt payments. Debt cancellation is the forgiveness of a certain portion or of the entire debt by the creditor.

Some analysts and economists believe that the international external debt of many developing and poor countries has become disproportional to their ability to repay. Debt restructuring and debt cancellation are at the center of initiatives to define and ease the debt burden of heavily indebted poor countries.

EXTERNAL DEBT

External debt is a debt owed by private and public entities in a domestic country to nonresidents. If the external debt is owed by the public sector, for example, by the government, it represents a portion of a country's public debt. If the external debt is owed by the private sector, it represents a portion of a country's private debt. The external debt can also be classified by the type of creditor to whom the debt is owed. The creditors of external debt include multilateral creditors, mainly the international financial institutions such as the International Monetary Fund (IMF), the World Bank, and other regional development banks; bilateral creditors, mainly foreign governments or their appropriate institutions such as the Paris Club; and private creditors, which are mainly commercial banks or bond holders.

Debt burden concerns the relative difficulty of servicing the debt. The elements for measuring the debt burden involve the nominal amount of debt owed by a country—debt stock; the annual amounts payable on debt—debt service; and the present value of debt—the amount of future debt service expressed through its costs in today's money.

The burden of external debt is measured by debt indicators, which are constructed to capture a country's ability to meet its obligations. The most frequently used debt indicators are the ratio of a country's external debt to its exports, the ratio of external debt to a country's Gross Domestic Product (GDP), and the ratio of external debt to government tax revenues. The higher the ratio, the greater the burden of servicing the debt. If the debt-to-export ratio is growing over time and the debt has already reached high levels, there is a great likelihood that debt is becoming unsustainable, forcing a country to declare a solvency or liquidity problem in meeting its monetary obligations.

DEBT CRISIS

Debt crisis is the situation where one or more countries openly declare an inability to repay the debt. For example, the Mexican government's debt moratorium in 1982 and similar debt problems in Brazil and Argentina are often referred to as the Latin American debt crisis. The debt-to-export ratio was about 400 percent for Mexico, 450 percent for Brazil, and 700 percent for Argentina at the height of the debt crisis in the mid-1980s. This means that the production and export earnings of these countries were largely insufficient to meet their debt obligations.

The roots of the debt crisis can be traced to the end of the Bretton Woods dollar standard system in 1973, followed by the two oil price shocks in the 1970s. The higher price of oil in international markets generated substantial revenues to oil-exporting producers, which



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were, in turn, deposited into large commercial banks and subsequently used to approve additional new loans to primarily oil-importing developing countries at relatively favorable interest rates. This large-scale lending to developing countries, especially in Latin America, was often referred to as recycling of petro-dollars. The lending was justified by the promises of high growth prospects and rich national resources of the region.

At the end of the 1970s, however, international interest rates increased dramatically in response to the second oil price shock, stagflation, and tight monetary policies led by the United States. The commercial banks extended rollover credits to debtor countries at very high interest rates, which resulted in an increased burden of debt servicing and led to the outbreak of the debt crisis.

Many analysts believe that the primary cause of the debt crisis lies in inadequate economic policies, insufficient adjustment, and too much borrowing by the debtor countries. Many of the debtor countries, however, would argue that the international monetary system was ill-equipped to prevent and deal with the crisis. The creditor countries were slow to adopt debt reduction measures. Only by the end of 1980s, the Brady

bonds were created to help reduce the debt burden of Latin American countries.

In contrast to the early 1980s, when commercial banks represented the major lenders to the region, during the 1990s the institutional investors became more involved lenders, through both bond and equity markets. A substantial increase in capital inflows, economic reforms, liberalization of domestic markets, privatization of domestic enterprises, and successful renegotiation of external debt eventually played a role in reducing the debt burden of many Latin American countries by the end of 1990s.

HEAVILY INDEBTED POOR COUNTRIES (HIPC)

In contrast to the 1980s, when the debate on causes and consequences of the debt crisis focused on severely indebted lower-middle-income countries, mostly in Latin America, during the 1990s and more recently, the analysis of debt problems shifted to severely indebted low-income or poor countries, most of them in Africa.

Also, the burden of debt owed to commercial banks shifted to official or bilateral debt—owed to donor governments—and to multilateral debt—owed to international financial institutions. African countries began to experience problems with the servicing of official debt not only as a consequence of falling commodities prices, with commodities being the major source of their export revenues, but also as a result of higher interest rates and protectionism in developed countries.

Debt problems of the heavily indebted poor countries differ significantly from the problems of the lower-middle-income countries that led to the debt crisis of the 1980s. According to the classification criteria of the World Bank (Global Development Finance, 2003), the low-income economies are countries with a Gross National Income per capita of \$745 or less, while the lower-middle-income economies are those with a Gross National Income per capita of \$746–\$2,975. The criteria for the debt burden of the country are based on the corresponding debt indicators.

Thus, all low-income and middle-income countries (sometimes referred to as developing countries) in the World Bank debt reporting system are classified as either severely indebted, moderately indebted, or less indebted. Severely indebted countries are those that have a debt-to-export ratio (that is, ratio of the present values of debt service to exports of goods and services) higher than 220 percent and a debt-to-income ratio (that is, ratio of present value of debt service to Gross National

Income) higher than 80 percent. Accordingly in 2003, there were 34 severely indebted low-income countries, mostly in Africa, and 13 severely indebted lower-middle-income countries, mostly in Latin America. For example the debt-to-export ratio was reported to amount to 1,790 percent for Burundi (severely indebted low-income country) and 375 percent for Argentina (severely indebted upper-middle-income country). The debt-to income ratio was 1,090 percent for Burundi and 50 percent for Argentina.

The total debt stock is always a poor indicator of the true debt burden for the country. The total external debt in Argentina was \$136,709 million and only \$1,065 million for Burundi in 2001. Moreover, increasing external debt may not adequately reflect increasing debt servicing difficulty, especially if there is an increase in a country's export earnings and debt-servicing capacity.

For all developing countries, on average, the debt-to-income ratio amounted to 39 percent, for the lower-middle-income countries 50 percent, and for HIPC countries 90 percent. There are also important differences in the composition of long-term debt. For middle-income countries, 68 percent is private, 19 percent bilateral, and 13 percent multilateral debt. For HIPC countries, only 14 percent is private, 44 percent bilateral, and 42 percent multilateral debt.

ECONOMIC PERFORMANCE

The heavy debt burden of low-income countries has often been accompanied by their weak economic performance and slow economic reforms. The factors behind the weak economic performance encompass the adverse terms of trade developments (that is, the decline of the ratio between export and import prices) and frequent fluctuations in production and consumption due to droughts, civil wars, and other political turmoil. Persistent microeconomic distortions and inadequate macroeconomic management have contributed to perpetuate an adverse impact of external debt on economic growth. Numerous studies and countries' experiences show that the reduction of external debt can play a significant role in propelling private investment and ensuring economic growth in the future. This is because the repayment of a country's debt draws its resources away from other productive uses, especially from potentially profitable investment opportunities and important improvements in a country's infrastructure, which are essential preconditions for its future economic growth.

On the other hand, debt reduction frees the resources for potential increases in current as well as fu-

ture consumption and production. Debt overhang theory postulates that investment by domestic and potential foreign investors is discouraged because the prospective returns from investing in domestic economy are effectively taxed away by existing foreign creditors.

Accordingly, debt reduction would reduce present distortion from the implicit tax and thereby increase investment. Debt reduction would benefit both the debtor and the creditor by increasing potential investment and likelihood of debt repayment, which should encourage creditors to offer some debt assistance and reduction.

Other channels through which external debt exerts an adverse impact on economic performance include the lack of access to international financial markets as well as the general uncertainty in the economy due to the heavy debt burden. Many analysts of the aftermath of the Latin American debt crisis pointed out that the debt reduction enhanced access to financial markets, leading to increased capital flows, improved investment opportunities, and reduced debt burden.

The external debt is assumed to be sustainable if there is a strong likelihood that future output and export growth will be sufficient to reduce debt servicing difficulties over time and ensure that a country will not resort to debt rescheduling in the future. In contrast, the analysts of the IMF projected a "rule of thumb" warning sign that external debt is becoming unsustainable when the ratio of the present value of debt service to exports is on the order of 200–250 percent. These numbers are based on empirical studies and the experiences of heavily indebted developing countries.

Unfortunately most heavily indebted poor countries that presently meet the criteria for unsustainable external debt seem to experience the vicious circle of poverty and debt reduction. They need to improve their economic performance in order to reduce their debt burden, and at the same time they cannot hope to achieve better economic performance in the future unless they receive significant debt concessions or debt cancellation in the present. Many developing countries have also found that they are being implicitly punished for their efforts toward improved economic performance and better debt management by becoming less eligible to receive foreign aid and debt concessions.

PUBLIC DEBT

Public debt is money owed by government either to lenders within the country (internal debt) or to foreign lenders (external debt). The analysis of debt sustainability in low-income developing countries needs to address the fact that most of their external debt is public debt. The internal debt and bond markets in developing countries are generally small and poorly developed so that those countries rely more on foreign creditors in financing their budget deficits. The adjustment in government expenditure and taxation that is necessary to service the external debt therefore becomes an additional constraint to growth prospects of low-income countries.

Cuts in government expenditures restrict assistance to poor.

Some economic analysts believe that beyond the debt-to-export and debt-to-income ratios, the debt-to-tax ratio should be used as an additional indicator in ascertaining debt sustainability and in predicting the likelihood of debt crisis. For example, a debt-to-tax ratio above 300 percent can be used as a threshold to indicate high risk of a debt crisis and the largest negative impact on growth.

The adverse impact that a required budget restructuring can have on the welfare of a country is especially painful to the public when cuts in government expenditures restrict access to healthcare, education, or assistance to the poor and unemployed. In addition, some governments must restrict money available for protection of the environment, prevention of crime and corruption, and general enforcement of the law.

Alternatively the government can resort to increases in taxes to help service the external debt, which in turn contribute to stagnation of domestic economic growth through deterrence of consumption and investment. Thus in countries where external debt problems are largely related to their budgetary problems and not only difficulties with imports and exports, the implementation of fiscal reform must be part of the debt sustainability analysis.

The burden of public debt addresses not only the government's ability to repay the debt but also the economy's ability to absorb it. The most frequently used indicator of the public debt burden measures the publicly held debt relative to GDP. According to the indicators computed by the IMF for the sample of countries in 2001, the government debt-to-GDP ratio was 42 percent for the United States, 60 percent for Japan, and 104 percent for Italy.

Across the developing countries, the same ratio was measured at about 43 percent for South Africa, 56 percent for Brazil, 90 percent for India, and 130 percent for Jamaica. The experience of many countries indicates that the large public debt makes them more vulnerable to macroeconomic instability and susceptible to financial crisis. For example, the south Asian financial crisis of the mid-1990s had large levels of both the external and public debt as contributing factors.

SEE ALSO: Debt Relief; Debt Swap; Fiscal Policy; Foreign Direct Investment; Inflation; International Monetary Fund.

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Debt Relief

WHILE SCHOLARS MIGHT argue over the severity and causes of debt and the best solutions for alleviating it, most would agree that the roots of modern debt began with the European enslavement of Africans and colonization of Africa, Asia, the Caribbean, and the Americas. From the 18th century on, in a process called colonization, European countries and the United States expropriated land and exploited the people and resources throughout much of what we now call the developing world and in North America.

By the mid-1900s, many European nations and America realized that colonization was economically untenable, while politically many colonies fought for and won independence. The result was that what had been many colonies were now new countries, which were economically dependent on only a few agricultural export crops (cash crops), financially dependent on the economic generosity of Western countries, depleted of significant amounts of their natural resources, underdeveloped with respect to infrastructure, and politically unstable. As a consequence, former colonies were forced to begin nation-building with little time for planning, small national reserves, and underdeveloped industries.

Many of the initial loans went directly to the coffers of corrupt leaders.

During the 1970s, these countries, known to economists as Least Developed Countries (LDCs), took out loans from Western banks that were awash with money coming from major petroleum-producing (OPEC) nations. However, by the 1980s, Western countries reacted to the increasing power of OPEC, and the UNCTAD Group of 77, a coalition of LDCs, rallied against southern countries because they feared developing nations were banding together to demand a more equitable economic order than the one constructed by the Western powers.

With Margaret Thatcher and Ronald Reagan in power, Britain and the United States would preside over the neocolonization of the south (southeast Asia, South America and the Caribbean Basin, and Africa), using the World Bank and International Monetary Fund (IMF) to impose structural adjustment programs (SAPs) on developing countries.

SAPs consisted of loan programs that were aimed at reforming the entire economic landscape of a borrowing country. Generally, all SAPs stipulated that the borrowing countries reduce government expenditure, especially on social services such as healthcare, education, and welfare; lift restrictions on foreign investment; privatize state-owned enterprises; and cut wages while weakening labor protections.

Policy analysts have shown that many of the initial loans made by commercial banks during the 1970s went directly to the coffers of corrupt leaders in developing countries who were propped up by Western powers, such as Zaire, Indonesia, and Chile. When these loans proved too much for developing countries to handle and they threatened to default, the World Bank and IMF, at the urging of the United States Treasury Department, stepped in to provide bailouts so that Western banks would not lose the money. The World Bank and IMF then made subsequent loans in the form of SAPs (and do still) so that debtor countries could pay the interest on their debts.

At the same time, these new loans imposed "conditionalities," sometimes called austerity measures, stipulating that borrowing countries make cuts to any number of state-provided social services. The impact of SAPs was that by the early 1990s most LDCs had little state participation in the economy, trade protections for local economies were dismantled, and the economies of countries with SAPs were linked into capitalist world markets, while fewer people in these countries received necessary medical attention, education, or human services such as access to clean drinking water, sanitation services, or habitable living accommodations.

In an effort to alleviate the burden of debt facing many LDCs, a number of antidebt campaigns came together during the mid-1990s under the banner of the Jubilee Network to put pressure on Western institutions such as the IMF and World Bank to cancel the debts of developing nations. Although they won a nominal victory when, in 1996, the IMF and World Bank initiated the Heavily Indebted Poor Country initiative (HIPC) for 42 poor countries, this program has been slow to act, inefficient, and contains some of the same harmful conditionalities as did the SAPs.

Under the HIPC initiative, only 15 of the 42 countries targeted have managed to complete the HIPC process and therefore received some debt cancellation, while another 12 have reached just the first stage and therefore qualified for some relief on debt repayments. To this point, among the 52 poorest countries, only 12 percent of the original \$375 billion in debt has been forgiven, even though they have paid back more than \$375 billion in debt service and interest on these loans.

The reason that many LDCs are locked into the cycle of debt is that the interest on loans is high and the Gross Domestic Product of the countries is low. The result is that most poor countries earn only enough to pay the debt service and never manage to pay down the principal of the loan. In some instances, the aid that countries or regions receive is equal to or less than their debt payments.

For example, sub-Saharan Africa receives \$10 billion annually in aid, but pays out that much or more in debt repayment. In some LDCs, the HIPC initiative has created positive social outcomes like increased health programs in Benin, increased attendance in primary education in Tanzania, and greater access to clean drinking water in Uganda. Unfortunately, these positive outcomes prove to be the exception rather than the rule.

There is hope, however, that debt relief will finally become permanent. At their 2005 meeting in London, the G-8 finance ministers, urged by former South African president Nelson Mandela, acknowledged that the 42 developing nations targeted by HIPC need 100- percent debt relief if they are to succeed in the 21st century.

SEE ALSO: Colonialism; Debt; Globalization; International Monetary Fund; Jubilee 2000; Reagan, Ronald (Administration); World Bank.

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Debt Swap

A DEBT SWAP IS an arrangement that involves the conversion of overly burdensome debt obligations into new obligations. Developing countries have welcomed debt swaps as a chance to renegotiate and ease their debt burden while the creditors accepted debt swaps as an increased likelihood that they would be repaid.

By using the debt swap, the creditor and its debtor agree to exchange debt for a new asset or obligation with different repayment terms. There are different types of debt swaps: the debt-equity swap, the debt-for-development swap, the debt-for-nature swap, or another arrangement that converts debt into funding for a certain project, policy change, or economic or political reform. The common feature of all types of debt swaps is the willingness of a creditor to exchange debt for assets or obligations of lower face value but with a higher likelihood of repayment than of original debt.

Debt-equity swap occurs when the creditor sells the debt at a discount in a secondary debt market to an investor who, in turn, sells the debt to the debtor government in return for equity in a company of a debtor country. It can be used as a part of privatization programs when the debtor government agrees to exchange debt for public assets. The introduction of the debt-swap mechanism coincides with the attempts to resolve the international debt crisis of the 1980s. The first debt-

equity swap program was established in Chile in 1985 to contribute to debt reduction and stimulation of investment and growth. Since 1985, about 50 countries have used different types of debt swaps in their quest for debt resolution. For example, Argentina, Mexico, and the Philippines have used debt-equity swaps as a way of attracting foreign direct investment and stimulating interest in their privatization programs. The secondary debt market, also known as the emerging markets debt market, continued to grow substantially during the 1980s and 1990s, being dominated by debt owed by middle-income Latin American countries (Brazil, Argentina, Chile, and Mexico). On the other hand, many low-income indebted countries suffered from insufficient domestic budgetary resources to fund a debt-swap program, and relied more on pure grants, some concessional loans, or debt cancellation in their efforts toward debt resolution.

Debt-for-development swap is an arrangement where a development organization (nongovernmental organization or United Nations agency) purchases debt at a discount and then exchanges the debt with the debtor government for funding in a local currency of a certain development project. Debt-for-development swaps include debt-for-child-development, debt-for-education, and debt-for-health swaps.

For example, in the early 1990s, UNICEF carried out numerous debt-swap transactions to convert a total of \$199 million face-value debt into the funding of \$52 million in programs in support of child and maternal development in Senegal. Also, by relying on debt-for-development swaps, the United Nations' UNICEF helped to implement programs related to water, sanitation, and health in Sudan; education programs in the Philippines and Bolivia; and similar programs in Peru, Zambia, and Mexico.

In contrast to debt-equity swaps, debt-for-development swaps did not significantly contribute to debt reduction in developing countries. The first debt-for-nature swap was implemented by Conservation International in Bolivia in 1987, involving the cancellation of Bolivian external debt in exchange for funding for nature preservation and environmental protection. One of the largest environmental swaps to date was the cancellation of 50 percent of Poland's Paris Club debt in 1992 and its conversion to create the Polish EcoFund, an independent foundation.

The experience of different countries with debt swaps to date helped to highlight some of their advantages and disadvantages. Among the major advantages are debt reduction, promotion of investment and economic growth, and allocation of investment to priority areas. However, potential disadvantages of debt swaps lie in their complexity, significant transaction costs, and often adverse impact on a debtor's country government budget.

SEE ALSO: Debt; Debt Relief; Foreign Direct Investment; Privatization.

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Decomposable Poverty Measures

A POVERTY MEASURE is said to be decomposable if the poverty measure of a group is a weighted average of the poverty measures of the individuals in the group. An important property of decomposable poverty measures is that a ceteris paribus reduction in the poverty measure of a subgroup always decreases poverty of the population as a whole.

Decomposable poverty measures are particularly useful in poverty studies where a population is broken down into subgroups defined along ethnic, geographical, or other lines. We can use these measures to obtain the contribution of each subgroup to total poverty, and to estimate the effect of a change in subgroup poverty on total poverty.

Standard poverty indicators like the headcount ratio and the average poverty gap ratio are decomposable. However, these poverty measures violate some basic properties or axioms proposed by A.K. Sen, like the monotonicity axiom and the transfer axiom. On the other hand, the Sen poverty index and all its variants that rely on rank-order weighting are not decomposable. In particular, the indicators in that class fail to satisfy the property that an increase in subgroup poverty must increase total poverty.

In this context, an important contribution by J. Foster, Greer, and Thorbecke was to define a class of de-

composable poverty measures that satisfy the basic axioms proposed by Sen. We describe here this class of decomposable indicators.

The Foster-Greer-Thorbecke index is a weighted sum of the poverty gap ratios of the poor. In contrast to the Sen index, the weights do not depend on the "ordering rank" of the poor, but on the poverty gap ratios themselves. In other words, the contribution of an individual to the poverty measure depends only on the distance between his income and the poverty line and not on the number of individuals who lie between him and the poverty line.

The Foster-Greer-Thorbecke index satisfies the monotonicity axiom (that is, a reduction in a poor person's income, holding other incomes constant, increases the poverty index) and the transfer axiom (that is, the index increases whenever a pure transfer is made from a poor person to someone with more income). Its decomposition shows that, in contrast to Sen-type indexes, this index satisfies the subgroup monotonicity axiom: if we change the incomes in a subgroup such that we reduce poverty in this subgroup, leaving the other subgroups the same, then total poverty in the population should decrease. Foster, Greer, and Thorbecke propose a generalization of this index.

SEE ALSO: Axiom of Monotonicity and Axiom of Transfers; Foster, Greer and Thorbecke Index; Headcount Index; Poverty Gap; Rawls, John.

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Definitions of Poverty

IN THE UNITED STATES, the Census Bureau determines the poverty status of families based on poverty thresholds or income levels dependent on the number of family members. The poverty thresholds are adjusted each year to reflect changes in the Consumer

Price Index (CPI). The primary basis for poverty threshold determination goes back to 1955 when a U.S. Department of Agriculture (USDA) survey indicated that approximately one-third of a family's income was spent on the purchase of food. The Social Security Administration then used the least expensive food plan identified by the USDA, the Economy Food Plan, and multiplied this number by three to come up with total family income.

The 2005 poverty guidelines list a family income of \$19,350 for a family of four.

The poverty thresholds represent income levels and will vary depending on the number of family members and their ages. If total family income is less than the threshold, all members of that family are determined to be in a poverty status. Conversely, if family income is above the threshold, the family is not in poverty. Certain categories of people are not considered in the determination of a family's poverty status. These include foster children, children under age 15 and not residing with the family, people in prisons or nursing homes, family members in college dormitories, and those serving in the military.

Annual poverty guidelines are published each February in the *Federal Register* and are the official measures to be used during that year. This measure of income, also defined as absolute poverty, identifies families who do not have the necessary resources to ensure a healthy lifestyle. The guidelines appear in a two-dimensional matrix format showing the number of family members and the associated income level.

For example, the 2005 poverty guidelines list a family income of \$19,350 for a family of four residing in any of the 48 contiguous states and the District of Columbia. A family of four with an income above that amount would not be in poverty. Two additional columns in the matrix list the income levels for Alaska and Hawaii, both of which are higher. Alaska's income level for a family of four is \$24,950 and Hawaii is listed at \$22,260.

The guidelines are a simplified version of the poverty thresholds and are used primarily to determine a family's eligibility for certain federal programs. For instance, eligibility for inclusion in Head Start, the Food Stamp Program, the Low-income Home Energy Assistance Program, the National School Lunch Program, and the Children's Health Insurance Program would be

determined on the basis of the poverty guidelines. An additional adjustment to the guidelines is required when immigrant visa cases are being determined. For example, the income level for a family of four residing within the 48 contiguous states is increased by 25 percent (from \$19,350 to \$24,188) in order to comply with immigration statutes.

Another way to consider poverty is in the context of a family's marginalization within the economic system and its level of deprivation. This approach suggests a more subjective measure and is identified as relative poverty. Poor people under this measure are judged to have less access to income than others in the society. For instance, instead of using the guidelines for a family of four (see above) to determine membership in a poverty cohort, a relative measure such as the percentage of the median income for all families of four could be used for comparison. In short, a relative poverty indicator is based on a judgmental conclusion and not on a specific income measure.

Thirty-seven million people in the United States were considered as living in poverty.

In 2004, the poverty rate (also called the annual poverty rate) in the United States was 12.7 percent, which represented an increase from 12.5 percent in 2003. This meant that over 37 million people in the United States were considered as living in poverty in 2004. Disaggregated information for specific racial groups showed considerable variation: the black population had 24.7 percent living in poverty, Hispanics had 21.9 percent in poverty, and non-Hispanic whites had only 8.6 percent below the poverty line. Asians in the United States in 2004 had 9.8 percent of their people living in poverty.

Differences in poverty rates were also found in age cohorts. Nearly 18 percent of children under the age of 18 (13 million) lived in poverty while only 11.3 percent of people aged 65 and over were in that category. The child poverty rate for the United States is nothing to boast about. A 2005 UNICEF study pointed out that nearly 50 million children in wealthy countries world wide are living in poverty. The report asks why some countries in the Organization for Economic Cooperation and Development (OECD) are succeeding in keeping child poverty rates low and some are not. For example, three northern European counties, Denmark, Finland, and Norway, have child poverty rates below

three percent while the United States has one of the highest rates of any OECD country, 18 percent (2004 estimates).

The Census Bureau also uses a number of additional definitions related to poverty. Among them is a set of definitions connected to longitudinal survey data collected by the bureau. A longitudinal survey involves collecting information from the same respondents over a long period of time to determine if income situations have changed. Average monthly poverty is one of these definitions, and it determines the average percentage of poor people per month in each year of a longitudinal study.

Another is long-term poverty, which is the percentage of people in poverty every month for the full term of a three- to four-year longitudinal study. Episodic poverty is a measure of the percentage of people who were judged to be poor in two or more consecutive months within the duration of a longitudinal study. The spatial dimension of poverty is reflected in poverty area, a concept that defines census tracts or "block numbering areas" where 20 percent or more of the population are living in poverty. Poverty universe defines the population of those living in poverty.

Suggestions have been made that the current poverty guidelines are in need of revision. Because of significant socioeconomic changes in the years since the inception of the guidelines, proposals have come forward to institute changes in the way poverty is determined. In the 1960s, during the time of President Lyndon B. Johnson's historic War on Poverty, the formula for the guidelines was put in place. Advocates of change contend, for example, that the increased number of working mothers who are faced with paying for childcare signals a need for change because the current guidelines make no distinction between family members who work and those who do not work.

Another basis for suggested change is the variation in healthcare costs faced by particular groups of people. In addition, the thresholds are the same across the country, except for Alaska and Hawaii, although there are significant regional price variations, especially in the area of housing. Further, because of increased standards of living in the United States since the 1960s, it is suggested that changes in the CPI are no longer adequate for determining annual increases in the threshold levels. Concerns have been raised as well in the education field.

Since the measures of poverty are county-based, there may we well be schools whose student populations come from poorer areas of the county and therefore do not receive the added assistance needed. Further, the measure emphasizes adults and not children in data gathering. Finally, a large number of high-income retirement communities have located within otherwise poor counties and cities. The presence of these communities brings the poverty level of the community down, even though the original cohorts of poor people are still residing there.

POVERTY IN CANADA

Poverty measurement in Canada has also come under scrutiny. In recent years, the Canadian government has begun considering the implementation of a mandated poverty-line-based family income. Human Resources Development Canada (HRDC) has proposed a market basket measure of poverty.

Canada is interested in refining its approach to better understand the incidence of poverty, its depth, and the duration of poverty. These are measures that the United States has used since the 1960s, and it would appear that the Canadians will use poverty guidelines, an absolute poverty approach, to do their research determinations.

However, opinions vary in this regard and some experts are in favor of using relative poverty measures. Groups favoring the relative poverty approach contend that to be poor is to be distanced from the societal center and thus marginalized from employment opportunities and other positive aspects of life that are easily accessed by more affluent families. To be poor in a rich country, the advocates of relative poverty measures contend, implies far more for a family than simply having an income that is below a government-mandated level.

DEVELOPING WORLD

In the developing world, poverty is a supremely crucial consideration. Poverty levels are especially high in sub-Saharan Africa, where 75 percent of the population live on less than \$2 per day. The United Nations Development Program (UNDP) through its Poverty Strategies Initiative (PSI) has provided researchers and government officials with both qualitative and quantitative information on the compelling nature of poverty within this vast and fragile socioeconomic region.

UNDP publications have identified a number of conclusions about poverty in the developing world. One of their conclusions defines poverty in an absolute sense: poverty is present when private consumption

falls below a predetermined level and is defined as private consumption poverty (PCP). PCP is used to determine the total number of people below the line and the severity of the poverty problem, that is, how far below the line people have fallen.

Associated with the absolute measure of poverty in this region, considerations are also made of education levels, degrees of literacy, and life expectancy. Relative measures of poverty, such as social exclusion from opportunities within the community and being powerless to confront a governmental regime, are also used. In addition, the UNDP augments its absolute measures by accumulating information on the ability of a family to cope with health problems and physical isolation and still manage to satisfy their basic needs.

The UNDP set goals to cut in half the number of people living in extreme poverty.

The concept of vulnerability is paramount in the developing world and is closely related to poverty. Change within a society in this region can disrupt a family economically, socially, or politically. For example, the ongoing conflict in Sudan had left thousands of families homeless and in refugee camps. Environmental degradation brought on by drought in the Sahel resulted in the loss of homelands and sources of income for thousands more.

The United Nations *Human Development Report* (1997) included a Human Poverty Index (HPI) to identify and measure the degree to which people in the developing world have been denied certain basic opportunities and choices. The indicators used in the HPI are indeed basic to life itself: a measure of longevity (identified as a "short life"), lack of a basic education (here "basic" essentially means a few years at the elementary level), and access to public and private resources, such as fresh water, adequate and affordable housing, and local healthcare.

Another way of measuring poverty, the purchasing power parity (PPP) method, is described as a theoretical exchange rate derived from the perceived parity of purchasing power in one country as compared to purchasing power in another country. An extreme example would be the comparison of the costs for comparable food or clothing items in Niger and the United States. The cost in dollars would, of course, be much higher in the United States. But the fact that comparable items could be purchased in Niger for much less indicates that

direct comparisons of income, for instance, are not the best measure of what \$1 can purchase in any given place. Gross Domestic Product (GDP) data from countries are usually transformed into the PPP U.S. exchanges rate in order to derive a more reliable measure of standard of living.

The UNDP set goals to cut in half the number of people living in extreme poverty in the developing countries by 2015. This ambitious goal was named Strategy 21, and from the onset concerns were raised about the possibility of achieving the goal. In this initiative, extreme poverty identified people in the developing countries living on less than \$1 per day. The goal is to halve that number by 2015. In addition, the initiative sets out to halve the number of people identified as undernourished by 2015.

More than 40 percent live in either extreme poverty or dangerously near its edge.

Finally, the initiative hopes to improve basic education worldwide and ensure that all children of both genders are able to complete a full course in elementary schooling. Attaining these goals by 2015 will call for rapid advances in economic growth within the affected countries, an outcome that at present seems difficult at best to accomplish; massive assistance from countries in the developed world; and continued aid from the many nongovernmental organizations already working to alleviate the dire conditions in these countries. United Nations studies indicate that 20 percent of the world's population (more than one billion people) survive on less than \$1 while another 1.5 billion survive on \$1 to \$2 per day. In short, more than 40 percent of the world's population live in either extreme poverty or dangerously near its edge.

Child poverty in the developing world has been characterized by a number of severe deprivations. Perhaps the most severe of these is nutritional deprivation, which threatens the very survival of a child. Nearly 20 percent of children under 5 years of age suffer from nutritional deprivation. Water deprivation is another malady that affects 20 percent of children in developing countries. This deprivation is especially prevalent in sub-Saharan Africa, where access to fresh water sources is severely limited. Other attributes of severe deprivation seen in the developing world include shelter, sanitation, information, health, and education. It is within these crucial areas that the United Nations Develop-

ment Program hopes to realize progress by 2015 in its initiative to alleviate suffering and poverty.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Direct and Indirect Measures of Poverty; Economic Definitions of Poverty; European Union Definition of Poverty.

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Democratic Party

THE DEMOCRATIC PARTY is one of the two major political parties in the United States. It is known as a more liberal, left-of-center party, as opposed to the Republican Party. The Democratic Party, which claims Thomas Jefferson and Andrew Jackson as its founders, is the oldest continuous political party in the United States and in the world. This is rather remarkable, because many countries in the world surpass the United States in age. The origins of the Democratic Party can be traced to the conflicts between then Secretary of State Thomas Jefferson and then Secretary of the Treasury Alexander Hamilton. Both responded to their respective constituencies to a sizable extent. Jefferson advocated for rural, agrarian interests, espousing a political philosophy that was more distrustful of executive and judicial power and authority and more populist. Hamilton's political philosophy favored the urban, affluent, commercial interests, tending toward elitist, national, centralized, and Federalist approaches.

The ascendancy of Jefferson to the U.S. presidency marked the decline of the Hamilton or Federalist opposition. The Jefferson election was a landmark election in American history. The impact of Jefferson's political philosophy and ideas was to linger for years.

However, by 1824, there were divisions in the thennamed Democratic-Republican Party. Andrew Jackson emerged as a leader of a faction that became known as the Democrats, which presaged the development of the modern-day Democratic Party. It could be said that in some respects it became more populist and more democratic. The Democrats garnered the support of urban workers, Catholic immigrants, and people from the new southern and western states that had been admitted to the Union. The people attracted to the Democratic Party felt to some extent that they had been either ignored or left out of the process. This tradition or phenomenon has persisted to this day. The Democratic Party draws much of its support from segments of the population that have felt left out, oppressed, and disenfranchised.

All of this seemed to be a successful effort, for the Democrats prevailed in Congress. However, this Democratic dominance was not to last. The emerging, troublesome issue of slavery, combined with rising sectionalism (especially, of course, in the south), began to have a profound effect on the entire political process, and particularly for the Democrats.

The 1860 presidential election, surely one of the most important in American history, resulted in the election of a Republican, Abraham Lincoln. Democrats found themselves in a new and uncomfortable position of being the minority party. The next election further represented a decline in Democratic Party fortunes. However, a seminal economic event of profound magnitude altered Democratic Party fortunes in an eventful way: the Great Depression of 1929.

Republican Herbert C. Hoover was president when the Great Depression struck. Many blamed the Republicans for this cataclysmic event, and it had an untoward effect on the Republican Party for years to come. Democrat Franklin D. Roosevelt was elected president in 1932, and he successfully reinvigorated the Democratic Party and helped to restore the United States economically from the ravages of the Great Depression. The modern Democratic Party owes a great deal to President Roosevelt for a number of reasons. Roosevelt was elected president an unprecedented four times. Furthermore, Democrats were again dominant in the Congress, and were to remain so for years to come.

Roosevelt enacted a major governmental initiative: the New Deal. The passage of the historic Social Security Act in 1935 was a centerpiece of the New Deal. With the New Deal, many Democrats advanced the no-

tion that government should have an active role in advancing the common good and social welfare of citizens. Embracing the economic theories of John Maynard Keynes, many Democrats argued that government had something of an obligation to play an activist role, even for the sake of capitalism itself. The Russian Revolution (1917) and Chinese Revolution (1948), plus other Marxist and communist triumphs worldwide, made some more aware of the inadequacies of an unfettered laissez-faire capitalism and the need for government to help rectify inequalities and injustices. Some Democrats looked to middle-way alternatives in Europe, where a number of countries held on to a capitalist economic system while adopting a welfare state.

President Harry Truman followed Roosevelt in office, and continued New Deal policies. The Democrats took control of the House of Representatives in 1930 and the Senate in 1932, holding both through 1946, then recapturing the Congress along with the dramatic Truman presidential win in 1948. But fortunes changed in the 1952 election, when popular war hero Dwight D. Eisenhower was elected president.

In 1960, Democrat John F. Kennedy was elected, followed by Lyndon B. Johnson in 1963 (after Kennedy's assassination). Johnson's Great Society and War on Poverty programs in the 1960s were in some measure an invigorated extension of the New Deal (as were the Fair Deal policies of Truman and the New Frontier policies of Kennedy). Johnson's War on Poverty programs represented an assertive, spirited attempt to reduce poverty and inequality in American society. Inspired by the publication of Michael Harrington's 1962 book, The Other America, there was a felt need on the part of many Democrats that their party should break new ground in respect to poverty initiatives. There was a somewhat heady feeling at that time that government was capable of doing great things, that comprehensive government initiatives could "make a difference."

Republican Richard M. Nixon was elected president in 1968 and in 1972. The Vietnam War, which had been raging during the Johnson administration, proved to be something of an albatross for Johnson and the Democrats. Newly elected Nixon promised to do something about the Vietnam War, but it was not to end until 1975.

In 1976, Democrat Jimmy Carter assumed the presidency, only to be defeated in 1980 by conservative Republican Ronald Reagan. The conservative movement sweeping the Republican Party, and to some extent the country, had arrived, for Reagan was one of the most conservative candidates ever to occupy the Oval Office.

The path to this important 1980 election was presaged by conservative Republican Senator Barry Goldwater's 1964 presidential bid against Johnson.

Reagan was reelected in 1984, and then Republican George H.W. Bush was elected in 1988. In 1992, the Democrats came back, with the election of skilled politician Bill Clinton (who was reelected in 1996). Clinton represented the new neoliberalism of many Democrats, as did his vice president, Al Gore. George W. Bush, a Republican, was elected in 2000 and in 2004. There was criticism of War on Poverty policies, of the perceived inability of the Democrats to posit a strong defense strategy, and of the ability of Democrats to tune in to moral issues that were increasingly important to many people.

PHILOSOPHY

Philosophically, the Democratic Party rejects *laissez-faire* capitalism on the one hand and full-blown European welfare-state solutions on the other hand. Former Senator Daniel Patrick Moynihan, surely one of the most important modern influences on social policy, made an oft-quoted statement on this. He once declared that social policy issues facing America must engender specifically American solutions and not borrow European welfare-state solutions. The liberal wing of the Democratic Party would be more sympathetic to universalist, welfare-state solutions than the moderate or conservative wings of the party. The moderate and conservative wings of the Democratic Party would be more in agreement with Moynihan's statement.

It should come as no surprise that attitudes on world poverty would vary according to the particular ideological positions and values of individual Democrats. There are differences of opinion within the Democratic Party, just as there are differences of opinion within the Republican Party. Some would argue that the Vietnam War had a particularly profound effect on the Democratic Party. The foreign policy positions of the Democratic Party grew increasingly more liberal, and this surely had its effects on party fortunes. On social policy and poverty issues, the Democrats seemed to be in retreat after the 1960s.

Many conservative Democrats made an exit from the Democratic Party in 1980, becoming known as "Reagan Democrats." As a result, conservative Democrat voices on foreign policy and on a number of other issues were not listened to with as much attention as had perhaps been the case in the past. The disastrous landslide defeat to Nixon on the part of prominent liberal Democrat Senator George S. McGovern in 1972 dealt the liberal wing of the party a serious blow. Certainly, the election of conservative Republican Reagan in 1980 and in 1984 was a seminal symbol of the rise of the modern conservative movement, a movement that has impacted Democratic as well as Republican ideology since.

Neoliberalism replaced traditional liberalism as the reigning political philosophy of most Democrats by the 1980s and 1990s. Neoliberalism was more cautious about government in general, more critical of universal entitlements and indeed the welfare state, less acrimonious to big business, and more encouraging of individual initiative. The welfare proposals of neoliberalism looked more and more like conservative or neoconservative proposals. They stressed labor market participation, personal responsibility, family commitments and responsibility, and less expensive governmental budgetary commitments.

Neoliberalism represented more of a middle road in some respects, a more conservative version of traditional liberalism. The Democratic Leadership Council, founded in the 1980s, promulgated neoliberalism as a kind of antidote to the Reaganite conservatism of that era, a kind of corrective to the New Deal and Great Society traditional liberalism of pervious years.

Traditional liberalism directed attention to the environment and to structural problems in society as causes of poverty. Democrats looked less to individualist explanations and solutions and more to structural and social system change. Democrats tried to be careful not to "blame the victim." Human nature was viewed as being essentially good, not bad. Democrats looked less to original sin and more to the larger environment as the main causative agent. For Democrats, humankind might be "fallen," yet not because of original sin but because of societal exploitation, of racism, classism, sexism, and the like. Democrats looked more at "social sin" and less at "individual sin" to explain poverty and to develop policies to combat poverty.

On the issue of family planning and global poverty, the Democrats saw a link between the two. Democrats generally felt that family planning approaches were not only a good thing, but should be promoted as an important part of global social policy efforts. The importance that Democrats placed on government as the only truly universalist entity capable of launching comprehensive, universal antipoverty strategies was demonstrated again in the area of family planning.

Thus the Democratic Party would generally favor a stronger role for the United Nations, increased American government commitments to solving worldwide poverty, and in essence a "butter" over "guns" approach. They would tend to favor abortion as part of a family planning strategy, which is opposed by most Republicans.

The Democratic Party is closer to being a child of the Enlightenment and postmodernism than is the Republican Party. Democrats would aver that their religious beliefs would move them to social action on behalf of their fellow humans (particularly toward those in need) and perhaps less toward a more interior religious state, a "God and me" approach. Thus, the Social Gospel and Liberation Theology movements (both emphasizing the social action obligations of Christians) would receive a more ready hearing from Democrats than from Republicans.

Groups like Democrats for Life and others remind the Democratic Party of the need to be sensitive to the beliefs and values of people who may think differently about sensitive moral issues (like abortion) than many of the major Democratic Party leaders and elected office holders. If Democrats can accuse Republicans of "blind spots" on poverty, income inequality, and environmental issues, then Republicans can accuse Democrats of "blind spots" on moral and values issues, sensitivity to religious beliefs, and big government issues.

A continuing, lingering question for Democrats, as well as for Republicans, is how much of a role government should play in confronting poverty. It might be said that Democrats have erred in having too optimistic a perspective on the possibilities of government intervention, and Republicans have erred in having too pessimistic a perspective on the creative possibilities of government intervention.

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Demographics

DEMOGRAPHY IS THE STUDY of population characteristics conducted by population experts (demographers). Demography is as old as the first counting of the males available as warriors conducted by ancient tribal leaders or kings. In modern times it has advanced greatly with the development of statistical tools for the counting and analyzing of populations.

Demography, as the study of population characteristics, includes censuses conducted by modern governments and other agencies. Depending upon the demographic features sought, a demographic study can identify and report information on the age, death rates, diseases, disease distributions, infection rates, sex, sexual orientation, fertility rates, family size, health, household size, income, occupation, spending patterns, religion, nationality, race, ethnic characteristics, and other features.

Additional aspects of population studies can include such features as access to transportation, or the mobility of people in terms of their travel time to work, or the number of vehicles available. Other features of a population can include educational attainment, home ownership, jobs—either inside or outside of the home—employing various members of the household, the social status of different groups, and family as an atomic unit or as an extended unit.

Demographic studies are conducted by numerous demographers. Governments conduct periodic cen-

suses as well as records of vital statistics such as birth, death, and other records. Sociologists use demographics to discuss social groups. In political science public opinion polls are used to measure a population's political view. In marketing research and consumer behavior research the incomes and other economic features of a population will be central.

Demographic studies not only count population characteristics but measure these over time in order to project trends in population changes. For example the growth, decline, aging, movements, rising and falling of death rates, migrations both internally in a country and externally, and life expectancy are just a few of the features of a population that can be studied dynamically. With the use of statistical techniques it is possible to use small, randomly chosen representative samples to describe the characteristics of a population. Other statistical techniques can be used to make inferences about populations.

Excessive population growth can give rise to a Malthusian economy.

Population studies can be graphed to show any number of features with a wide variety of graphs. These graphs can be used to show such things as behavior characteristics or psychographic characteristics such as mental health. The data can also be combined with maps to show the geographic distribution of population demographics.

Many countries have agencies that collect numerous statistics on populations. In the United States, the Census Bureau is in charge of conducting the constitutionally mandated decennial census. By law every person must be counted, although a small percentage of people who are unavailable, moving, or want to avoid all contact with the government are not counted.

The census in the United States also gathers data on the number of people in households, the nature of their housing, their incomes, educational levels, ethnicity, languages, and other characteristics. The results are by law kept restricted to only the Census Bureau and are published only as aggregate numbers. After a number of decades the information may be opened to the public.

In addition to the Census Bureau all of the American state governments, many localities, corporations, and nonprofit agencies collect data about people in America. The major credit agencies as well as other

marketing firms have gathered enormous bodies of information about people in the United States.

The information is put to many uses. The demographic studies that can be commissioned by states or localities can be used for locating new schools that will serve a growing area of a city or town before overcrowding in the school becomes a problem. To do otherwise could lead to an impoverishment in the educational experiences of schoolchildren because of classroom overcrowding.

Agencies working in the area of poverty, whether as researchers, funding agencies, or providers, use demographics to study poverty among people. A poverty profile is a type of demographic report on the nature, locations, kinds, and other characteristics of poverty among different groups of people across a region, country, or the globe.

In developing countries demographic data are used to plan strategies for meeting the needs of people in order to reduce or eliminate poverty. The major link between demographics and a country's poverty lies in the relationship between population size and the resource base. Overpopulation occurs when too many people are seeking to use the available resources.

Each individual is a consumer for the whole of his or her life; however, each individual is a producing contributor to the economy of a country for about 50 years, or between the ages of 15 and 65. When the consumption is greater than the productivity of the individual, then poverty ensues. On a large scale, excessive population growth can give rise to a Malthusian economy in which too many people are competing for too few goods.

In the decades since 1945, political opposition to demographic information arose in numerous former colonies after they achieved independence. When presented with a message that controlling population growth was in the best interest of the country, many leaders of former colonies denounced the demographic data as a Malthusian trick of the former colonial powers to keep the former colony enslaved.

In some former colonial countries, resources were spent on arms but not on the economy or the infrastructure, while the population continued to grow at high rates. The effect has been an enormous increase in poverty that has been statistically and demographically documented, while the work of aid groups or others seeking to eliminate poverty has failed to end it.

SEE ALSO: Family Size and Structure; Foreign Aid; Head-count Index; Poverty Clock.

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Denmark

THE KINGDOM OF DENMARK in northern Europe is one of the most prosperous countries in the world. With a per-capita income of \$32,200, a well-developed social welfare system, political stability, and a low inequality rate, Danes are assured of a quality of life that some people consider the highest in the world. In this diversified economy, 79 percent of the labor force is engaged are services, and another 17 percent work in small-scale and corporate industry. Four percent of the labor force are involved in agriculture, mostly using high technology. As a result, Denmark is a net exporter of food. Unemployment stands at 6.2 percent.

There is little poverty in Denmark. Only 12 percent of females and 11 percent of males earn an income under 60 percent of the median income, which is how the poverty level is determined. In other nations within the pre-expansion European Union, 16 percent of females and 15 percent of males are considered poor when using this criterion. While single-parent families are somewhat more likely to be considered relatively poor, government initiatives that include higher education benefits for single parents have addressed this issue.

Denmark's social net includes pensions, unemployment compensation, cash assistance, and housing subsidies. In general, children do not receive benefits in Demark because it is assumed their parents will care for them. Only Danish nationals and long-term residents are eligible for assistance after one year.

Since Danish women do not as a rule face the barriers in education and employment that women do in most countries, there are no vast disparities in the economic standing of men and women in Denmark. In-

equalities do exist, however, among the poorest and richest segments of the population. The poorest 20 percent live off 8.3 percent of resources while the richest 20 percent share 21.3 percent of the wealth. The Gini Index of Human Inequality gives Denmark the relatively low rating of 24.7 percent.

Life expectancy in Denmark is predictably high. Among the population of 5,432,335, the projected life span is 77.62 years. With a life expectancy of 80.03 years, females outlive males by approximately five years. The median life span in Denmark is also high at 39.47 years. Nearly 19 percent of the population are under the age of 14, and over 15 percent have seen a 65th birthday. All Danes have access to safe drinking water and improved sanitation. There are 366 physicians per 100,000 residents, and 95 to 100 percent of the population can afford essential drugs.

In 2005, infant mortality in Denmark was estimated at 4.56 deaths per 1,000 live births. That rate has declined from 14 deaths per 1,000 live births in the 1970s. Between 1970 and 2003, mortality among children under the age of 5 fell from 19 deaths per 1,000 to four deaths per 1,000.

Six percent of infants are underweight at birth, but children are not malnourished in Denmark because of the extensive social net provided by the government. Childhood immunization rates are also high: 99 percent of all infants have been immunized against measles and DPT3, and 98 percent have been immunized against polio. Approximately 96 percent of all children from 12 to 23 months have been immunized against both measles and DPT3.

Birth control is highly accessible in Denmark, and 78 percent of married women of childbearing age use some method of contraception. Between 1970 and 2005, the fertility rate dropped from 2.0 to 1.74 children per woman. Teenage mothers give birth in eight out of every 1,000 births. Trained medical staff attend all births in Denmark, and both prenatal and antenatal care are widely accessible.

Literacy is universal in Denmark, and many Danish students receive 17 years of schooling. The government requires that 80 percent of all students complete secondary school with either professional competencies or the ability to pursue additional studies. As a result 50.5 percent of males and 37 percent of females choose to seek higher levels of education. Officials have also begun placing increased emphasis on sciences and are requiring science at all levels of education. Over one-fifth of all students at the tertiary level are studying math, science, and engineering.

Human Development Index Rank: 14 Human Poverty Index Rank: 5 (HPI-2)

SEE ALSO: European Relative-Income Standard of Poverty; European Union Definition of Poverty; Gender Division of Labor; Welfare State.

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Dependency Ratio

THE DEPENDENCY RATIO provides a rough measure of the demands facing the working-age population to take care of the dependent members of society. Increasing dependency ratios put strain on a society and risk increasing poverty, because more people must share what each member of the working population produces. Discussions of dependency ratios may refer to one of several types.

The youth dependency ratio is the number of people in the country aged 0–14 as a percentage of the number of people aged 15–64. The old-age dependency ratio shows the proportion of the population aged 65 and older to those aged 15–64. The total dependency ratio shows the total burden of dependents, as it adds the youth and old-aged and divides this by the number of people aged 15–64. A variation of this approach is the labor force dependency ratio, which adds the total number of people of any age who are not participating in the labor force, and then divides this sum by the total number of people who are participating in the labor force.

The United Nations Population Division provides an internet site, which allows users to view historical and future projections of the youth, old-age, and total dependency ratios for countries throughout the world. Worldwide trends of decreasing fertility and decreasing mortality are creating the situation in which youth dependency ratios are generally falling while old-age dependency ratios are increasing. The combination of these trends has mixed results for the total dependency ratio.

In the least developed parts of the world, as defined by the United Nations, the youth dependency ratios have historically been very high, peaking in 1980 at about 85 youths per 100 working-age people. As more young people survive to adulthood, the youth dependency ratio is falling; it is expected to be about 76 in 2005 and 45 in 2050. Meanwhile, old-age dependency ratios are increasing only slightly in the least developed parts of the world.

Since 1950, there have been about six elderly people per 100 working-age people in the least developed countries, and this ratio is only expected to increase to 10 in 2050. The combination of these trends means that total dependency ratios in the least developed parts of the world are decreasing, from 91 per 100 in 1980, to 82 per 100 in 2005, to 55 per 100 in 2050.

A similar trend holds in areas defined as less developed by the United Nations. Youth dependency ratios peaked at about 76 per 100 in 1970, and they are slowly decreasing. In 2005, the United Nations expects 48 youths per 100 working-age people. By 2050, this number is expected to fall to 32. Regarding old-age dependency ratios, the numbers are increasing from about seven in 1950, to nine in 2005, to 23 in 2050. In less developed countries, many more people are expected to survive to old age in the future. The combination of these trends will lead to relatively stable total dependency ratios, as the United Nations expects 57 dependents per 100 working-age people in 2005, and 55 dependents in 2050.

Finally, the old-aged are a relatively bigger problem for the countries defined as more developed by the United Nations, while youth dependency ratios have been much lower. By the 2030s, more developed countries are expected to have the highest total dependency ratios on account of their old-aged. By 2050, more developed countries can expected 44 elderly and 27 children per 100 working-age people.

SEE ALSO: Aged and Poverty; Employment; Social Security; Working Poor.

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Dependency School

ORIGINALLY DEVELOPED during the late 1960s to explore questions of development in Latin America and the Third World, the Dependency School came up with an influential theory of world capitalism and the global system. Inspired by the debates about imperialism, dependency theories focused on the processes of capital accumulation on a global scale. The critical analysis of global poverty attempted by dependency theory is based on a fundamental distinction between core and periphery, namely between economically developed countries (DCs) and least developed countries (LDCs).

The expansion of the capitalist mode of production to the LDCs causes, according to dependency theory, the exploitation of the work power in these countries, the unequal allocation of profit, the deprivation of work rights, and the general impoverishment of the local population in LDCs. Poverty in LDCs is not seen autonomously, but rather as a structural part of the globalization of economy and as the product of the economical intervention of the DCs.

One of the premises of the dependency theory is that the deregulation of the mode of production in LDCs (for instance in countries of Latin America) and the establishment of a peripheral capitalism in favor of multinational companies are not a factor of economical development of the underdeveloped or less developed countries, but rather a factor of their proletarianization.

This proletarianization caused by the expansion of world capitalism leads to the creation of a chain system of reliance between countries and economies, especially to an economic dependency of the LDCs on the DCs. As LDCs have neither the technological means nor the skill-management techniques of companies in DCs, nor the infrastructure for the development of a strong, competitive capitalism, they are forced to depend on the multinational companies of DCs.

As long as surpluses in LDCs are extracted in favor of the DCs, these surpluses cannot be used for further investment in LCDs. Because of these processes, LDCs are being economically excluded, while social and economic inequality is extended to new zones.

Despite the general agreement on the elements described above, namely that poverty in LDCs is a product of capitalist expansion regulated by DCs and that this expansion does not support the development of the LDCs, the dependency perspective is not a homogenous, concrete theory of underdevelopment and exploitation. Despite their Marxist orientations and their opposition to neoclassical economics, dependency theories differ in their interpretive approaches to (under) development and poverty.

For instance, André G. Frank attributes underdevelopment to processes of capital accumulation that colonizing metropoles imposed on their satellites/areas, while Ronald H. Chilcote focuses more on the class structure and the political processes of repression with the dependent countries. Immanuel Wallerstein introduced the macrosociological concept of the world system and adapted the view of dependency theory in order to provide an explanation of the world economy as a total system.

In terms of the dependency theory, poverty is seen as a complex set of factors.

In his historical sociology of the world system, nation-states are variables of the broader world system, which is regulated by the capitalist market economy and by the hegemony of some core states imposed on weak peripheral regions. However, according to Wallerstein, this hegemony is not stable, for the global class struggle results in a continuous (or potential) change of interests and aims.

One of the most important contributions of the Dependency School to the analysis of poverty in LDCs is that it examined poverty and underdevelopment as a structural part of world capitalism, and not simply as a problem of modernization of the economies and the social systems of LDCs. It researched the colonial history of LDCs, their economic position in the global division of labor, as well as the role of local powers and elites and their relationship with core states. It showed that poverty in LDCs is more than a problem of underdevelopment.

In terms of the dependency theory, poverty is seen as a complex set of factors, class structures in and outside the LDCs, economic interests of DCs, and their

imposition on the LDCs by the exercise of physical and nonphysical power.

SEE ALSO: Economic Dependence; Globalization; Power and Poverty; Structural Dependency; Third World.

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Depression, Great

OF ALL THE HISTORICAL events that shaped the internal structure of America, three stand out above the rest: the War of American Independence, the Civil War, and the Great Depression. The Depression years were a time of great hardship and sweeping change. Prior to the Depression, Americans enjoyed progress and growth with only brief interruptions. There had been crises in the past, but this one was both more severe and enduring. The intensity and duration of this crisis created a desire for fundamental change.

The years leading into the Depression were good for most Americans, and outstanding for a few. Most of the rising income inequality during the 1920s came from investment income during the financial boom, rather than from labor income.

President Herbert Hoover found far less success than his two Republican predecessors. This could have been because of significant differences between his policies and those of Calvin Coolidge and Warren Harding. The Hoover administration was marked by the start of the worst economic period in U.S. history. Initially Hoover declared, "We in America today are nearer to the final triumph over poverty than ever before in the history of any land. The poorhouse is vanishing from among us." He could hardly have been more wrong in this prediction.

The economy began to slow after Hoover entered office. This was not because of his policies. The Federal Reserve Bank (Fed) fueled a boom with an easy credit

policy. In the summer of 1927, leaders of major central banks met in New York City. New York Fed Governor Benjamin Strong succeeded in pressing for a cheap money policy at this conference. By the end of the year, the Fed had lowered the discount rate from four percent to 3.5 percent and increased open-market purchases from 385 to 704 million. The stock market soared during late 1927 and 1928. This boom continued into 1929, but Fed policy began to change. In October 1928, Strong died. Illness prior to his death had left him ineffective. Strong's successor was more of a consensus builder than a leader. Concern over the stock market led to increases in the discount rate. Rates began edging up in 1928 and reached six percent before the crash. On October 24, 1929, the market began its decline. There were a few temporary rallies in stocks in the days that followed, yet the general trend was downward.

The stock market crash was a symptom rather than a cause of the Depression. Changes in monetary policy had slowed industry well before the crash. Employment in many industries peaked in early to mid-1929, and the economy slipped into recession during the summer of 1929. Yet few recognized the deterioration of economic conditions until the stock market crash on October 24, 1929.

HOOVER'S EFFORTS

There would have been a recession in 1929 no matter who was elected president. Unfortunately, Hoover unintentionally worked to convert a minor recession into a major catastrophe. Hoover's initial reaction indicated that he did not appreciate how serious the situation was. On October 25, 1929, Hoover said, "The fundamental business of the country, that is, the production and distribution of commodities, is on a very sound and prosperous basis." Hoover reacted to this crash by organizing conferences of industrial and labor leaders during November and December 1929. Hoover urged industrial leaders to avoid cutting wage rates. Many industrialists pledged to maintain wages. He thought that maintaining wages would spur economic recovery because these wages would also maintain consumer spending. His program did not deliver its intended ef-

This was a period of deflation. The Federal Reserve monetary policy ended the financial boom and worked to slow the economy. Subsequent bank failures led to a collapse of the money supply and deflation. With consumer prices falling, Hoover's program to keep wages from falling meant that real wages, adjusted for deflation, rose dramatically. Real wages in the machine tool industry rose four percent in 1930 and eight percent in 1931, and employment fell 38 percent in those two years. In the iron and steel industry real wages rose 1.5 percent in 1930 and 7.5 percent in 1931, but employment in the industry fell 68 percent. Other industries that followed Hoover's policies experienced similar results.

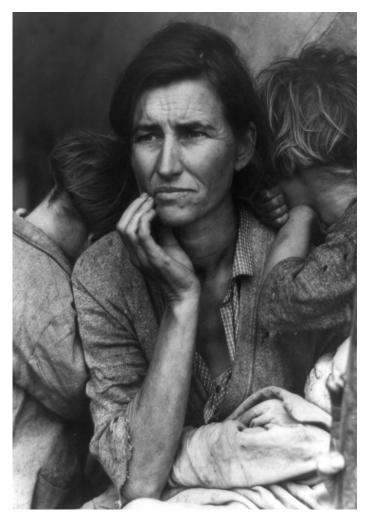
Those workers who retained full-time employment during these years of the Great Depression benefited from deflation. This increased the purchasing power of their wages. Of course, those who lost their jobs or had their hours cut endured severe poverty. The overall unemployment rate rose dramatically during these years. Gross National Product (GNP) had been \$203.6 billion in 1929, but it fell to \$183.5 billion in 1930, \$169.3 billion in 1931, and a dismal \$144.2 billion in 1932.

Per capita GNP for this period fell from \$103 to \$58. The severity of the poverty caused by this decline in average GNP is even worse when one considers that many industrial workers had increased wages incomes; others with lower wages were even worse off than per capita GNP figures indicate.

Hoover thought that by keeping worker income and federal spending high he could reverse the economic decline. Consumer and government spending would end the crisis. His high-wage policy was aimed at keeping household income and spending high. The Hoover administration increased federal spending in an effort to deal with this crisis. Federal spending on public works increased as soon as he entered office, before the onset of the Great Depression. The federal budget was \$2.9 billion in the year before he entered office. In his first year it increased to \$3.1 billion. By 1932 he had increased the federal budget to \$4.7 billion.

Much of this increased spending went into public works projects, including the Boulder, California Valley Central, and Grand Coulee Dams. His Employment Stabilization Act established the Employment Stabilization Board, which pushed for more public works. He did this during a collapse of federal tax revenue from \$4 billion to \$2 billion. This resulted in massive deficits; half of federal spending added to public debt. Coolidge had left office with a federal budget surplus of nearly \$1 billion. The federal budget ran a deficit of close to \$.5 billion in 1931 and nearly \$3 billion in 1932.

Hoover encouraged private banks to form the National Credit Corporation (NCC) as a means to support banks in financial difficulty. The NCC began operating on November 11, 1931. Federal Reserve officials pushed for a federal agency to perform this task. Con-



This famous photo by Dorothea Lange features pea-pickers in California; a 32-year-old mother of seven children. February 1936.

gress passed legislation founding the Reconstruction Finance Corporation (RFC) on January 22, 1932, and it began its operations on February 2 of that year. Congress initially funded the RFC with \$1.5 billion. The RFC paid out massive loans to banks and railroads. This generosity was later extended to industry and agribusiness. By July RFC funding expanded to \$3.8 billion. Large amounts of RFC money went to major banks, like J.P. Morgan.

When it came to poverty relief for poor families, Hoover advocated voluntary charity; however, the RFC disbursed \$300 million in loans to states for relief to poor families. Hoover also kept wheat and cotton prices high. These policies led to higher unemployment, more poverty, and idle stocks of agricultural produce. The unemployment rate was 3.2 percent in 1929, but it rose to 8.9 percent in 1930, 15.9 percent in 1931, and 23.6 percent in 1932.

Hoover claimed that his policies were a success. In fact he praised his own activism: "We could have done nothing. That would have been utter ruin. Instead, we met the situation with proposals to private business and to Congress of the most gigantic program of economic defense and counterattack ever evolved in the history of the Republic. ... For the first time in the history of depressions, dividends, profits, and the cost of living, have been reduced before wages have suffered. ... They were maintained until the cost of living had decreased and the profits had practically vanished. They are now the highest real wages in the world." Of course, real wages were very high, but at the expense of massive unemployment. Poverty and inequality increased among industrial workers, but the percentage of total disposable income received by the top five percent of households fell slightly during the Hoover years, largely because of losses in financial markets.

The Great Depression was unprecedented in both its severity and its worldwide scope.

Hoover lost his bid for reelection. Dire economic conditions caused a decline in his popularity. Also, there was an incident in which federal troops led by Douglas MacArthur drove a group of protesters out of Washington, D.C. The Democratic Party nominated Franklin D. Roosevelt (FDR). Roosevelt's personal charm made him an effective political campaigner and he defeated Hoover by seven million votes, with 472 electoral votes. Improving America's economic situation would not be as easy.

The Great Depression was unprecedented in terms of both its severity and its worldwide scope. Many European nations had experienced high and persistent unemployment starting in the 1920s. Also, some nations had even higher rates of unemployment than the United States. German unemployment had risen as high as one-third of the labor force. The European crises differed from the American Depression. Many of the European nations had experienced severe inflation, while America underwent deflation. In some countries, inflation became so severe that their currency became worthless. The hyperinflations in Germany and Hungary were particularly severe.

Dire economic conditions in Europe had fueled political extremism; World War I had already brought Marxists to power in Russia. Various Marxist and nationalist or fascist movements gained hold in Europe

during the 1920s. The emergence of persistent unemployment and industrial depression in America made it vulnerable to these influences as well. The extent of this crisis brought about intense desires for change. Some were willing to sacrifice political freedoms if it would restore economic order. While FDR did win in a land-slide, extremist candidates made alarming progress at the polls. Socialist candidate Norman Thomas got 884,000 votes. The communists got 103,000 votes. As the Depression dragged on, fascist movements like the German-American Bund gained support, too. The Roosevelt administration succeeded in preventing the growth of these extremist movements, but it used drastic measures of its own.

ROOSEVELT'S EFFORTS

The Roosevelt administration took Hoover's activism further with its economic policies. FDR extended the role of the federal government beyond what Hoover had done with the RFC. FDR formed a "Brain Trust" to design and implement a New Deal for the American people. Some of the most important figures in this trust were Harry Hopkins, Henry Morgenthau, Lewis Lowe, Averill Harriman, Cordell Hull, Harold Ickes, Frances Perkins, Sam Rosenman, Raymond Moley, and Rexford Tugwell.

FDR closed banks with the Emergency Banking Act in an effort to stem bank failures. His administration worked to pass legislation creating new federal agencies and redefined the role of the federal government in American society.

The Agricultural Adjustment Administration (AAA) came into existence to support farm prices. The Civilian Conservation Corps (CCC) aimed at employing 250,000 young men, and the Federal Emergency Relief Administration (FERA) paid \$500 million in grants to state relief projects. The Glass-Steagal Act established the Federal Deposit Insurance Corporation (FDIC). Today this agency insures bank deposits up to \$100,000. The Security and Exchange and Federal Securities Acts regulated the stock market. Additional legislation established the Tennessee Valley Authority (TVA), a public works project to produce hydroelectric power. The Rural Electrification Administration and TVA implemented federal energy policies. The National Industrial Recovery Act established detailed controls over industry. The Fair Labor Standards Act created minimum wages. FDR also intervened in private housing with the Homeowners Refinancing Act, the Resettlement Administration, and the Home Owners Loan Act. The Social Security Act established pensions for retired and disabled workers.

There were some obviously counterproductive results from these policies. Enforcement of farm prices meant that the federal government had to store or destroy excess crops and livestock. To many, the idea of wasting farm products, while some had little to eat, seemed absurd. Also, the enforcement of minimum-wage laws made it difficult for many unskilled and minority workers to find employment. One director of research estimated that FDR's minimum wages put half a million black workers out of work. The Fair Labor Standards Act threw 120,000 Puerto Rican workers out of work.

FDR faced opposition not only from fascists and socialists, but also within his own party. Louisiana Governor Huey Long claimed that FDR was beholden to business interests. Long's Share the Wealth program was supposed to "make every man a king." FDR had already promoted the idea of redistributing wealth from rich to poor. He advocated heavy progressive income taxes. Yet many of his other policies often did the opposite. Much of his New Deal was financed through excise taxes, which placed a severe burden on poor and middle-income households.

Also, his policies that kept agricultural prices high imposed hardship on unemployed and part-time industrial workers. These people could hardly afford to pay more for food, but were forced to by Roosevelt's policies. New Deal fiscal policies also redistributed income from the poorest region of the nation, the south, to other parts of the country where FDR needed more political support. Large amounts of federal money went to east and west coast electoral swing states. People in the northeast and west had incomes that were 60 percent higher than in the poverty-stricken south. Long had good reason to doubt FDR's commitment to redistribute income from rich to poor. Consequently Long's movement had considerable support. This challenge from FDR's left did not last, as Long died in 1935.

While some thought that FDR did not go far enough with his policies, others thought that he had gone too far. Many Americans became concerned with the power that FDR was concentrating in the executive branch of the federal government. Roosevelt asked Congress to allow him power "as great as the power that would be given me if we were in fact invaded by a foreign foe." The New Deal did expand the power of the executive branch beyond that of any previous president. While some merely voiced discontent about "that man in the White House," members of the Supreme

Court acted to stop New Deal policies that expanded governmental powers. The Supreme Court overturned much of the New Deal as unconstitutional. Many of the controls that FDR had established, especially with the National Industrial Recovery Act and the AAA, were undone by Supreme Court rulings.

FDR won his bid for a second term in a landslide. Frustrated with opposition to his New Deal, he attempted to "pack" the Supreme Court with his supporters. Part of his plan involved mandatory retirements of Supreme Court justices at age 75. The other part increased the size of the Court from nine to 12 justices. These moves would make it possible for FDR to appoint enough justices to guarantee support for his policies. This attempt to pack the Court galvanized opposition, so it failed. Yet the Supreme Court never challenged his programs again. FDR also opposed five senators of his own party in the 1938 mid-term elections, so as to purge opposition. All five won reelection. Had FDR succeeded in blocking opposition from the other two branches of the federal government, he would have ended, at least temporarily, the constitutional provision for separation of powers.

A slow recovery followed the final crisis of the Great Depression.

The Roosevelt administration succeeded in increasing the authority of the Federal Reserve Bank. The Gold Reserve Act of 1934 and the Banking Act of 1935 vested great powers in the Federal Open Market Committee and increased Fed control over bank reserves. In August 1936, Federal Reserve officials increased reserve requirements dramatically. The unemployment rate had fallen to 16 percent, but this increase in bank reserve requirements triggered a new crisis in the banking system.

Gross National Product bottomed out in 1933 at \$55.6 billion. It went up to \$65.1 billion in 1934, \$72.2 billion in 1935, \$82.5 billion in 1936, and peaked at \$90.4 billion in 1937. Unemployment had peaked at 24.9 percent in 1933, and fell to 21.7 percent in 1934, 20.1 percent in 1935, 16.9 percent in 1936, and 14.3 percent in 1937. The new financial crisis in 1937 reversed this slow recovery. In this new phase of the Depression, GNP fell to \$84.7 billion in 1938 and unemployment rose to 19 percent.

A slow recovery followed this final crisis of the Great Depression. Unemployment fell slowly to 17.2 percent in 1939 and to 14.6 percent and 9.9 percent in

the next two years. The economy approached full employment during World War II, not only because of the war. America was already moving back toward full employment before the war, and wartime spending did not end the Depression. Hoover and FDR both increased federal spending without solving unemployment. Industrial and labor market recovery came gradually with recovery in the banking and financial system, after the last of the financial panics.

While unemployment did fall to low levels during the war years, this did not restore prosperity. War production demanded great sacrifices. Household consumption expenditures rose somewhat during these years, but most of the increases in GNP were from military expenditures. Consumer spending skyrocketed after the war ended, but prior to this, most Americans worked hard for little in the way of increased consumption. While some think of the war years as a time of prosperity because of low unemployment rates, this is not true. The war years ended idleness, but deprivation continued.

With unemployment as high as one out of four workers during the Hoover years and in excess of 14 percent during every year of the first two terms of FDR's administration, there can be no doubt concerning poverty at this time. In some respects relative income inequality fell. The percentage of disposable income held by the top five percent fell for Democratic and Republican administrations during the Great Depression.

This decade of double-digit unemployment resulted in the impoverishment of millions. There were also many who could only find part-time work. There are many to blame for this tragic episode in American history. Hoover and Roosevelt bear responsibility. So do officials at the Federal Reserve Bank and members of Congress. The perception that Hoover was to blame and that FDR had saved the nation altered the political landscape for a generation. The Democrats controlled Congress in the decades that followed, eventually leading to the Great Society programs of Lyndon B. Johnson.

The Great Depression was undoubtedly one of the most important periods in American history. It changed what people came to expect from the public and private sectors. The federal government grew to an unprecedented size at this time. The private sector became more regulated. Some praise New Deal programs and policies, like Social Security and minimum wage laws. Some say that these measures dealt with poverty among the elderly and unskilled workers. Others see

these policies as either defective or outdated. While a consensus over the causes of the Great Depression remains elusive, the results of this event are clear. Poverty increased around the world and progress seemed to have stopped. Fortunately, this is a highly unusual historical episode.

SEE ALSO: Deprivation; History of Poverty; Hoover, Herbert (Administration); Income Inequality; Monetary Policy; Needs; Regulation; Roosevelt, Franklin (Administration); Social Security; Unemployment; United States.

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Deprivation

DEPRIVATION REFERS TO the effects that extreme poverty has upon the poor. It creates numerous difficulties for meeting the conditions of life. Numerous synonyms refer to the deprivations experienced by the poor. Some of these synonyms are *privations*, *dispossessed*, *deprived*, and *wanting*.

These terms point to the insight that poverty is not just the lack of means to satisfy needs and wants, it also robs people physically, emotionally, mentally, spiritually, and socially. Social scientists have developed a dep-

rivation index to isolate the factors that mark a person in poverty. The factors of the deprivation index include the poverty rate, educational attainment, unemployment rates, percentage of population who are speakers of a minority language, violent crime rate, and per capita income.

In Denmark, the Copenhagen Declaration described a condition of absolute poverty as one that is characterized by severe deprivation of basic human needs. The human needs, the omission of which created the deprivation, include food, safe drinking water, sanitation facilities, healthcare, shelter, education, and access to information.

The World Bank has described deprivation as "extreme poverty." It defines this as being compelled to live on less than \$1 per day. Living on less than \$2 per day is mere "poverty." These standards of income or resources available for living show, in terms of demographic statistics and charts, that a fifth of the world's people live in extreme poverty and at least half were poor in 2004. These statistics show that deprivation, that is, living without food, safe drinking water, sanitation facilities, healthcare, shelter, education, informational resources, and more, is caused by a number of factors.

The causes of deprivation include a natural lack of resources, social disorder, and political failure. People living in the Sahara or other harsh environmental conditions are compelled to survive with few resources available for meeting needs. The lack of safe drinking water can be due to arid conditions, but it can also be due to a lack of technology or resources for digging wells or for impounding water in the wet season for use in the dry season.

Sometimes the lack of water or food or other necessities is due to social conditions. People trapped in poverty can become so physically exhausted that they lack the energy for envisioning improvements in their situation. Not only are individuals affected, but whole societies may see no way to improve life. The need to protect the few resources available may give rise to social attitudes hostile to new methods or technologies. These are perceived as very risky. If they fail, people will die rather than merely continue to subsist. In these circumstances people may be so deprived that they fear innovation.

Deprivation affects people not only physically but also socially so that the poverty endured can give rise to a culture of poverty. People in these circumstances do not have the social resources for uniting to provide water or irrigation for their crops. The lack of social resources may be due to a destructive political history. Even if the natural resources are available to the people of the country, they may be too divided ethnically or so lacking in skills that they cannot unite in the common cause of economic development. Another reason for deprivation is thievery. In addition slavery, the theft of a person's liberty and labor, has been reported as returning to Africa and the Middle East in various guises.

SEE ALSO: Deprivation Index; Economic Insufficency; Income Inequality; Social Inequality; Social Stratification.

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Deprivation Index

A DEVELOPMENT INDEX is any measure of well-being that combines a variety of quality-of-life variables into a composite statistic, while a *deprivation index* is any measure of poverty that combines a variety of indicators of social ills into a composite statistic. While per capita income is the most commonly used and most widely accepted measure of a country's economic achievement, deprivation indexes provide a broader measure of the overall level of poverty in a country by focusing on a variety of statistics beyond simply income and may, therefore, better reflect a country's true level of development.

Probably the best known deprivation index is the Human Poverty Index (HPI), which has been published at the country level by the United Nations Development Program (UNDP) since 1997. The UNDP calculates the HPI differently for developing countries and high-income nations. The Human Poverty Index for rich countries, known as the HPI-2, is the weighted average of four variables: the percentage of the population not surviving to age 60, the level of functional illiteracy among adults in the country, the percentage of people living below the income poverty line defined as 50 percent of the median adjusted disposable house-

hold income, and the rate of long-term unemployment exceeding one year in duration.

The Human Poverty Index for developing countries, HPI-1, is the weighted average of three variables: the probability of a person not surviving to age 40, the adult illiteracy rate, and the combined percentage of the population without access to safe water and the prevalence of underweight children. Both the HPI-1 and HPI-2 are weighted in such a manner as to place a greater emphasis on the components in which there is the highest level of deprivation.

The New Zealand Index of Deprivation measures poverty in regions of the country by combining the percentages of people who receive a means-tested benefit, are unemployed, have an income below a set threshold, have no access to a telephone, have no access to a car, live in a single-parent family, have no job qualifications; do not live in their own home, and live in a household below a designated bedroom occupancy threshold.

The Index of Multiple Deprivation measures poverty in the United Kingdom using multiple indicators within seven broad domains: income deprivation; employment deprivation; health deprivation and disability; education, skills, and training deprivation; barriers to housing and services; living environment deprivation; and crime.

The State University of New York Social Deprivation Index, which is calculated for most metropolitan areas in the United States, combines the poverty rate, per capita income, percentage of population aged 5 and older speaking a foreign language at home and reporting that they speak English "not well" or "not at all," unemployment rate, percentage of population 25 and older with no high school diploma, and the violent crime rate per 100,000 population.

As might be predicted, the primary criticism of any deprivation index is the choice of variables used to calculate the index as well as the weights placed on each of the variables. In addition, as with most national or regional measures of poverty, a relatively low overall deprivation index can disguise pockets of extreme poverty within certain geographical areas or ethnic groups.

SEE ALSO: Direct and Indirect Measures of Poverty; Human Poverty Index; New Zealand; United Kingdom; United Nations Development Program.

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Deserving Poor

ALTHOUGH THE CONCEPT of the deserving poor has deep historical roots, its modern usage stems from Victorian reforms to the Poor Laws, which reinforced existing social attitudes by creating legal distinctions between the deserving and undeserving poor. The deserving, or honest, poor were those individuals who were deemed incapable of work as the result of incapacity, illness, crippling injury, infirmity because of old age, or physical disability, such as blindness or mental deficiency.

These individuals, Victorians believed, deserved charitable aid according to the tenets of Christianity. For other individuals in need of charitable assistance, their poverty was frequently viewed to be the result of their own vice or irresponsibility. While acknowledging that the fluctuation in the economy and the labor market frequently resulted in unemployment, Victorians believed that it was the responsibility of workers to save sufficiently out of their wages to meet such contingencies.

In Britain in 1876, the Charity Organization Society detailed in its annual report the contingencies for which it believed workers could reasonably be expected to save money, including temporary unemployment, illness, or inordinately large families. The fact that many working families were unable to save such funds was seen as an indication of their personal failing rather than as an indication of the unjustly low wages within the newly developing industrial economy.

For Victorians and succeeding generations, the necessity of separating the deserving from the undeserving poor was emphasized by the belief that all charitable relief ultimately contributed to the development of permanent and often intergenerational dependency. For Victorians the solution was to establish conditions of relief that were "less eligible" than the lowest standard of living that could be obtained through paid labor in the community. In this way, only individuals who des-

perately needed aid would seek poor relief. Applicants before the Charity Organization Society who failed to meet its expectations for working-class thrift were recommended to the workhouses. The "workhouse test" further separated the "dishonest" or undeserving poor from those who truly had no other alternative, by linking poor relief to a series of humiliating and harsh requirements.

While conditions varied, the underlying purpose of the workhouse was to punish the poor and thereby discourage poverty. Families who entered the workhouse were separated, required to relinquish personal possessions, and forced to wear standardized uniforms. In exchange for a minimum of food and other necessities, inmates were required to perform a range of unskilled and often unproductive labor. While conditions at some workhouses were notably better, workers who needed only temporary relief faced a stark choice between begging and committing their entire families to the workhouse. In this manner, Victorian poor relief was divided between the "outdoor" relief provided to the deserving poor in their own homes and the "indoor" relief of the workhouse for those judged to be less deserving.

The concept of the deserving poor continues to operate in the modern context.

Although the workhouse system was eventually abandoned as ineffective, social attitudes, which differentiated between the deserving and undeserving poor, continued to influence social welfare policies in the western world throughout the 20th century. This was most evident during the Great Depression, when relief policies were frequently based on the character of the applicant. Although Western nations such as Britain, the United States, and Canada all developed institutional social security policies following World War II, the concept of the deserving poor continues to operate in the modern context through workfare programs that have increasingly tied social relief to the recipients' compliance with mandatory work or retraining schemes.

SEE ALSO: Begging; Charity Organization Society; Moral Poverty; Poor Laws; Workfare.

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de Soto, Hernando (1941-)

RECIPIENT OF THE Milton Friedman Prize for Advancing Liberty, Peruvian economist Hernando de Soto is an extraordinary individual. Returning to his native Peru in 1979 following a successful business career in Europe, de Soto began to study the question of poverty and asked why some countries are developed and affluent and others are not.

He noted that in Peru there was no lack of entrepreneurial drive among the people. In addition, the people had assets. The problem was that the people did not have government acknowledgement of what they produced and owned. In his 1986 book, *The Other Path*, de Soto argued that workers, successful as they were in the informal economy, were essentially locked out of the formal or legal economy: they may have houses but they were not officially titled, they grew crops for sale but had no deeds to the land, and they ran successful businesses but did not have the documents of incorporation that would provide legal status.

De Soto formed the Institute for Liberty and Democracy (ILD), an organization devoted to the study and analysis of inequities in the business dealings of countries in the developing world. In Peru, attempts to obtain rights of ownership for land and businesses from the national government were extremely difficult. Without formal title to their property, individuals were not able to use their assets for collateral or obtain bank loans to expand their operations. De Soto and his colleagues at the ILD call these untitled assets dead capital. The ILD estimated in 2004 that dead capital in the developing countries totaled over \$9 trillion. De Soto contends that capitalism is not inclusive of all those entrepreneurs in the developing countries whose property is untitled and therefore not usable for acquiring loans for much-needed business expansion.

De Soto and his colleagues did extensive fieldwork in the cities and rural areas of the developing world in order to determine the extent of dead capital in existence in these places. Their findings were astounding. In Egypt, for example, the assets of the poor merchants operating in the informal economy were found to be 55 times greater than all foreign investment. Despite this accumulated wealth, the merchants are not able to transform their assets into liquid capital, which would allow for the generation of new wealth through increases in production, the growth of new businesses, and the eventual alleviation of poverty. Property must be officially documented and affirmed by the national government before it can be fully incorporated into the capitalistic system.

In his article "Why Capitalism Works in the West and Not Elsewhere," de Soto points out that assets outside the West are held in "defective forms." For example, houses are built on land whose ownership records are incomplete or missing. Not being properly recorded, land of this type and the buildings on it cannot be easily sold to raise capital for other uses. In addition, without proper title the land cannot be used as collateral for loans. Without these legal representations, de Soto claims, people in the developing countries and the former communist regimes have not been able to fully embrace capitalism. As such, their economies are stalled and growth cannot be maximized.

De Soto and his colleagues in the ILD have been sought out for their advice on economics in many countries. Mexico's President Vincente Fox had de Soto working on property-rights issues in his country. De Soto has been summoned to Egypt to assist in the implementation of a property-rights program. In addition, two presidents of the Philippines, Joseph Estrada and Gloria Arroyo, have sought de Soto's help on similar issues. At one point in his advocacy career, de Soto served as an adviser to Peruvian President Alberto Fujimori.

Prior to de Soto's initiatives on property rights, Peru and other countries held strong control over the ways business was done, and the withholding of property rights held the poor in check. It is not surprising that the Shining Path organization, a terrorist group in Peru, did not take kindly to de Soto's findings and the demands of the ILD. In fact, de Soto's life was threatened on more than one occasion because of his stance on property rights and demands for change.

De Soto's challenge is to break the hold that lessthan-progressive governments have on their workers and to bring an era of legal property rights to them. To do so will open these countries to economic growth and expansion. SEE ALSO: Antipoverty Programs; Capitalism; Exclusion; Exploitation; Microcredit; Peru; Privatization; Pro-Poor Growth.

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Destitution

DESTITUTION IS A FORM of poverty in which people are so lacking in material goods that they have nothing. The devastation may be caused by cataclysmic natural disasters or due to human-caused disasters such as war. Many scholars who write about poverty consider destitution to be synonymous with extreme poverty or extreme want. Similar terms that are not as extreme but do describe extreme conditions of want are indigence, pauperism, beggary, and utter want.

There are many reasons why people may be destitute. The devastation caused by natural disasters can destroy all resources. Throughout history whole cities or regions have been ravaged by fires, floods, earthquakes, tsunamis, hurricanes, plagues, famines, severe winters, or other disasters.

From time to time people who had little to begin with were rendered destitute when floodwaters not only destroyed what they had but brought silt or fill that destroyed farmland, rendering the land useless for agriculture. In Central America, Hurricane Mitch (October 22 to November 4, 1998), a category 5 hurricane, brought terrible flooding to Honduras, Nicaragua, and elsewhere in the region. The floods not only killed hundreds of people, but livestock and other farm animals were also wiped out. The resulting devastation made many poor people destitute; their only recourse became the aid supplied by international relief efforts.

Other examples of natural disasters causing destitution can be found in the areas that are prone to severe earthquakes. People may be killed in great numbers by the earthquakes because they are in buildings that were not built to withstand severe shocks. The impact may render whole areas destitute, because those who survive

have lost their businesses, homes, and families and are left with only a pile of rubble.

Famine can also be a result of destitution. In the 1840s Ireland was hit with a potato virus that killed potato plants, a staple of the Irish diet. The Irish population had grown to a great extent because of the extra food supply provided by potatoes. Lacking money, especially enough to buy food, a great many of the Irish, perhaps as many as one million, starved to death. With money, food would have flowed to a market, but lacking money or resources that could be converted into money, the destitute were left to starve.

Other natural disasters include drought and bad harvests. The Sahel in Africa, the semiarid belt that stretches across Africa, is a transition zone between the Sahara Desert and the broad savannahs of Africa. In the last part of the 20th century the Sahel was affected severely by drought. Many of the people, and especially the nomadic people of the area, lost their livestock. Without sheep, goats, or especially camels they were rendered destitute.

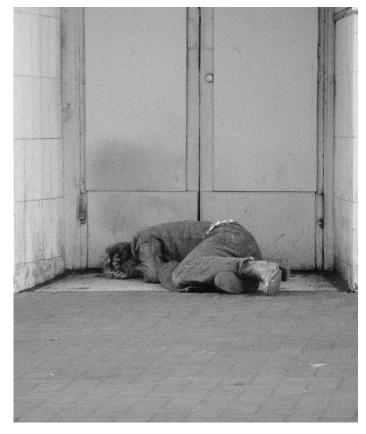
In other areas farmers in Asia have been affected by bad harvests enough that they were forced to choose between losing their land and total destitution and selling one or more of their children. Boys were usually kept, but girls sold, often into prostitution. There have also been men who joined armies or women who entered into prostitution to escape their destitute condition. The other practical choice was to die of starvation or turn to theft or banditry.

High population growth, along with the exhaustion of the soil in Ethiopia and other places in east Africa, has caused the poor to become even more destitute. The neighboring country of Somalia has been racked by clan warfare, with great numbers of people left so destitute that they starve.

Destitution can also be caused by human actions. Bad economic decisions or severe changes in economic conditions can cause people to lose all that they have. The Great Depression of the 1930s was global in scope. In the United States over a quarter of the people in the country were reduced to surviving with little more than the clothes on their backs. Millions were regularly fed at soup kitchens by charitable groups.

Homeless people in the United States, Europe, or elsewhere are usually destitute as well. What little they have would be insufficient to do more than purchase a meal or two, if that much.

Wars have often reduced people to destitution. Whole countries have been reduced to starvation with little in the way of resources remaining. Much of the



Homeless people are considered destitute or in a condition of extreme poverty, having practically nothing.

population may be left dead at the end of the war. This kind of destitution may leave the living with little for rebuilding the country or their lives. Others may become refugees who inundate another country looking for help for survival. The effect may be very damaging on the places to which they go.

Modern industrial societies have adopted policies that organize the economy, tax laws, spending programs, and more into social security safety nets. These programs include various forms of health insurance, Social Security, unemployment compensation, workmen's compensation, and others. The goal is to put a floor on the economic depths to which people can sink. Rather than allowing people to become destitute, a social safety net is provided. The safety net sets a level of income for people to receive that will keep them from becoming totally destitute.

SEE ALSO: Extreme Poverty; Indigence; Poverty in History; Social Security; Unemployment.

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Development Gateway

DEVELOPMENT GATEWAY IS a nonprofit organization started in 2001 by the World Bank. Former World Bank President James Wolfensohn promoted its formation. A board of directors governs Development Gateway. The board's members come from 12 countries (Australia, China, Germany, India, Italy, Japan, Korea, Luxembourg, Mali, Mozambique, Pakistan, and Rwanda). In addition, other members are from a private company (MphasiS) and from the United Nations and the World Bank.

The Development Gateway Foundation is a promoter of development. Its primary goal is empowering people in developing countries so that they can live more wholesome lives. The method of development used by the foundation is to build partnerships, especially through internet information systems. These networks provide access to the knowledge and information necessary for sound and permanent development. The foundation seeks to serve the needs of development practitioners, civil society, private sectors, the official donor community, and many others.

The spread of the internet has allowed Development Gateway to utilize the new cheaper information and communication technologies that are currently available. These allow people to increase their knowledge by sharing information to enhance development effectiveness, to improve public-sector transparency, and to empower communities so that they can build a new, more prosperous life. Development Gateway uses internet portals to assemble people, information, and resources interactively so that a community of those dealing with poverty is created. Internet portals allow for greater communications not only between individuals but also between organizations and communities.

The end result is that communities can share information much more effectively than ever before.

The sharing of information not only pools development understanding and information, it also creates new communities as people share experiences. Development Gateway is using e-purchasing for public agencies to serve the poor (dgMarket). The dgMarket is an online service that provides access to government contracting for purchases of supplies around the world. The goals are to foster government transparency and efficiency. The dgMarket seeks to promote business opportunities for suppliers so that the market is more efficient and cost benefits go to the poor.

The information gathered is available as major development topics (called Topic Pages) and as local information service providers (Country Gateways). The Topic Pages are e-communities led by experts in the development field. The Topic Pages allow people to connect with partners, members, organizations, and other stakeholders. The connections create opportunities for exchanging knowledge, know-how, and opinions. The Topic Pages allow people who are development specialists to "virtually" meet and to exchange information on development. There are 26 critical areas in which experts are used as guides and global topic advisers to arrange information into forms that can be used to promote development.

Another feature of Development Gateway is AiDA (Accessible Information on Development Activities). AiDA is an online directory of the development activities of organizations around the globe and is the largest online source of information on development projects in the world. It allows access to records on planned, current, and completed activities and programs from international organizations by country, region, sector, or thematic area.

Gateway has a monthly newsletter, *Development Gateway Newsletter*, that seeks to promote development. The newsletter provides news about conferences, development projects, and development resource links.

SEE ALSO: International Nongovernmental Organizations; Poverty Research; Technology; World Bank.

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Direct and Indirect Measures of Poverty

POVERTY CAN BE considered a special case of the measurement of well-being. The Concise Oxford Dictionary explains the adjective poor as a state of "lacking money or means to live comfortably," and the noun poverty is defined as the state of being poor and as "want of the necessities of life." Consequently, poverty and the poor had to be analyzed within the state of want, with deprivation that is related to the necessities of life. In general, poverty also can be defined as living below some threshold of the distribution of welfare. This, on the other hand, brings poverty close to the concept of inequality. The inequality implies that at the bottom of the welfare distribution a certain level of deprivation exists. That particular level of welfare is referred to as the poverty threshold in the literature, and has a central place in definitions and measurement of poverty.

There are two principal issues surrounding the measurement of poverty. First, we need to establish what kind of poverty we are attempting to measure, and second, we need to choose what kind of measures of poverty we are going to use.

Similarly there are at least two rivaling approaches in poverty research: absolute poverty and relative poverty. Arguably, these unidimensional approaches reflect the stages in historical development of poverty measurement. Recently, three additional approaches emerged in the literature on poverty: relative deprivation, multidimensional, and dynamic approaches.

The measurement of poverty started in the early 20th century with the use of an absolute-income threshold for buying food of minimum nutrition. In his pioneering study (Poverty: A Study in Town Life) in the city of York, England, Seebohm Rowntree, by conceptualizing poverty as the minimum physiological capability to function, laid the foundation for the absolute poverty approach. Within this approach poverty is perceived as living under the minimum below which physical efficiency could not be maintained, and it is that minimum rather than the way of living that separates the poor from the nonpoor. In his Poverty and Famines, Amartya Sen elaborated the very basics of the absolute concept of poverty. According to Sen, there is a core of absolute deprivation that results in starvation, malnutrition, and visible hardship.

The U.S. Bureau of the Census poverty threshold is considered an absolute threshold. The dollar amount

threshold was originally estimated from the cost of a minimum food basket multiplied by three (since it was estimated that an average family spends a third of its income on food).

In 1992 the Census Bureau defined the poverty line as \$6,932 for a single-person household and as \$13,924 for a four-person household. The U.S. poverty threshold has been criticized for neglecting the rise in the general standard of living, regional differences, noncash benefits, and other factors. Nevertheless, the Census Bureau threshold remains the single poverty measurement in the United States.

In Europe, in contrast to the United States, poverty has been increasingly conceptualized in relative terms. Peter Townsend, the principal advocate of the relative concept of poverty, emphasizes the fact that necessities of life are not fixed; rather these are continuously adopted and augmented and socially and historically determined (*Poverty in the United Kingdom*). Consequently, attention has been shifted from an absolute threshold to examining the situation when resources fall far below an average level of income. This approach implies that poverty is more a function of income.

Stein Ringen argued that a lack of material resources is neither necessary nor a sufficient condition for poverty. While a supporter of the relative definition of poverty, he insisted that poverty should be measured directly as deprivation and not indirectly as the lack of resources. This is the third approach to poverty, known as the relative deprivation approach.

The intensive research on poverty in the 1980s led to the formation of the multidimensional approach. This point of view asserts that poverty is a complex phenomenon and should be measured with a set of several indicators, including direct, indirect, and subjective measures. Finally, the dynamic approach to poverty attempts to address the questions of poverty persistency, intergenerational aspects of poverty, and other factors.

However, regardless of what concept of poverty is adopted, the technical problem of measurement remains. In general, the measurement indicators can be divided into subjective and objective. The subjective type of poverty measurement uses the informant's subjective perception on her financial/material situation as the indicator of poverty.

Objective measures can be either direct or indirect. Direct measurement of poverty, the poor living conditions or unsatisfied basic needs method is based on direct observation of the specific, factual satisfaction of needs. The observed condition level is then compared with its normative threshold. Several deprivation in-

dexes have been developed for directly measuring poor living conditions to identify the poor. Most of these indexes are simple sum variables, calculated from a set of dummy variables, in which each variable indicates the lack of some essential consumer durable, problems with accommodation, and others.

Alternatively, one can measure resources that are at the disposal of the household, and compare the magnitude and composition of these resources with the resource requirement necessary to meet the basic needs. These methods that use low resources are known as indirect measures of poverty. *Indirect* refers to the fact that these indicators measure poverty indirectly, that is, they measure the lack of resources that is assumed to cause deprivation. In the indirect approach, the focus is on the identification of the potential satisfaction of human needs.

The principal indirect method that has been applied empirically is referred to as a poverty line. By this method identified resources are reduced to the current disposable income or consumption expenditures (poverty line) and then compared with actual household disposable income or consumption expenditures and expressed as a quantity of money per unit of time.

Indirect poverty indicators that use the distribution of income to identify the poor are also known as financial poverty indicators, since measuring poverty as low expenditures (or low consumption) is technically similar to measuring financial poverty. One of the main advantages in using low consumption to indirectly measure poverty is that there are substantial variations in housing costs between regions and countries. On the other hand, the lack of reliable data on household expenditures, especially when compared with data on household incomes, presents a serious obstacle in the use of low expenditures as the indirect measurement of poverty.

Because of the imperfection of a single poverty measurement indicator, and especially given the fact that different indicators provide different poverty assessments, all three types of indicators are often used side by side. By using more than indicator, a more comprehensive and reliable analysis of poverty is achieved.

SEE ALSO: Absolute-Income-Based Measures of Poverty; European Relative-Income Standard of Poverty; Relative-Income-Based Measures of Poverty.

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Disability Insurance

ONE OF THE CAUSES OF poverty is the loss of income because of illness or injury. To prevent this, disability insurance coverage by either the government or private companies has been developed. The idea of individual disability insurance is a simple concept. Insurance companies have designed insurance policies so that for a relatively small monthly payment a wage earner can purchase a policy that replaces much of his gross income. The amount replaced varies with the policy and also varies accordingly in cost.

In the United States "income from whatever source derived" (Sixteenth Amendment to the Constitution) is liable for income tax. The federal government in the United States has adopted legislation that excludes benefits from a disability policy as part of the gross income of an individual that would be liable for taxation. The exclusion of disability insurance benefit payments from income taxes has two desirable advantages. First, it reduces the cost of the insurance to individuals. Otherwise, in order to replace the income that would be lost if injury or illness caused permanent loss of the ability to earn a living by working, the cost of the needed insurance would be much higher.

An additional advantage is that a greater number of people who participate in purchasing disability insurance policies increases the pool of people who are contributing to the unfortunate few who will experience permanent disability. It also provides the insurance company with funds for investment, which not only attracts stockholder investors but also further reduces the cost of developing the reserves needed to pay disability benefits when necessary.

In the United States, the large number of insurance companies offering disability insurance policies gives consumers many competitive choices. However, as in all market situations, the quality of products varies along with the price. One danger to a person who purchases a

disability policy is that the insurance company may have drafted the policy so that it will seek to evade payment responsibility under the terms of the policy. Another danger is that the company may not succeed financially and therefore go bankrupt. If bankruptcy occurs, then the insured whom is owed financial support under the terms of the disability policy may lose the income and receive nothing. The financial impact for a family in that circumstance could be devastating.

Insurance companies are regulated in all the American states by a state insurance commission or commissioner. The exact title varies from state to state, but the functions are performed regardless of the title. The mandates for each insurance commissioner in every state are to see that the insurance companies operate on the basis of sound principles and to promulgate regulations that encourage insurance companies to operate in the state.

Other forms of disability insurance are those provided by governments. The Social Security system in the United States provides a limited amount of supplemental income for those who suffer permanent disability before their retirement. It pays for permanent complete disability as a percentage of the income the person was making. However, unlike some private policies, it will not pay for partial disability. In addition, if the person who is disabled has a private policy, a windfall elimination formula reduces the amount paid. European countries have similar systems, but in those countries the benefits are much more generous.

SEE ALSO: Social Insurance; Social Insurance (Universal); Social Security; Unemployment Insurance; Workers' Compensation.

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Disease and Poverty

THERE IS A direct correlation between poverty and disease. Poverty creates a cyclical relationship with dis-

ease for vulnerable groups and countries in that it causes people and countries to be hopeless, unaccountable, and irresponsible, which in turn creates the conditions for disease to fester and spread. Thus, from a human behavior perspective, many of the diseases that are causing so much suffering in our world today could be prevented if individuals and governments would be responsible in their behavior.

The deadliest diseases are mainly found in the poorest regions of the world.

While this may come as a harsh indictment, an analysis of the causes and spread of some of the deadliest diseases will reveal that they could be contained if governments and individuals acted in ways that would minimize their outbreak and spread. However, governments and people in poor countries have not acted to curb diseases because they do not have the resources with which to act in the first place. Therein lie the dilemma and hopelessness of disease control in poor countries.

The deadliest diseases are found predominantly in the poorest regions of the world. The poorest people in these places are the most vulnerable as well. Sub-Saharan Africa and southeast Asia are the two regions in the world where the human cost of disease is greatest and poverty levels are highest. Indeed, sub-Saharan Africa is the only region in the world now where poverty levels keep rising and more people are afflicted with killer diseases every year.

In a feature article in *Time* in March 2005, Jeffrey Sachs drew attention to the persistence of poverty in Africa by stating that "while the economic boom in East Asia has helped reduce the proportion of the extreme poor in that region from 58 percent in 1981 to 15 percent in 2001, and in south Asia from 52 percent to 31 percent, the situation is deeply entrenched in Africa, where almost half of the continent's population lives in extreme poverty—a proportion that has actually grown worse over the past two decades as the rest of the world has grown more prosperous."

The magnitude of poverty in Africa can be appreciated from the Live 8 Concerts that Bob Geldof, in association with other activist musicians, organized in different cities across the globe to draw the attention of G-8 leaders meeting in Scotland in July 2005 to poverty in Africa. Geldof organized a similar concert in 1985 to raise money to fight African poverty in Ethiopia.

Twenty years later, the situation appears to have worsened. One of the clearest expressions of the links between disease and poverty is the HIV/AIDS pandemic.

HIV/AIDS PANDEMIC

In the 1980s, when doctors and scientists were grappling with the cause and mode of spread of AIDS, a staff writer for *Time* magazine wrote that more than two million Africans were infected with the HIV virus. Less than 20 years later, in 2002, the World Health Organization (WHO) estimated that there were 29.4 million Africans living with HIV. In 2005 there were an estimated 35 million people worldwide living with HIV/AIDS and the greatest number lived in sub-Saharan Africa.

Sue Sprenkle of the Southern Baptist Convention International Mission Board wrote in 2001 that "only 10 percent of the world's people live in Africa, yet it is home to 70 percent of the world's HIV-infected people." Countries in southern Africa are the worst hit. According to estimates, one in every four people in Botswana is HIV-positive; it is one-in-three in Zimbabwe. South Africa is perhaps the worst case in the world. In 1986 HIV prevalence in adults in that country accounted for only about one percent; by the end of 2001 it had risen to about 39 percent.

Not surprisingly, of the 3.1 million people worldwide who died of AIDS in 2002, 2.4 million were living in sub-Saharan Africa. For South Africa alone, WHO has estimated that for the age group 15–34 years living with AIDS, 1.3 million would die between 2000 and 2005, and a further 1.7 million in the next five years. The United Nations projects that there will be 40 million AIDS orphans in Africa by 2010. Some of these orphans would be carriers of the AIDS virus. The problem of HIV/AIDS in Africa thus reflects the deepest levels of misery and hopelessness.

When we contrast the prevalence of HIV/AIDS in the world's poorest regions with that in developed countries, an interesting scenario emerges. In First World countries, the incidence of AIDS is greatest among Third World communities, that is, communities in developed countries that mimic conditions of life in Third World countries.

In the United States, for example, a Centers for Disease Control and Prevention (CDC) report that appeared in June 2005 estimated that more than one million Americans were living with the HIV/AIDS virus, up from between 850,000 and 950,000 in 2002. The report explained that the increase is due to the fact

that people suffering from AIDS are living longer because of the availability of powerful drugs. Importantly, the report indicated that African Americans make up 47 percent and gay and bisexual men represent 45 percent of HIV/AIDS cases in the United States.

The categories "black," "gay," and "bisexual" represent marginalized and underresourced groups in the United States; however, they do not give a good measure of comparability. The demographics for 2003 are rather revealing. For every 100,000 people in given populations, the rates of HIV/AIDS infection were as follows: 58 for blacks, 10 for Hispanics, eight for American Indian/Alaskan, six for whites, and four for Asian/Pacific Islanders. The rates for all other groups combined are less than half of the rate among the black population. One wonders whether this is coincidence or an accident; it would suggest that black people everywhere have been especially marked for the disease.

OTHER DEADLY DISEASES

In addition to AIDS there are other deadly diseases that afflict millions of poor people worldwide. A WHO report in April 2005 stated that outbreaks such as Ebola and Marburg in Africa and SARS in Asia may arouse genuine fears in people, but they are not the biggest killers. Diseases such as malaria, diarrhea, tuberculosis, measles, meningitis, tetanus, and syphilis continue to kill millions in nations in Africa and southeast Asia, although in absolute terms the rate of death is greatest in Africa than anywhere else.

According to the report, malaria kills between one and five million people around the world every year, and 90 percent of the deaths occur in Africa where a child dies of malaria every 30 seconds. A CNN news report in April 2005 stated that malaria costs Africa \$12 billion a year. In southeast Asia, a similar trend can be observed. The WHO director for the region, Dr. Uton Muchtar Rafei, told a conference on tuberculosis (TB) and malaria in Dhaka, Bangladesh, in November 2000 that about 25 million people suffered from malaria and over 1.25 billion people were at risk of infection in the region. With reference to TB, Rafei said that about 40 percent of the people in southeast Asia were infected and more than 1.5 million died in 1999 alone. He said that 95 percent of TB cases worldwide occur in poor countries and that in these countries, poor people are the most vulnerable.

In addition, in southeast Asia, a joint mission of international donors visiting Afghanistan in April 2002 drew attention to the appalling state of health delivery



Rampant disease and dire poverty seem to go hand in hand in Africa. Above, a woman and her child await medical treatment in the tuberculosis tent in a refugee camp along the Ethiopia-Somalia border.

in the war-ravaged country, especially in rural areas where the doctor-patient ratio is one to 100,000. The mission reported that only 65 percent of Afghans had access to health facilities, while only 32 percent of children were immunized against childhood diseases. The mission recommended that donors invest \$200 million in healthcare to enable Afghans to move beyond the cycle of disease and deprivation.

HOW DISEASE OCCURS

Given the spread of diseases in poor countries, it is necessary to examine how they occur. HIV/AIDS is a good example. Some people, mostly a few evangelical Christians, have suggested that HIV/AIDS is divine punishment to curb promiscuity and homosexuality. There is even an apocalyptic ring to that suggestion, and it says

that in the last days incurable diseases will afflict humanity. To some Christians, then, HIV/AIDS and other deadly diseases point to the end of the world. To the extent that the medical and scientific community has not yet developed a cure for HIV/AIDS, these Christians may continue to hold their unique perspective on the disease.

Indeed HIV/AIDS is largely a sexually transmitted disease; however, it is not solely the disease of the sexually promiscuous, although such people stand a greater risk of infection. Millions of children have been born with the disease through no fault of their own, while others have contracted the virus through blood transfusion or intravenous needle-sharing with infected persons. What is evident is that HIV/AIDS has emerged as the disease of the poor both in developed and developing nations.

One important factor regarding the spread of AIDS is government intervention and public responsibility. In rich countries, governments spend millions of dollars educating people and funding research to find a cure for the deadly disease. An MSNBC news report of July 5, 2005, states that the U.S. government passed a law that required all expectant mothers to undergo an HIV/AIDS test. The purpose was to protect unborn babies from contracting the virus from mothers who may be infected.

This was a great preventative measure that served as the first line of defense against the disease in children. The government could pass this act because it had the resources to carry out the tests. But it is one thing to diagnose a disease and another thing to offer a cure to the afflicted. About 39 million Americans do not have health insurance, meaning that they do not have access to quality healthcare. If any of them contracts the HIV/AIDS virus, he would not know that he is a carrier and would unknowingly pass it on to partners. Thus even in the richest country in the world, the danger of AIDS is a factor of poverty.

Some attributed infection to witchcraft or action by angry ancestors.

The situation is worse in poor countries, where governments cannot fund research or import retroviral drugs to curb the spread of HIV/AIDS. In terms of educating the public about safe sex, governments in these countries face an uphill battle because of illiteracy, ignorance, and poverty. Radio and television advertisements have not been effective because the target group does not have access to such technology. Myths about the causes of the disease and traditional ideas about sex have inhibited efforts to curb the spread of the disease.

In a February 2001 edition of *Time* magazine, Johanna McGreary offered insights into how myths fed the spread of the disease in Africa. Some attributed infection to witchcraft, action by angry ancestors, or, in the case of South Africa, a ploy by whites to control the black population when apartheid finally ended. These beliefs could hardly help the people to understand the enormity of the danger with which they were confronted.

And when they finally understood what they were up against, the stigma attached to the disease (because it is sexually transmitted) led infected persons to keep quiet about their condition.

In the United States and Canada, people testing positive for the virus are required by law to inform their spouses if they are married. In Africa there is a "don't tell" culture surrounding the disease. Even doctors do not indicate on death certificates that patients died of HIV/AIDS, in accordance with local practices. In the majority of cases, infected people did not know that they carried the virus and attributed its manifestation to malaria, TB, diarrhea, or any other disease that would crumble their already compromised immune system. These carriers would unknowingly spread the disease until they were too weak to engage in sex.

By then their partners might have carried it on to others, creating a ripple effect that is difficult to arrest. Once people have contracted the virus, they wait to die. In rural areas where patients may not have access to clinics, these people are treated as outcasts, condemned, and neglected because of their particular type of disease. Those who end up in hospitals may live a little longer because of the rudimentary treatments that they receive. Governments are now struggling to increase the importation of generic drugs to prolong the lives of people carrying the HIV virus.

When we move beyond AIDS and consider diseases such as malaria, cholera, and TB, we see how poverty couples with ignorance to make people irresponsible. Malaria is spread by mosquitoes, and mosquitoes breed in stagnant water, dead weeds, and damp and dirty surroundings. The hot and humid climate in Africa and parts of Asia is ideal for mosquitoes to thrive; incidentally, these are places where drainage systems are poor and sanitation is worse. People dispose of garbage and human waste in utter disregard of the health consequences.

Huge garbage dumps spring up in residential areas where mosquitoes breed in large numbers. The majority of people sleep without treated mosquito nets, thus becoming vulnerable to mosquito bites. Governments do not have enough resources to spray the mosquitoes or import medicines. And so as with HIV/AIDS, people suffering from malaria only hope that they will be lucky. If not, they die. That is the sad reality of the impact of poverty on human health.

In rural areas in western Africa, for example, villagers dig pits as places of convenience. These open pits attract flies that may settle on food. When it rains, feces washes into streams that may also serve as sources of drinking water for other rural populations. In towns, human-waste management is left in the hands of "night soil men" (men who clear panloads of feces every night) who dig bigger pits where they dump the waste. The

problems associated with human waste in rural areas occur in towns on a larger scale.

Although city populations have potable water, they still live with the stench and flies that have feasted on the feces. Even houses and facilities that have water closets are not entirely free from the problem of human waste. Cesspools are poorly constructed and easily spill over, leaving dark streams of toxic human waste that pollute the atmosphere.

As the world waits for G-8 leaders to take action on world poverty, a British government official has said that people expecting total eradication of poverty will be disappointed. Some may see the comment as bad for its timing, but sadly, it is true. Even if rich nations create clean financial slates for poor African countries, they would have to find strategies to deal with disease on the continent. McGreary summed it up best when she said that "here [Africa] the disease [HIV/AIDS] has bred a Darwinian perversion. Society's fittest, not the frailest, are the ones who die." When the generation of working people is dying out because of disease, there is no amount of debt relief that can salvage Sub-Saharan Africa from despair and demise unless disease has been brought under control.

SEE ALSO: G-8 Africa Action Plan; Healthcare; HIV/AIDS; National Coalition on Health Care; Nutrition; Sanitation; South Africa.

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Distribution

THE ACT OF SPREADING or apportioning of goods and services to those with a demand or need for them is referred to as *distribution*. This includes the commercial activity of transporting and selling goods from a pro-

ducer to a consumer. The pattern of need for distribution is determined in part by the demographic characteristics, or spatial property, of the need, which is scattered about over a geographic area, population density, or volume. In epidemiological terms, the frequency and pattern of health-related characteristics and events in a population may also be referred to as distribution. With respect to the statistical or mathematical distribution of attributes of a population, a distribution may be thought of as an arrangement of values of a variable showing their observed or theoretical frequency of occurrence.

Economically, trades that are specialized in distribution make up a large portion of social and financial activity within a society. Distribution is central to, and an essential part of, a population's economic activity directed toward self-sustenance and survival. Consistent distribution via logistics and transportation of goods and services is directly related to the capacity of a society to maintain employment opportunities for members and the capacity to distribute income and shared prosperity among members.

The availability of goods and services and social conventions observed by vendors and consumers at the local level is heavily influenced by the patterns of distribution frequently determined by manufacturers and suppliers at distant locations. Distribution statistics are maintained by both governments and suppliers to provide predictive information for determining rates of consumption and need among existing and projected populations. These include pricing information for the manufacture and distribution of goods and services and rates of consumption.

Distribution and associated administrative and direct costs of distribution are directly related to the capacity to provide relief to a population during times of disaster and to the capacity of a society to prosper and reduce poverty and need among members. Distribution effectiveness is in part related to the reliability of current or recent census data and shifts in population need, the capacity to transport materials over the terrain of a geographic area, the availability of labor to provide transportation, the political and environmental barriers to distribution, and trends in consumer behaviors.

Infrastructure, available energy, and reliable communicative technology are also directly related to the effectiveness of distribution efforts. Theoretically, during periods of increased global equity in trade and distribution efforts, poverty rates and global income inequity diminish. The equitable distribution of income and opportunities to obtain income within a population are di-

rectly related to the rates of, and emergence of, poverty within a population or geographic area.

CHARACTERISTICS OF DISTRIBUTION

Income inequality, disparities in the level of development of nations, employment and educational opportunity, access to healthcare and preventive care, nutritional supports inequities, and relative security and stability from conflict are associated with deficits in the distribution of services and goods to specific populations. Social and economic instability and inadequate resources are directly linked to the emergence of poverty.

These precursors to poverty occur in response to political or military conflict or natural disaster. Distribution efforts with respect to recovery from social and economic instability are directly dependent on the availability of adequate information, or available data, on the problems and needs of affected populations to determine the scope and direction of effort, goods, and services supplied or expended by informed decisionmakers. Responses to health-related crises by way of distributed health-service providers and medicines are also dependent on the origins and development patterns of epidemics or outbreaks. In recent decades, advances in technologies, such as computer models of distribution and graphing and imaging programs, have served to represent the distribution of goods or services needed and to provide faster relief.

For example, reliance on these information services was considered crucial, along with logistical technologies (transportation and shipping), in responding to the Asian tsunami of 2005, which required global mobilization for effective distribution of relief efforts.

EFFECTS OF DISTRIBUTION

World distribution mechanisms and world trade markets tend to generate price changes and variation for commodity exports from differing parts of the world, based on available supply and marketable demand. International variations of production, delivery, and price affect the markets of developed countries sufficiently to incur additional costs with respect to distribution efforts to impoverished or less developed regions of the world.

Sustainable development efforts, though more difficult to achieve at times, generally include effective distribution strategies that have beneficial effects over time on the economic inequities experienced in the less developed areas of the world. Where administrative costs are sufficiently controlled through effective information technology, data-driven decision support, and collective-purchasing power, efforts are often sufficient to provide for sustained distribution of goods and services including income opportunities that may bestow long-term benefits. These include increased self-sufficiency, increased standards of living, and improved health and longevity for affected populations.

Resource distribution serves to reduce the determinants of poverty.

Poorly distributed resources, or assets, create differences in consumption and other socially based behaviors that can serve to further deteriorate social capital and social cohesion. This can lead to a change in the distribution of family and individual earnings, female labor supply decisions, family composition, birthrate, and living arrangements, so that changed political or social progress serves to further conditions of inequality within affected populations.

Furthermore, poor or uneven income distribution and taxation distributions tend to negatively affect the well-being of families and of children by diminishing rates of completed education, increasing teen pregnancies, increasing dependency for economic supports and reducing self-sufficiency, and subsequently transmitting continuing family, personal, and intergenerational forms of poverty.

Income or asset redistribution, along with opportunities for education, employment, health services, preventive care, residential stability, and the availability of essential goods such as nutritional supports, medicines, and supportive services, serves to attenuate the effects of family, personal, and intergenerational forms of poverty. Increasingly, the digital divide, or distribution of available access to information and communication technologies is also a determinant in the capacity of a population to identify opportunities and avenues of resource distribution that would serve to reduce the determinants of poverty.

Recent efforts of globalization, or international and worldwide redistribution of income, employment opportunities, and asset and service reallocation, though controversial, have begun to show a reduction in previously projected rates of international poverty and increases in regional economic integration, as well as increasing emphasis on laws that improve overall human

rights. Conditions of absolute poverty or unrecoverable poverty are diminished, individual ownership and economic power are increased, inequality conditions are decreased, economic fairness is improved, and the size and quality of labor force are increased. The main effect of distribution, then, at the level of globalization, is to attempt to reduce suffering because of economic or social inequality, political conflict or instability, asset and resource inequities, and naturally occurring catastrophes. Distribution at the level of globalization brings numerous ethical dilemmas in terms of job and opportunity loss, income loss, and loss of resources and services for populations that are considered more developed in an attempt to raise the relative security of the most disenfranchised. There are also increased expenditures in the administration and implementation, or asset loss, within the distribution effort that further diminish the resources available to serve the interests and needs of either developed or underdeveloped populations.

A key concern of decision-makers in having the maximum beneficial effect for distribution effort, though, is to control administrative costs associated with the delivering of goods and services where possible. Multilevel and technically oriented evaluation of methods of the distribution effort based on reliable sources of data and information concerning matching of resources to need is utilized to manage these costs and ensure the optimum effect possible for the distribution effort. Determining the effectiveness of distribution, then, requires the maintaining of global and regional, multivaried informational databases that capture the demographics of population and need for the period of time the distribution effort is desired.

DISTRIBUTION AND WORLD POVERTY

Poverty and income distribution depend in part on other distributions of attributes of need throughout a population. For example, populations of need may experience larger family or household size as a response to insecurity and increased mortality within families where living conditions are harsh. Developing regions of the world with poor transportation, communication, and information infrastructures have lesser opportunities for employment, employment experience, and educational or training opportunities. They experience a much higher cost of living relative to the available income.

Poorly distributed and utilized resources worldwide are associated with numerous forms of poverty in lesser developed regions of the world, such as social capital poverty, energy poverty, natural-resource poverty, nutritional poverty, healthcare-access poverty, education-access poverty, habitable-shelter poverty, aging-security poverty, income poverty, global- and political-security poverty, human-rights poverty, and numerous others. The real effect of distribution efforts, including income distribution from the wealthiest and most secure to the neediest and most insecure, is in part dependent on prevailing regional definitions of what constitutes poverty or a poverty line for income and available-resource access. One reasonably reliable estimator of need across poverty definitions in different regions includes prevalence of disease, longevity rates, and mortality rates (per capita) for impoverished populations. Poverty and poverty measures, including factors associated with disease and mortality, may be found in the most developed and in rapidly emerging nations, as well as the most poor of nations.

SEE ALSO: Economic Inequality; Fuel Poverty; Household Income; Income Distribution Theories; Income Inequality; Redistribution.

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Djibouti

THE SMALL EAST African nation of Djibouti, which borders the Gulf of Aden and the Red Sea, was formed in 1977 from the French territory of the Afars and the Issas. Djibouti continues to maintain close ties with France. In the 1990s, the Afars minority instigated a civil war, which ended in 2001. Djibouti is home to the

only American military base in sub-Saharan Africa and is integral to the war on global terrorism. Half of Djibouti's adult population is unemployed, and almost three-fourths of the 476,703 people live in relative poverty on less than \$3 per day. Because of prolonged droughts, the World Health Organization estimates that 28,650 Djiboutians are suffering from severe food and water shortages.

As a significant transshipment area for the African highlands, Djibouti's economy is heavily tied to shipping and trading, and two-thirds of the population lives in the capital city of Djibouti. A small number of Djiboutians are nomadic herders. Agriculture is limited because of frequent droughts and the lack of arable land, and most food is imported. The poorest people are dependent on food aid from the government. Many resources of this lower-middle-income nation go toward paying foreign debts.

Women are more likely to suffer from extreme poverty than are men.

Djiboutians have a life expectancy of 43.1 years, and the median age are 18.23 years. Approximately 43.3 percent of the population is under the age of 14, and 3.2 percent are over the age of 65. Djiboutians face a 42.9 percent probability of not living to the age of 40.

Health problems in Djibouti include an HIV/AIDS prevalence rate of 2.9 percent. By 2003 estimates, some 9,100 Djiboutians have the disease, and approximately 690 have died from the disease and its complications. Djiboutians suffer from a high risk of food- and waterborne diseases such as bacterial and protozoan diarrhea, hepatitis A and E, and typhoid. Common health hazards have been exacerbated in Djibouti because of prolonged droughts that led to outbreaks of cholera, dysentery, malaria, and respiratory conditions. Some Djiboutians, particularly those in rural areas, lack access to proper medical attention and lifesaving drugs. As a result of the droughts, thousands of Djiboutians also lack access to potable water.

The high infant mortality rate of 104.13 deaths for every 1,000 live births is indicative of the problems facing Djiboutian officials. Estimates for 2003 place the under-5 mortality rate at 138 per 1,000. About 18 percent of Djibouti's children under the age of 5 are malnourished, and six percent are severely underweight. Approximately 13 percent suffer from moderate to severe wasting, and 26 percent suffer from moderate to severe

vere stunting. In 2003, 66 and 68 percent of children aged 12 to 23 months received measles and DPT3 immunizations, respectively. Infant immunization rates are now rising again after a drop between 1990 and 2002, during which time both DPT and measles immunizations dropped from 85 to 62 percent.

Women are more likely to suffer from extreme poverty than are men, making females more vulnerable to health risks. In 2005, the fertility rate of Djiboutian women was estimated at 5.4 children per female, and the adolescent fertility rate was estimated at 32 per 1,000 women aged 15 to 19. Statistics on the use of contraceptives are unavailable. Estimates for 2000 place maternal mortality at 730 per 100,000 live births, and poor women are more likely to die in childbirth than are the more affluent. The high maternal mortality rate is due to a number of factors, which include a lack of obstetrical care and cultural traditions such as excision and infibulation. Trained medical staff now attend over 60 percent of births.

Only one-third of Djiboutian males are classified as illiterate, but over half of Djiboutian females over the age of 15 are illiterate. The highest rates of illiteracy are found in married women between the ages of 14 and 49. According to government survey estimates, 71 percent of nonsingle urban women and 97.5 percent of nonsingle rural women in that age group are illiterate. Rates of both male and female literacy have declined since 1980, but the decline in women has been more striking. The literacy rate among women dropped from 74.4 in 1980 to current levels. From 1999 to 2003, the male primary school completion rate rose from 31 to 35 percent and the female completion rate rose from 27 to 32 percent. Most Djiboutian children receive no more than four years of schooling.

In August 2000, officials adopted the Poverty Reduction Strategy Paper (PRSP), which articulated the following goals for the 21st century: growing the economy, expediting human resource development, reducing poverty, and strengthening governmental planning and capacities.

Djibouti also passed a series of laws intended to address the problem of sex discrimination, including raising the marriage age for women to 18, establishing criminal penalties for female genital mutilation, enhancing education and economic opportunities, and initiating new health policy guidelines with an emphasis on reproductive health.

Human Development Index Rank: 150 Human Poverty Index Rank: 53 SEE ALSO: Disease; Drought; Extreme Poverty; HIV/AIDS; Human Capital; Needs; Women and Poverty.

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Dominica

THE ISLAND OF Dominica, which is situated between the Caribbean Sea and the north Atlantic Ocean, achieved its independence from Great Britain in 1978. With a per capita income of \$5,500, Dominica is considered upper-middle-income, but the country is severely indebted. Approximately 40 percent of the labor force are involved in agriculture, mostly in growing bananas. This crop is highly vulnerable to weather conditions, and Dominica is subject to hurricanes and floods. Economic reforms were instituted in 2003, resulting in increased privatization and the removal of price controls.

The government has promoted the tourist industry in recent years, but efforts have been hampered by inadequate travel facilities and the lack of beaches. Efforts are underway to develop an offshore financial sector and to construct an oil refinery.

While attempting to grow the economy, Dominican officials must also cope with an unemployment rate of 23 percent. In 2003, a government report identified a poverty level of 40 percent, affecting 29 percent of all Dominican households. Some 39 percent of the poor lived in households headed by single mothers. In response, the government provided for aid under the Social Protection Program, the Basic Needs Trust Fund, and the Public Investment Fund.

Life expectancy among the Dominica population of 69,029 is 74.65 years, a decrease from 77 years in 2003. The median age is 29.59 years. On the average, women outlive men by six years. Around 27 percent of Dominicans are under the age of 14, and 7.9 percent are at

least 65. Only three percent of Dominicans lack access to safe water, while 17 percent lack access to proper sanitation. There are 49 physicians for every 100,000 residents, and from 80 to 94 percent of the population have access to affordable essential drugs.

In 2005, infant mortality was recorded at 14.15 deaths per 1,000 live births, a reduction from 19 deaths per thousand in 1990. At 9.38 deaths per 1,000, female infants have a significantly better chance of surviving than do male infants at 18.68 deaths per 1,000. The mortality rate for all children under the age of 5 is 14 deaths per 1,000, a decrease from 23 deaths per 1,000 in 1990.

Five percent of Dominican children are malnourished, and 10 percent of babies are underweight at birth. Six percent of children under 5 suffer moderate to severe stunting, and two percent experience moderate to severe wasting. Childhood immunizations are virtually universal in Dominica, with only one percent of children between birth and 23 months failing to receive the proper vaccinations.

Fertility is low on the island, and women produce an average of 1.96 children each. This is a significant decrease from the 3.9 children per woman recorded in 1980. The fertility rate of females aged 15 to 19 is 46 per 1000. Half of all women use contraceptives of some sort. All births in Dominica take place in health centers or hospitals. Between 1985 and 2003, maternal mortality was estimated at 67 deaths per 100,000 live births.

Dominica defines literacy as ever having attended school. Based on this definition, 94 percent of both males and females are literate.

Human Development Index Rank: 70 Human Poverty Index Rank: Not included.

SEE ALSO: Family Desertion; Income Poverty; Paternalism and Welfare; Privatization.

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Dominican Republic

LOCATED BETWEEN THE Caribbean Sea and the north Atlantic Ocean, the Dominican Republic comprises the eastern two-thirds of the island of Hispaniola, while Haiti covers the western third of the island. For most of the latter half of the 20th century, the Dominican Republic was under the authoritarian rule of Joaquin Balaguer. After Balaguer was forced out of office, a representative democracy was instated.

Historically, the Dominican economy has been tied to the export of sugar, coffee, and tobacco, but only 17 percent of the labor force is now involved in agriculture. The Dominican Republic suffers from water shortages caused by periodic droughts. In response to increasing tourism and free trade, some 59 percent of Dominicans work in service and government jobs. In the last two years of the 20th century, the Dominican Republic became one of the fastest-growing economies in the western hemisphere. The economy has since slowed.

One-fourth of the population is poor in this lower-middle-income nation, and 27 percent of the people are malnourished. There is a 17 percent unemployment rate. Vast inequality exists in the Dominican Republic, and the poorest 20 percent of Dominicans subsist on 5.1 percent of the country's resources while the richest 20 percent claim 53.3 percent. The Dominican Republic is ranked 47.4 on the Gini Index of Human Inequality.

The Dominican population of 8,950,034 experiences a projected life span of 67.26 years, with women living an average of three years longer. The median age is 23.88 years. Almost one-third of the population is under the age of 14, and 5.4 percent have reached the age of 65. The HIV/AIDS epidemic is becoming a threat to the Dominican Republic, with a prevalence rate of 1.7 percent. Some 88,000 people are living with the disease, and 7,900 have died. About 14 percent of Dominicans lack access to safe water, and one-third of the population lacks access to proper sanitation. There are 190 physicians for every 100,000 residents, and 50 to 79 percent can afford essential drugs.

Childhood mortality has declined drastically in the Dominican Republic since the 1970s, when 91 deaths occurred out of every 1,000 live births. That number has been reduced to 32.38 per 1,000. In 1970, the mortality rate of children under the age of 5 was 128 per 1,000. It is currently 35 per 1,000. Five percent of all children under the age of 5 are malnourished, and 14 percent of babies are underweight at birth. Nine percent of children under the age of 5 suffer from moder-

ate to severe stunting and two percent experience moderate to severe wasting. Infant immunizations against measles and tuberculosis are in the 90 percent range, but rates for immunizations against polio and DPT are reported at 73 and 72 percent respectively. In 2003, immunization rates for children between the ages of 12 and 23 months were recorded at 79 percent against measles and 65 percent against DPT.

On the average, Dominican women have 2.86 children each. Total fertility has declined steadily since 1970 when 5.6 children per woman was the average. Among adolescents, the fertility rate is 81 per 1,000 births. Data collected by the Population and Health Census in the Dominican Republic indicate that 23.3 percent of all adolescent girls have conceived at some point.

To stem the rate of teenage pregnancy, the government has launched a sex education program. Some 70 percent of Dominican women use contraceptive methods to prevent pregnancy. Approximately 98 percent of all births take place with trained medical staff in attendance. Modeled estimates for 2000 place Dominican Republic maternal mortality at 150 deaths per 100,000 live births.

Approximately 85 percent of all Dominicans over the age of 15 can read and write, and there is no significant gender difference in this ability. Education is universally available, and most students attend school for 13 years. From 1999 to 2002, primary school completion rates rose from 80 to 93 percent for males and from 85 to 97 for females. One-fourth of all students attending colleges and universities study math, science, and engineering.

Human Development Index Rank: 95 Human Poverty Index Rank: 25

SEE ALSO: Cyclical Poverty; Exploitation; Haiti; HIV/AIDS; Wealth Inequality.

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Donnelly, Ignatius (1831–1901)

IN THE LAST HALF OF the 19th century, the twin processes of industrialization and urbanization, while offering new opportunities, also undermined the traditional position of skilled workers, who saw their socioeconomic power steadily eroded by the growing concentration of industrial capitalism and the automation of manufacturing processes.

While craft unions struggled to protect the status and rights of their membership, unskilled workers, who were often disenfranchised by the political process, were forced into ghettos as an industrial proletariat, which lacked both the economic and social benefits of modernization. As these workers turned increasingly to the radical solutions offered by syndicalism or Marxism, middle-class social reformers also sought social and political reforms that would ameliorate the poverty of working-class families.

The political career of Ignatius Donnelly reflected this growing concern with social and political reform in late 19th-century America. In the factional atmosphere of America's Gilded Age, Donnelly moved from his early success with mainstream politics toward more radical agrarian and populist politics in his search for social reform.

Donnelly was born and educated in Philadelphia, Pennsylvania, where he studied law and was admitted to the bar in 1852. After a short legal practice, he moved to Minnesota where he became quickly involved in state politics. After serving as lieutenant governor of Minnesota (1859-63), he was elected as a Republican representative to Congress (1863–69). While in Congress, Donnelly actively supported government land grants for railway expansion, arguing that railroad development was vital for the economy of the western states. Following a series of electoral defeats as a congressional candidate resulting from his quarrels with the Republican leadership in Minnesota, he allied with the Democrats and returned to state politics, serving in the Minnesota Senate (1874–78). Another defeat as a congressional candidate in 1878 brought Donnelly's political career to a hiatus, but he returned to serve various terms in the Minnesota legislature (1887, 1891–93, 1897).

During the 1870s, Donnelly became increasingly involved with agrarian and popular politics, establishing his own weekly reform journal, the *Anti-Monopolist*, in 1874. In 1886 he drafted the program for the Minnesota Farmers' Alliance, and in 1892 he was nominated by the People's Party for vice president. This political transi-

tion reflected Donnelly's increasing disillusionment with the ability of mainstream politics to achieve social reform. While Donnelly was the central figure behind a number of socioeconomic reforms, from restructured interstate commerce laws to liability legislation to force improvements in workplace safety, he ultimately perceived American politics as becoming increasingly corrupt, as business interests gained heightened control of the political system. In particular, Donnelly reversed his earlier beliefs by targeting railroads and trusts that he argued used their economic power to force politicians to enact laws that favored their interests above those of farmers and workingmen. Ultimately, Donnelly viewed 19th-century America as a society where greed, corruption, and selfishness were triumphing over generosity, honesty, and self-sacrifice.

Brutal poverty endured by the working classes would spark a bloody revolution.

While Donnelly was recognized for his quasi-scientific work on Atlantis and for his attempt to establish Francis Bacon as the true author of Shakespeare's plays, he also used his literary talents to give voice to his political and social vision. This was most evident in *Caesar's Column: A Story of the Twentieth Century* (1890), which he wrote under a pseudonym following his electoral defeat in 1889. Published in the wake of the fantastic success of Edward Bellamy's *Looking Backward* (1888), Donnelly's novel also saw considerable success, selling 60,000 copies in the United States in nine months and almost three-quarters of a million copies in Europe and North America by the close of the century.

Whereas Bellamy presented a technological utopia in which social revolution had saved society, Donnelly presented a brutal dystopia in which a totalitarian oligarchy, strengthened by scientific and technological advancement, had crushed all attempts at social reform. Donnelly presented this as the inevitable outcome of the political corruption and harsh industrial conditions that he perceived in contemporary American and European society.

In Donnelly's vision, the brutal poverty endured by the working classes would ultimately spark a bloody revolution focused on revenge rather than reform. While Donnelly intended this work as a warning to support the necessity of social reform, it was initially rejected by a series of mainstream publishers as an incendiary call for revolution. SEE ALSO: Bellamy, Edward; Industrialization; Urbanization; Utopian Socialists; Working Poor.

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Drought

DICTIONARY DEFINITIONS of *drought* are very straightforward and brief: drought is a long period without rainfall. There have been many periods of this type, and the impact of a severe drought on people and animals within the affected region has been devastating. There are many examples of the impact of severe drought.

The Dust Bowl in the 1930s forced many thousands of people to abandon their land in the midwest of the United States. Drought in the Sahel region of Africa from 1968 to 1974 took the lives of hundreds of thousands of people and millions of farm animals. In the first few years of the 21st century, the threat of drought is widespread. Large areas in sub-Saharan Africa continue to suffer from lack of rainfall. In southern Africa, estimates suggest that more than 15 million people are at risk of starvation. Ethiopia is another African country in danger of losing millions of people because of drought and ensuing famine. Experts speculate that the loss of life in the current crisis could exceed the 1984 to 1985 drought occurrence when over one million people perished. The Sahel, the semidesert region adjacent to the southern edge of the Sahara, is having food shortages because of low agricultural production during periods of persistent drought. Other regions in the world are also having drought conditions more frequently than in the past. All indications are that this situation will continue in the most susceptible regions.

The explanation for drought is complex. Both natural occurrences and the actions of humans contribute to drought formation. The areas most prone to drought are the semideserts that lie adjacent to the great deserts

of the world. Deserts originally formed beneath the naturally occurring high-pressure systems centered at approximately 30 degrees north and south of the equator. These regions are under the influence of dry air descending from the high-pressure systems. The deserts are essentially devoid of vegetation and receive low levels of precipitation. The Atacama Desert in South America is extremely dry: no rainfall has ever been recorded in large parts of this desert.

DESERTIFICATION AND LAND DEGRADATION

The largest of the world's great deserts is the Sahara in north Africa. Deserts are found on every major continent, and evidence indicates that the deserts are in fact expanding. In 1977 a United Nations study pointed out that the areas on the margins of the great deserts are becoming drier. In some cases, especially in the Sahel, the Sahara is continually moving south and replacing the semidesert. In a transformation of this type, the vegetative complement of the semidesert, the attribute that identifies it as a distinct climatic type, disappears and the area becomes desert. The term given to the process of increased aridity and the transformation of the semidesert is *desertification*, and its origins and anticipated expanse are the topic of discussion by development experts worldwide.

There is little doubt that desertification is due in part to climatic change, a process that has been under way on earth for millennia. But climate change is only one of the contributing factors. There is also the strong argument that desertification is to a great extent humaninduced. In order for agriculture to take place, the land must be cleared and opened for planting. If sufficient rainfall is present at the right times during the growing season, the system operates in good order. However, exceptionally dry conditions can negatively impact agricultural activity in a number of ways. If it is especially dry at the beginning of the season, planting may have to be delayed. If this is the case, winds can blow away the fertile topsoil and the new seeds if they have been planted. Drought conditions can negatively impact a crop later in the growth cycle; for example, if corn does not receive sufficient rainfall during the last stages of plant maturity, an entire crop can be decimated. Overgrazing can reduce the plant cover in semiarid regions, reducing the amount of plant growth in the following

Land degradation can also occur from overuse of the land. Agricultural land will retain its fertility and potential for productivity many years longer if it is left to fallow every few years. If this does not occur and the land is under crops uninterruptedly, its fertility will diminish. Land degradation, whether human-induced or through climate change, greatly affects the occupants of regions where subsistence farming is the primary economic activity.

The United Nations estimates that land degradation through climate change and human-induced activities has taken over six million hectares of proactive land out of operation every year since 1990. People in sub-Saharan Africa, the Sahel, and other regions of Africa have been the hardest hit. The United Nations also estimates that 135 million people are at risk of being displaced by land degradation. Sixty million people are expected to leave the degraded land of sub-Saharan Africa by 2020. Similar situations are reported in the degraded land areas of Peru and Mexico.

In Mexico, nearly half the land is affected by desertification and millions of Mexicans have been forced to move to other regions of the country. Land degradation in Mexico causes, in part, the massive influx on Mexicans into the United States.

The link between land degradation and poverty is clear. The *United Nations Human Development Report* (2005) pointed out that millions of poor people in the developing world live on farms where soil productivity has been severely eroded because of land degradation. Farmers in these areas are caught in a vicious cycle; they must continue to use soil that is losing its fertility from year to year. Consequently, their crop yield diminishes each year and less food is available. Under these conditions, it becomes necessary for them to abandon their land and move to more productive regions. This is not an easy task for poor families with no certainty that a new home can be found.

Worldwide observances took place on June 17, 2005, to mark the 11th anniversary of the UN Convention to Combat Desertification (UNCCD). The commemoration is part of an international campaign to increase public awareness of land degradation and its impact on millions of people, most of them living in poverty.

In 1995, the UN Commission of Sustainable Development (UNCSD) noted that one billion people live in the rural areas of the world's dry lands. The report went on to suggest that these people were at risk of losing their homes due to the ravages of land degradation. The economic losses associated with this situation were estimated then to be nearly \$50 billion per year. The UNCSD report went on to state that desertification and drought are closely interlinked with climate change, de-



Satellite imagery reveals Africa's growing desertification—the spread of the Sahara Desert from the north toward the south.

forestation, the diminishment of water resources, population growth, and poverty. The UNCSD then urged governments to put in place an integrated approach to combating land degradation and to take into account the link with poverty.

The UNCSD report stressed the need for governments to identify and access necessary financial resources to assist those in need, especially people in sub-Saharan Africa. In the decade since the pronouncements of the UNCSD and the UNCCD, gains have been made, but the deleterious impacts of land degradation and poverty remain.

In 2005, more than 75 percent of the people in sub-Saharan Africa lived on less than \$2 per day. In addition, less than half the rural dwellers in this region had access to improved water sources. Also, life expectancy at birth in sub-Saharan Africa is 47 years, two-thirds the world figure (67 years) and three years lower than its peak in 1990 (50 years). Finally, the United Nations Human Development Index (HDI), which measures the three dimensions of human welfare (income, education, and health), has risen since 1975 for every major region in the world except sub-Saharan Africa. The HDI reached its high point in 1990 and has stayed the same

since that time. In 1986, sub-Saharan Africa's HDI was on a par with that of south Asia. In 2005, sub-Saharan Africa ranked lowest in the world. There is little likelihood that poverty in sub-Saharan Africa will be alleviated without massive infusions of monetary and technological aid over many decades.

SEE ALSO: Agriculture; Famine; UNDP Regional Project for Overcoming Poverty; Water.

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Duration of Poverty

DO THE POOR REMAIN so their entire lives? This is often the case in developing nations where little opportunity is offered to the poor to prosper economically. There, long-term and multigenerational poverty is a reality. But in the industrialized world, particularly in nations with a large number of citizens existing in an economic middle class, studies show considerable mobility across the poverty threshold—with large percentages of the poor moving out of that condition and middle-class households that fall below the poverty threshold remaining there only briefly.

A way to measure the duration of poverty is by identifying "poverty spells," or periods of time spent in poverty. To be considered as in such a spell, a person or household must live below poverty levels for at least 60 days. According to one study of Americans, 51.1 percent of the spells experienced by persons being tracked lasted four months or less. About 79.6 percent of such spells were over within a year.

Another study showed that among Americans living in poverty for the entire year of 1996, 65.1 percent remained in poverty in 1997, 55.5 percent remained throughout 1998, and 50.5 percent in 1999—with in-

creasing numbers leaving poverty each year. In contrast, of Americans not in poverty in 1996, 2.9 percent fell below the poverty level in 1997, 3.3 percent for 1998, and 3.5 percent during 1999.

Thus, the poor in America are an ever-changing population, contrary to any perception that the destitute remain so for their entire lives, according to a number of studies, including the Panel Study of Income Dynamics (PSID), the National Longitudinal Survey of Youth, and the Survey of Income and Program Participation. Each found that most spells of poverty are fairly brief. The typical pattern in the United States was that households below the poverty line for several years often managed to rise above it. However, because they do not manage to rise very high, events such as loss of a job, breakup of a marriage, or disaster resulting in financial loss can throw such a family back into poverty very quickly.

Relatively few American households suffer from chronic poverty year after year. One study showed that between 1979 and 1991, one-third of all Americans experienced a spell of poverty. Of those who dropped below the poverty threshold about half were poor for three years or less; one-third remained so for four to nine years; 14.6 percent stayed there for 10 of 13 years; and only 4.5 percent remained poor all 13 years.

Is race a factor? This same study showed two-thirds of black Americans experienced poverty at some point during that 13-year period, compared to one-fourth of white Americans. Furthermore, 67 percent of white Americans who experienced poverty were poor for three years or less, whereas the figure for blacks remaining poor for only three years or less was 30 percent. Consequently, black Americans already touched by poverty were more likely to fall into it for substantially longer periods.

Another study showed that between 1969 and 1987, 38.1 percent of all Americans experienced a spell of poverty, but that only 1.1 percent were poor throughout the entire 19 years.

Do these findings hold up elsewhere in the industrialized world? Yes, according to a study that compared the poor in the United States with those in the United Kingdom, Germany, Sweden, Canada, and the Netherlands. Between 12 and 40 percent of the population across the six countries were touched by poverty over a six-year period, with the majority experiencing only short spells in poverty. As the duration of poverty lengthened for a household, in all six countries the probability of rising above the poverty level fell—with a small group of the population remaining in poverty

for long periods of time with little chance of exit. In all six countries, the probability of breaking above the poverty threshold fell based on previous experiences in poverty. In other words, those who had lived in poverty before were more likely to do so again, but those who had not but fell below poverty level, then rose above it, were not as likely to return. Thus, for the longer-term poor, there was a low probability of exit and a high probability of return. In all six countries, households with six or more years in poverty typically made up two to six percent of the population.

These statistics do not compare to Third World or developing nations, where poverty is far more rampant and fewer live in the middle-class levels spanning destitution and opulence. There, the duration of poverty is much longer and the likelihood of rising out of it much lower.

SEE ALSO: Cyclical Poverty; Economic Inequality; Permanent (Collective) Poverty; Poverty Rate; Poverty Trap.

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WORLD POVERTY



Earned-Income Tax Credit

THE EARNED-INCOME Tax Credit (EITC) has grown from its inception in 1975 to become the largest federally funded means-tested cash assistance program in the United States. To receive the credit, low-income taxpayers file their regular tax returns and fill out the six-line Schedule EIC. The program's political popularity seems to come from the fact that, unlike traditional welfare programs, payments go only to those who work. The highest payments go to those with annual earnings at the level of a full-time worker earning the minimum wage.

In 1966, the Office of Economic Opportunity, the federal agency charged with conducting the War on Poverty, proposed a negative income tax (NIT), which would have guaranteed a minimum annual income to everyone. In 1969, President Richard Nixon backed a similar NIT called the Family Assistance Plan, which would have replaced the traditional federal welfare program, Aid to Families with Dependent Children (AFDC). However, this NIT was attacked by liberals as being too stingy and by conservatives as undermining the incentive to work and being overly expensive. Senate Finance Committee Chair Russell Long instead pro-

posed a work bonus plan, designed primarily to have the federal government offset the burden of rising payroll taxes on poor workers. The bill was finally adopted as the EITC in 1975, adding a 10 percent supplement to wages up to \$4,000 for taxpayers with children, with the wage supplement phased out over the \$4,000 to \$8,000 range.

The EITC modestly boosts the labor force participation of single women with children.

This temporary provision of the tax code was made permanent in 1978, but its value to the working poor fell because of the era's high inflation rate. As bipartisan support for the program grew, the Tax Reform Act of 1986 boosted payments back to their initial level in inflation-adjusted terms and indexed the credit so that it would subsequently rise at the inflation rate.

In 1990, EITC payments were boosted for families with more than one child, and in 1993, payments were increased substantially so that full-time work at the minimum wage plus the EITC would push most families' incomes above the official poverty line. In 1994, a

small credit was made available to childless taxpayers for the first time. The number of claimants and amount of inflation-adjusted EITC expenditures (2003 dollars) are shown in the table below.

Year	EITC Expenditures	Number of Claimants
	(billions of \$, 2003)	(millions)
1975	\$ 4.30	6.22
1980	\$ 4.46	6.95
1985	\$ 3.59	7.43
1990	\$10.67	12.54
1995	\$31.50	19.33
1999	\$35.42	19.54
2003	\$37.49	20.81

The second table gives representative EITC benefits for the 2004 tax year for married households (benefits are the same or slightly lower for nonmarried households). The payment to households with no children plateaus at \$390 for those earning between \$5,500 and \$7,000—and falls to zero for those earning \$12,500. The payment for one-child households plateaus at \$2,604 for those earning between \$8,000 and \$15,000—and falls to zero at \$32,000. The payment for households with more than one child plateaus at \$4,300 for those earning between \$11,000 and \$15,000—and falls to zero at \$35,000. The inflation-adjusted amounts given below have held since 1993.

	EITC I	Payment (2004)
Income	No Children	One Child	Two or More
\$ 1,000	\$ 78	\$ 349	\$ 410
\$ 5,000	\$383	\$1,709	\$2,010
\$10,000	\$191	\$2,604	\$4,010
\$15,000	\$ 0	\$2,604	\$4,300
\$20,000	\$ 0	\$1,813	\$3,262
\$25,000	\$ 0	\$1,014	\$2,209
\$30,000	\$ 0	\$ 215	\$1,156

In the range between \$0 and the maximum payment, households with more than one child receive a subsidy equaling an impressive 40 percent of their labor earnings. The subsidy rate is 34 percent for one-child households and 7.65 percent for childless households. Only those with nonlabor income below a certain level (\$2,650 in 2005) are eligible for the EITC. In addition, 14 states (and Washington, D.C.) have smaller-scale EITC programs as part of their state income tax codes.

One notable advantage of the EITC, in comparison to traditional welfare programs, is that it is inexpensive to administer, adding only slightly to the costs of running the Internal Revenue System. However, because there is little investigation of recipients' eligibility, the EITC is open to abuse. A poor household earning little or nothing could inflate its earnings to gain a higher EITC payment or could claim a child who isn't a dependent under the rules of the program.

A study of noncompliance for returns filed in 1995 estimated that overpayments increased total EITC expenditures by 34 percent. Another possibility is the failure of those eligible to file for their payments. A study using 1990 data estimated that only 80 to 86 percent of those eligible received EITC payments. In the program's early years the IRS intervened and awarded payments to filers who appeared to be eligible, but this practice was discontinued in the early 1990s.

In the late 1990s, over 60 percent of EITC payment went to taxpayers with pre-EITC incomes below the official poverty line. Roughly two-thirds of payments went to taxpayers with wages in the bottom quarter of all workers with children. In 1990, 75 percent of recipients worked at least 1,000 hours and 60 percent worked more than 1,500 hours, but some eligible recipients worked only a few hours at relatively high earnings.

Labor economists have found the work incentive of the EITC to be fairly complex. Approximately 77 percent of recipients have earnings that fall in the flat or phase-out range. The EITC payment will reduce their propensity to work somewhat, while it strongly increases the incentive to work for those with lower incomes.

Empirical evidence suggests that the EITC modestly boosts the labor force participation of single women with children (by about 2.8 percentage points), while it simultaneously slightly reduces the labor force participation of married women (by about 1.2 percentage points). In addition, research suggests that the tax credit is associated with a small reduction in hours worked among recipients, but that it boosts aggregate hours slightly because of the small rise in labor force participation. Finally, the EITC also increases the tax code's marriage penalty and it encourages births to a small degree, although there is no direct empirical evidence of whether its fertility incentives have actually influenced behavior.

SEE ALSO: Aid to Families with Dependent Children; Nixon, Richard (Administration); United States; War on Poverty.

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East Timor

THE ISLANDS THAT MAKE up the Democratic Republic of Timor-Leste, popularly known as East Timor, are located in southeastern Asia at the eastern end of the Indonesian archipelago. East Timor has had a turbulent history, beginning in the early 1500s with battles with the Dutch and ending with hard-won independence from Indonesia in 2002. Estimates of lives lost during the Indonesian conflict vary from 100,000 to 250,000. An additional 300,000 Timorese were forced into exile in West Timor during a scorched-earth campaign. Independence was ultimately achieved with the assistance of a delegation of United Nations peacekeeping forces, which ranged from 5,000 to 8,000 members.

The brutal years of battle virtually destroyed East Timor's infrastructure and left the country with a housing shortage, inadequate water and irrigation systems, and almost no electricity. Schools, hospitals, and businesses were also demolished. With help from the international community, East Timor has rebuilt its infrastructure, and 250,000 exiles have returned. Economic prospects recently brightened with the discovery of offshore oil deposits. East Timor's other natural resources include gold, petroleum, manganese, and marble; but they are largely undeveloped. The country is geographically vulnerable to frequent floods and land-slides and periodic earthquakes, tsunamis, and tropical cyclones.

Because of the massive destruction of property in East Timor, data on social indicators are not always available, and comparisons across time are difficult since the country was only officially recognized in 2002 when it became the first new nation of the 21st century. Available information does show that at \$400, East Timor has the lowest per capita income in the world.

Officials are coping with a poverty rate of 42 percent and an unemployment rate of 50 percent. Estimates of East Timor's population vary from 800,000 to 1,040,880. Life expectancy is 65.9 years, and the median

age is 20.41 years. Some 37.1 percent of the population are under the age of 14, and three percent have reached the age of 65. The Timorese have a 67 percent chance of seeing the age of 40.

While health services have been partially restored, they are sorely inadequate to meet the needs of a population recovering from years of turmoil and conflict. UNICEF, the United Nations' organization for children, estimates that in rural areas, 80 percent of the population lack access to safe water and 90 percent lack access to proper sanitation.

Reports for 2003 indicate that infant mortality in East Timor is high at 87 deaths per 1,000 live births. Mortality for children under the age of 5 is exceptionally high, although the rate dropped from 160 in 1990 to 124 in 2003. The 43 percent prevalence of malnutrition and the 13 percent rate of severe malnutrition among children under 5 play a significant role in the excessive child mortality. Some 47 percent of children suffer from moderate to severe stunting, and 12 percent suffer from moderate to severe wasting. Timorese children are vulnerable to infectious and parasitic diseases, and many have vitamin A and iron deficiencies.

Childhood immunization rates remain low in East Timor because the health system is still recovering and there is a general lack of knowledge about the benefits of immunizations. Rates range from 47 percent against polio to 83 percent against tuberculosis. Only seven percent of Timorese children receive essential oral rehydration therapy when it is needed.

Most schools in East Timor were destroyed by the conflict with Indonesia, and the education system is still in the process of recovering. By 2002 estimates, only 58.6 percent of the population over the age of 15 can read and write. Timorese children are expected to attend school for at least 11 years, but this is not always possible under current circumstances.

Fertility is high among Timorese women. In 2003, total fertility was reported at 7.6 children per woman, and adolescent fertility was recorded at 7.3. Estimates for the period covering 2000 to 2005 suggest that overall fertility has declined to 3.8 children per woman. Only eight percent of Timorese women use contraceptives of any sort. Modeled estimates suggest that maternal mortality is extremely high at 660 deaths per 100,000 live births, although that number has decreased significantly from the 1995 modeled estimate of 850 per 100,000.

Because of malnutrition, many Timorese women suffer from anemia and are subject to hemorrhage during delivery. The number of home deliveries is estimated at over 80 percent. Trained medical staff attend less than one-fourth of all births, and birth attendants are often poorly trained and unable to react properly in emergency situations.

Human Development Index Rank: 140 Human Poverty Index Rank: Not included.

SEE ALSO: Indonesia; Micronesia; Sanitation; War and Poverty; Women and Poverty.

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Easter Seals

THE NATIONAL SOCIETY FOR Crippled Children and the International Society for Crippled Children are the precursors to the Easter Seals organization. The impetus behind these was the International Association of Rotary Clubs, later known as Rotary International (RI), a worldwide nonprofit organization of professionals that provides humanitarian services across the globe.

Among its earliest causes, the newly founded RI encouraged local clubs to take on support for the needs of crippled children. Much of the groundwork for this particular crusade can be attributed to the work of Paul Harris, the founder of RI, and especially Ohio Rotarian Edgar Fiske Allen. "Daddy" Allen is considered the founder and visionary of today's Easter Seals organization and is among a handful of Americans honored by the Points of Light Foundation for his outstanding achievements in volunteer work.

In 1907 one of Allen's sons died of injuries sustained by a streetcar accident. Lack of appropriate and immediate medical care for his son eventually led Allen to advocacy for the care of crippled children and culminated in the creation of the Gates Hospital for Crippled Children in 1915 and the Ohio Society for Crippled

Children in 1919. In 1921 the National Society for Crippled Children was formed, and the following year the International Society for Crippled Children was also created. Harris and Allen also coauthored the Crippled Children's Bill of Rights, which was adopted in 1930.

The first American Easter Seals campaign was launched in 1934, and was known as the penny seal. In 1952, the lily was incorporated into its design and became synonymous with the cause of Easter Seals. Easter Seals gained popularity when personalities such as President Dwight Eisenhower and actress Lucille Ball showed their support for the cause. With the growing familiarity of the annual Easter Seals stamp campaign, the National Society for Crippled Children adopted Easter Seals as its organization name in 1967. The Easter Seals lily logo is a registered trademark of the American society.

Today, Easter Seals is a successful nonprofit, nondenominational, community-based grassroots organization that works on a local level for the well-being of physically and mentally disabled children and adults. Easter Seals provides assistance for children as well as adults who are disabled either at birth or as a result of illness, accident, or aging. It also provides support for their families.

Operating in communities in the United States, Puerto Rico, and Canada, Easter Seals provides a wide range of services to the disabled and is considered an expert in disability and special needs. Services include occupational, physical, and speech therapy; job training; transportation; childcare; and adult care. Easter Seals also offers accessible camping and recreational facilities. In the United States, the Easter Seals, Inc., national headquarters is in Chicago and there are more than 550 Easter Seals service sites.

Easter Seals employs professional and managerial staff, and provides specialized training to physicians and other healthcare personnel. The goal of these services is to help the disabled live their lives more independently. In the period 2002–03, Easter Seals provided services to almost 1.335 million children and adults and their families in America.

As a nonprofit organization, Easter Seals is synonymous with responsible spending, with 94 percent of its program dollars spent on client services. Overall public support and revenue for the period 2002–03 was just under \$700 million. In 2004, the sale of Easter Seals in the United States raised approximately \$14 million. Money is also raised through local telethons, walkathons, and other pledge vehicles. Funding is also received from corporations, government, and private

insurers. Included in the Easter Seals services are 100 Easter Seals recreational and residential camps for both children and adults. Every year, each jurisdiction selects at least one Easter Seals ambassador who is involved in awareness- and fundraising. Easter Seals organizations are active in their respective jurisdictions in advocating for the passage of legislation in support of people with disabilities.

SEE ALSO: Children and Poverty; Christmas Seals; Eisenhower, Dwight (Administration); United States.

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Economic Definitions of Poverty

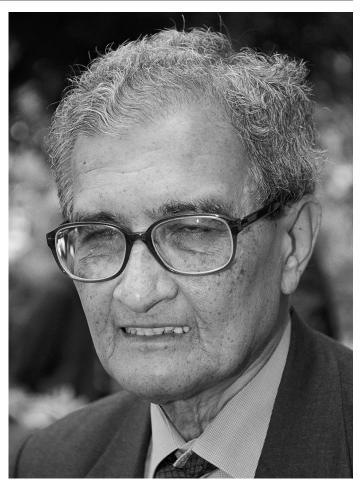
TWO DEFINITIONS OF *poverty* are the most common. The narrow definition focuses on the lack of material goods. The broader definition, on the other hand, incorporates numerous other factors such as living conditions, health, transportation, and community life.

In the current poverty debate, one distinguishes among three poverty concepts: when the available income is too small to physically survive (absolute poverty), when the available income does not suffice in order to lead to life that society considers acceptable (relative poverty), and when available income does not meet the subjective needs of an individual (subjective poverty).

The simplest and most widely used poverty measure in the literature is the headcount ratio, or poverty rate. It measures the percentage of poor in the population. The poverty rate merely divides the population into two groups, the poor and the nonpoor, neglecting how far below a specified poverty line a poor person's resources are. This problem, associated with the poverty line, is overcome with the so-called poverty gap. The poverty gap measures the mean shortfall of the poor's resources from the specified poverty line.

According to A.K. Sen, poverty measures should fulfill three axioms:

1) Focus Axiom. The poverty measure should be independent from the income of the rich.



According to Amartya K. Sen, poverty measures should fulfill three axioms: focus, monotonicity, and transfer.

- 2) Monotonicity Axiom. A reduction in income of a person below the poverty line must increase the poverty measure.
- 3) Transfer Axiom. A pure transformation of income from a person below the poverty line to anyone who is richer must increase the poverty measure.

Based on an axiomatic approach, Sen suggests a very sensible measure of poverty, which takes into account not only the headcount ratio and income ratio but also the income inequality (relative deprivation) among the poor.

Various approaches have been used in the past to construct a monetary poverty line, such that all those with incomes less than that are called poor. One is the calorie expenditure approach popularized by V.M. Dandekar and N. Rath, who use a minimum norm of 2,250 calories per capita per day as a basis of determining the monetary poverty line. According to this approach, one has to first find out the calorie intakes in different per capita expenditure classes, and then the mean of the ex-

penditure class with calorie intake nearest to the norm is taken as the poverty line.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Axiom of Monotonicity and Axiom of Transfers; Headcount Index; Human Poverty Index; Income Inequality; Poverty Gap; Poverty Rate.

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General Editor

Economic Dependence

DEPENDENCE, IN GENERAL, is defined as being in a state of support and/or subordination to someone or something needed or greatly desired. From the macro perspective, one can speak of one country's dependence on a specific raw material or commodity, such as oil, or more broadly it can refer to economic dependence, as when one country's economy is subordinated to the development of another country's economy.

The anticolonial struggle after the end of World War II was accompanied by the effort to improve the living conditions in the newly liberated colonies and developing countries. The initial measures, such as the assignments of international experts, the expansion of the Western-style education, and the building of infrastructure followed the developmental path of the industrial countries. However, the gap between developing countries and developed economies steadily widened, putting these developmental strategies in question.

In the early days of the Cold War the historical causes and the real nature of *underdevelopment*, a term that became widespread in the literature on economic development, were neglected, and the development paths of particular countries were assessed from the standpoint of the needs of their Western or socialist supporters, and not from the perspective of intrinsic developmental needs of the respective countries. In other words, the economies of developing countries be-

came subordinated to the development of the industrialized countries, that is, they became economically dependent on the developed countries.

There are a great number of explanations for economic dependence and underdevelopment. The best known approaches are combined under the heading "dependencia theories." These theories further develop the concept of imperialism, and assert that the state of economic dependence is directly responsible for the exploitation of developing countries. The theories emphasize that external dependencies are primary causes of internal structural deformations, a process that perpetuates the external dependency.

The external economic dependence is rooted in the political and military colonial domination that destroyed the indigenous lifestyle and culture, while the postcolonial development schemes forced integration into the international division of labor. The forced integration caused deep structural changes in the peripheral societies, and created an economy oriented toward the requirements and demand conditions of the industrial countries. The most propulsive sector of the economy of the developing countries, the export-oriented sector, was heavily sensitive to the economic conditions in the developed economies. Thus, the long-term development goals of the developing countries were ultimately dependent on cyclical movements in economies of the industrial countries.

In addition, the modern sector in developing countries mirrored that of industrialized countries, thus leading to further polarization within society. The economic growth did not lead to the reduction of poverty, but to the widening of the gap between the elite, which accepted the norms and values of the industrialized countries, and marginalized masses. The external dependence reproduced itself within developing countries. The economic sectors that served internal needs became dependent on the modern sector, which, in turn, was subordinated to the economic conditions in the industrialized countries.

Economic dependence, according to dependencia theories, is a direct consequence of capitalism. Dependencia theories, however, do not concentrate on strategies for development beyond the demand for structural changes, independence, and participation. The only way to avoid the vicious circle of underdevelopment and poverty is to embrace self-reliance and embark on a path of internal economic development.

SEE ALSO: Economic Growth; Economic Growth and Poverty Reduction Strategy; Globalization; Third World.

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Economic Distance

ECONOMIC DISTANCE HAS two distinct yet interrelated definitions. One is a relative measure of household well-being based on a percentage of median income, or an absolute difference in per capita income between social groups. For example, economic distance can be measured as the percentage of families with household income that is less than 50 percent of median income, or as the ratio of income for higher-income households versus lower-income households.

A more common usage refers to the spatial or social distance to centers of economic activity and power, or as the costs of reaching markets, including the probability of losses in product quality. The concept has two major aspects: spatial and often social distance between sparsely populated rural areas and urban growth centers; and social and to a lesser extent spatial distance between disadvantaged urban communities and areas of economic opportunity in urban areas. Reducing economic distance is often advocated as a way to reduce rural poverty based on the assertion that a lack of market access limits economic growth and opportunity, and hence plays a key role in the creation of poverty pockets (lagging geographic regions with high rates of poverty and social dislocation).

Examples of such regions include the hinterlands in much of Latin America and the Appalachian and Mississippi delta regions in the United States. J. Jalan and M. Ravallion also provide strong evidence for poverty pockets in their examination of household data from four rural Chinese provinces in 1984 through 1990. Their research concludes that holding initial endowments constant, households within relatively wealthy areas were more likely to escape poverty than their counterparts in poorer regions.

Investment in infrastructure, especially roads and telecommunications, is usually seen as a way to reduce economic distance, thereby engendering economic growth and reducing poverty. For example, a recent publication by the World Bank touts development of the transportation systems as the means for generating employment and reducing poverty in the Balkans. However, Jalan and Ravallion point to growth in agriculture and investments in healthcare as key explanations for the effects of economic distance they observed in China rather than the lack of adequate road systems.

More generally, reductions of economic distance can be a two-edged sword by facilitating out-migration and loss of internal markets to outside competitors. In fact, the controversial phenomenon of globalization is the outgrowth of continuing reductions in economic distance between often distant countries. It is conceivable that reductions in economic distance could in some cases create rather than help eliminate poverty pockets, if the fruits of the resulting gains in efficiency from increased trade are not equitably distributed.

T. Conley and G. Topa found a strong pattern of differences in unemployment rates (and by our extension poverty levels) across Chicago, Illinois, neighborhoods based on geographical differences. This result implies that economic distance also matters in urban settings. However, the pattern was explained by racial or ethnic and occupational distance, that is, by social and educational or class differences between neighborhoods. Their work reveals an overlap in the two definitions of economic distance, in that differences in income level or class distinction correlate with differences in physical location. They suggest unobserved differences in human capital and skill sets, informal networks, and discrimination in labor markets as possible explanations. There is further analysis within the context of physical distance in explaining poverty levels and the lack of economic opportunity.

SEE ALSO: Globalization; Mapping Poverty; Rural Deprivation: Urbanization.

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Economic Growth

ECONOMIC GROWTH REFERS to the rate of increase in a state's prosperity over the course of time. It is more commonly used to consider long-term growth. The single percentage annual measure of economic growth has come to be considered perhaps the most important test of national and governmental economic progress and, especially in the developing world, carries with it a measure of prestige. Growth rates in east Asian states in particular have reached levels that are unprecedented, since modern growth is hugely more rapid than it has ever been.

Three aspects of the economy can cause growth: capital accumulation, which includes investment in all factors of production (such as land, people, and machinery); labor market growth; and technological progress. Total factor productivity (TFP) is a combination measure, which summarizes changes in each of these three areas. However, there is considerable and continued controversy concerning exactly what sorts of changes are most effective in promoting overall growth and how they can be managed. The Austrian economist Joseph Schumpeter added to the debate by pointing out the importance of entrepreneurs in stimulating growth.

The economist W.W. Rostow argued that the action of economic growth was to cause societies to move from a traditional stage to a transitional one in which the conditions are secured for the change to a mature society capable of much higher levels of growth. Colin Clark subsequently described this process as moving from agriculture to manufacturing to services. Subsequently, much discussion has centered on the move to a fourth stage, which is that of the information or knowledge economy.

In any case, it is clear that economic growth leads to and is caused by transformation of the existing nature of the economy. Nobel Prize winner Simon Kuznets wrote that six factors characterize growth in modern economies: high rates of growth in population and per capita output, high rates of change of TFP, rapid structural economic transformation, rapid social and ideological transformation, market and resource-seeking activity by developed country firms, and limited spread of growth internationally. The desire for greater equity in global economic development has led many to try to change the last of these factors.

Greater attention to the reasons for economic growth has further stimulated the concept of endogenous growth theory—the idea that economic growth can arise from within a nation and need not be caused solely by inputs from external sources. Causes of growth according to this theory include new and more efficient uses of machinery and technology, greater levels of education and productivity in the local workforce, and government policies.

There are many ideological and political implications to this approach since it contradicts to some extent the structural adjustment approach of the International Monetary Fund, which has paid no heed to local conditions or to the ability of domestic markets to transform them. The examples of South Korea, Taiwan, Singapore, and China, among others, demonstrate the extent to which economic growth can be stimulated through government policies, particularly with respect to encouraging education and discouraging imports.

SEE ALSO: Growth with Redistribution; Human Development; Structuralist School; Technology.

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Economic Growth and Poverty Reduction Strategy

WORLD POVERTY REDUCTION is a central issue in today's growing global economy. However, the best

approach to raising income levels of the poor on a sustainable basis is open to debate. Poverty reduction may come about through income growth, redistribution, or both. Changes in poverty are monitored by examining the relationship between growth in a country's per capita income and how the income share of the bottom 20 percent of the income distribution changes (that is, the Lorenz Curve). Advocates of reducing poverty through economic growth and development argue that economic growth—an increase in an economy's ability to produce goods and services resulting in growth of per capita income and a rise in the standard of living—must play a role in achieving sustained poverty reduction in developing countries.

Research shows that economic growth is associated with reductions in poverty, and most economists believe such growth benefits nearly all citizens of a country, even if not equally. The poverty impact of growth can differ substantially among countries. The extent to which these benefits are realized by various groups is reflected as change (or lack of change) in the distribution of income. If economic growth raises the income of everyone in society in equal proportion, then the distribution of income will not change. An increase in mean income in a society, at an unchanged distribution, must necessarily lead to a reduction in poverty.

For growth to occur without a reduction in poverty, income distribution must become more unequal. Growth in household incomes is essential to poverty reduction. However, if growth is skewed in favor of richer households, economic growth may have little impact on poverty reduction. In fact, much of the controversy in pursuing economic growth approaches to poverty reduction involves the relationship between inequality and growth.

Pursuit of economic growth may lead to increasing inequality in the distribution of income. However, sustained growth, even if associated with increasing inequality, can nevertheless bring about poverty reduction, albeit at a lower rate. For a given rate of economic growth, a neutral distributional or pro-poor pattern is preferable in terms of its impact on poverty.

The growth impact on poverty varies according to several factors. The positive relationship between growth and inequality is most pronounced where development takes place within an urban-based setting, that is industrialization, with little or no emphasis on rural development. In developing countries in which agricultural communities account for the majority of those living in poverty, urban industrial growth generates little employment and thus little income gain among the

poor. The accrued increase in income based on urban economic growth accrues only to a very small number of households. There also appears to be a relationship between a country's initial distribution of income and the rate of poverty reduction for a given rate of growth. With low initial inequality, economic growth translates into greater poverty reduction, and alternatively with greater initial inequality, economic growth translates into lower rates of poverty reduction. Thus, in countries where inequality is initially high, the poor benefit less from growth. Stated simply, income growth among the poorest groups of people is slower in well-endowed economies.

In countries with largely rural economies, substantial portions of the population tend to be poor and rely on agricultural employment or subsistence farming. When such a country grows through agricultural exports, or when manufacturing growth increases the demand for food and materials supplied by the rural sector, benefits accrue to both poor farmers and their poorer laborers.

The poor may benefit even in the presence of adverse changes in income distribution.

Therefore, in many developing countries it is not surprising to find that growth in agriculture has a more substantial impact on poverty than growth in other sectors, because most of the poor live and work in rural agricultural sectors. Since the manufacturing sector is relatively small, in terms of numbers of people employed, its growth is likely to have a much smaller impact on the number of poor people in rural areas, although a small number will migrate.

Several approaches to growth can be pursued through economic policy and investment. Policy promoting a neutral distributional or pro-poor growth strategy is likely to support labor-intensive rather than capital-intensive markets and to place emphasis on raising education and skill levels among the poor. The trade-off in pursuing a more neutral distributional pattern of growth is the possibility of compromising the overall rate of growth. The issue raised by this trade-off is whether or not a more inequitable, though faster, rate of growth may achieve more poverty reduction than a more equitable, but slower, growth pattern.

The poor may benefit from growth even in the presence of adverse changes in income distribution. In most cases, economic growth does promote at least some

poverty reduction. Some would argue that income distribution tends to change slowly and policy that aims at redistributing income at the expense of economic growth may have slower payoffs in terms of poverty reduction. Others would disagree.

While countries vary in poverty outcomes with regard to development strategies, there are several strategies that appear to be promising in reducing poverty among developing countries. Chief among these strategies are social and economic development approaches with an outward-oriented strategy of export-led growth—open economies tend to grow faster than closed economies; agricultural and rural development at an early stage, with encouragement of new technologies; investment in physical infrastructure and human capital; efficient institutions that provide the right set of incentives to farmers and entrepreneurs; improved access to capital through better functioning credit markets, and a more equal distribution of assets; and social policies to promote health, education, and social capital, as well as safety nets to protect the poor.

SEE ALSO: Distribution; Globalization; Income Distribution Theories; Industrialization; Wealth Inequality.

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Economic Inequality

ECONOMIC INEQUALITY most commonly refers to an analysis of the degree of disparity (inequality) within an economy. This study is accomplished by measuring, for instance, the amount of income, wealth, or expenditure distributed among a chosen population and geographic area. In writings about economic inequality, income is most commonly measured using objective and normative methods. An objective measure of income applies statistical procedures such as the Gini coefficient of the Lorenz Curve. This curve has a "0 to 1" range, indicating the extent of income inequality that can increase or decrease in value. "0" represents a completely equal division of income, and "1" represents a completely unequal division of income. A normative measure pays attention to social issues affecting patterns of income: these might include gender, ethnicity, race, age, rate of infant mortality, social structure, literacy, diversity of employment opportunities, rates of consumption, life expectancy, control over resources, and access to basic needs or social services (education, medical care).

The measurement of economic inequality describes the well-being of a society. For instance, governments might identify financial differences between income groups experiencing wealth and those experiencing poverty. Outcomes might reveal the extent of imbalance over time; show where in the group poverty or wealth is occurring; and help determine descriptions and prescriptions of wealth and poverty in any given social context.

On the global level, economic disparities among nations might be studied to determine national living standards or quality of life. At the local level, investigations of economic inequality aid the assessment of mean incomes, levels of poverty occurrence, and income thresholds of deprivation, which allows policymakers and political theorists to create guidelines for minimum wage laws, taxes, tax breaks, social assistance and benefit programs, financial aid, unemployment insurance, and pension programs.

What critics often find misleading in such calculations, however, is the extent to which they can hide true economic realities, that is, actual consumption patterns, inadequately measured basket-goods, the impact of inflation, real wage values, fluctuating interest rates, and other factors sometimes overlooked or ignored in numbers-based studies.

The knowledge brought forth by studies of economic inequality has created genuine movements appalled by the devastation inequality has had on the universal common good. Patterns exposing declining wages and job security affecting millions of workers hint at the unrelenting local and global problems accompanying the rise of capitalism, the globalization of the economy, and the rise of wealthy multinational megacorporate enterprises, technology, rapid transportation, and mass consumption. Highly accumulated

amounts of income and wealth—among the powerful few who can truly influence economic outcomes—have aggravated and multiplied the poverty of the many, as indicated by recent United Nations Development Report updates. Such patterns have shaped the political sphere of moral debate in the new millennium, raising three important questions: Whose responsibility is it to balance the inequities between rich and poor? What strategies might be used to ensure that equality can be reached without a considerable decrease in income or wealth of those unwilling to forfeit it? Is the current economic system conducive to economic equality?

As the control of resources, income, and wealth by the dominant few has become common to general knowledge, complex ethical discussions contemplate possibilities for economic fairness, human rights, and social justice. Whatever the outcome, the search for transformative solutions—especially where conditions of extreme economic inequality have crippled communities and societies with extreme hunger and thirst, sickness, lack of education, lack of basic needs, and debt—has become a social priority in need of significant progress.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Capitalism; Globalization; Income Inequality; Social Inequality.

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Economic Insecurity

ECONOMIC INSECURITY IS a condition in which an individual's or household's economic well-being and

stability are compromised. Households living in poverty are by definition economically insecure as they struggle on a daily basis to make ends meet and fulfill their basic needs. However, living in poverty is not a prerequisite for experiencing economic insecurity.

Many individuals and households exist on marginal incomes just above the poverty line or rely on unstable sources of income. Many who experience economic insecurity work full-time and do not receive public assistance or income maintenance benefits of any kind. Such households often live in constant awareness that even a slight change in their economic condition could push them into dire economic circumstances in which they are unable to meet basic needs such as food, clothing, shelter, and medical care. These marginal-income groups are often referred to in the United States as the working poor. Although many economically insecure individuals may never slip into short-term poverty, they are not far from its income boundaries.

Economic insecurity is more highly associated with certain individual and household characteristics, including household structure, race, age, gender, and geography. Single-parent households, especially female-headed households, nonwhites, children, the elderly, women, and those living in central cities or rural areas are at a higher risk of living in a state of economic insecurity. Additionally, those employed in the secondary labor market, transitional jobs, or seasonal work are more likely to be economically insecure.

Economic insecurity is not reserved for only boor or marginal-income households.

National economic trends and events also play a role in the economic security of individuals and households. These include economic downturns, higher unemployment rates, recessions, business closures, and an overall lack of economic growth or decreases in per capita income. Adverse life events, such as the loss of a spouse, changes in family composition, involuntary job loss, illness, disability, and involuntary residential moves such as eviction or home foreclosure, all impact economic security negatively.

Economic insecurity is not reserved for only poor or marginal-income households. Many Western economies have seen rising levels of economic insecurity among upper-income working people. Corporate downsizing, job outsourcing, and growing globalization of the economy have wiped away a sense of career-long employment confidence for many. Policies aimed at globalizing production and distribution, and structural adjustment policies, while increasing labor market flexibility, have often resulted in an increased probability of losing one's job.

Economic insecurity resulting from the loss of a job may also result in other adverse outcomes, including threats to retirement benefits and lack of healthcare coverage. Additionally, job changes compromise one's ability to build social capital through the establishment of relationships with coworkers or neighbors in the event of disruption of residential stability. Economic insecurity may also result in individual behavior changes.

Threats of unemployment may convince workers to change jobs, which may result in a loss of seniority protection a current job may provide and future loss in upward job mobility. Individual actions and safeguards to reduce the risk of economic insecurity include such things as increased savings and asset development, decreased consumption, and development of human capital and a comparative advantage in the labor market.

Governments have spent substantial resources in attempts to reduce economic insecurity in society. Safeguards against economic misfortune and creation of national systems of social insurance, such as the United States Social Security Act of 1935, partially insulate the population, in this case the elderly, from the risk of economic hardship. Restorative, preventive, and social maintenance services all help to prevent economic insecurity or restore security.

Public health insurance and cash transfer programs, including old-age pension programs, workers' compensation, and unemployment insurance. all pay benefits to help insure against economic insecurity in the event of becoming aged, unemployed, disabled, or sick. Public benefits ease the gap through food supplement, shelter, and childcare subsidies. Cuts in government spending for programs that provide economic stability month to month quickly result in adverse economic outcomes.

There has been an international trend to reduce social protections of the welfare state. Development of the welfare state was largely motivated by a desire to decrease economic insecurity. The combination of an increased rate of labor market change and decreased protections from the adverse consequences of change through social welfare programs has inevitably produced greater economic insecurity.

SEE ALSO: Income Poverty; Social Security; Welfare State; Working Poor.

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Economic Insufficiency

FOR AN INDIVIDUAL or a household, economic sufficiency means maintaining a decent standard of living and not having to choose between basic necessities such as medical care and food. An economically self-sufficient household is able to meet basic needs without relying on the help of government transfers or private assistance.

Economic insufficiency implies just the opposite. Many struggle with economic insufficiency largely because of inadequate incomes. Working full-time all year does not necessarily translate into economic sufficiency. Those who live in a state of economic insufficiency typically also live in a state of material deprivation with inadequate consumption of particular goods and services such as food, clothing, housing, medical care, and childcare. Absolute-income measures of poverty do not identify many who experience economic insufficiency.

Indicators of annual income may misrepresent actual household economic and material resources. Additionally, households face different demands on their economic resources. For example, the need for out-of-pocket healthcare and childcare expenditures varies across households. Some might suggest that a state of economic insufficiency is caused by preferences in spending and/or financial management. However, research shows that generally households that lack non-necessities generally lack necessities as well.

One alternative measure in the United States that seeks to capture a household's level of economic self-sufficiency is the Standard for Self-Sufficiency (SSS). The standard takes into account differing costs associated with family size and regional variations in standard-of-living costs. The SSS takes into account actual housing costs in the area, food, estimated care costs, transportation, childcare, and miscellaneous essential

items. The result is an income figure that exceeds absolute-income measures of poverty and an income figure adequate to meet basic needs without relying on public or private assistance.

Economic insufficiency is not just a matter of meeting basic needs. It also impacts longer-term economic sufficiency by interfering with an individual's potential social and economic development. Being well nourished, adequately sheltered, and in good health enables an individual to be productive in the broader sense. For example, well-nourished, healthy, and adequately sheltered adults are likely to have more regular employment, to be more effective parents, and to participate more actively in their communities.

Central to building economic sufficiency are access to education and training and access to jobs that provide real potential for skill development and career advancement over the long term. Although training and education do not have the same urgency as basic needs, true long-term economic sufficiency increasingly necessitates investments that enhance job skills and adaptability.

Economic insufficiency is also a community-level issue. Within a community, economic self-sufficiency is a level of social and economic development in which that community can control and internally generate resources to provide for the needs of its members and meet its own economic and social goals. Community and institutional supports enable the availability of affordable housing, public transportation, neighborhood safety, and accessible jobs. Social and economic underdevelopment is the paramount obstacle to economic sufficiency.

While provision of government services helps to reduce economic insufficiency, a more sustainable focus involves increasing community and individual productivity through community development within low-income and poor communities that lack the infrastructure and jobs needed to support movement from economic insufficiency to economic sufficiency.

Promoting economic sufficiency within any given community might include promoting local leadership to exercise control and decision-making over local resources and fostering the development of stable, diversified local economies and economic activities that will provide jobs, promote economic well-being, and reduce dependency on public funds and social services.

SEE ALSO: Cost of Living; Cost-of-Living-Based Measures of Poverty; Economic Inequality; Economic Insecurity; Standard of Living.

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Economic Liberalization

ECONOMIC LIBERALIZATION refers to the removal of both price and nonprice barriers to the functioning of markets in the economy. In a liberalized economy, decisions are made in and by the markets, as dictated by free market forces, that is, supply and demand conditions. The idea behind support of economic liberalization is that in an economy where all the markets (output, input, financial, and external) are liberalized, prices set by supply and demand reflect the true resource and opportunity costs of factors of production and allocate resources in the most efficient way, providing the most effective and efficient solution to the problem of scarcity.

The emphasis on free-market reforms in industrial and developing countries over the last few decades is a response to the protected and regulated markets of the 1960s and 1970s that resulted from Keynesian macroeconomic policies in industrial and import-substitution-industrialization (ISI) policies in some developing countries. The two oil shocks in the 1970s and the world debt crisis in the mid-1980s aggravated the ills of the world economy, raising questions about the wisdom of regulation and protection. Economic liberalization and deregulation, it was argued, would reallocate resources more efficiently, contributing to increases in competition, productivity, and growth.

Economic liberalization became part of the official development strategy of international economic organizations: the International Monetary Fund (IMF), World Bank (WB), World Trade Organization (WTO), and Organization of Economic Cooperation and Development (OECD). Especially in developing countries—plagued with market rigidities and financial bottlenecks in markets—economic liberalization, coupled with the appropriate macroeconomic stabilization policies, is

typically seen as the only way to access the world financial markets and secure development loans. Economic liberalization, it is argued, reduces overall market risk and uncertainty by allowing market forces to interact freely, and secures allocative efficiency.

Distributive issues, that is, which groups benefit from the process of resource reallocation and growth, are not a concern since in theory everybody becomes better off in the long run. The IMF has an extensive list of documents supporting economic liberalization. In the short run, however, the economy goes through an adjustment period. Within this period, some industries shrink, some expand. The shrinking industries lay off labor and the expanding industries hire new labor. If the expanding industries fail to absorb the unemployed labor, overall unemployment rises.

The overall effects of economic liberalization on poverty are ambiguous.

In developing countries, the lack of social safety nets and economic institutions that would otherwise support the unemployed deepens poverty. In addition, economic liberalization has historically targeted labor market institutions and dismantled them (as reflected by the all-time-low unionization rates), weakened job safety, and reduced wages and benefits as increased global competition threatened corporate profitability. The advocates of economic liberalization, however, see these adverse developments as temporary phenomena and refer to them as short-run adjustment costs. Once the adjustment to free markets is completed, the argument is that the rising economic tide will lift all boats and eventually eradicate unemployment and poverty.

Trade and capital-market liberalization have been the two most controversial aspects of overall economic liberalization in terms of their effects on poverty. Trade liberalization is assumed to reallocate resources into areas where the economy has a comparative advantage, and therefore to stimulate specialization in the production of exportable goods and services.

Assuming a foreign-exchange system that is supportive of the free-trade regime, all trading partners benefit from trade, enjoying higher real incomes and growth. Adjustment costs still exist, but the overall net long-run effect of free trade is that everyone wins, both rich and poor. International economic organizations, especially the World Bank and the IMF, have been relentlessly pushing for trade liberalization in developing

countries, thereby opening up new markets. Ironically, industrial countries have been lagging behind in liberalizing their agricultural sectors, instead subsidizing and protecting them.

As a result, developing countries with a comparative advantage in agricultural exports (especially Africa) fail to export their goods to rich industrial countries, and cannot enjoy the potential benefits of free trade. It is therefore not very surprising that proponents of free trade have been arguing recently for industrial countries to liberalize their agricultural sector.

Even though agricultural protection in industrial countries has resulted in deepening poverty in Africa, economic liberalization has helped reduce poverty in Asia. As a result of the global shift in industrial production to Asian countries, real incomes in Asia have increased. Even so, there are some who argue that Asian economic gains were matched by the deteriorating economic status of unskilled labor in industrial countries. A vocal proponent of this view in the United States is P. Buchanan.

Less research has been done on the interrelationship between financial liberalization and poverty. Mainstream economic theory argues that financial liberalization stimulates savings and investment, both domestic and foreign, and hence contributes to economic growth. Again the rising economic tide lifts all boats, reducing poverty. In practice, financial liberalization has had mixed results. P. Arestis and A. Caner argue that financial crises resulting from speculative capital flows raise macroeconomic volatility and worsen the economic status of the poor by lowering their incomes and changing the distribution of income against the poor. Furthermore, as incomes drop, so do tax revenues, restricting the financing of antipoverty programs. A. Charlton and J. Stiglitz add to this list the fact that financial integration lowered the bargaining power of low-wage workers and lowered the credit availability to the poor, aggravating their economic problems.

The overall effects of economic liberalization on poverty are ambiguous. The rising tide has not lifted all boats equally. Capital owners, especially financial capital owners, seem to have benefited disproportionately more relative to low-wage unskilled labor.

SEE ALSO: International Monetary Fund; Scarcity; Structuralist School; Supply-Side Economics; World Bank; World Trade Organization.

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Ecuador

THE REPUBLIC OF ECUADOR traces its roots to the Kingdom of Quito formed by natives on the northern highlands in western South America. Later, Ecuador became part of the Inca tribe through conquest and marriage. In 1532, Francisco Pizarro claimed the land for Spain, and two centuries of exploitation of the land and the people followed. After revolting against Spain in 1819, Ecuador, Venezuela, Colombia, and Panama formed the Gran Colombia. When the confederation collapsed in 1830, Ecuador, Colombia, and Venezuela emerged as independent nations. Since the late 1970s, Ecuador has been under civilian rule, characterized by political instability and a rapid succession of presidents.

Petroleum is Ecuador's most valuable resource, generating 40 percent of export earnings and one-fourth of budget revenues. However, the market is dependent on global petroleum prices and on international events. Other Ecuadorian resources include fish, timber, and hydropower. Services dominate the economy, employing 68 percent of the labor force. Almost a fourth of the workforce is engaged in industry, and 10 percent are involved in agriculture. Unemployment stands at 11.1 percent, and 47 percent of the labor force are underemployed. Because of this, around eight percent of the population have migrated, mostly to Spain, Italy, and the United States.

Ecuador is subject to frequent earthquakes, landslides, volcanic activity, floods, and periodic droughts. In 1998 in the aftermath of El Niño, which caused \$3 billion in damage, Ecuador suffered an economic collapse that resulted in bank failures, an inflation rate of 43 percent, and loan defaults on external debt. The poverty rate soared to 70 percent. After a coup in 2000, the vice president assumed power and began working with the Ecuadorian Congress to implement structural reforms designed to stabilize the economy. He was subsequently replaced.

Despite some growth, the economy has not completely recovered, in large part because chronic corruption serves as an obstacle to true progress and stymies efforts to improve the quality of life in Ecuador. Vast inequalities also negatively affect the standard of living. The richest 20 percent of the population claim 58 percent of the nation's wealth while the poorest 20 percent survive on only 3.3 percent. Ecuador is ranked 43.7 percent on the Gini Index of Human Inequality.

Ecuador is a lower-middle-income country with a per capita income of \$3,700. While the poverty rate has declined from the 70 percent of the late 1980s, 45 percent of Ecuadorians currently live below the poverty line. Some 40.8 percent live on less than two dollars a day, and 17.7 percent live on less than one dollar a day. Over half of the Ecuadorian population is unable to meet basic needs, and 57.8 percent of this group live in rural areas.

Women and children are more susceptible to poverty than other groups, and poverty is worst in rural areas. The United Nations has estimated that 70 percent of children in Ecuador are poor. That number rises to 90 percent among the indigenous and Afro-Ecuadorian population. Cultural barriers continue to prevent efforts to end gender discrimination in Ecuador. As a result, women are more likely to be unemployed, and those who do work earn lower salaries.

Housing conditions are poor. Some 15 percent of Ecuadorians lack access to safe drinking water, and 14 percent lack access to basic sanitation. As a result, diseases such as river blindness spread, affecting more than 20,000 Ecuadorians in 119 communities. The Ecuadorian government recently pledged to halve the extreme poverty rate of 26 percent recorded in 1990 to 13 percent by 2015.

Government data recently revealed that 76.2 percent of women and 69 percent of all employed Ecuadorians have no kind of health insurance. Access to affordable healthcare is not always available as a result. There are 145 physicians for every 100,000 residents in Ecuador, and over half of the population is unable to afford essential drugs. Life expectancy in Ecuador is 76.21 years. On the average, females (79.22 years) outlive males (73.85) by five years. Among the population of 13,363,593, the median age is 23.27 years. Over a



After the effects of massive storms from El Niño in 1998 in Ecuador, the poverty rate soared to 70 percent.

third of the population is under the age of 14, and almost five percent have reached the age of 65. HIV/AIDS is becoming a serious threat in Ecuador, with a prevalence rate of 0.3 percent. In 2003, 21,000 Ecuadorians were living with this disease, and another 1,700 had died.

Children have access to free healthcare through the Maternity and Child Care Act, but minority children may not receive the proper care. Consequently, Ecuadorian infant mortality rates are highest among minority children. Officials believe that half of all infant deaths are preventable. Mortality rates have declined significantly over the past decades. From 1970 to 2003, infant mortality fell from 87 to 24 deaths per 1,000 live births. During that same period, the mortality rate of children under the age of 5 was slashed from 140 to 27 deaths per 1,000.

Approximately 14 percent of all children under 5 are malnourished, and 16 percent of infants are underweight at birth. Six out of 10 children under 1 year of age are anemic. Some 26 percent of under-5s suffer from moderate to severe stunting. Childhood immunizations have increased in recent years for children from birth to 23 months, ranging from 80 to 99 percent.

Between 1970 and 2005, the Ecuadorian fertility rate dropped from 6.0 children to 2.72 children per woman. Among adolescent mothers, the birthrate is 62 per 1,000. Teenage pregnancy continues to rise in Ecuador, particularly in rural areas. Studies show that 92.6 percent of women of childbearing age understand the concept of birth control, but only 35.3 percent of all women use contraception on a regular basis. Among

married women, 56 percent practice some method of birth control. Trained medical staff attends 91.3 percent of all births in Ecuador, but only 20 percent actually occur in hospitals or clinics.

Healthcare is provided for women and children through the Maternity and Child Care Act. For women this means that they have access to sexual and reproductive healthcare throughout their lives. Nevertheless, maternal mortality continues to be high, and rates are highest among rural and minority women. According to modeled estimates for 2000, 130 maternal deaths occur out of 100,000 live births. Many of these deaths occur because 60 percent of pregnant women in Ecuador are anemic, making them more susceptible to excessive bleeding during delivery.

Literacy rates are high, and 92.5 percent of the Ecuadorian population over the age of 15 can read and write. Officially, 100 percent of Ecuadorian children now complete primary school, and more than half are enrolled in secondary school. In reality, only 39 percent of indigenous and Afro-Ecuadorian children attend primary school. One reason for this rate of attendance is that around 430,000 children between the ages of 5 and 17 are working.

Human Development Index Rank: 82 Human Poverty Index Rank: 22

SEE ALSO: Children and Poverty; Corruption; Drought; Economic Insecurity.

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Education

GLOBAL LEVELS OF educational attainment vary greatly. Adult illiteracy rates in the developed countries

hover near or precisely at zero percent. This figure is a direct reflection not only of the success of the educational systems in these countries but also of the high status held in the society for education. In these countries it is a given that education is a privilege and something that is highly prized. It is true as well that highly developed countries have the economic means to ensure that all children have the opportunity to achieve their potential within a quality education system. In most developed countries, attendance in school is mandatory through at least the mid-teen years. The compelling desire is that all young people will complete high school and that many will continue their studies in either an institution of higher learning or a quality vocational field.

NO CHILD LEFT BEHIND

Public education in the United States is not without its problems. Since the abolishment in the 1950s of the "separate but equal" concept of schooling, attempts have been made to provide adequate instruction to all students regardless of socioeconomic status or geographical location.

However, recent evidence from national testing clearly indicates that all groups do not score equally. White students and Asian Americans invariably score higher than African Americans, Hispanics, and Native Americans at all grade levels and in all subjects. Students from families in a low-income or poverty situation also score lower than the leaders. The current effort in American education is directed at closing the achievement gaps that separate these groups.

The federally mandated No Child Left Behind Act of 2001 (NCLB), demands that all students in all grades and in all subjects be proficient by the close of school year 2013–14. This is a tall order, and many groups in the United States are voicing objections not only to the seemingly impossible goals set in this legislation but to other aspects of the legislation.

Regardless of the shortcomings of NCLB, whether real or imagined, the education system in the United States needs attention. One example will make this clear: since 1990 the percentage of students graduating from high school has actually dropped. After climbing steadily in previous decades to a high near 90 percent, there has been a slow but steady decline of a few percent each year since 1990. Couple this outcome with a general slippage in the rank of schools in the United States in international comparisons and the task set out for the educational community is well understood.

DEVELOPING WORLD

The education picture in countries of the developing world is radically different. Considering literacy rates again, there are a number of countries in sub-Saharan Africa where over half of the adult population is illiterate. The worst-case situation is Niger, a poor country in west Africa, where the illiteracy rate in 2001 was estimated to be 83.5 percent. The United Nations Human Development Report for 2003 also indicates that the probability at birth of not surviving to age 40 in Niger is 38.7 percent. This says that on average nearly four of every 10 newborns will not live to their 40th year. Several other African countries have even higher percentages in this category.

A large percentage of children in Niger are also underweight for their age. Of those under 5 years of age, 40 percent are underweight due to malnutrition and the ravages of poverty. Further, 85.3 percent of the population of Niger live on an income below \$2 per day; and 1.4 percent live on less than \$1 per day. It should come as no surprise to learn that educational levels in Niger and dozens of other poor countries are miserably low. There may be the desire to learn but the economic system and, in many cases, the cultural attitudes within the country argue against emphasizing education. This is especially true for young girls in the developing countries. Their school attainment is generally far below that of the boys.

What is so astounding about these goals is that they are giant leaps.

The United Nations created a set of goals for the eradication of poverty and hunger and the improvement of education in the developing world. The organization's Millennium Development Goals (MDG) program set out targets of attainment to be reached by 2015. The three major goals were to 1) cut in half between 1990 and 2015 the proportion of people whose income is below \$1 per day, 2) cut in half between 1990 and 2015 the proportion of people who suffer from hunger, and 3) ensure that by 2015 children everywhere, both boys and girls, will be able to complete a full course of primary schooling.

What is so astounding about these goals is that, from the perspective of the developing world, these are giant leaps. But from the perspective of virtually anyone in the developed world it is essentially unthinkable that

such conditions exist in the first place and that it should take 25 years to attain the stated goals.

The MDG directed at relieving hunger does not seem to be making a great deal of headway in sub-Saharan Africa. By the year 2000 many of these countries had between 25 and 55 percent of their people categorized as undernourished. In addition, the MDG goal of improving access to primary education will be missed and it is estimated that nearly 50 million children in the developing world will still be out of school in 2015. Despite the lack of hoped-for progress in attaining the MDG many experts still believe that with the concerted efforts of governments worldwide and the commitment of the necessary resources and technological help to the poor countries, the goals can be reached. To not do so means the inevitable and certain loss of millions of lives unnecessarily, and most of the lives lost will be those of young children.

The United Nations Educational, Scientific and Cultural Organization (UNESCO) has launched a number of initiatives to combat the insidious combination of poverty, hunger, and illiteracy. Roundtable sessions have been held by UNESCO with other world organizations to discuss the role of education in poverty. A United Nations publication, Education and Poverty Eradication: Organization for Action, was printed and widely disseminated in 2001. A framework for action was prepared in cooperation with the Comparative Research Program on Poverty (CROP), a Norwegian nongovernmental organization.

In addition, UNESCO undertook a five-country study on education and poverty alleviation. There is a clear understanding that little can be done to alleviate poverty or to reduce hunger without enhancing education. With the onset of increased acts of terrorism globally, researchers have conjectured on the possibility of a link among poverty, levels of education, and terrorism. Studies on this subject seem to indicate that a clear connection with terrorism cannot be unequivocally made. Researchers have concluded that there is little basis to believe that lowering poverty or enhancing education would necessarily help to lower the incidence of terrorism.

The link between poverty and education is abundantly clear in the United States as well. Although the United States is a leader in the developed world and has accumulated extraordinary wealth, there are still many people in the country living below the poverty line. Children in low-income families and those living below the poverty line perennially score lower on both federal and state standardized tests than do other children.

For these reasons, educators are now addressing the notion of the "whole child," a posture that considers not only educational attainment but the physical and mental health of the child. The concept of the whole child is one of a number of more holistic approaches to education under development in the United States and other First World countries. Articles and books are beginning to appear that stress the importance of schools connecting more closely to the communities in which they are found. In like manner, all sectors of the community are being approached to include the schools in a more intimate manner.

The notion of holistic community revitalization, with the schools in the community playing a key role, is an approach that has been developed and in place for years in Australia and New Zealand. The approach appears to have great merit especially in smaller communities in rural areas, where for years the school has been the center of activities. The idea is now being suggested for urban centers as well. One of the approaches for community revitalization within the urban area is called school-community organizing. Success in this endeavor could see a return to viable and closely knit neighborhoods, an attribute of American towns and cities before the era of suburbanization and the busing of students away from their home turf.

There may be a great deal of merit in these suggestions for improving education.

Some writers are taking the community-school concept even further. There is the belief among some researchers that the American school has reached its maximum level of efficiency and capability for educating students in its present configuration. If this is true, the argument continues, it is time to direct resources away from the schools and into the communities. In short, solve the problems of the communities (population decline, shortage of employment opportunities, and poverty). If this can be accomplished, the schools within those communities will improve as well. There may be a great deal of merit to these suggestions.

For years it has been clear that the Department of Defense (DOD) schools in the United States and those serving families in overseas locations have operated in the tight community-school manner. These schools have achieved the highest scores on federal tests and they exhibit the strong association with community identified by these researchers. Generally, the DOD

schools have much higher parental involvement, a more enthusiastic and goal-oriented student body, and the full support of the community, which in this context is the military base.

Schools in small communities are doubly challenged. It is difficult to attract good teachers to these small places, and students by and large indicate early in their education career that they will leave the community as soon as they graduate. If the community revitalization approach is to have any success at all, ways must be found to keep students in those places following graduation. This, of course, argues for directing more resources into the communities.

Along with community development, some educators are stressing the need for more "place-based" education in the schools. The place-based approach directs students to conduct research projects within their home community, seek out longtime residents of the place and learn about the place from them, and write reports about their community. By engaging in these activities the hope is that students will generate a greater appreciation for the place and consider staying there instead of heading for the nearest big city. This approach has worked well in Australia and New Zealand and could work just as effectively in the United States.

Another movement within education is changing the emphasis in schools from a teacher-centered focus to one that emphasizes learning. It has long been known that overuse of the disseminating method of teaching and emphasis on lecture does not enhance learning. Nor do these delivery methods enable the student to learn how to learn, an outcome that educators insist is essential. Nor do they develop in students the belief that they are responsible for their own learning, an outcome that ideally should happen early in the student's education career. Changes such as these in the realm of education will not come easily. Most teachers in the schools learned their craft primarily through lecture classes in colleges of education.

It is a truism that teachers will teach as they were taught. In that sense, it is estimated that over 90 percent of the delivery approaches in higher education are through simple dissemination of information or lecture, neither of which can enhance high-order thinking skills so necessary in our complex world.

SEE ALSO: Children and Poverty; Educational Vouchers; Segregation; United States.

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Educational Vouchers

THE CRITICAL IMPORTANCE of education in the life of an individual, family, and nation is widely understood. Education, at least school education, is commonly considered the basic social infrastructure. In order to guarantee education to all, governments around the world run or finance schools. However, the quality of government education in poor communities and nations is generally found to be low. This means that the poor who cannot afford private schools and can only attend government schools get a lower-quality education, which limits their chances of having a better future. How do we then assure better quality education to the poor?

The idea of education vouchers is conceived as a means to empower poor students so that they can attend a school of their choice. The poor would have the same choice as the rich and schools would compete for all students. The same student who goes to a government school today can take the voucher from the government and go to any school of his or her choice. That choice in turn creates competition among schools to attract and retain students. Choice and competition work together to provide universal access to and higher quality of education to all.

Basically the idea behind education vouchers is that the money that governments spend on government schools is converted into education vouchers and given directly to poor students. Instead of funding schools, governments fund students. The education voucher is a coupon offered by the government that covers the full or partial cost of education at the school of the student's choice. The schools collect vouchers from students and present them to government for the amount of money specified on the voucher. The education voucher combines core competencies of the private and public sectors: efficiency and accountability of the private sector and equity and independent supervision of the public sector.

In the present system in the United States, the schools are accountable to the state governments and communities. The voucher system makes schools accountable directly to students since they pay for the education through vouchers. If the student does not like the school, he or she can take the voucher to another school. Under the voucher system, money follows the student rather than the school, as in the present system.

BENEFITS OF EDUCATIONAL VOUCHERS

Today a poor student may not be able to obtain a good education because he or she cannot afford to go to school at all or may be stuck in a poor-performing school. The voucher gives the student the money, and thereby the mobility to go to any school that he or she feels would provide a good education. This scheme satisfies the basic human right that all children be treated equally and equal educational opportunity be provided to all, irrespective of cash, class, or creed.

The revenue of a school would depend on the number of students it has—both those who pay directly and those who pay through vouchers. Each school would actively solicit students, including the poor (voucher) students. The resultant competition among schools would improve the quality of learning, of infrastructure, and of extracurricular activities.

To attract and retain students, schools would offer a variety of services that students and parents value—meals, transportation, supplementary tutorials, afterschool care. The schools would provide these extra services not because they are mandated but because that is the way to keep their students (customers). More importantly each school would have the incentive to figure out the service that is most valuable to its students.

Concerns about corruption and leakage in any public system are warranted. However, a well-designed voucher system would have less leakage than the present system as it puts the money directly in the hands of those who will pay and benefit from it.

Voucher programs have been implemented in different forms in countries as diverse as Sweden, Chile, Columbia, the Netherlands, some areas of the United States, the United Kingdom, New Zealand, Bangladesh, the Czech Republic, and Côte d'Ivoire.

RISKS OF EDUCATIONAL VOUCHERS

According to Independent School Management's Ideas and Perspective magazine, there are also risks associated with educational vouchers, at least for the U.S. public. Some of these risks include "Vouchers will come with strings attached: government intervention and controls are sure to follow. Legislators must establish accountability for the expenditure of public funds. Any private schools receiving vouchers could be subject to licensing, increased certification, and new accreditation standards; vouchers could further weaken the public school system by siphoning off revenues and skimming off the most motivated students and parents; a two-tiered educational caste system, consisting of premier and pauper schools, could result; private schools could be placed in adversarial relationships with public schools, lobbying for larger portions of the voucher pie; vouchers could encourage private schools to raise tuitions by the amount of the credit available. Impoverished students would be trapped once again in poor public school systems, while wealthy parents receive subsidies to send their children to elite schools."

Vouchers can be tailored to suit specific needs of a country or locality.

Vouchers work very well when the following conditions are fulfilled: there is a well-targeted population, including a clear identification of voucher beneficiaries; schools have the autonomy to respond to student demands, that is, schools should have the necessary regulatory freedom in terms of admitting students, expanding classes, or recruiting teachers; choice of schools in the neighborhood, for example, the field area should have an adequate number of schools so that students have a variety of options; and there are informed choices by parents, that is, there should be multiple sources of information like media reports of schools, performance reports by a director of education, and word-of-mouth sharing of information to enable an informed school choice.

Vouchers can be tailored to suit specific needs of a country or locality. Vouchers could be allowed to be used only across public schools, or public and private schools. They could be universal (given to all students of school age, as in Chile) or given to some on the basis of family income, minority status, or gender of the student. The voucher would cover only the direct educa-

tion cost (tuition fees) or also could provide extra money for the indirect opportunity cost of education (uniforms, textbooks, travel).

SEE ALSO: Children and Poverty; Chile; Colombia; Education; United States.

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Egypt

SINCE ITS INDEPENDENCE in 1952, several presidents have ruled Egypt. Each of them had his vision of national development and thus different perspectives of solving economic problems, especially poverty. During Gamal Abdel Nasser's era (1953–70), a policy of nationalization was implemented. This was based on redistributing wealth in Egypt to emphasize a balance between the rich and poor people. The policy helped in poverty eradication in parallel with the industrialization plan that was set in motion early in the 1960s.

During the era of Anwar Sadat, the third Egyptian president (1970–81), Egypt began to liberalize its trade policies in 1975 and witnessed a growth spurt of 7.1 percent per year for the following 10 years. Capitalist restructuring and attendant poverty did not originate in the 1990s; nascent forms of capitalist restructuring were started in the mid-1970s with the proclamation of an "open-door" policy.

An incessant growth of poverty can be documented over the last 20 years. But the root causes of the growth of poverty should perhaps be dated earlier. During Hosni Mubarak's rule (1981 to present), the Egyptian government continued development plans, but with a drop in Gross National Product of 1.4 percent in 1992, the government responded with a significant economic reform package. It tightened fiscal policy, decreased social subsidies, decontrolled interest rates, liberalized capital, and undertook reforms to enable privatization of the Egyptian economy.

Although poverty is always one of the main items of any development plan in Egypt, either short- or long-term, one of the aspects of enduring poverty is that percentages of poor women are slightly higher than those of males. Poverty rates include 21.85 percent of the population for females, compared to 20.98 percent for males, in rural areas. The corresponding figures in urban areas are 18.7 percent and 18.2 percent, respectively. Simulation analysis showed that being a female increases the probability of being poor by 2.3 percentage points in urban areas and by 4.79 percentage points in rural areas. About 36 percent of both men and women in northern urban areas in Egypt are poor and 67 percent are moderately poor.

The key elements of attacking poverty in Egypt are through building and enhancing all types of assets. Promoting economic assets, especially labor, credit, and land, and access to health and education services are only some parts of the multidimensional strategy to diminish poverty. Increasing social and political assets of the poor, through solidarity and groups of actions, are also important to help the poor fight poverty themselves.

Egypt is undergoing a structural adjustment process guided by the international financial institutions, including the World Bank and the International Monetary Fund. The Egyptian economy is widely acclaimed to have successfully completed the prescribed stabilization phase and is, by some accounts, poised to embark on a fast-growth trajectory. However, this transformation has resulted in a changing economic structure, with far-reaching implications for poverty in the country. Poverty has been on the rise in the midst of affluence for a few.

Human Development Index Rank: 119 Human Poverty Index Rank: 55

SEE ALSO: Capitalism; Income Inequality; Privatization; Socialism; Women and Poverty; World Bank.

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Eisenhower, Dwight (Administration)

DWIGHT DAVID EISENHOWER (1890-1969) was the first Republican to win the presidency since Herbert Hoover's election in 1928. Because of Eisenhower's enormous popularity, resulting from his successful leadership in World War II as supreme allied commander in Europe and an engaging personality, most were convinced that "Ike," as he was affectionately called, could have secured the Republican or Democratic presidential nominations in 1952. Yet, despite President Harry Truman's efforts to convince him to run as a Democrat, Eisenhower ran as a Republican because his views were more in keeping with those of the Republican Party, and he felt that running as a Republican would reinvigorate the two-party system, which it did. In the 1952 election, he easily defeated Democrat Adlai Stevenson, as he would a second time in 1956.

When Eisenhower entered the White House in 1953, many Democrats were concerned that he would attempt to dismantle the New Deal and its antipoverty programs. He was truly conservative and fearful of a runaway welfare state. Accordingly, he called for a reduction in the federal bureaucracy, spending cuts, and returning power to states and local governments, and warned of "creeping socialism."

Nevertheless, he generally accepted the New Deal apparatus, especially Social Security; did not move to roll back economic regulation and social programs; and mainly sought to instill businesslike management and efficiencies into existing programs. His moderate stance on domestic policies was called Modern Republicanism, Dynamic Conservatism, and eventually Progressive Moderation.

Eisenhower did not simply accommodate the expanded role of the federal government. He established the Department of Health, Education, and Welfare in 1953 and in 1954 approved of the expansion of Social Security to cover an additional 10 million Americans,



Dwight Eisenhower mainly sought to instill businesslike management and efficiencies into existing social programs.

including farmers and professionals. Also during the Eisenhower administration, unemployment insurance was expanded, a higher minimum wage was enacted, and funding was increased for public housing for the poor, but the president's devotion to balanced budgets led him to veto two public housing bills.

Eisenhower proposed a limited public-health insurance program designed to help the half of all Americans, mostly the poor and elderly, who did not have insurance. His plan would have sought to encourage private and nonprofit health insurance companies to provide broader insurance protection to more families by creating a federal reinsurance service. Under his proposal, the federal government would have reinsured the special or substandard additional risk incurred from broadening coverage. The program required a startup appropriation of \$25 million to be recouped by reinsurance fees. The measure also would have increased funding for vocational rehabilitation services and hospital construction.

Like Franklin Roosevelt, Eisenhower believed in stimulating the economy during cyclical downturns. Yet he generally professed opposition to using government programs as a stimulus, for he saw such endeavors as inevitably increasing the federal bureaucracy and government involvement, which he disliked. Therefore, he vetoed two public works projects designed to fight recession. During the recession of 1958, however, he ordered his postmaster general to ask Congress for \$2 billion for modernization of postal buildings and equipment, believing that the program would swiftly put many of the jobless to work in the cities where unemployment was concentrated.

Despite the mild recessions of 1954 and 1958, Eisenhower's eight years in the White House were a time of real prosperity. Personal incomes, the Gross National Product, home buying, automobile purchases, capital investment, and road construction were at the highest levels of the century. His frugal fiscal policies, determination not to cut taxes, refusal to increase defense expenditures, and budget balancing skills are believed to have played a role in this economic upturn.

One of Eisenhower's greatest domestic achievements was the construction of the Interstate Highway System (now officially named the Dwight D. Eisenhower National System of Interstate and Defense Highways) that he originally envisioned and personally pushed through Congress as the Federal Aid Highway Act of 1956. The face of America was forever changed by the world's greatest network of highways. This had an enormous impact not only on transportation, commerce, communication, and national defense, but also on rural poverty. These high-speed federal freeways opened isolated and underdeveloped regions and brought permanent jobs through all sorts of business projects, thereby dramatically improving the quality of life for millions of Americans, especially the rural poor.

Although critics accused Eisenhower of being uninvolved in the details of governance, the publication of his diary and the release of other private papers demonstrate that he was intensely involved in the operation of his administration and the formulation of domestic policy. Fostering the misconception of a detached leadership was his easygoing manner, inclination to give credit to others, publicized golf outings, and secret delight in deliberately giving reporters mind-boggling responses to questions at press conferences. After leaving office in 1961, Eisenhower lived to see his worst fears of a massive expansion of the welfare system with the advent of Lyndon Johnson's Great Society programs.

SEE ALSO: Johnson, Lyndon (Administration); Minimum Wage; Social Security; Unemployment Insurance; Welfare State.

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El Salvador

THE REPUBLIC OF EL SALVADOR is the smallest country in Central America and the only country in the region that has no Atlantic coastline. Along with other Central American countries, El Salvador won independence from Spain in 1821. El Salvador declared independence from the Central American Federation 18 years later. Decades of battles with other Central American nations followed. Between 1931 and 1979, military dictators ruled El Salvador. Subsequently, civil war broke out, and throughout the 1980s, the country was involved in prolonged conflict at a cost of 75,000 lives. In 1992, leftist rebels signed a treaty that paved the way for military and political reforms.

El Salvador is known as the Land of Volcanoes because of frequent and destructive earthquakes and volcanic activity. Hurricanes are also common and can be devastating, as was the case with Hurricane Mitch in 1998, with 200 lives lost and the destruction of over 30,000 homes. In the winter of 2001, a major earthquake damaged 20 percent of Salvadoran homes. The following summer, a severe drought destroyed 80 percent of crops and left famine in its wake.

Just over 17 percent of the Salvadoran labor force are employed in agriculture. Services dominate the economy, providing employment for 65.8 percent of the labor force. Various industries engage an additional 17.1 percent of the labor force. El Salvador has a current unemployment rate of 6.3 percent and vast underemployment.

Among those people who are employed, 30 percent do not have steady jobs, earning only subsistence incomes. Attempts to open new export markets and promote foreign investment, while overhauling the tax system and modernizing the healthcare system, have been hampered by the sluggish economy. The Salvado-

ran government depends on foreign aid and regular remittances from citizens who live abroad for economic survival.

The per capita income of \$4,900 is only half that of Brazil, Argentina, and Chile. Income is unequally distributed in El Salvador, with the richest 20 percent claiming 57.1 percent of available resources while the poorest 20 percent share only 2.7 percent. El Salvador is ranked 53.2 percent on the Gini Index of Human Inequality. Approximately 48 percent of Salvadorans live below the poverty line. About 19 percent live in absolute poverty, unable to support their basic needs. In rural areas, 55.8 percent of the population are poor, and 29.1 percent live in absolute poverty.

Women head over a third of poor households. Approximately 58 percent of the population live on less than two dollars a day, and 31.1 percent subsist on less than \$1 a day. Around 12 percent of the population is undernourished. All indications are that poverty are steadily increasing in El Salvador.

About 19 percent live in absolute poverty, unable to support their basic needs.

Almost one-fourth of Salvadorans lack access to safe drinking water, and 12 percent do not have access to improved sanitation. Healthcare is beyond the reach of many people. There are 126 physicians for every 100,000 residents. From six to 20 percent of the population are unable to afford essential drugs. Life expectancy in El Salvador is 71.22 years.

Among the population of 6,704,932, the median age is 21.57. Approximately 37 percent of the population are under the age of 14, and 5.1 percent are at least 65 years old. With a prevalence rate of 0.7 percent, HIV/AIDS is rapidly becoming a major threat in El Salvador. In 2003, 29,000 people were living with the disease, and 2,200 had died from the disease or its complications.

Between 1970 and 2003, infant mortality rates in El Salvador fell from 111 to 32 deaths per 1,000 live births. During that same period, the mortality rates for all children under the age of 5 dropped dramatically from 162 to 36. About 10 percent of all children under 5 are malnourished, and 13 percent of infants are underweight at birth. Approximately 19 percent of children under the age of 5 suffer from moderate to severe stunting. Immunization rates for children from 12 to 23 months have increased, currently ranging from 81 to 93 percent.

Between 1970 and 2003, the fertility rate in El Salvador declined from 6.1 to 3.1 children per woman. Fertility among adolescents occurred at a rate of 82 per 1,000 births. Contraceptive use increased from 59.7 percent in 1998 to 67 percent in 2000. The number of women receiving prenatal checkups rose from 46 to 71.2 percent between 1995 and 2002. As a result, from 1992 to 1995, maternal mortality rates dropped from 109 deaths per 100,000 live births to 51 deaths per 100,000 live births. Trained medical staff attend over half of all Salvadoran births.

Among the Salvadoran population over the age of 10, 80.2 percent are able to read and write, and literacy rates have changed little over the last 25 years. Female literacy (77.7 percent) lags behind male literacy (82.8 percent). Primary school completion rates have also been stagnant during that period. About 89 percent of males and 86 percent of females complete primary school. Less than half of El Salvadoran students are enrolled in secondary schools.

Human Development Index Rank: 104 Human Poverty Index Rank: 34

SEE ALSO: Drought; Healthcare; Subsistence; War and Poverty.

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Employment

EMPLOYMENT CAN BE categorized in many ways: blue-collar versus white-collar, full-time versus part-time, year-round versus seasonal, permanent versus migrant, skilled versus semiskilled or unskilled, unionized versus nonunionized, experienced versus apprentice. Classifications by type of work can be reduced to four

basic categories: professional, service, industrial, and agricultural. (Jobs related to transportation and communications might be placed in each of the four categories, while those related to mining, logging, and the exploitation of other natural resources might be categorized as either industrial or agricultural. Government employment would fall largely under service.)

In general, the number of jobs in the professional and service categories increases as an economy develops from an industrial to a postindustrial model. In contrast, if an economy is characterized primarily by employment in the agricultural sector, it has remained, in essence, preindustrial.

At the beginning of the 21st century, the most affluent societies are the postindustrial. Those characterized primarily by industrial employment may be either developing or economically stagnant, with the direction of the economy reflected in a rising or eroding standard of living. Economies characterized primarily by employment in agriculture are generally undeveloped or underdeveloped—and impoverished.

Indeed, in any given economy, the affluence of individual workers can similarly be gauged by the type of work they are engaged in, with professionals being the most highly compensated and agricultural workers being the least compensated. The salaries for the best-paying service jobs typically exceed those for the best-paying industrial jobs, but wages for those employed in the highly unionized heavy industries greatly exceed the wages earned by those in entry-level service jobs that require minimal training or formal skills.

The United States is the world's largest and arguably the most advanced economy. In 2004, services accounted for 79.4 percent of the \$11.75 trillion Gross Domestic Product (GDP); industrial production, 19.7 percent; and agriculture, 0.9 percent. The professional and service sectors employed 76.7 percent of the labor force of 147.4 million workers; manufacturing employed 22.7 percent; and agriculture, 0.7 percent.

Similar percentages are found in other advanced economies. In Japan, services accounted for 74.1 percent of the \$3.745 trillion GDP; industrial production, 24.7 percent; and agriculture, 1.3 percent. Of the labor force of 66.97 million, 74.1 percent were employed in the service sector, 24.7 percent in industry, and 1.3 percent in agriculture. In Germany, services accounted for 68 percent of the \$2.362 trillion GDP; industrial production, 31 percent; and agriculture, 1 percent. Of the workforce of 42.63 million, 63.8 percent were employed in the service sector, 33.4 percent in industry, and 2.8 percent in agriculture. And in the United King-

dom, services accounted for 72.7 percent of the \$1.782 trillion GDP; industrial production, 26.3 percent; and agriculture, one percent. The service sector employed 79.5 percent of the workforce of 29.78 million; industry, 19.1 percent; and agriculture, one percent.

The employment ratios among the sectors of developing economies are much flatter and show a much greater dependence on the agricultural sector. In the People's Republic of China, industrial production and construction accounted for 52.9 percent of the \$7.262 trillion GDP; services, 33 percent; and agriculture, 13.8 percent. Of the 760.8 million people in the workforce, 49 percent were employed in agriculture, 29 percent in services, and 22 percent in industry.

A flattening of the ratios of employment by sector occurs in stagnant industrial economies.

In India, the service sector accounted for 48 percent of the \$3.319 trillion GDP; industrial production, 28.4 percent; and agriculture, 23.6 percent. Of the 482.2 million workforce, 60 percent were employed in agriculture, 23 percent in services, and 17 percent in industry. In Brazil, services accounted for 51.3 percent of the \$1.492 trillion GDP; industry, 38.6 percent; and agriculture, 10.1 percent. Of the 89-million labor force, 66 percent were employed in the service sector, 20 percent in agriculture, and 14 percent in industry. In Nigeria, agriculture accounted for 36.3 percent of the \$125.7 billion GDP; services, 33.3 percent; and industry, 30.5 percent. Of the 55.67-million workforce, 70 percent were employed in agriculture, 20 percent in services, and 10 percent in industry.

A similar flattening of the ratios of employment by sector occurs in stagnant industrial economies, though it might not be immediately apparent in the numbers. In Russia, the service sector accounted for 61.2 percent of the \$1.408 trillion GDP; industry, 33.9 percent; and agriculture, just 4.9 percent. Of the workforce of 78.83 million, 65 percent were employed in the service sector, 22.7 percent in industry, and 12.3 percent in agriculture. But the official unemployment of 8.3 percent does not include the two to three times that number who are underemployed. In addition, in 2003, it was estimated that 25 percent of the Russian population were living below the poverty line.

In much of the Third World, such statistics would represent improved economic conditions. In the early 1990s, Algeria's labor force was estimated at 3.7 million

of the population of more than 26 million. Bolivia's labor force was estimated at 1.7 million out of a total population of over 7 million. The unemployment rate in the Bahamas and in Bangladesh has remained at about 30 percent since the early 1980s, when it represented an improvement over previous levels.

Botswana's unemployment rate was 25 percent. Jamaica's unemployment rate has chronically been 25 percent, and it has been much higher in the cities, which like many in the Third World, are surrounded by vast slums.

Rapid urbanization has exacerbated the already dire economic problems facing Third World nations. Approximately one in six of Mexico's 90 million people live in its five largest cities. In 1990, Mexico City had a population of almost nine million, and by the year 2020, it is expected to be the largest metropolitan area in the world, with about 25 million people. One-sixth of Brazil's population of 155 million now lives in its five largest cities—almost 11 million in São Paulo and over six million in Rio de Janeiro.

In Côte d'Ivoire, foreign investment and the expansion of industry led to radio and newspaper advertisements touting the benefits of working in the cities. As a result, there was a mass exodus from the countryside. In the cities, fashionable districts complete with skyscrapers, luxurious apartment buildings, and chic nightclubs were suddenly surrounded by crowded districts populated by masses of working poor. Migrant workers from neighboring countries were encouraged to fill the need for laborers in the countryside, but they, too, began to migrate to the cities, creating serious tensions between them and native workers already hard-pressed to secure factory jobs.

Despite the problems created by rapid urbanization, large portions of the workforces in Third World nations are still engaged in subsistence agriculture. In Afghanistan, 68 percent of the population are engaged in subsistence agriculture and raising livestock. In Bangladesh, 74 percent of the population are engaged in subsistence agriculture. In the Himalayan nation of Bhutan, 95 percent of the population are employed in agriculture, even though only 2 percent of the land is arable. Similarly, 82 percent of the population of Burkina Faso are engaged in agriculture, though only 10 percent of the land is arable, and 85 percent of the population of Chad are engaged in agriculture, though only two percent of the land is arable.

More than 85 percent of the export earnings of the central African nation of Burundi continue to derive from coffee. Despite a stable democratic government,

Costa Rica experienced up to 25 percent annual inflation rates in the 1980s and 1990s because of a dependence on coffee, bananas, and sugar for export earnings.

The production of these crops has long been controlled by foreign conglomerates, particularly United Brands (formerly the United Fruit Company), which has dominated the production of cash crops throughout Central America for the past century or more. In 1989, the annual inflation rate in Argentina was 3,000 percent and the nation's foreign debt reached \$58 billion, or 70.13 percent of its Gross National Product (GNP).

Many Third World economies are also heavily dependent on raw material exports for their foreign exchange income. In the mid-1990s, 98 percent of Algeria's export income was being earned from oil and natural gas. In the same period, 77 percent of Bolivia's reported export earnings were earned from metals (primarily tin) and natural gas. Although per capita annual income in the small island nation of Brunei was \$9,600, 99 percent of the sultanate's export income was earned from petroleum and liquefied natural gas.

In many instances, the main export of Third World nations has been human labor.

Palm oil has long been the major export of Benin, with almost 50 percent of the workforce involved in its production. Despite a sound agricultural base, 60 percent of Cameroon's export earnings are derived from petroleum. The emphasis on petroleum production has caused severe dislocations of population, with almost 20 percent of the population of over 11 million now living in the two largest cities, Douala and Yaounde.

Most of the new arrivals have difficulty finding work, and cement-block shantytowns stretch for miles around the outskirts of the cities. In the mid-1970s, Mexico sought a rapid expansion of its industrial base and attracted substantial foreign investments on the basis of its high oil revenues. When the price of oil dropped precipitously in the mid-1980s, the nation's foreign debt ballooned and up to 20 percent of the labor force became unemployed.

Some Third World nations have sought to achieve economic independence and to increase prosperity by nationalizing their natural resources, but these efforts have usually had, at best, mixed results. Gamal Abdel Nasser's nationalization of the Suez Canal is often heralded as the signal event in such attempts. But because

of the withdrawal of British, French, and American financial investments, it eventually led to increased dependence on Soviet foreign aid and economic stagnation in Egypt.

From 1971 to 1973, the Chilean government of Salvador Allende nationalized the entirely foreign-owned copper industry, as well as the coal and steel industries and 60 percent of the banking institutions in the country. An international embargo against Chilean copper led to economic disaster, since almost half of its export earnings were derived from the metal. Allende was subsequently assassinated in a military coup, allegedly encouraged by the U.S. Central Intelligence Agency and financed by such international conglomerates as ITT.

In 1972, Iraq moved to nationalize its oil industry and within three years the government controlled 90 percent of the production. But, again, nationalization discouraged foreign investment and made Iraq dependent on Soviet technical assistance—which did not generate a broad-based expansion of the Iraqi economy. (Nonetheless, a recent study included the interesting fact that if Iraq's oil-export income since nationalization had been reinvested in the nation's economic development and industry, instead of being spent on military expansion and Saddam Hussein's self-indulgent projects, Iraq might now have a GDP comparable to France's. Instead, the average monthly income has not yet reached three figures.)

Until the late 1960s, three conglomerates—Cerro, International Petroleum, and W.R. Grace—controlled the major industries in Peru, in conjunction with the "40 families," an elite group of Peruvians. Alarmed at the increasing popularity of the Shining Path guerrillas, the military staged a coup, nationalized the major industries, and instituted agrarian reforms. But the nationalization of industries and the social reforms discouraged foreign investment while raising the expectations of the populace.

Extremely high inflation and foreign debt caused the military to move sharply to the right by the late 1970s. The resulting political repression, in combination with the economic instability, only increased the appeal of the Shining Path. The situation deteriorated steadily from there, until in 1992, President Alberto Fujimori felt compelled to impose martial law.

In many instances, the main export of Third World nations has been human labor. Bangladesh has provided much of the unskilled labor force in Saudi Arabia, the United Arab Emirates, Oman, and Kuwait. Over 25 percent of Botswana's formal-sector employees have spent six to nine months working in South Africa.

In some instances, the endemic impoverishment in Third World nations has led to desperate sorts of solutions. In the mid-1990s, cacao exports from Colombia were estimated at \$1.5 billion annually; the total reported GDP at that time was \$4.85 billion. Marijuana has become Jamaica's third largest export, after bauxite and bananas—with earnings from the three accounting for over a quarter of the island's total GDP.

Until the HIV/AIDS epidemic, Haiti, one of the poorest countries in the world, was the world's largest exporter of blood plasma. For a pint of plasma, the donor received \$4 and a bottle of soda pop.

SEE ALSO: Economic Growth; Economic Growth and Poverty Reduction Strategy; Employment Policies Institute; Employment Theory; Unemployment; Unemployment Insurance; United States.

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Employment Policies Institute

THE EMPLOYMENT POLICIES Institute (EPI), head-quartered in Washington, D.C., is a nonprofit research organization devoted to studying public policy issues surrounding employment growth. Founded in 1991, it rapidly became one of the most active forces combating attempts to increase minimum wages in the United States—disseminating its findings in the national media and congressional testimony.

In 1994 two Princeton University economists, David Card and Alan Krueger, published "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania," in the American Economic Review, with the novel finding that increasing the state-level minimum wage seemed to generate higher employment growth at New Jersey's fast food restaurants.

The EPI played a high-profile role in questioning this widely discussed study. It sponsored research, partly based on a newly collected payroll data set covering approximately the same labor market, which overturned Card and Krueger's findings and supported the more traditional conclusion that increasing the minimum wage causes employment to drop by a modest amount.

The unifying theme of the EPI's research is that low-paid, less skilled workers are often harmed by legislation that is putatively designed to help them. It argues that employment of the most vulnerable workers will be jeopardized if government mandates make it more costly to hire them, that poverty can best be fought by maximizing the incentives to hire and to work. Its research focuses on the downside of living-wage laws, mandatory health insurance coverage, and unemployment insurance, for example, although it is a supporter of the Earned-Income Tax Credit, which pays a wage subsidy to low-earning workers.

The EPI's left-of-center critics regard it as a front group lobbying for policies that benefit the restaurant and hotel industries—its primary source of funding. Critics such as SourceWatch accuse it of issuing reports that "help put a bright face on the miserable job scene," claiming that "its standard tactic is to trot out a study using contrived statistics designed to show that hundreds of thousands of jobs will be lost if the wage is raised" and that it issues "tendentious sound bites whenever attempts are made to establish healthcare or better wages for workers." Despite these criticisms, the EPI has continued to work with a range of respected university-affiliated labor economists.

Ironically, an increase in the national minimum wage would generally increase the costs of all the competitors in the low-wage restaurant and hotel industries. Thus, if lobbying by the EPI has held down the minimum wage, the biggest winners are probably consumers who pay less for the goods and services produced by these workers, because competition forces employers to pass along their lower costs to buyers.

SEE ALSO: Earned-Income Tax Credit; Employment; Employment Theory; Minimum Wage; United States; Wages.

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Employment Theory

THE GREAT DEPRESSION of the 1930s in the United States and Europe presented an economic dilemma: classical economic theory, which held that employment levels would be maintained if supply matched demand, did not prove to be true. Unemployment was rampant and persisted through several years of that decade. It became abundantly clear that the classical economic theory was in need of close scrutiny. The eminent economist John Maynard Keynes provided the new perspective needed in his seminal work, The General Theory of Employment, Interest, and Money, published during the height of the Depression in 1936. Keynes rightly predicted that the publication of his book would cause a revolution in the way economists would deal with questions regarding the aggregate economy.

Keynes correctly concluded that the operation of the economy and the maintenance of healthy levels of employment depended on the intervention of the government in the creation of public works and the use of deficit spending to create more jobs and increase purchasing power. Keynes argued that the knowledge of government in economic matters was superior to that of the market. This was especially true, Keynes suggested, because of the uncertainty that existed in the aggregate market. He concluded that the classical economic explanation of employment couched in a balance between supply and demand was simplistic at best.

The experience of the Depression years proved the classical theory to be wrong. Despite the frequent existence of a balance between supply and demand during the Depression period, employment levels remained excessively low. Keynes concluded that low levels of employment resulted from discrepancies in the factors of savings and investments, which in turn result in economic instability.

Keynes proposed that any shortfall in private investment (caused by higher-than-average rates of saving) could be countered by governmental financing through deficit spending. Keynes introduced "standardized national income accounting," a concept that eventually led to the introduction of the Gross National Product, a standard measure in economics today. Following World War II, Keynes was instrumental in the creation of a new currency system and was one of the founders of Bretton Woods accord, an institutional predecessor to the World Bank and the International Monetary Fund (the primary institutions in the relief of poverty around the world today).

Keynes pointed out that a firm that was unable to increase investment due to low product demand could be assisted by government spending to stimulate demand for the product, which would alleviate the economic disequilibrium and expand the economy. Demand in the private sector could be increased, according to Keynes, by either government financial intervention or the lowering of taxes. Keynes insisted that fiscal policy would be the most effective approach to flagging economic demand. The term managed capitalism has been used to characterize the Keynesian theory, as evidenced by the expanded role of government in stabilizing the economy, but not taking full, literal control of it.

The work of Keynes laid the foundation for the field of macroeconomics, the subdiscipline that deals with overall economic questions and governmental use of fiscal policy (spending, taxes, and deficits). The government becomes a key player in striving toward maximizing employment. In times of faltering economic conditions, the government could move to reduce taxes, increase spending, create public works programs, or some combination of these approaches, in order to increase purchasing power and stimulate economic demand.

On the other hand, during times of economic recovery and expansion, the government would cut back on spending. If an economic expansion is judged to be expanding too fast, the government can choose to raise interest rates in order to slow the economy. A competing theory to the Keynesian focus on income and employment has been put forth in recent years, and is attributed primarily to economist Milton Friedman. This monetarist approach holds that the quantity of money in the economic system is the key factor in the maintenance of healthy growth. Friedman and others contend that sound monetary policy is the most effective governmental approach.

SEE ALSO: Economic Growth; Employment; Income; Friedman, Milton; Macroeconomics.

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Empowerment of the Poor

ONE OF THE KEY STEPS toward the empowerment of the poor is to understand not just the concept of value, but also the concept of virtue. Once we expand our understanding of value to include the idea of virtue, we can reassess the real conditions that create wealth and poverty.

The first real definition of value as we understand it today is found in the Middle Ages, as seen in the work of Peter John Olivi, but Aristotle is the first to have defined the concept. Aristotle defines value as that which is commensurable, and therefore exchangeable. To make things commensurable, that is, capable of comparison, and therefore exchangeable, we need to abstract from their differences and find a common term: a house is equivalent to five beds means that the house can be exchanged for five beds.

Society is based on this exchange: the architect exchanges the product of his work (the house) with the product of the work of the craftsman (bed), as described by Aristotle in his *Nicomachean Ethics*. Value expresses the relation of comparison between the house and the five beds. But this expression of comparison hides the fact that it can occur only if it abstracts from the difference between the house and the bed; that is, it can occur only by creating a third term, money,

which levels these differences and expresses the quantity of the relation (one house equals five beds). The operation is there is a material thing (the production of house and bed), from which one abstracts (one house equals five beds) in order to be able to put the two products into relation.

Virtue is defined, according to pre-Socratic philosophy, as the knowledge of oneself, with the goal of achieving happiness. For Socrates, virtue is a force, inseparable from the good that leads to the self-actualization of the individual subject. Virtue produces both material and spiritual richness, and poverty. Virtue can also reverse one into the other; the real richness is happiness.

Later, for Aristotle, virtuous activity is the means by which individuals find real happiness. According to Aristotle, virtue is the source of beauty and pleasure, knowledge and practical realization of desire. The virtuous activity is bound to autarchy, the principle of self-sufficiency. Individuals acquire autonomy, independence, and freedom only when they find everything necessary to their happiness within themselves.

By reexamining value in regard to virtue, we reconstruct the relations that compose society. For example, the exchange value of a t-shirt in Paris, France, is \$5. However, we need to take into account the fact that a child labored a certain amount of hours with substandard pay to produce it. Taking this quality of life or "virtue" factor into account changes the value of the t-shirt. It costs \$5 and 10 child-hours. To empower the poor one must know that the cost of an hour in the life of a child is incommensurable, and that purchasing the t-shirt for \$5 supports that child's labor.

SEE ALSO: Ancient Thought; Medieval Thought; Moral Poverty; Voluntary Poverty.

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Endemic Poverty

ENDEMIC, AS A TERM, suggests nativity to a particular place or people. Endemic poverty is persistent long-term poverty of a particular people or region that may span not just many years but may extend over generations. This type of poverty may not be a consistent impoverishment, but may be characterized by periodic poverty and famine.

Long-term poverty affecting large populations has been a particular issue found in many developing and underdeveloped nations. Endemic poverty is particularly a concern, and is being addressed in various manners in many south Asian countries and in some parts of Africa.

The way poverty is measured is problematic, but caloric intake and undernutrition are good measures when examining endemic poverty. In particular, endemic poverty may be noted by cyclic periods of famine. The long-term impacts of undernutrition are particularly impactful for the young (including developing fetuses). Those who experience famine in their youth are more likely to have developmental problems, increased likelihood of disease throughout life, and increased likelihood of childhood mortality and shorter life spans.

Examinations of household income and other economic factors do not adequately examine the issues affiliated with long-term or regular periods of famine. Measures of economic conditions are especially problematic because the social infrastructure may strongly impact the lived experience of poverty, even in low-income regions. Some nations may be able to shift populations out of endemic poverty with less money than others depending upon the means in place to disperse food resources.

Many experts link endemic poverty to issues of fertility. In the short term, famine does result in decreased fertility; however, as food becomes more readily available there is often a rebound effect resulting in increased overall fertility. When examining cultures that have overcome the existence of endemic poverty, there has ultimately been a declining fertility rate that may have influenced the greater likelihood of amassing economic productivity. Endemic poverty, with its periodic famines, makes it difficult for societies to shift beyond this structure as improved food production and availability serve to feed those living in famine, who in turn may experience increased fertility, ultimately negating the increased food productivity resulting in cyclic famine.

Examined cross-culturally, there is tremendous diversity in the presence and experience of endemic poverty. Today in India estimates suggest that between 20 and 30 percent of rural households are experiencing endemic poverty. Endemic poverty is virtually nonexistent in most developed nations, such as in western Europe and the United States.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Cyclical Poverty; Drought; Economic Definitions of Poverty; Extreme Poverty; Famine; India.

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Engel Coefficient

THE ENGEL COEFFICIENT is the proportion of family income that is spent on food. It received its name in honor of German statistician Ernst Engel (1821–96).

In a famous study using the budget data of 153 Belgian families, Engel found that the lower a family's income, the greater is the proportion of it spent on food. Later studies have confirmed this empirical regularity, which has been called Engel's Law. According to H.S. Houthakker (1957), "of all the empirical regularities observed in economic data, Engel's Law is probably the best established."

Engel's Law is a *ceteris paribus* relationship. That is, it holds when prices and preferences are kept constant. An alternative way to enunciate Engel's Law is by saying that the income elasticity of the demand of food is smaller than one.

The Engel coefficient plays an important role in several methods for the estimation of the poverty line. Since the seminal study by B. Seebohm Rowntree, the Cost of Basic Needs (CBN) approach has been one of the most commonly used methods to estimate poverty lines. According to this methodology, poverty is the lack of some basic consumption needs, and the poverty

line is the cost of these needs. To implement this method, we should stipulate a basic consumption bundle and then calculate its cost using information on prices. The implementation of this method poses some practical problems. In particular, the choice of the basic needs bundle is quite arbitrary, especially for nonfood products.

However, objective nutritional requirements can provide a defensible anchor to define a bundle of basic food products. For instance, the food poverty line could be the cost of buying 2,000 calories per person per day. However, we are typically interested in a poverty line for total consumption or income, and not just in a food poverty line.

An approach that has been used in many poverty studies, for example by G.M. Fisher, is to estimate the poverty line as is the average Engel coefficient for the group of households with income below percentile p, where p is typically between 25 percent and 50 percent. As argued by M. Ravallion and B. Bidani, this approach can provide biased estimates of the poverty line. Ravallion and Bidani propose to use household-level data to estimate an Engel curve for food consumption and use the estimated curve to calculate the poverty line.

SEE ALSO: Basic Needs; Food-Ratio Poverty Line; Standard Food Basket; Standard Food Basket Variant.

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Engels, Friedrich (1820-95)

FRIEDRICH ENGELS WAS BORN into a wealthy family of a textile manufacturer in Barmen, Germany. He left grammar school early to attend commercial training as an apprentice in Bremen. To gain foreign experience in commerce he was sent to Manchester, England. There he made the acquaintance of Robert Owen,

a leading figure of the utopian socialist movement of the first half of the 19th century. During a stay in Paris, France, in 1844, Engels met Karl Marx, a meeting that changed his life (and history) forever, as he became the close associate, collaborator, and financial sponsor of Marx.

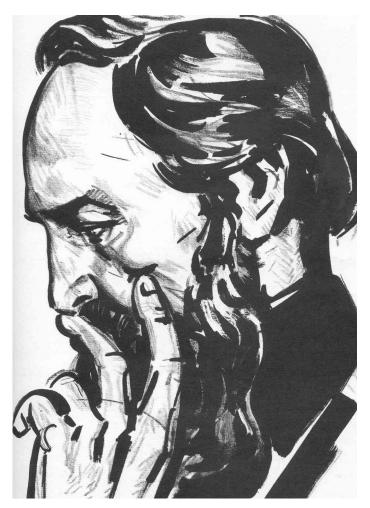
In 1845 Engels published his famous report about the social condition of the working class in England, whereby he analyzed the empirical findings of his personal experience in Manchester from 1842 to 1844. England, at that point, had experienced the Industrial Revolution for nearly a century, whereas the eventually heavily industrialized Ruhr area, where Engels was born, was still at the very beginning of industrialization. The account of Engels's England drew much of its insights from the comparison of the ongoing industrialization in Britain and the takeoff of industrialization in Germany.

Engels's focus was the interaction between the emerging industrial techniques and the social transformations linked to the new necessities of production. He outlined that even the preindustrial mechanization in the late 17th and 18th centuries not only had formed an industrial proletariat within the cities, but also led to a proletarization of the agricultural workforce. Engels was most concerned with the industrial proletariat, which in his opinion was an exploited workforce that was forced to unite in organizations like trade unions and political parties. He surmised that the history of those movements had by then been a history of many defeats and a very small number of victories.

In England he had witnessed many disputes in the workplace, sometimes even strikes, which in his opinion were the future for any society in the process of industrialization. He showed that the bourgeois democracy, still established in Britain and France, tried to limit the political influence of the working class by fiscal and other restrictions. Within the working class, Engels identified the most skilled workers as the leading figures in the emerging movement.

For the German and European (non-British) public, probably the most important lesson from Engels's analytic description of the social status of the working class in England was that the rural pauperism was transformed into the "Social Question" during the process of industrialization.

Pauperism was caused by an explosion in the rise of population whereby the traditional economy did not provide enough working possibilities for this increased population. What Engels witnessed during his stay in Manchester was a new phenomenon: there was a large



Friedrich Engels worked with Karl Marx to study the plight of the working class during the rise of the Industrial Revolution.

increase in jobs within the emerging industries, but despite the work possibilities, most workers did not earn enough money to live a decent life from their work. That led Engels and Marx in 1848 to write the *Manifesto of the Communist Party*. In that manifesto, they identified the exploiting modus of the capitalist society, as robbing the worker of a large part of his earnings ("Mehrwert") for the benefit of the owner of the means of production.

According to Marx and Engels this was not (only) because of an evilness of the individual exploiter (that is, the owner of the means of production), but was the inner logic of the capitalist way of production. The *Communist Manifesto* therefore described the not only necessary but historically unavoidable overthrow of the capitalist society and its replacement with a communist society.

Engels was in the shadow of Marx in his analytical capability, but the close collaboration and friendship be-

tween them linked their works as inseparable. After the death of Marx in 1883, Engels became the executor of the Marxist legacy regarding the emerging labor movement (especially in Germany with the SPD, or Social Democratic Party of Germany).

After the collapse of the Soviet Union in 1991, a new look at the analytical possibilities and deficiencies of both Marx and Engels was appropriate, as it demonstrated their important role in the emergence of social sciences as a scientific discipline during the 19th century. Especially important was the broader implications for society of the change from pauperism to a Social Question in the course of industrialization, which was lucidly described by the two thinkers; the writings of Engels on the working class's condition in England provided groundbreaking empirical insights.

SEE ALSO: Communism; Marx, Karl; Pauperism; Social Democracy; Social Poverty; Socialism.

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Engineers Without Borders

ENGINEERS WITHOUT Borders Canada (EWB, or Ingénieurs Sans Frontières Canada) was formed in 2000 as part of the Millennium Development Goals aimed at halving world poverty by 2015. EWB began with the idea that the engineering profession could contribute to development.

Within two years the "EWB core" was developed, made up of volunteers dedicated to building the organizational capacity to have a significant and lasting impact in developing communities. EWB is a nonprofit, charitable, volunteer-based nongovernmental organization with over 10,000 members in Canada alone; its mission is to promote human development through access to technology.

The goal of EWB is to ensure that people in developing communities have access to the technology they need to improve their lives. To achieve that goal, EWB works with partners overseas to build capacity in the rural technical sector in areas such as water and sanitation, food production and processing, and energy. Volunteers who donate time to the EWB do most of the work abroad in over 20 countries, such as East Timor, Madagascar, India, Haiti, Uganda, the Philippines, Uzbekistan, and others.

EWB also works in Canada to help make it a role model in development among Western nations. Depending on the budget, each of the existing 24 chapters sends volunteers overseas to work from short terms such as four months for up to three years. The McConnel Family Foundation granted funding in 2003 that allowed for additional paid staff and the opportunity to establish a funding base within the professional engineering community. EWB's budget in 2004 was roughly \$1 million, the funds donated by individuals, corporations, and charitable foundations.

EWB is guided by six principles, written into its charter: "1) we use people-first approach; 2) we focus on finding sustainable solutions to root-cause problems; 3) we maximize social returns by running an effective and efficient organization; 4) we seek to partner with existing organizations wherever possible; 5) we operate transparently and openly address lessons learned; and 6) we maintain our commitment to underdeveloped communities."

EWB is governed by a board of directors, which consists of elected and appointed individuals. The board meets with the management team to review operations, provide financial oversight, set strategy, and offer support. One goal of the organization is to develop a cadre of alumni who will be found in leadership positions around the world—in development, business, government, academia, and elsewhere. Individuals and programs associated with EWB Canada have been selected for a number of international, national, and regional awards dealing with humanitarian efforts.

There are numerous ways to get involved with the EWB. Volunteers come not solely with engineering backgrounds; EWB seeks help from individuals from a variety of fields, such as communications, marketing, and business building, and those who have a passion for development with a dedicated and professional approach.

SEE ALSO: Canada; Millennium Development Goals; Non-governmental Organizations; Technology.

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Entitlement

ENTITLEMENT REPRESENTS the monies, goods, or services due to an individual, based on the ability of the individual to meet established criteria. The status of the individual receiving the social benefits could include age, disability, need, or other criteria. Examples include Medicare, Social Security, and others. In the United States, the federal government established the first entitlement program with the passage of the historic Social Security Act of 1935.

Entitlement programs are controversial and much discussed. Conservatives argue that entitlement programs, if left unchecked, could end up bankrupting the government (and society). Besides, they argue that it is not and should not be the role of government to provide a "cradle to grave security," and that government cannot do so financially, even if it wanted to. Liberals aver that citizens are entitled to these programs, first because in many cases the government made promises to people that these services were forthcoming, and second that government (in their view) has a moral obligation to provide these services to its citizenry. One could say that one's attitude toward entitlements would largely depend on one's political philosophy and beliefs and one's view of the role of government.

BRIEF HISTORY OF ENTITLEMENT

The history of entitlement has to be understood in the context of political and social theory, the history of philosophy and religious belief, and indeed the evolving and changing conception of the common good and the role of government over time.

Aristotle viewed politics as a branch of ethics, the application of practical wisdom to societal concerns. Both Aristotle and Thomas Aquinas thought that government did have a responsibility to its citizens, indeed a responsibility for shaping the moral character of its

citizens. Aquinas argued for a balance of governmental authority, neither total governmental control nor for the opposite extreme, a total *laissez-faire* approach.

The teachings of the world religions on the obligations that people have toward others, on charity, on rights, and on the dignity of the human person paved the way for modern social welfare and for our understanding of entitlement and what it might entail. Certainly one of the strongest, clearest declarations about the importance of caring for one's fellow humans can be found in Judaism.

The great Jewish prophets such as Amos, Isaiah and others called for social justice and for people to fulfill their obligations to those in need. The work of Maimonides stressed these obligations to the needy. Tzedakah is a Jewish word that describes charity, or righteousness. In Judaism, charity and obligations to the needy are placed under the banner of justice. Tzedakah might be seen as a prelude to entitlement. Tzedakah was balanced by chesed, which is loving kindness. Jewish social service agencies provide many services to the needy.

The role of government has been debated and discussed throughout human history.

For Christianity, *caritas* (love) played an important role. For Aquinas, charity was the greatest of the virtues. Augustine averred that "charity is no substitute for justice withheld." Charity and justice must go together. For many government-run entitlement programs, loving kindness sometimes gets swallowed up in the bureaucratic rules and regulations and implementation of the programs themselves.

Islam emphasizes charity and care for the needy, through *zakat* and other means. Other world religions such as Buddhism, Hinduism, Jainism, and Confucianism, incorporate social teachings that call on members to reach out to meet the needs of people.

Catholic, Orthodox, and Protestant Christianity stressed the importance of service to those in need. St. Benedict of Nursia, the founder of the Benedictine order, authored a monastic rule that incorporated a pronounced commitment to charity and hospitality. Faithbased initiatives would not be possible without the many charitable activities of Catholic, Orthodox, and Protestant Christian churches. The Salvation Army alone has a large system of social service agencies providing a considerable amount of relief to needy people every day. Mother Teresa was a nun who worked among

the poor and homeless in Calcutta, India, and exemplified caritas.

The role of government has been debated and discussed throughout human history, through Aristotle, Plato, ancient Greek philosophy, Cicero, St. Augustine, Aquinas, Jean-Jacques Rousseau, Thomas Hobbes, John Locke, Jeremy Bentham, Adam Smith, Karl Marx, Hannah Arendt, Jacques Maritain, and the papal encyclicals from Pope Leo XIII through Pius XI, John XXIII, John Paul II, and a great many more philosophers and social commentators. Some theorists argued for a greater government role, some for less of a role. Certainly the rise of Marxism-Leninism in the 20th century marked the ascendance of a significantly large role of government in almost every aspect of life.

The rise of the modern welfare state, which implies that government and society assume a sizable role for the welfare of the citizenry, is another example of a large government role being played out. The Scandinavian countries could be looked at as prime examples of this. Some conservative critics have at times referred to the Scandanavian welfare state as "cradle to grave security." In the welfare state, entitlement reaches new heights, and welfare benefits become rights, not privileges.

In the United States, the Great Depression left such a large amount of economic and social tumult and fear that the New Deal of President Franklin D. Roosevelt was largely welcomed by most citizens. New Deal social programs like Social Security (and its many amendments) and others brought an increased expectation that government would provide for its citizens. Roosevelt himself warned in 1935 against government welfare benefits as a "subtle destroyer of the human spirit." He also indicated that Social Security was not meant to be a total support system in old age.

Interestingly, while the 1935 Social Security legislation was relatively moderate or conservative by modern welfare state standards, the 1939 amendments added benefits for the spouses and children of deceased workers and increased the number of workers covered by old-age insurance. The formula for calculating benefits was adjusted, with the net result being that the benefit structure became more redistributive.

A typical scenario unfolded with the New Deal. Programs were established, then liberalized, expanded, and grew in size and cost over time. This seemed to be characteristic of the early stages of welfare growth everywhere, and particularly in western Europe and in the United Kingdom. The National Health Service in the United Kingdom is an example of a government-

funded national health program. The United States, in contrast, never developed a national, government-sponsored health program. Some have referred to the United States as something of a "reluctant" welfare state. Indeed, it could be stated that national healthcare is such a central component of any welfare state or social welfare system that it could be argued that America is in some ways not a full-blown welfare state at all (certainly when compared to western European standards). The United States has a much more developed private social welfare sector (voluntary, nonprofit, and the rapidly emergent for-profit sector). Because of all this, it might be said that the United States may not have as strong an entitlement ethos as may exist in many western European countries.

A "rights" orientation was more characteristic of the development of entitlement programs in the United States. This is well exemplified in respect to the disabled (persons with disabilities). Before the 1970s, most social legislation that pertained to persons with disabilities, such as public assistance or Social Security programs and services, provided limited support. Persons with disabilities went to court and to the legislature, which resulted in important legislation and court decisions from the 1970s through the 1990s (and on to the present) affecting their lives. The focus here was on the rights of persons with disabilities to the same protection under the law enjoyed by the rest of the U.S. population.

The challenges for entitlement programs are significant indeed.

The historic Americans with Disabilities Act (1990), a culmination of these efforts, prohibited discrimination against persons with mental or physical disabilities in employment, public accommodations, transportation, and other areas. With affirmative action and other programs, one sees as well a "rights" orientation.

Peter G. Peterson, among others, has argued that the United States must do something about its entitlement programs and its national debt. A huge amount of government budgets goes to entitlements. With a rapidly aging population, advances in medical technology, and other developments, entitlement commitments will only continue to grow. A parallel, troubling development is that the dependency ratio (the number of workers required to pay into the Social Security system to support one retired worker receiving Social Security) is

significantly worsening. In 1960, the worker/beneficiary ratio was 5 to 1. In 2001 it had dropped to 3.4 to 1, and by 2030 it is expected to be approximately 2.2 to 1. Population growth must occur in order for the dependency ratio to remain at an acceptable level. Otherwise the burdens for workers will be enormous.

American society is witnessing the fastest-growing aged population ever. The challenges for entitlement programs are significant indeed. President George W. Bush proposed an "ownership society," whereby the individual citizen takes over more responsibility for his or her welfare. An example here would be individual health savings accounts. These proposals are being made in light of the increasing inability of the welfare state to support growing numbers of people needing such support and to fund the expensive medical technology that is increasing societal longevity. One thing is certain: to continue entitlements of any kind in the future will demand the utmost creativity on the part of government and society. Indeed, we have to look beyond government to solve entitlement challenges.

Government simply cannot do what everyone might want it to do, in light of such increased demands on it. All social welfare sectors must play a role in the future—the government sector, the voluntary, non-profit sector, the for-profit sector—along with, of course, the individual. We will be seeing a mixed welfare economy, rather than an exclusive government hegemony, as has been largely the case with the traditional, government-supported welfare states of the past.

SEE ALSO: Medicaid; Medicare; Roosevelt, Franklin (Administration); Social Security; United States; Welfare State.

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Environmental Degradation

"WHAT IS COMMON to many is taken least care of, for all men have greater regard for what is their own than what they possess in common with others." "The tragedy of the commons" is a modern statement of the insight captured by Aristotle. Any arrangement whereby benefits accrue to one group of people but the costs are borne by another group is a recipe for disaster. Many experts would argue that is exactly what has happened with our environmental resources.

Garret Hardin, who coined the phrase the tragedy of the commons, used the example of a common village pasture for illustration. He reasoned that each cattle owner in the village has incentive to allow his cattle to overgraze since the benefits of overgrazing accrue to him while the costs are borne by all cattle owners in the village. Each one thinks that if he limits grazing of his cattle, there is no assurance that others will also do so. This cost-benefit calculus leads to a situation whereby all cattle overgraze the common pasture, the grass runs out before the next rains, and many cattle die—the tragedy of the commons.

However, before the advent of modern governments, most of the natural resources were managed by local communities. Access to a common resource—village pastures for cattle grazing, forests for fruits and fuel wood, wild animals for hunting, river water for agricultural use—was controlled by norms and customs, either articulate or inarticulate.

Ever-increasing demand for these resources due to growing population, accelerating economic development, and improving technologies began to put pressure on the informal norms and customs that managed the use of these resources. Unfortunately, instead of building on the informal arrangements that had worked well, a completely new method was adopted. The state took over the ownership and management of common resources. The commons were nationalized.

By all accounts, state ownership and management, commonly referred to as the command-and-control approach, has singularly failed in managing the use or the preservation of natural resources. Instances of government failures in management of natural resources abound: in a famous study of grassland degradation in central Asia, satellite images showed marked degradation in the grasslands of southern Siberia, where the former Soviet Union had imposed state-owned agricultural collectives, while grasslands in Mongolia, which had allowed pastoralists to continue their traditional, self-organized group property regime, were in much better condition.

The reason for this state failure is precisely the one that Hardin gave for the tragedy of the commons. The benefits of the resource accrue largely to the functionaries of the state but the costs are borne by all citizens. The nationalization solution had assumed that the interests of government officers and those of the people are the same; that government officers would behave as if the costs and benefits were borne equally by all citizens, including themselves; and that the forest guard would protect tigers as if they were his. Alas, that is not the case—all men have greater regard for what is their own than for what they possess in common.

The facts of successful community management of the commons and of the failure of state ownership suggest that the famous phrase of Hardin be revised—from the "tragedy of the commons" to the "tragedy of the collective." It is indeed the tragedy of collective ownership, a situation where resources belong to everyone but are cared for by none or a few. In this situation, the accountability structure, the cost-benefit calculus, fails to reconcile the interests of state functionaries with those of the people. The interests of the managers and owners are not harmonized.

A similar principal-agent problem occurs in the management of a corporation. The interests of the managers would not always mesh with those of the stockholders. Various market mechanisms exist, the threat of takeovers and mergers being one, to ensure that managers do not stray too far away from maximizing shareholder value. On the other hand, flourishing commons have existed in the past and also exist today. It is in fact the tragedy of the "collective" and not of the "commons."

REMEDY FOR THE TRAGEDY

Fundamentally there are two ways to deal with this tragedy: change attitudes or change incentives. The

Green movement aims at changing the attitude of humanity to preserve the environment. An alternative is called a "terra-cotta" approach that focuses on changing incentives to manage the environment. *Terra-cotta* means "burnt earth" and refers to earthenware made from this material. Terra-cotta symbolizes the philosophy that values nature not for its mere existence, even untouched nature, but in its relation to human beings.

When industrialists pollute, poachers kill endangered species, fishermen grab the smallest fish, forest officers allow illegal felling; when one showers instead of bathing with a bucket, the Greens suggest that the only sustainable solution is to change the attitude of industrialists, poachers, fishermen, forest officers, and the public. How does one change attitude? Increase awareness, raise consciousness, educate, cajole, and ostracize. But humans are stubborn. A stick must go with the carrot: regulate, proscribe, prosecute, and penalize. The battle to save the environment has to be perpetual because the enemy is us. It must continue until we change our attitude or our nature, or cease to exist.

The enemy is indeed us. Not because our nature is to pollute, poach, grab, consume, and overuse, but because the incentives are perverse. Change the incentives and the outcomes will change. How does one change incentives? Reconfigure the structure of accountability—institutions and rules—so that those who benefit also pay the costs. The primary means of injecting accountability is to revise the pattern of ownership of natural resources. When that is not feasible, design use-rules so that users pay the price for the use of the resource.

RESTRUCTURING RESOURCE OWNERSHIP

One of the most effective ways to right the incentives is to change the structure of resource ownership. Three basic structures of resource ownership exist: individual or family, community, and collective (national or international); in short, individual, community, and collective ownership. The basic direction of this change should be away from collective ownership toward individual and community ownership. Privatization describes the shift toward individual or family ownership, and communitization the correction toward community ownership.

Land exemplifies the gradual evolution from collective, to community, and finally to individual ownership. Land as land, not as forests or mountains, is largely privately owned. And our experience of generally superior private management of land suggests that the change of ownership structure has been beneficial.

In the case of forests and water, however, the shift has been in the opposite direction—from community to collective ownership. The almost universal nationalization of these resources has led to the tragedy of the collective. Some people predict that water will be the cause of the next world war. The best way to avoid such tragedies is to put forests and water back in the hands of communities.

The rural and tribal communities, whose historical claim on these resources has been expropriated through nationalization, have also lost the most remunerative resources for their livelihood. In every country, they are the poorest communities. Governments, national and international, are doing everything to help them except to give them back their water and forests.

As the CAMPFIRE program of Zimbabwe and Nepal's Community Forestry experiment indicate, community ownership solves two problems simultaneously: better management of natural resources and wildlife and provision of dignified livelihood to the poorest communities. With the ownership of natural resources, tribal people are able to build their own future according to their values, customs, and traditions.

So the problem is not population but systems of economic and political freedom.

According to this point of view, experiences the world over have made it amply clear that resources in the hands of private parties—be they of individuals, communities, or corporations—are better managed than they are in the hands of governments. Who should be entrusted with these resources depends upon the types of resources, circumstances, and local customs and traditions.

For resources that have generally been in the commons, like water and forests, the best stewards are the local communities who have been managing those commons historically. Entrusting these resources to any other entity would mean keeping the communities out forcefully—by guns and guards. Whether these guns and guards are employed by governments or by private corporations, they would not be able to withstand the battles for survival by the communities. Neither corporatization nor collectivization is a solution.

In addition to all the utilitarian or efficiency arguments, it must be remembered that local communities have a prior claim—a moral claim—on these resources. They have been using the resources for generations and

centuries. It is on the premise of prior use that all resource ownership has been settled in any civilized society. Privately owned land today was at some point in time a forest. Settlers cleared the forests for agricultural, residential, or commercial land and received a property title from the government. Some people, however, did not clear but lived in the forests. These forest dwellers are now refused the same process of land titling that settlers enjoyed. The people who kept the forests intact are being penalized for not clear-cutting them in the past. The most efficient as well as moral resolution is to take forests from government forest departments and put them in the hands of forest dwellers.

For these new ownership arrangements to work properly—for them to be incentive-compatible—reliance on the common law of torts and negligence and an efficient judiciary is inescapable. State regulators simply cannot foresee all contingencies and craft regulations to deal with them. The common law of torts is better suited to accommodate the uncertainties of life.

THE THIRD LAW OF ECOLOGY

The Green credo has been formalized into a mathematical identity, which Hardin has called the third law of ecology: the IPAT equation. I = P*A*T, where I denotes man's impact on the environment, P is population, A is affluence, and T is technology. All else being equal, any increase in population, or production/consumption, or improvement in technology, the law suggests, must result in greater environmental degradation and greater pressure on finite natural resources. Sustainability, therefore, requires that all three factors, population, economic growth, and technological change, either be slowed down or altogether halted.

However, the Green credo notwithstanding, as Professor Julian Simon has demonstrated, population is the "ultimate resource." Each child is born with a stomach that needs to be fed, but the same child has two hands and most importantly a mind. If the economic and political system allows the child to use them fully, she will produce more than her needs. So the problem is not population but systems of economic and political freedom.

Simon shows that energy and resources are infinite—the only limit is our imagination and ingenuity. As we face a shortage of a resource, the price of the resource rises, and this signals to all entrepreneurs that profit awaits those who discover a substitute or a better method of production. During the Industrial Revolution, charcoal was the main source of energy. The

forests of England were clear-cut and burnt for charcoal. As fewer and fewer trees were left, the price of charcoal rose. Greedy businessmen began the search and found coal under the ground. The coal replaced charcoal; the forests of England came back up. There is a lot of coal left in England but no one mines it since petroleum is even better. Fuel cells are being developed, which run on hydrogen that comes from water. It is possible that the leaders of the Middle East will one day be sitting on oil that no one wants.

Put the (inflation-adjusted, real) price of natural resources against time for the last 200 years or so for which we have the data, and the unmistakable trend is downward. Despite a Malthusian geometric increase in population and Galbraithian "conspicuous consumption," prices of natural resources are falling. The price that has been continuously rising is that of human labor. Human labor is scarcer than any other natural resource. Our numbers are still not large enough to result in excess supply.

Human ingenuity is exercised through technology. Despite this consistent historical track record, Greens view technology as an accident with resulting calamity as a certainty. No one can guarantee that we would not face any resource problems in the future, but all the historical evidence suggests optimism.

Growth in population has not increased the scarcity of natural resources and technology's track record leads to optimism about the future, even if one wants to be cautious. The third variable in the IPAT equation, affluence, can be measured by Gross Domestic Product or even better by the Human Development Index of the United Nations. By any account, an average person in the world today lives longer and is better fed, clothed, and sheltered than at any other time in human history.

Not surprisingly, the terra-cotta vision is exactly the opposite. In the incentive-restructure approach, as opposed to the attitude-reform approach, the impact on the environment comes from the institutions and rules about ownership and use of resources that create the tragedy of the collective.

The new third law of ecology is $I = C^*P^*A^*T$. The impact depends on the proportion of resources that are collectively owned and managed (C), the proportion of resources whose use is not priced (P), the level of antiscience, antitechnology attitude (A), and the extent to which tort laws are underutilized to determine liability and negligence (T).

Consider a national park, which is collectively owned (C=1). The tribal people living there engage in illegal tree felling and poaching. Absence of ownership

removes the sense of responsibility. However, transfer of ownership to the communities (C<1) makes the user accountable for the maintenance of the forest and reduces the negative impact.

The antireason attitude fails to appreciate the power of human imagination and ingenuity. Tort law makes the polluter pay. It allows the use of a resource only up to a point where benefits outweigh the costs. Unlike Hardin's third law of ecology, the terra-cotta approach sees human population, affluence, and technology as saviors of humans as well as the environment.

SEE ALSO: Agriculture; Agriculture-Nutrition Advantage; Desertification; Famine; Scarcity; Starvation; Sustainability; United States; Water.

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Equality

EQUALITY IN ANTIQUITY and premodern society usually meant the equal distribution of the means of production, that is, in an agrarian society, the equal distribution of farmland. This pattern reemerged in the writings of the French Enlightenment philosopher Jean-Jacques Rousseau, who was already confronted with the emergence of private ownership of the means of pro-

duction other than farmland. Although private property could, in Rousseau's mind, not be abolished, it had to be subordinated to the interests of society.

The modern debate came with the French Revolution in 1789, whereby equality had a prominent place in the revolutionary motto "Liberté, Egalité, Fraternité" (Liberty, Equality, Fraternity). The appearance of the two words equality and fraternity shows that equality in this motto was not primarily a social promise, but a solidarity as part of or an addendum to equality; it was symbolized with the third term, fraternity. It can be shown that some models of the revolutionary motto contained only the two terms liberty and equality and did not refer to fraternity. Equality in this revolutionary motto therefore stood only for equality for citizens among themselves and in the eyes of the law.

The denial of the equality of all human beings led to the Holocaust.

In the 19th century, voting even for men was not yet generally granted in Europe. The equality in the revolutionary motto was an ideal not yet reached universally. Nevertheless, the debate on the term *equality* soon became an issue in the context of the emerging social question in the age of industrialization.

Whereas the bourgeois revolutionaries of 1789 in their majority only meant equality of participation in state affairs by voting and equality of treatment in the courtroom, in the 19th century the equal distribution of wealth became a topic on the agenda. Equality in the social sense could be seen as equality in the distribution of means of production or at least in the distribution of prospects. Whereas liberalism tended to hope for equality of individual prospects through a free-market economy, socialism saw the redistribution of means of production as a necessary prerequisite for equality. This divide still characterizes the debate on the topic of (social) equality today.

At the end of the 19th century, the term *equality* was transferred to another field, when racism in the form of crude social Darwinism tried to postulate the inequality of human beings according to their race. This denial of the equality of all human beings led to the Holocaust against the Jews and to many hate crimes committed by racists.

This attitude influenced U.S. history up to the second half of the 20th century: the discrimination against African Americans was caused by the feeling of white

Americans that nonwhite Americans were unequal. The notion "equal but different" was used to give discrimination a legalistic approach. Only when this notion was declared unconstitutional (especially in the education system), at least formal equality for all U.S. citizens was reached. Discrimination against blacks has still ongoing effects for the prospects of different groups of U.S. citizens, as unequal treatment up to the 1950s and 1960s still has an impact on the social condition of groups of different ethnic origins within the United States. It has to be emphasized that slavery at the beginning of the African-American experience in the United States was the ultimate form of inequality. Another was the apartheid regime in South Africa.

Within the context of poverty, it is the overall lack of equality that lies at the root of many forms of poverty: lack of equality of access to resources, lack of equal treatment of citizens by their governments, and lack of equality between not only individuals but countries as well.

Equality has become a topic in the relation between the two sexes, too. As with African Americans, women did not have the same, that is, equal access to education and jobs in most countries of the world. Though voting rights for women were reached in many Western countries within the first half of the 20th century, equal prospects in professional life did not come until the 1980s. Inequality of women is still an important topic in many countries, most blatantly in the Islamic world. As always, legal inequality leads to social inequality, as for example, the prohibition against women conducting their own affairs (like driving a car in Saudi Arabia) leads to a de facto exclusion of women from many fields of the economy.

Any modern approach to the term *equality* has to embrace both the legalistic approach (citizenship, equality in the eyes of the law) and the social aspect (at least concerning the equality of prospects).

SEE ALSO: Deprivation; Economic Inequality; France; Income Inequality; Social Inequality; United States.

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Equatorial Guinea

THE REPUBLIC OF EQUATORIAL Guinea is a small country in western Africa with substantial poverty, despite significant deposits of oil and natural gas. Most analysts blame the poor social conditions on the corrupt leadership of President Teodoro Obiang Nguema Mbasogo, who gained control of the country in a 1979 military coup d'etat, which overthrew, tried, and executed his uncle, President Francisco Macas Nguema.

Francisco Nguema had ruled Equatorial Guinea since it gained independence from Spain in 1968. Widespread human rights abuses throughout the 1970s caused a third of the country's population to flee. Amnesty International and other organizations claim that human rights abuses and suppression of political opposition continue under the current leader.

Equatorial Guinea is composed of a small area on the western coast of Africa between Cameroon and Gabon, and five inhabited islands. The largest island, Bioko, contains the Equatorial Guinean capital, Malabo. Equatorial Guinea officially has been a constitutional democracy since 1991. Subsequent legislative and presidential elections are widely regarded as fraudulent, however.

Traditional sources of income in Equatorial Guinea are farming, fishing, and forestry. The economic prospects of Equatorial Guinea improved dramatically in 1996 when large oil reserves were found off Bioko's coast. The outlook improved further in 2001 when sizable natural gas reserves were discovered. Equatorial Guinea is now the third largest African oil producer after Nigeria and Angola. In spite of dramatic increases in economic growth and per capita Gross Domestic Product, very few Equatorial Guineans have benefited from the improved economy. Subsistence farming remains the predominant economic activity. Approximately 90 percent of Equatorial Guinea's population continue to live in abject poverty.

A 2004 report by the U.S. Senate Permanent Sub-committee on Investigations revealed that hundreds of millions of dollars of oil industry revenues were deposited into American bank accounts controlled by President Obiang Nguema Mbasogo or his relatives and friends. According to the report, between 1995 and 2004, Riggs Bank, based in Washington, D.C., oversaw about 60 government and private Equatorial Guinean accounts worth \$700 million.

Riggs Bank officials allegedly assisted in channeling much of this money into offshore tax shelters for President Obiang Nguema Mbasogo, other government of-



Though offshore oil has improved prospects, very few Equatorial Guineans have benefited from the improved economy.

ficials, and their families. Riggs Bank was fined a record \$25 million in 2004 for failing to report the suspicious activity. President Obiang Nguema Mbasogo claims that oil revenues are a state secret and has refused repeated requests for financial transparency in its oil industry. He denies any wrongdoing.

The United Nations claims 80 percent of the wealth in Equatorial Guinea is controlled by five percent of the country's population. Thus, approximately 25,000 people control the wealth for a country of more than 500,000 people. A significant part of the explanation is that most of the country's businesses are owned and controlled by government officials and members of their families.

Reports suggest that very little of Equatorial Guinea's newfound wealth has been spent on social programs or economic development. Schools and hospitals are generally underfunded or nonexistent. Corruption and mismanagement by Equatorial Guinean leaders have led to the elimination of many interna-

tional aid programs. The country's large oil revenues also have made it ineligible for World Bank and International Monetary Fund (IMF) financing and debt reduction programs.

Human Development Index Rank: 121 Human Poverty Index Rank: 71

SEE ALSO: Corruption; Human Rights and Poverty; Outsourcing/Offshoring; Wealth Inequality.

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Equity and Efficiency Trade-Off

EQUITY AND EFFICIENCY trade-off refers to the idea that while free markets perform quite well in producing economic efficiency, the market mechanism does not necessarily produce outcomes that a society would judge to be equitable. If a society values equity, it may be willing to sacrifice some efficiency in order to gain additional equity. A society can become more equal through a redistribution of income that removes some of the incentives to work and produce, which results in a smaller overall size of the economic pie to be shared. This is the essence of the trade-off.

To obtain a more clear idea of this trade-off, it is important to understand what economists mean by *efficiency* and *equity*. *Efficiency* refers to Pareto-efficiency, which is a condition in which no one in the society can see his situation improved, in terms of having a larger amount of resources available for consumption, without someone else being made worse off.

If someone can be made better off without anyone being worse off, then the economy is not working efficiently, because there is a chance to improve the situation for some members of the society at a cost to no one. Such efficiency works along with the compensation principle, meaning that a change to the economy may make one person better off and another person worse off, but it is still possible to improve the efficiency of the economy if the winner can compensate the loser and still have something left. This meets the criterion that no one is made worse off by the change.

In a free-market economy with perfect competition, where no one consumer or business is large enough to influence prices, and where a market exists for all goods, the first fundamental theorem of welfare economics indicates that the "invisible hand" of the market will guide its participants to a Pareto-efficient outcome.

Indeed, the market mechanism has not met a match in producing goods efficiently. However, the market mechanism does not provide any feature to necessarily ensure that the efficient outcome it produces will be considered equitable by society. An economic outcome that results in some extremely rich people and some extremely poor people can be considered efficient, if it is the case that the only way to improve the situation of the poor is to take some of the resources of the rich. This is the implication of the Pareto-efficient criteria. A society that also has concerns for fairness in the distribution of resources may seek to strike a balance between efficiency and equity.

Equity refers to how the resources and production of an economy are distributed among its members. A society's views of equity can be reflected through the social welfare function. Such a function shows how the utility or welfare of each member of the society should be weighed to determine the overall welfare of the society. A utilitarian social welfare function attempts to maximize the combined utility of each individual in the society to achieve the largest total utility.

On the other hand, a Rawlsian social welfare function only seeks to maximize the utility of the worse-off person in society. Though utility is not a measurable concept, incomes are often used to replace utility in practical social welfare functions. Questions of equity can then be considered through examination of the income distribution.

The nature of the trade-off between efficiency and equity is that given human nature, often the only way to achieve greater equity is to reduce economic efficiency. People will have fewer incentives to work hard and to save if they know that their extra work will be taxed at high rates and redistributed to those who have less. As such, economic policymakers must confront the trade-off between efficiency and equity in order to strike an appropriate balance. Princeton University Professor Alan Blinder refers to this as a need to develop eco-

nomic policy with both a "hard head" and a "soft heart." Any government action that improves efficiency and increases equity has a strong case to support it. Meanwhile, programs that reduce efficiency and equity should clearly be rejected in most cases. But the question is harder when only one factor is improved at the expense of the other. This requires a careful judgment of the benefits and the costs, as well as an evaluation of how society views the trade-off between efficiency and equity.

SEE ALSO: Distribution; Growth with Redistribution; Income Distribution Theories; Rawls, John; Redistribution.

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Equivalence Scales

CAN THE NUMBER OF U.S. dollars that a family receives on a regular basis accurately measure its standard of living? What if it is a single parent and one child? Or 14 children living with a grandmother, three adult sisters, and an elderly great-uncle? What if one of these families lives in Paris and the other on a family farm in Indonesia? Or Hawaii? Are their human needs the same? An equivalence scale is a tool to consider these variables.

On the surface, counting the poor would seem to be a rather simple procedure. First, a calculation of the household's needs is made. The resources are entered to see if they are sufficient to meet these needs. If they do not, it would seem logical to assert that the household is poor. But how can the household's resources be objectively observed and enumerated? The Hawaiian family is sitting on a \$2.6 million property. How is that factored into the equation?

Policymakers utilize equivalence scales to establish a scientific approach to compute such matters. The methodology by which families and individuals in a variety of conditions theoretically can be quantified may assume that individuals (or families) seek to maximize their well-being (denoted as utility, U) by making purchases that are feasible given the household's income and market prices that they face. The welfare-maximizing purchases of local market goods are a function of the prices of all goods, signified by (p). Total expenditures are (I), and are denoted by the scientists using them as demand functions for each of the n goods, xn = xn(p, I).

Additional factors are inserted, but in short, equivalence scales are attempts to come up with indexes or scores that can be cited to measure the level of poverty in different environments and highly varied situations. This is not an exact science. However, it is being increasingly refined and redefined because of demands for uniformly comparable numbers. Social workers need tools to gauge the level of need in widely diverse scenarios, as well as to measure program outcomes and effectiveness of remediation efforts. Policymakers, welfare analysts, statisticians, researchers, and the news media constantly use poverty data in various ways. U.S. government programs that use income criteria range from food stamps to Head Start, from legal services to Medicaid.

In the face of such a need, a respected authority, David M. Betson at the University of Notre Dame, has stated, "In the final judgment, the setting of poverty thresholds represents a subjective conjecture only bounded by our intuition and common sense."

SEE ALSO: Absolute-Income-Based Measures of Poverty; Capability Measure of Poverty; Cost of Living.

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Eritrea

THE STATE OF ERITREA was formed in 1993 after 30 years of fighting and then defeating Ethiopia. The United Nations-organized federation of 1952 had collapsed as predicted by Eritreans who always wanted in-

dependence: from Italian colonization after 1885, and from British military administration after 1945. Independence in 1993, however, did not bring peace, prosperity, or unity. President Isaias Afwerki's reputation as a reformer had been tarnished since the new war with Ethiopia in 1999–2000.

On both sides, more than 125,000 people died, with Ethiopia and its superior economic and population size trying to smother its enemy. The decades of occupation and fighting are still working through to today's political agenda. A constitution has still not been implemented in Eritrea; general elections have been postponed, opposition parties repressed, dissidents arrested, human rights violated, people expelled, and the media censored. Eritrea is still a one-party state, the judiciary is weak, and terrorism has raised its ugly head.

The Organization of African States, later succeeded by the African Union, is trying to realize its Framework Agreement, and other outside forces, such as the United Nations, United States, and European Union, are trying to end the conflict between Eritrea and Ethiopia.

The International Court of Justice's Boundary Commission's demarcation between the two countries has not been accepted by Ethiopia. It is not clear if Ethiopia will ever accept Eritrean sovereignty. Although Eritrea maintains the second largest army in Africa, instability in the Horn of Africa may well continue.

With the implementation of a peace agreement between the Sudanese People's Liberation Army (SPLA) and the central government in Sudan, relations between Eritrea and Sudan may become less tense. However, the ruling National Islamic Front (NIF) is bent on supporting the spread of Islamic fundamentalism into Eritrea, where half the population believes in Islam. Some, however, believe that the Sudanese policy of supporting the Eritrean Islamic Jihad (EIJ) was simply to weaken Eritrean support for the Sudanese opposition.

Politically, and in foreign policy terms, Eritrea is very volatile. Economically it does not look much better. With a GDP (Gross Domestic Product) income of around \$130 per person (which means around \$700 in Purchasing Power Parity), Eritrea ranks among the highest on the United Nations Human Development Index. This index is based on longevity, knowledge, and education of the population going beyond classic indicators of economics and finance (the higher the rank, the lower the quality of life).

After the war with Ethiopia, as GDP grew, droughts happened regularly; inflation and unemployment were and remain high. External debt is currently 60 percent

higher than what the whole country earns with exports in one year. The debt cannot be sustained, and military spending, which is still around 17.5 percent of GDP, must be reduced. There is only very limited interest in Foreign Direct Investment (FDI), even though the International Monetary Fund encourages policies to welcome FDI proposals, which are meant to lead to an outward-looking market economy. However, centrally planned economy management is usually implemented.

The majority of the population lives in the country-side, living off agriculture and livestock husbandry, even though only five percent of land in Eritrea is arable. Half the population will need food aid for years to come. Close to half the population is under 15 years old. More than half the population lives on \$1 a day. The population will increasingly pressure the government for housing, clothing, and food. It is one of the poorest countries in the world and tourism will not bring money into the economy: it is still in its infancy.

Recovery from decades of war, repatriation of displaced persons, a difficult climate, domestic political and economic problems, and tense foreign relations all guarantee that Eritrea will remain volatile for years to come, not to mention the legacy of colonialism and the destructive games of the Cold War.

However, there is a chance that because of previous Italian and British methods of governance and political life and the political consciousness gained in the struggle for independence, the 4.5 million Eritreans might industrialize earlier than many of their neighbors. One thing remains certain: despite its small population and geographical size and because of its strategic geopolitical position along the world's busiest shipping lanes bordering the Red Sea, Eritrea will remain in conflict.

Human Development Index Rank: 161 Human Poverty Index Rank: 73

SEE ALSO: Ethiopia; Islam and Poverty; Sudan; War and Poverty.

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Estonia

FOR MUCH OF ITS history, other countries have dominated Estonia. With the collapse of the Soviet Union in 1991, the Republic of Estonia was able to establish its right to independence. Unfortunately, the transition from a state to a market economy signaled bitter divisions among the Estonian majority and Russians, who make up one-third of the population. The conflict resolution team from the Carter Center of Emory University, founded by former president Jimmy Carter, was called in to help Estonians and Russians establish new ways of building trust and communication and pave the way for political and economic reforms.

As an upper-middle-income nation with a per capita income of \$14,300, Estonia has developed strong economic ties to Western nations. In 2004, Estonia joined both the North Atlantic Treaty Organization and the European Union. Almost 70 percent of the Estonian labor force are engaged in services, and 20 percent are involved in industries. Only 11 percent of the labor force work in agriculture. The Estonian economy has received a huge boost from the electronics and telecommunications sectors.

In 2003, the government announced a budget surplus of \$130 million. Nevertheless, Estonia has a poverty rate of 18.9 percent and an unemployment rate of 9.6 percent. Approximately 18 percent of Estonians live on less than \$4 a day, and four percent of the people are malnourished. Resources are not distributed evenly in posttransition Estonia. The poorest 20 percent of the population live on 20.62 percent of resources while the richest 20 percent share 44 percent. Estonia is ranked 37.2 percent on the Gini Index of Human Inequality.

The population of 1,332,893 experiences a life expectancy of 71.77 years. At 77.6 years, females survive an average of 11 years longer than Estonian males at 66.28 years. The median age in Estonia is 39.06 years. Some 15.5 percent of the population are under the age of 14, and nearly 17 percent are at least 65 years old. All Estonians have access to safe drinking water and improved sanitation. There are 313 physicians for every 100,000 residents, and only five percent of Estonians are unable to afford essential drugs.

According to estimates for 2005, the infant mortality rate is 7.87 deaths per 1,000 live births. At 9.06 deaths per 1,000 live births, male infants are less likely to survive than female infants at 6.67 deaths per 1,000 live births. Infant mortality has been more than halved since the 1970s. The mortality rate of children under

the age of 5 is nine deaths per 1,000. That rate has been slashed by more than half since 1970. Six percent of all infants are underweight at birth. Childhood immunization rates are in the mid- to high 90s for all children from birth to 23 months.

Between 1970 and 2005, the total fertility rate in Estonia fell from 2.2 children per woman to 1.39 children per woman. The adolescent fertility rate is 28 per 1,000 births. About 70 percent of all Estonian women use some method of contraception, and trained medical staff attend all births. Modeled estimates for 2000 place maternal mortality at 63 deaths per 100,000 live births.

Only 0.2 percent of Estonians over the age of 15 cannot read and write, and most students attend school for 16 years. There is no gender difference in literacy rates. In 1990, 95 percent of males and 91 percent of females completed school at the primary level. By 2000, all males were completing primary school, and 98 percent of females were achieving a basic level of education.

Human Development Index Rank: 38 Human Poverty Index Rank: Not included.

SEE ALSO: Economic Liberalization; European Union Definition of Poverty; Russia; Technology.

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Ethiopia

AS ONE OF THE POOREST countries in the world, the east African nation of Ethiopia is a land with a long history of bloody coups and civil uprisings. In addition to prolonged fighting, Ethiopia suffers from frequent droughts that threaten the very survival of its population, which is the third highest in Africa. The 133,000 refugees from neighboring countries further drain



Women and children make up the majority of refugees along the Ethiopia-Somalia border, greatly taxing Ethiopia's fragile resources. Five million people per year in Ethiopia depend on food aid to survive.

Ethiopia's fragile resources, leading to even deeper levels of poverty. With an average annual income of approximately \$100 per person, half of the population lives below the national poverty line. Over 80 percent of Ethiopians subsist on less than \$2 a day, while 26.3 survive on less than \$1 a day. Almost half of the country's children under 5 are malnourished. Five million people a year depend on food aid to survive. Over four million Ethiopians suffer from an acute lack of potable water, and only eight percent of the population have sustainable access to adequate sanitation. Studies reveal that despite international attention to Ethiopia's problems, little progress has been made in quality-of-life issues for several decades.

Ethiopia has the highest rate of blindness in the entire world. Officials also cope with high mortality and HIV/AIDS rates and a high population growth rate that the country is unable to sustain. Both unemployment and underemployment are prevalent. The Ethiopian economy is based on subsistence agriculture, and 80

percent of the labor force are concentrated in the agricultural and animal husbandry fields. In addition to frequent droughts, Ethiopian farmers are faced with a scarcity of arable land and the aftereffects of poor farming methods and management, which have resulted in overgrazing, soil erosion, and desertification.

In 2001, Ethiopia qualified for assistance from the Highly Indebted Poor Countries (HIPC) program, which may offer some relief from its foreign debts. In 2005, further debt relief was proposed by the Group of 8, which outlined plans for establishing funds to offset debt and increase social spending in 18 of the world's poorest nations.

Ethiopians have a life expectancy of 48.83 years, and the median age is 17.75 years. Approximately 43.9 percent of the population are under the age of 14, and only 2.7 percent are over the age of 65. There is a 43.3 percent likelihood that an Ethiopian will not live to see a 40th birthday, and nearly a fourth of Ethiopian children never see the age of 5.

With an HIV/AIDS prevalence rate of 7.3 percent, Ethiopia has reached a crisis level in this epidemic. Approximately 2.2 million people are living with HIV/ AIDS, and at least 200,000 of these are children. Some 120,000 have died from the disease and its complications. Ethiopians also face a very high risk of food- and waterborne diseases, which include bacterial and protozoal diarrhea, hepatitis A and E, and typhoid fever. In some areas, Ethiopians are also vulnerable to malaria and cutaneous leishmaniasis. Other common diseases include meningococcal meningitis, rabies, and schistosomiasis, a water-contact disease. Incidences of tuberculosis are also on the rise. Ethiopia has the highest rate of blindness in the world, with some 960,000 people considered legally blind, and six million others with low vision. At least 10 million Ethiopians have trachoma, a bacterial conjunctivitis that is endemic in poor rural communities but which is entirely preventable.

Trachoma is believed to be responsible for one-third of all incidences of Ethiopian blindness. A 2000 study revealed that 88 percent of Ethiopian children between the ages of 1 and 10 were infected with trachoma, as were 20 percent of adult women under the age of 40. Trachoma is generally treated with antibiotics, although more severe cases may require surgery.

In the late 1990s, it was discovered that river blindness (onchocerciasis), a disease spread by contact with blackflies that frequent fast-flowing rivers, had infected more than three million Ethiopians and that an additional 7.3 million were at risk for contracting the disease. The incidence of Guinea worm disease, which was prevalent in Ethiopia, has decreased by 99 percent since 1990 through educating local communities about protecting themselves from infected water.

Because of the prevalence of disease in Ethiopia and because half of all Ethiopians lack access to health-care and lifesaving drugs, the Carter Center, led by former president Jimmy Carter, joined with the Ethiopian ministers of health and education and several Ethiopian colleges and universities to form the Ethiopian Public Health Training Initiative, which trains workers to provide medical care to local health centers that service 90 percent of the population. Workers also educate Ethiopians about preventive measures that stem the spread of disease.

Ethiopian children are among the most vulnerable in the world, and almost one-fourth of all children will die before the age of 5. In 2005, the infant mortality rate was 95.32 per 1,000 live births, with a rate of male infant mortality of 105.3 and a female rate of 85.05. In 2003, infant mortality was recorded at 112 per 1,000

live births, and the mortality rate for children under age 5 was 169 per 1,000. Approximately 47 percent of Ethiopian children under 5 are malnourished, and 16 percent are severely underweight. About 11 percent of Ethiopians under 5 suffer from moderate to severe wasting, and 52 percent suffer from moderate to severe stunting.

In 2003, immunization rates for measles and DPT3 among children aged 12 to 23 months were recorded at 52 and 56 percent respectively. Between 1990 and 2002, measles immunizations for infants increased from 38 to 52 percent; DPT immunizations rose from 49 to 56 percent; polio immunizations advanced from 36 to 57; and tuberculosis immunizations jumped from 50 to 76 percent.

According to 2005 estimates, Ethiopian women have a fertility rate of 5.33 children. The fertility rate for women aged 15 to 19 is 133 per 1,000 births. Only 8.1 percent of all women use contraceptive measures. The maternal mortality ratio is high at 850 deaths per



Women have not been treated well by Ethiopian society, and they are more vulnerable than men to the effects of poverty.

100,000 live births. This is partially because of the prevailing HIV/AIDS epidemic. Trained medical staff attend only 5.6 percent of all births in Ethiopia. Women have not been treated well by Ethiopian society, and women are more vulnerable than males to the effects of poverty. While efforts have been made to address disparities, women lag behind men on most social indicators.

While 50 percent of Ethiopian males over the age of 15 can read and write, only 35.1 of the comparable female population can do so. Literacy rates have decreased since 1980 when rates for males and females were 71.8 and 88.3 respectively. Primary school completion rates for males dropped from 22 percent in 1995 to 19 percent in 2000 at the same time that female completion rates decreased from 13 to 11 percent.

Human Development Index Rank: 170 Human Poverty Index Rank: 99

SEE ALSO: Disease; Drought; Extreme Poverty; G-8 Africa Action Plan; Healthcare; Sanitation.

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European Relative-Income Standard of Poverty

THERE ARE TWO BASIC methods by which poverty lines are set in countries: the food or consumption basket standard, which is used by the United States and many developing nations, and the relative-income standard, which is used by the European Union, among

other countries and organizations. Under the standard food basket variant, or consumption basket variant, the poverty line is defined based on the amount of income required to purchase certain basic needs. In the United States, for example, the poverty line is defined by estimating the lowest possible income required to purchase a nutritionally complete diet and then multiplying this figure by three. Food or consumption basket methods of defining the poverty line provide absolute measures of poverty.

Relative-income standards set the poverty line as some fraction of the average income of a country or region. For example, in calculating the Human Poverty Index, the United Nations Development Program (UNDP) defines a country's poverty line as 50 percent of the median income level for that country. Similarly, the European Union defines poverty in its member countries as 60 percent of national median income. By the European Relative-Income Standard of Poverty, in 2003, the poverty rates in the European Union ranged from 21 percent in Ireland and Greece to 10 percent in Luxembourg and Norway and eight percent in the Czech Republic.

The use of a relative poverty line is appealing because it accounts for improvements in society's general welfare levels. As society grows wealthier and the general population gains access to new and improved goods and services, it can be argued that the poverty line should rise as well to allow those who cannot afford these new products to be counted as poor. For example, in the 1950s, few households, regardless of income status, had automatic dishwashers, washing machines, or television sets.

Therefore, there would have been no reason to count those persons without the means to acquire these items as among the poor. As ownership of these products has become widespread, however, in a general sense those who do without these modern conveniences might be considered as in poverty. The famous economist Thorstein Veblen noted in 1899 that a person who could not afford shoes would be considered quite ordinary in many poor countries, but the same person in an industrialized nation would suffer from a severe social stigma.

Of course, there are many criticisms of using a relative-income standard to measure poverty. First, any choice of relative income, such as the 60 percent of median income used under the European Relative-Income Standard, is largely an arbitrary decision. Of more concern is the fact that the use of a relative standard makes it virtually impossible to compare poverty rates across

time or among countries in any meaningful sense, as the definition of what it means to be poor varies. For example, based on the UNDP's 50 percent of median-income standard, 17 percent of the population in the United States lived in poverty in the 1990s, while the poverty rate for Poland was only 8.6 percent. The average income in the United States was nearly three and a half times that of Poland, however, meaning the income level that defined the poverty line in the United States exceeded the average income for Poland.

Indeed, as the European Union has expanded to admit former Eastern bloc countries with significantly lower average incomes than those of western Europe, many experts have begun to question the use of a relative-income standard to measure poverty.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Consumption-Based Measures of Poverty; Standard Food Basket; Standard Food Basket Variant.

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European Union Definition of Poverty

UNLIKE THE UNITED States, which defines poverty based on the cost of a food basket with the Bureau of Labor Statistics Family-Budget-Based Measure of Poverty, the European Union (EU) defines poverty in terms of both people's material well-being and ability to participate in their societies.

In official documents from the EU and its member nations, poverty is almost always mentioned together with social inclusion. Families or individuals with incomes below 50 percent of the EU's median income are considered poor. The EU's approach to poverty results from a long evolution that started with indifference to the plight of the poor and has culminated in a humane

policy of concern with people's material and spiritual well-being.

In 1771, the English author Arthur Young expressed a view that was popular among the European upper classes in his *Farmer's Tour Through the East of England*: "Everyone but an idiot knows that the lower classes must be kept poor or they will never be industrious ... they must (like all mankind) be in poverty or they will not work."

Supporters argued that a country-by-country boverty line would be more accurate.

At the same time, however, other voices expressed a more humane concern for the well-being of the poor. Adam Smith, often considered the father of free-market capitalism, worried about the high personal costs imposed on poor laborers and their families in *The Wealth of Nations*: "The man whose life is spent in performing a few simple operations has no occasion to exert his understanding. ... The torpor of his mind renders him, not only incapable of relishing or bearing a part in any rational conversation, but of conceiving any generous, noble, or tender sentiment. Of the great and extensive interests of his country, he is altogether incapable of judging."

By the 20th century, European nations generally had been won over by the arguments of those who wished to alleviate poverty rather than to punish people for suffering it. The Council of Europe adopted the first pan-European definition of poverty in 1975. It declared as living in poverty "individuals or families whose resources are so small as to exclude them from a minimum acceptable way of life in the member state in which they live." In 1984, the European Commission (predecessor of the EU) added more detail about social inclusion: "The poor shall be taken to mean persons, families, and groups of persons whose resources (material, cultural, and social) are so limited as to exclude them from the minimum acceptable way of life in the member state in which they live."

In the early 2000s, the main debate in the European Union was over whether the poverty line (at 50 percent of median income) should be set separately for each member nation or as one standard for all the countries of the EU. Because the median-income level varied widely among member nations, supporters of separate national poverty lines argued that a country-by-country poverty line would be more accurate.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Bureau of Labor Statistics; European Relative-Income Standard of Poverty; Smith, Adam; Standard Food Basket.

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Evangelicals for Social Action

EVANGELICALS FOR SOCIAL ACTION was published in 1972 by sociologist David Moberg, who argued that traditional evangelicalism was noted for its social involvement. Early evangelicals established welfare societies such as the Salvation Army, schools for immigrants, homes for unwed mothers, city missions, and agencies to help the poor, sick, and prisoners. The church supported legislation to bring about social justice.

In the 20th century, as evangelicals began to prosper in America, a "modernist" movement in theology came to emphasize social action. The social gospel became linked with liberal theology, and evangelicals, anxious to distance themselves from this group, separated themselves from social action in order to get "back to first principles."

Moberg called upon evangelicals to recognize that welfare—helping the victims of social problems and corporate evil—is not the same as eliminating the source of the misery. Biblical principles call the church to evangelism, plus welfare, plus working toward social justice.

Evangelicals for Social Action (ESA) was formed as a result of the reasoning presented by Moberg. It is a nondenominational community organization network whose stand regularly cuts across ideological lines. Its roots trace back to the first Calvin College conference on politics, which Paul Henry organized in the spring of 1973, where a workshop was scheduled to be held over Thanksgiving 1973, where the now-famous Chicago Declaration of Evangelical Social Concern was written, the founding document of the ESA. ESA's proclaimed mission is to challenge and equip the church to be agents of

God's redemption and transformation in the world. That mission the ESA pursues through: reflection on church and society from a biblical perspective, training in holistic ministry, and linking people together for mutual learning and action.

ESA leads a network of 16 organizations committed to a goal of combining the evangelical tradition and concern over issues of social justice. ESA also offers a monograph series entitled the Crossroads Monograph Series on Faith and Public Policy. The monographs are completed by graduate students (awarded fellowships), policy analysts, and other established scholars. Many of the monographs are available through the ESA website. Crossroads subjects include poverty, hunger, economic justice, and biblical feminism. The Crossroads are supported by grants from charitable foundations and trusts. The ESA also publishes a magazine on biblical social concern, Prism, and Creation Care, dealing with environmental issues.

The ESA has four core goals: promoting holistic ministry that combines evangelism and social action through the Network 9:35, nurturing costly discipleship across a broad front in *Prism* and the biweekly *E-pistle*, nurturing a biblically balanced evangelical political engagement, and continuing the work of the Evangelical Environmental Network until it is ready to become its own independent organization.

SEE ALSO: Christian Antipoverty Campaigns; Faith-Based Antipoverty Programs; Salvation Army; Social Assistance.

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Paul and Tanya Sloan Independent Scholars

Evans, George Henry (1805-55)

GEORGE HENRY EVANS was an American social activist and labor and agrarian reformer. He attempted to

improve the conditions of working-class Americans during the early and mid-1800s. Evans was born in Bromyard, Herefordshire, England, on March 25, 1805. He immigrated to New York City in 1820 with his father and brother. He died in Granville, New Jersey, on February 2, 1855. Early in life he became an apprentice in the printing trades, which has often been an occupation of social reformers.

Evans became radicalized in his social and political beliefs primarily as a result of the intense upheaval experienced in the depression of 1819 and the years of economic hardship that followed. Indeed others were radicalized as well. In the 1820s, for the first time in American history, working people began to organize into separate political parties that expressed their own beliefs. Evans led a number of working-class parties from 1827 to 1837. In 1826, Evans edited a newspaper that was sympathetic to the Owenite communities.

Evans can be viewed as one of the notable social reformers in American history.

Evans became involved in a movement in 1829 that resulted in the founding of the Workingmen's Party. Evans established in 1829 a newspaper, the Workingman's Advocate, which served as an organ of the Workingmen's Party (and was the first labor newspaper in the United States). He was to edit several other social reformist publications in his career: the Daily Sentinel, The Man, Radical, and others. For Evans his publishing activities were a means to an end, that end being social change and the development of a new society, one that was more egalitarian and more respectful of the rights of all citizens in society, no matter their race, social class, or status.

Evans advocated many reforms, including the abolition of slavery, chattel, or wage; landownership limitations; the free-soil movement; the homestead movement; labor rights; and a host of others. He organized the Agrarian League toward the goal of land reform. He was a longtime advocate of Native American rights. He traveled widely to promote the new Republican Party. On one of these trips, he was caught in a snowstorm and died of pneumonia.

Evans can be viewed as one of the notable social reformers in American history in his attempts to mitigate the harshness of the effects of the Industrial Revolution and *laissez-faire* capitalism. While not being completely successful in his pursuit of social reform in his

lifetime, several developments occurred after his death that would have pleased him: the elimination of slavery and the advance of Native American rights, to name but two.

He was a man of strong beliefs, so strong that he spent most of his life trying to achieve or put into practice those beliefs toward a more just, egalitarian, and humane society.

SEE ALSO: Republican Party; Social Exclusion; Social Inequality; Social Poverty.

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Exclusion

EXCLUSION IS a concept, state of being, and process that operates on a variety of levels. Individuals and groups can face exclusion from participating in local or worldwide activities. Social exclusion is generally considered relative to a geographic location and invokes the rights of citizenship. A broad definition of *exclusion* is the nonparticipation in the normal activities of citizens in a society, according to T. Burchardt et al. Thus exclusion is a dynamic concept that highlights that a range of people are forced to the edges of society and retrained in their position to take part as others can.

Exclusion has a strong material basis. Low-income employment or long-term unemployment can be a precursor or symptom of exclusion. For example, child poverty has been increasing in Britain for the last 30 years. A rise in child poverty is particularly worrisome because of the long-term impacts on a child's future, and hence the future generation. Research shows that children born into poverty are more likely to experience unemployment than children in higher-income families. Also, such children who do obtain work as

adults are significantly more likely to be in a low-paid job. Combined with the fact that the number of low-paid workers living in poverty is increasing, then inequality and exclusion are likely to perpetuate across generations, as discussed by A. McKnight.

A common link between economic exclusion and its endurance is education. Young people who leave school with a low level of attainment, or few qualifications, are much more likely to face exclusion in their adult life. Again, individuals will be more likely to face unemployment or low-paid work. Exclusion can be experienced through education in a range of ways. The effects can have economic and social impacts. J. Sparkes and H. Glennester report that low attainment impacts the likelihood of owning one's own home, voting in elections, and impacts one's health, particularly depression. Girls who leave school with poor attainment are also more likely to have early pregnancies.

Aiming policies at the excluded alone will not change the system.

While low-performing individuals face greater exclusion than their counterparts, dimensions of social exclusion also predict performance and access at school. Growing up in families receiving income support, low parental academic achievement, poor housing conditions, experience of local authority residential care, and a negative neighborhood environment are all factors that increase the probability of low school performance. Risks are even greater if multiple indicators are experienced.

One of the advantages of the concept of exclusion is that it does recognize inequality in noneconomic factors. Exclusion can also be cultural and political. For example, individuals can be excluded on the basis of age, gender, disability, sexuality, race, religion, or location. Yet often these elements can go on to have an economic influence. S.M. Mahapa and M. Mashiri's study on women in rural South Africa shows that low-cost transport and a lack of accessibility to other areas have a direct impact on the social and economic lives of these women. Isolated in local communities, women are restricted from buying items in cheaper markets or selling their own produce. Women are then less able to save money that could allow them to travel and take a greater part in activities.

Urban areas are also subject to exclusionary effects. Residential areas segregated through ethnicity can have profound consequences. This is most visible in the United States. African Americans have been spatially segregated to such an extent that ghetto areas have become accepted as part of the order of society. The creation of segregation over a period of time has created environments where poverty is the norm, low educational achievement is expected, and a deteriorating environment is accepted, per D. Massey and N.A. Denton.

A shift in language from *inequality* and *poverty* to *exclusion* has also created a new wave of social policy formulation. This is most prominent in the United Kingdom. The New Labour Party has promoted social exclusion discourse and created its own Social Exclusion Unit as a crosscutting resource. The change in rhetoric and focus on exclusion are also a political shift. Previous concepts of those who are poor or lacking sufficient means highlight the vertical system of inequality. The poor are placed in a subordinated position that is in direct contrast, but inextricably linked, to the more rich and powerful.

Yet a concept that is based on a state of marginalization implies a horizontal model where the wealthy are invisible and subsumed under the normal, as described by H. Steinert and A. Pilgrim. In this argument, the effects of economic relations become hidden among the debate on participating in what is normal. A similar point is made on the term *globalization*. The concept constructs globalization as an evolving stimulus, something that can be defined and debated in many ways. Therefore, globalization is seen as an abstract challenge instead of a phenomenon based on a worldwide capitalist system, as shown by J. Mulderrig.

As exclusion is built on inequality and sustained through capitalism in a globalizing social order, D. Byrne argues that a new way of redistribution is the only avenue for inclusion. Economic redistribution will provide greater stability for workers. Aiming policies at the excluded alone will not change the system. Inclusion and empowerment need greater solidarity and political organization across classes.

In this way, a new political culture developed through local coalitions can provide the social forces needed to provide sustainable worldwide development, with greater rights for workers.

SEE ALSO: Racial Discrimination; Redistribution; Social Exclusion; Social Inequality.

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Exploitation

MARXISTS TRADITIONALLY DEFINE exploitation as the condition where the value of labor a worker can purchase with the income received for his labor is less than the value of labor performed. This concept rests on the labor theory of value, which states that a good's value is determined by the amount of labor used to create the good. Thus, there are two forms of labor: labor contained within the worker (potential labor) and labor contained within goods (embodied labor). Individuals who exert more labor than they can purchase with their wage income are exploited. Those who can purchase more labor with their income than they expend are exploiters. These two groups are typically referred to as laborers and capitalists, respectively. Thus, the concept of exploitation provides the basis for class analysis and class struggle in the Marxian literature.

Arthur Pigou provided a definition of exploitation that is more commonly used in mainstream economic analysis. In his definition, the degree of exploitation is measured by the percentage deviation of a worker's marginal revenue product from his wage. A worker's marginal revenue product is the value (in terms of revenue) of the increased output produced when that worker is added to the production process. In a perfectly competitive labor market, the wage is equal to the marginal revenue product. This condition arises because the firm takes the wage as given; the market sets it. The firm then employs labor until the marginal revenue

product of the last hour worked is equal to the market wage. Thus, there is no exploitation in competitive labor markets. Exploitation arises when the firm exerts market power in the labor market. This type of firm is said to possess monopsony power (the term *monopsony* comes from the Greek, meaning "single buyer"). There are several potential sources of monopsony power; however, the classical example is the company town. This case arises when a single firm is the major employer in an isolated town or region.

ALTERNATIVE MARXIAN DEFINITIONS

Marxist scholars have attempted to define a new concept of exploitation that does not rely on the labor theory of value. Exploitation still serves as the cornerstone for class analysis in the Marxian tradition. However, mounting criticism of the labor theory of value and the relevance of exploitation in its traditional Marxian definition has pressed these scholars to search for a new definition of exploitation.

Aage Sørensen has proposed that exploitation be defined in terms of inequality that arises from the ownership of rent-producing assets. Economic rents are returns on an asset greater than the return required to bring about use of the asset. For example, economic profits are a type of rent that arises because a firm sells its output at a price greater than the average economic cost of supplying the product. In many cases, workers are able to unionize and capture a share of these profits/rents. In this case, under Sørensen's definition, the unionized workers would be exploiters.

In another alternative definition, Erik Olin Wright defines exploitation as "the process through which certain inequalities in incomes are generated by inequalities in rights and powers over productive resources." This definition basically re-creates the original sense of exploitation; however, it does not rely on the labor theory of value.

WELFARE AND ETHICAL IMPLICATIONS

The Marxian definition of exploitation carries strong ethical implications. In the traditional Marxian sense, exploitation provides an explanation for antagonism between workers (the exploited) and capitalists (the exploiters) since the latter gain at the expense of the former. However, being exploited does not mean the worker is worse off than if he was not being exploited. In developed economies, workers voluntarily supply their labor to employers. Thus, if a worker supplies his

labor to an employer, that worker must believe he is at least as well off working for the employer as he is working for himself. Of course, the worker may be better off if he owned "productive resources," that is, capital. According to the theory, if the factors of production (capital, land, and other natural resources) are equally distributed amongst all workers, then no one would be exploited, at least initially. Since it is the unequal distribution of resources that leads to exploitation, Marxists often view this inequality as unethical. Even with equal distribution initially, differences in ability will allow some workers to build more capital and eventually become capitalists. Thus, preventing exploitation requires a constant reallocation of resources.

The Pigouvian measure of exploitation does not carry the same moralistic implications. Neither does it provide a direct measure of welfare. Certainly, as a firm's monopsony power increases, it is capable of suppressing wages further below the competitive level. Thus a worker is better off in a competitive than in a monopsonistic labor market. In this sense, greater exploitation can be viewed as an indirect measure of welfare relative to the competitive equilibrium.

As an empirical matter, several studies have attempted to estimate the degree to which certain workers are exploited using Pigou's measure. These studies are prevalent in the sports economics literature, where it is argued that athletes receive salaries far below their marginal revenue product. Similar studies and techniques have been applied to the labor markets for schoolteachers and nurses.

Both definitions of exploitation are static concepts; they look at wages and labor at a single point in time. Therefore they do not provide many useful insights for the relationship between exploitation and long-term welfare effects. However, Marxist scholars recognize exploitation as the driving force behind capitalist accumulation. Therefore, if exploitation leads to economic development, workers may find that being exploited works to their benefit over the long run.

SEE ALSO: Capitalism; Communism; Economic Inequality; Redistribution; Wage Slavery; Working Poor.

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Extreme Poverty

EXTREME POVERTY IS also called absolute poverty. It is the condition of living in such deprivation that in terms of American dollars a person is living on less than \$1 a day. It is estimated that there are over one billion people in the world living in extreme poverty. In addition it is estimated that at least eight million people die from the effects of extreme poverty each year.

Most of the people in the world living in extreme poverty are living in rural areas of developing nations. Most are living on marginal land or are dependent on marginal land, where they are forced to extract a subsistence living from poor resources.

Extreme poverty is the result of several factors. Perhaps the most important is the very poor natural conditions in which millions live. The land or the economic resources are extremely limited. This means that even if the capital or assets were equally distributed, most people would still be very poor. In addition traditional techniques for farming, extraction, herding, or other means of producing food have a low yield. The productivity from traditional methods is insufficient to support current population levels.

Making the problem of extreme poverty worse is the fact that the number of people living in conditions of absolute poverty are increasing in many areas. At least 80 percent of the world's poor live in rural areas away from the resources that cities provide. Poor health decreases the productivity of those living in extreme poverty as well. At least 400 million people suffer from chronic diseases such as tuberculosis, malaria, other insect-borne diseases, and worms from polluted waters. The growing spread of HIV/AIDS has only worsened the problem. Adding to the poor health of those living in extreme poverty is their reduced caloric intake. At least 600 million people receive less than the needed calories for good health.

The conditions of rural life for those in extreme poverty have led millions to transfer the problem to urban centers around the world. A great number of the cities of the world now have shantytowns or other areas



Extreme poverty, also known as absolute poverty, has been defined by the United Nations as a poverty line of living on less than \$1 a day. As shown above, extreme poverty is not restricted to urban areas, but occurs mostly in rural settings all over the world.

filled with the rural poor who, by moving, have become the urban poor. The mass migration of the rural poor living in extreme poverty has fueled the massive illegal immigration into the industrialized countries in Europe and in North America.

The problem of extreme poverty is mixed. In some places extreme poverty is decreasing. In other areas it is increasing. In the former Soviet Union, Africa, and in much of Latin America it is increasing. However, in Mexico, China, India, and other countries it is decreasing. In Mexico the continued flow of remittances sent by Mexican Americans back to Mexico, along with the absence of large numbers of Mexicans in Mexico, has transferred part of the problem to the United States, while transferring solutions back to Mexico in the form of dollars amounting to many billions each year. The long-term effect is that Mexico is being transformed economically.

A similar effect is occurring in both China and India. As their growing populations of educated people are able to earn more by cheaply manufacturing enormous amounts of goods and services, the more poverty is reduced. Some of the reduction is due to globalization that permits intellectual work and services to be done in China or India at lower costs but for locally high rewards. The economic impact is to spread wealth that eventually reaches some of those in extreme poverty.

In contrast is sub-Saharan Africa, where the number of people living in extreme poverty has doubled in the last 20 years to over 400 million from 165 million in 1981. The reasons for the great increase include high birthrates, drought, and other environmental conditions contributing to poor harvests.

Solutions for dealing with extreme poverty have been formalized into the Millennium Development



Victims of extreme or absolute poverty can be found in the crowded cities of developed nations.

Goals adopted by the United Nations. The overall goal is to reduce extreme poverty in the world by half by the year 2010. Others have adopted the goal of reducing extreme poverty by the year 2015. To the goal of reduction is added the target of economic development that has environmental integrity, so that economic development can be sustainable.

In the last quarter of the 20th century, ideas about poverty developed rapidly, as did proposals for solutions. The major definition of extreme poverty has developed along the lines of a monetary definition. The problem with this definition is that many millions of those living in extreme poverty are in barter economies where money is scarce.

Measuring poverty for a particular country is difficult and not easily defined. A poverty line sets a level of consumption below which an individual, family, or a household is considered impoverished. The setting of such a line is somewhat arbitrary. How does one measure enough income to feed a family? It may be that the family members are all of small stature and have excellent metabolisms. The amount of food they need for sedentary work is not the same as that of a family whose members are all over six feet tall or are engaged in vigorous physical labor; they will need much more caloric intake.

Poverty lines are scientific constructions by social scientists and were originally set as food minimums, or "baskets." However, the price of food varies, the work to get the price of a meal varies, and other factors come into play. Despite their inherent difficulties, the use of poverty lines has remained the standard for the lack of an alternative. Poverty lines are useful to bureaucrats, policymakers, and other administrators of poverty-relief programs. They are also politically and economically useful.

Setting poverty lines is actually the work of politicians. However, to accurately measure poverty there is a need to shield those who gather the data on poverty rates and calculate the degree of poverty from negative political interference. The United Nations is the official bureaucracy that has set the income line or poverty line for extreme poverty at living on less than \$1 a day. This definition of extreme poverty is clear and has rhetorical value in the United States and elsewhere in the world. It is also actually close to the poverty minimum used by the poorest countries.

The use of the extreme poverty limit of less than \$1 a day also allows the World Bank, nongovernmental organizations (NGOs), governments, aid agencies, and other groups to easily convert the amount of money needed for describing extreme poverty in a country into local currency.

An alternative is to use purchasing indexes; however, these statistics are not available in many countries. In addition, using a market basket concept has the problem that the basket of goods varies widely across the planet.

An additional problem with achieving the goal of reducing extreme poverty is the fact that China and India accounted in 1990 for 60 percent of the people in extreme poverty. Cutting this figure for these two growing economic countries is achievable. However, in Latin America, Africa, and elsewhere there is little that is being accomplished in halving the presence of extreme poverty. It is also the case that most of the world population living in extreme poverty is surviving well enough to reproduce, thus increasing their numbers to add even more to the problem.

Politically there are numerous forces working to meet the goal of halving extreme poverty. In the United States a number of states and cities have joined the campaign to Make Poverty History, a United Kingdombased umbrella organization dedicated to fighting extreme poverty.

According to the Make Poverty History organization, "Every single day, 30,000 children are dying as a result of extreme poverty. The gap between the world's rich and poor has never been wider. Malnutrition, AIDS, conflict and illiteracy are a daily reality for millions. But it isn't chance or bad luck that keeps people trapped in bitter, unrelenting poverty. It is man-made factors like a glaringly unjust global trade system, a debt burden so great that it suffocates any chance of recovery, and insufficient and ineffective aid." Make Poverty History has set out to eradicate these problems.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Deprivation; Make Poverty History; Millennium Development Goals; Poverty Dominance; Poverty Rate. BIBLIOGRAPHY. Willy De Geyndt, Social Development and Absolute Poverty in Asia and Latin America (World Bank, 1996); Idriss Jazaïry, Mohiuddin Alamgir, and Theresa Panuccio, State of World Rural Poverty (New York University Press, 1994); Don Melnick et al., Environment and Human Well-Being: A Practical Strategy: Achieving the Millennium Development Goals (Columbia University Press, 2005); Jeffrey Sachs, The End of Poverty: Economic Possibilities for Our Time (Penguin Group, 2005); Doug A. Timmer, D. Stanley Eitzen, and Kathryn D. Talley, Paths to Homelessness: Extreme Poverty in the Urban Housing Crisis (Westview Press, 1994); Make Poverty History, www.makepovertyhistory.org (cited December 2005).

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WORLD Poverty



Fabian Society

WHILE WORKING-CLASS organizations in western Europe, Great Britain, and North America increasingly turned to Marxism in response to growing poverty caused by urbanization and industrialization in the late 19th and early 20th centuries, middle-class reformers focused on legislation to achieve social reform. This was most evident in the establishment of the Fabian Society as a non-Marxist strand of British socialism.

Emphasizing "gradualism" and state-sponsored reform, Fabianism reflected the social values of the predominantly middle-class intelligentsia that had been instrumental in its founding. Established in 1884, the Fabian Society included prominent Victorian writers and intellectuals such as George Bernard Shaw, Annie Besant, Edward Carpenter, Sidney and Beatrice Webb, and H.G. Wells, along with rising political figures such as Ramsay MacDonald.

With its initial meetings held in the drawing rooms of its affluent members, the Fabian Society would struggle to overcome its characterization as an "intellectual debating club." Although not entirely successful in their efforts to reach the working class, the Fabians had a significant influence on the development of reformist

socialism throughout the English-speaking world through their publication of pamphlets, essays, and books on socialism. The Fabians reached out to the working class and urban poor through the publication of penny tracts such as Why Are the Many Poor? (1884) which argued that capitalism lay at the root of industrial poverty without providing a concrete agenda for social reform. Two years later What Socialism Is (1886), the fourth Fabian penny tract, was presented as a debate between anarchist and collectivist socialist ideals.

While this failure to present a coherent political and social vision reflected the ongoing intellectual debate within the Fabian Society, this vacillation also contributed to the Fabians' difficulty in building a broad-based organization. Throughout the late 19th century, Fabians called for the same broad reforms that were advocated by other middle-class reformers. These included the provision of compulsory free education, the redistribution of unused land to the urban poor, tax reforms that targeted "unearned incomes," the nationalization (with financial compensation) of key industries in transportation and the resource sector, and the municipalization of essential services such as water supply, gas, and public transportation. This focus on "municipal socialism" was advanced in Fabian pamphlets

such as *Socialism in England* (1890) and it became a mainstay of socialist reform throughout the Western world. Perhaps the most significant of these early works was Sidney Webb's *Fabian Essays in Socialism* (1889), which facilitated the expansion of Fabianism into an international movement with the establishment of Fabian Societies in North America, India, Australia, and New Zealand.

Fabians believed that state-sponsored reform was necessary for the creation of a just society and, as with other Victorian reformers, they perceived this transition not as the result of revolution but as the logical result of continued social advancement. Specifically, Fabians saw this change as occurring through the expansion of existing state functions and the gradual adoption by government of an increasingly influential role in regulation and the provision of social services.

In this sense, the Fabian vision of the future closely paralleled the utopian vision advanced by Edward Bellamy in Looking Backward (1888), and this convergence undoubtedly contributed to the growing popularity of Fabian socialism into the 1890s. Into the 20th century Fabian support was also encouraged through the efforts of popular novelist H.G. Wells, whose *The Misery of Boots* was published as a Fabian tract in 1905. Gauging their popularity is difficult as local clubs were formed autonomously and full membership rolls are lacking; however, the true influence of Fabianism should not be judged according to membership but through the wider political and social influence of their ideas.

Advancing the concept of a "national minimum," which had become a key Fabian slogan by the mid-1890s, Sidney and Beatrice Webb's *Industrial Democracy* (1897) helped lay the foundation of the modern welfare state by arguing that the state had a duty to enforce a minimum set of socioeconomic standards for all individuals. Into the early 20th century, Fabians increasingly joined with established labor parties to pursue direct political reform, and their direct social and political influence declined rapidly after World War I as established political parties increasingly adopted social reform policies.

SEE ALSO: Bellamy, Edward; Poverty Politics; Socialism; Utopian Socialists; Welfare State.

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Faith-Based Antipoverty Programs

MOST RELIGIOUS GROUPS are motivated to improve the human condition and routinely engage in social action programs to lift others out of direcircumstances. Indeed, a central mission of many religious groups is to show charity to the less fortunate, and faith-based organizations (FBOs) have engaged in social service efforts long before modern governments became involved in antipoverty activities.

One interfaith group, Call to Renewal, has pledged a Covenant to Overcome Poverty based on the belief that all of humanity is responsible for caring for the vulnerable because all belong to God. It is estimated that millions of individuals across the world are served each year by religious organizations and groups. Moreover, there is strong evidence that faith-based organizations are effective in fighting poverty through the variety of services and activities they offer.

Although faith-based organizations have a long history of providing humanitarian services to the disenfranchised, the popular attention and recognition they have received for doing this type of work have increased only recently. In addition to the increased attention, it appears as though there was an upsurge in antipoverty efforts by these groups during the 1990s.

In a departure from previous administrations and public policy, the official role of FBOs in providing social services was actively promoted by President George W. Bush, who championed the philosophy that FBOs could be compensated for delivering social services. This recent interest in utilizing faith-based organizations to find solutions to problems of humanity, including poverty, is contrasted to previous years when the role of religious groups was dismissed or shunned because it was seen to violate the separation of state and church. It should be noted, however, that recent interest in the role of FBOs is not limited to members of the Republican Party. Other groups, such as Harvard's Kennedy School of Government, have actively investigated how FBOs can address social problems.

A single definition of what constitutes a faith-based organization does not exist, especially when considering the role of faith and religion from an international or global perspective. That said, an FBO is defined as an organization founded on or motivated by religious conviction and includes "local churches, synagogues, temples, and mosques" of varying sizes and scope, according to J.L. Saxon.

FBOs can have a global organization or faith following (for example, Catholic Charities, Lutheran Social Services, Salvation Army, Jewish Family Services, and Nation of Islam) or a rather small local following. Additionally, many faith-based coalitions or partnerships exist that center on antipoverty efforts of diverse denominations and belief systems. That is, faith groups from varied backgrounds are brought together by an organization dedicated to fighting poverty (such as Call to Renewal). Ram A. Cnaan and other authors organized FBOs that provide social services into six categories: local congregations, interfaith agencies and ecumenical coalitions, regionwide groups, national projects, paradenominational relief organizations, and international faith organizations.

FIGHTING POVERTY

FBOs combat poverty through a range of activities or methods that can be grouped into direct and indirect services. Direct services may include identifying individuals in need and providing them with goods or services designed to meet short- and long-term needs. For example, individuals may be provided with food, shelter, clothing, or medical care to meet short-term needs. Some FBOs maintain or provide ongoing support to homeless shelters or soup kitchens, others provide rent or utility assistance. Other direct services may include skills training and education to meet long-term needs, such as language classes, high school equivalency courses, or job-skill enhancement. Services such as childcare, transportation, and legal assistance are also seen as vehicles to fight poverty and are routinely provided by FBOs.

Direct antipoverty activities include both local and international efforts. Locally delivered direct services tend not to garner the media coverage that accompanies large-scale relief efforts to major crises (such as a tsunami, hurricane, or war) or individual trauma (such as a house fire). Critics argue that FBOs, compared to secular social services, tend to focus on relieving immediate needs at the expense of skills development, which may be more effective over the long term. Yet this criti-

cism is not fully supported, as many FBOs center massive efforts on empowering individuals to become self-sufficient and rewarding self-sufficiency.

In addition to easing the burdens of the poor or providing them with opportunities to respond to life's challenges, FBOs engage in indirect services to combat poverty. For example, many FBOs are politically involved and attempt to change legislation believed to support poverty or limit individuals' ability to become more self-sufficient (such as Call to Renewal). They may be involved in sponsoring or supporting media campaigns designed to build awareness of poverty, rallying support for reducing poverty, or supporting political candidates believed to share similar values and views on how to ameliorate poverty (like the Catholic Campaign for Human Development).

Social capital indirectly fights poverty because it provides connections to opportunities.

The efforts of one faith-based coalition, Call to Renewal, identify and support seven principles believed to fight poverty: full participation by people of all races in society; a living family income for all who responsibly work; affordable, quality healthcare for all regardless of income; effective schools; safe and affordable housing; safe and secure neighborhoods; and family-friendly policies and programs in every sector of society.

FBOs also promote social capital, which refers to the building of social ties within a faith group, according to W.H. Lockhart. The creation of social capital indirectly fights poverty because it provides individuals with connections to opportunities; as the adage states, "It's not what you know, but who you know."

EXAMPLES OF FAITH-BASED ORGANIZATIONS

Some examples of prominent FBOs that provide antipoverty services are the Salvation Army, Catholic Charities USA, Lutheran Social Services, Church of Jesus Christ of Latter-day Saints, Jewish Family Services, and other nondenominational organizations such as Feed the Children and World Vision. Several of these and other FBOs are briefly described below.

The Salvation Army operates a Community Development program that seeks to partner with individuals and communities in poverty alleviation. Program initiatives include education, literacy, housing, horticultural training, feeding programs, and the innovative online

conference, "The Salvation Army and the Poor: Voices of Our Global Family." Examples of these initiatives in action include haircutting classes in Rustavi, Georgia, Operation Dagsverk for Ghana, and a new food and nutrition program in the Democratic People's Republic of Korea. The haircutting project gave young people the chance to learn a trade in a community where unemployment is high.

The program also provides many needy people with free haircuts. Operation Dagsverk (Day of Work), a project of the Swedish Student Organization, gave students an opportunity to help provide better educational facilities for their counterparts in Ghana. The project raised more than \$700,000, which the Salvation Army in Ghana will use over several years to improve and expand the country's public schools. The food and nutrition project in the Democratic People's Republic of Korea provides equipment and training to establish a yogurt processing and packaging plant in the country's South Hwanghae Province.

Controversy surrounds giving government funds to FBOs to provide social services.

In addition to providing for local humanitarian efforts, the Church of Jesus Christ of Latter-day Saints (LDS), through the Latter-day Saint Charities, has engaged in international efforts to provide clean water for those who do not have it, wheelchair distribution, vision treatment, and financial assistance. Moreover, the Church of Jesus Christ of Latter-day Saints has developed the Perpetual Education Fund, which pays for the education of members in underdeveloped countries with the expectation that these members will then repay the fund so that others can receive similar opportunities.

On a more local basis, the LDS Church offers employment services that include skills-building and jobsearching components in addition to a program called Deseret Industries that provides jobs for individuals who are temporarily unemployed or difficult to employ because of disability or other social or economic challenges. This program is also used by church leaders to provide clothing and other necessities to individuals in need.

Catholic Charities USA provides a number of direct services that are designed to aid those living in impoverished circumstances. One of these programs is the HUD Housing Counseling Program. Through this pro-

gram, housing counselors are trained to provide homebuyer education, mortgage delinquency and reverse mortgage counseling, relocation counseling, and other services. Catholic Charities USA also advocates for the poor at the policymaking level. For example, this FBO has recently been working to preserve the Social Security program through a vigorous lobbying and educational campaign.

Jewish Family Services has been serving people living in poverty since the late 19th century. In the beginning, this FBO distributed milk and coal to poor families and immigrants. Today the organization offers a broad array of direct services such as help for older adults, programs for adults with developmental disabilities, and food assistance.

Lutheran Services in America is an alliance of the Evangelical Lutheran Church in America, the Lutheran Church-Missouri Synod, and their related social ministry organizations. This FBO has affiliated with it nearly 300 health and human service organizations that provide care in thousands of communities in the United States and the Caribbean. Among the many initiatives supported by this organization are services for the elderly, like the Affordable Housing program offered by Lutheran Senior Services in St. Louis, Missouri, and the Food Service program administered by Lutheran Social Services of Alaska, which provides emergency food assistance to individuals and families in the Anchorage area.

The Friends Committee on National Legislation is a public-interest group founded in 1943 by the Quakers that seeks to influence legislation by directing messages of social justice, peace, and equality to policymakers. Examples of the work this organization is involved in include working to alleviate poverty and other social and economic problems in Haiti by advocating for international intervention and urging U.S. policymakers to increase resources in Native American communities where the poverty rate is extremely high.

In 1964, members of the Nation of Islam formed the Three Year Economic Savings Program, which was designed to help fight poverty, unemployment, hunger, and housing problems. While this program was designed to last only three years, it continues to operate as a means of supporting economic opportunities for African Americans in the United States. Through the Three Year Economic Savings Program, this FBO has purchased 1,500 acres in southwest Georgia for farming. This initiative, known as Muhammad Farms, produces a variety of fruits, vegetables, and grains that are used to feed the needy.

Feed the Children is a Christian, international, non-profit relief organization with headquarters in Oklahoma City, Oklahoma, that delivers food, medicine, clothing, and other necessities to individuals, children, and families who lack these essentials because of famine, war, poverty, or natural disaster. Established 25 years ago, Feed the Children has created and developed one of the world's largest private organizations dedicated to feeding hungry people.

In 2004, Feed the Children shipped 146 million pounds of food and other essentials to children and families in all 50 states and in 57 foreign countries and supplemented 1,040,710 meals a day worldwide. A key goal of this program is to help needy families move past needing help and into becoming self-sufficient members of their community. Through long-term, self-help development programs funded by grants and donors, Feed the Children reports that tens of thousands of families in countries around the world have increased their ability to be self-sufficient by learning and applying new, marketable skills.

Similar to Feed the Children, World Vision is a Christian relief and development organization dedicated to helping children and their communities worldwide reach their full potential by tackling the causes of poverty. To this end, World Vision seeks to help people discover and use their own vision, skills, and resources to move from abject poverty to abundant living by partnering with churches, governments, local organizations, and international agencies.

In Mississippi's Golden Triangle region, religious communities have offered a variety of services to vulnerable populations. Coordinated efforts have produced a system whereby donations from different congregations and organizations are centered in a type of "one-stop-shop" that is staffed by volunteers. To the most vulnerable individuals, disbursements of goods and services are continuous whereas disbursements to those with short-term needs are intermittent.

POLITICAL FACTORS

Poverty programs are being outsourced by the U.S. government to profit-oriented and nonprofit groups, according to Lockhart. One such initiative was legislation known as the Charitable Choice provision, which promoted the opportunity for faith-based organizations to secure federal funds to support the social and humanitarian services they provide.

Controversy surrounds giving government funds to FBOs to provide social services, however. Critics argue

that the practice breaches the constitutionally mandated separation between church and state. On the other hand, the White House contends that this legislation ensures that religious organizations are able to "compete on an equal footing for funds without impairing the religious character of such organizations and without diminishing the religious freedom of the recipients."

Although the Charitable Choice legislation has brought increased attention to this debate, partnerships between secular/state antipoverty groups and FBOs are not new. For example, the U.S. Agency for International Development (USAID), the federal agency charged with helping people overseas struggling to recover from a disaster or striving to live in a free and democratic country, has collaborated with FBOs to fight poverty for more than 20 years.

CONCLUSION

Faith-based organizations have directly and indirectly engaged in antipoverty activities for centuries. Such activities vary from providing immediate support or relief from poverty or suffering to activities that support individuals' long-term self-sufficiency. On an individual level, millions are helped through local FBOs and congregations. On a group or community level, FBOs are addressing large problems within and across nations and also serve millions. While some FBOs have been criticized for using antipoverty efforts as a means to proselytize, many separate their humanitarian services from preaching.

In the United States, political controversy exists about whether FBOs should be able to compete for federal funding to deliver antipoverty services. Long after this controversy has ended, and regardless of the outcome, FBOs will continue to fight poverty in our backyards and across the world.

SEE ALSO: Antipoverty Organizations; Catholic Church; Christian Antipoverty Campaigns; Islam and Poverty; Judaism and Poverty; Religion; Salvation Army; World Vision International.

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Family Budgets

THE FAMILY BUDGET COULD best be described as the bundle or basket of resources that the family uses in its day-to-day activities. For most of the industrialized world, this basket takes the form of money; elsewhere the budget might be thought of as stored foods, available time for labor, and other nonfinancial resources. In the United States, the family budget is typically allocated to a range of family needs, including shelter, food, clothing, transportation, and other obligations like medical care or taxes.

The government statistician Mollie Orshansky devised the original concept of the poverty level by determining the various items a family would require to meet its needs, and then applying the costs of these to a family's net, or after-tax, income. Orshansky drew on the U.S. Department of Agriculture's model of a minimum budget (called the "economy food plan") and determined that a family of three would spend approximately a third of its income to meet its basic food needs, and then calculated similar poverty-level budgets for families of differing sizes.

This basic formula remains the marker of poverty today, and is updated yearly by the U.S. Census Bureau so as to account for changes in income, population, and other economic factors. But the poverty level in U.S. families has been distorted by some of the earlier as-



The "shrinking dollar" is a symbol of the family budget among the working poor whose paychecks don't cover basic necessities.

sumptions of the model. During the formulation of what constitutes such a level, most people believed that families could survive on approximately 1.4 times the poverty-level income, while in the contemporary era, citizens think that the poverty-level income is nearly double what families living in poverty actually live on. Households must meet a range of household needs that were rare in the past, including childcare and increased medical, housing, and transportation costs. In fact, food costs are higher than in the original calculation.

Thus family budget in relationship to poverty has several meanings. It obviously means the specific, often government-defined minimum household income necessary to provide some theoretical combination of basic needs. It also means the stream of resources, not all economic, that a family uses to meet its needs. Thus labor, both paid and unpaid, contribute to the family budget, and so do a range of strategies that similarly achieve those needs without affecting the budget (a child's school lunch program, for example). The term becomes even more awkward when applied to poor families in developing countries, who may rely little on

money and much on their own subsistence, labor, and exchanges with family and friends.

Social structure within the family itself plays a role in shaping family budgets. As a family works to stretch meager income, children may contribute to the budget or take over providing for their own needs, a practice common among poor families in the developing world. However, some evidence suggests that this practice also occurs among the poor in the United States. Family members sometimes also keep a small fund for themselves, rather than contributing to the needs of the family as a whole, a pattern that appears particularly common among male family members.

Women are more likely to dedicate their own funds to family rather than personal needs. Poor families also alter their budgets as other families do, working longer hours to increase their income. Barbara Ehrenreich has noted that many of the working poor hold two or even three poorly paying jobs to maintain a degree of economic stability. The budget may also include income acquired from either unreported (informal) or illegal activities, for example unreported vending or babysitting, or sales of illegal goods or services.

Eliminating some things, even things as basic as food, also stretches the family budget. Poor families report skipping meals regularly, particularly during periods when income is scarce, for example the week prior to receiving a monthly assistance check, or during the periods of reduced hours seen in many service occupations. Utilities may be turned on and off and on again; the bus may be forgone in place of a lengthy walk home. The poor change their use of time as well. If no income makes a two-hour walk somehow economically rational, the promise of income and the fear of its loss prompt some to work constantly—to work multiple jobs during multiple hours, reducing sleep, and counting on other family members for work done in the home.

The family budget in the developing world can take a variety of forms, though families will also pursue similar strategies when in need. Rural families will necessarily have far smaller cash budgets, while they can rely somewhat more on their own production, for example what they grow, and upon their own labor. Still, such families are often reduced to borrowing from relatives, trading their own goods for the goods and services of others, participating in available informal economic activities, and skipping basic needs, including food.

Government-mandated family budgets affect policy decisions both in the United States and elsewhere, but they are a fairly static measure of a family's poverty. In the United States, especially, the family budget is woefully outdated, based as it is on historical calculations of family financial obligations that have changed dramatically over the last 40 years. As poverty in the United States rises, a more reasonable measure of the family budget should be devised to create a more effective and successful family policy.

SEE ALSO: Family Size and Structure; Household Consumption; Household Employment; Household Income; United States.

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Family Desertion

DESERTION IS A LEGAL term that describes an aspect of family law. In some states, it is called abandonment. Specifically it describes a violation of domestic relations. It is the abandonment or renunciation of marital relations and obligations without cause or legal justification with no intention to return (animus revertendi).

Desertion can be an act by either spouse. It is an act of abandonment without any intention to resume relations. The party deserting does so without the consent of the other party to the marriage. The desertion constitutes wrongful conduct on the part of the party deserting his or her spouse. Unintentional desertion is not grounds for a divorce. Military personnel captured and held prisoner are not viewed as having willingly engaged in desertion. Marriage is usually viewed by the state as a contract. Desertion violates the marriage contract.

In the context of poverty, family desertion and the reulting loss of income can move a family that might have been on the edge of being poor over the line into outright poverty. The law of desertion varies among the states in the United States and around the world. In

some jurisdictions a year's absence is sufficient to establish grounds for divorce. The aggrieved spouse usually shows an absence of more than a year and a day. In other jurisdictions it takes up to five years.

Desertion requires that the desertion party willfully choose to be absent from the marital relationship for at least a year. In a divorce that follows desertion, the aggrieved party may be required to show that the desertion was not caused or provoked by the party left behind. Desertion is one of a number of grounds for divorce. Normally it is not a criminal act, but a civil harm that permits the aggrieved spouse to have grounds for divorce. However, desertion can be criminal if the abandonment occurred as a willful failure to provide for a spouse who was gravely ill or in very necessitous circumstances. Creation of legal grounds for divorce does not address the emotional trauma that is so commonly experienced. Nor does it address the financial difficulties that may be incurred.

Desertion can also occur legally even if the person deserting continues to send financial support. Moreover desertion cannot be established if the party who left was thrown out of the home. Desertion does not occur if the deserting spouse flees the marital relationship because of the other spouse's behavior. However, constructive desertion occurs when one spouse makes life intolerable for the other so that there is no real choice but to leave.

If, for example, a husband is sexually abusive or a wife is frequently so drunk that there is a danger to family members, whether children, the innocent spouse, or others, such that for safety's sake a party flees—this does not constitute desertion. The law will not allow the wrongdoer-spouse who drove the innocent spouse out of the house or the relationship to claim the status of victim in this form of involuntary abandonment.

What may happen is that there is more than one ground for divorce, so the parties involved may settle for irreconcilable differences as the reason for divorce. This means that desertion is not used as a ground for divorce since irreconcilable differences are a more neutral ground. Since more than one ground for divorce may fit a given case, the parties and their attorneys will most likely opt to use irreconcilable differences as a ground for divorce rather than desertion, as the former implies no guilt or wrongdoing on the part of either party. The exercise of this option normally occurs after settlement has been reached.

Desertion is a marital problem that has existed for millennia. However, in the modern world, social trends and pressures have threatened family relations in a destructive way. Among these trends is the breakdown of economic cooperation amidst the growing deinstitutionalization of marriage.

Deinstitutionalization manifests itself in high divorce rates, temporary cohabitation, children born out of wedlock, and marital abuse. By centering attention and authority on the nuclear family rather than on the extended family, marriage relations have been weakened. With marital weakening has come the growth in desertion and divorce. Family desertion is a cause that contributes to increasing poverty rates because it is often coupled with nonsupport.

SEE ALSO: Family Budgets; Family Size and Structure; Family Violence Prevention Fund; Sociology of Poverty.

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Family Size and Structure

THE RELATIONSHIP BETWEEN family size and structure and poverty is one fraught with methodological considerations, cultural difference, and moral heat. Methodologically, problems arise in establishing a framework for family size given that understanding of the limits and boundaries of family changes over time and place.

In developed societies the trend over the modern and postmodern period has been toward smaller units defined on the basis of consanguinity and residence. During the mid-20th century, the societal norm (though whether it was the statistical norm may have been another matter) in Europe and the United States focused on the nuclear family, which was seen as the most rational unit for these societies. In its purest form, this was constituted by two spouses in a heterosexual relationship sharing a residence with a small number of biological children.

Despite the attempts of some scholars to show that the nuclear family was a universal feature of human societies, it is now widely regarded as a historically and culturally specific formulation connected to the parameters of the wider economy. The move away from a society based upon agrarian production and an increase in urban living meant that the preceding form of extended family no longer provided economic benefit.

In rural societies in the southern hemisphere, family structure is based on the needs of agrarian production and care for the elderly. In countries with high rates of infant mortality there has traditionally been pressure on families to have more children who contribute economically to the family unit, which allows the extended family to provide care for economically inactive older adults. This is also structured by the absence of formally organized care for the elderly provided by the state or market economy. This makes larger families a prerequisite for a more comfortable life.

Research by C. Portner has interpreted this within the framework of risk management, whereby children can act as a form of insurance from disasters that require labor power. This research supports the theory that family size and structure respond to material circumstances inversely by showing that the less a family in a developed country expects material hardship, the lower the number of births.

Returning to developed nations, family size has continued to fall over the last 30 years. However, by far the most significant trend has been in the parental structure of households, with increases in wealthier nations of households containing only one parent (most often the mother). The precise relationship between parental structure and poverty has been subject to moral debate in these societies.

These debates stem from the observed relationship between single-parent households and a range of outcomes for children, such as decreased educational attainment, increased delinquency, and involvement in sexual activity that are more likely to reduce the labor market position of these children when adults. However, many researchers have argued that it is not family structure per se that influences such outcomes but the circumstances leading to separation or the experience of lone parenting (including reduced access to resources and discrimination against such families). Poverty may be associated with family disruption, but there is still debate over the direction of the relationship and that the nature of family disruption may be more important than the resultant family structure in causality, according to A. Acock and D. Demo.

Some responses have interpreted the single-parent family as a symptom of social exclusion, in which barriers to employment and resources make it the most rational choice for mothers in the absence of potential employed partners. The availability and reliance on state benefits have also been implicated as a disincentive to shared residence of the biological parents. Such an approach, known as the "underclass thesis," is expounded famously by C. Murray, who sees the absence of male employment opportunities and the growth of single-parent households on deprived housing estates as connected phenomena.

Negative consequences for young people raised in such families are implicated; however, the efficacy of community as the path through which disadvantage is passed on is introduced through issues such as cultures of crime and the absence of positive, working role models. However, as the trend for diversity away from the traditional nuclear family becomes more common across the class structure, the associations with negative outcomes should subside.

SEE ALSO: Children and Poverty; Family Budgets; Family Desertion; Paternalism and Welfare; Women and Poverty.

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Family Violence Prevention Fund

THE FAMILY VIOLENCE Prevention Fund (FVPF) began its work in 1980 with a focus on domestic violence education, prevention, and policy reform. The FVPF also helps women and children whose lives are thrown into poverty and wrecked by abuse, because it holds that "every person has a right to live in a home free of violence."

The FVPF works with policymakers to challenge them to take domestic violence seriously, judges to protect the victims of abuse, and the police to train and educate on how to respond in appropriate ways when confronted with domestic violence cases. The FVPF also educates healthcare providers and employers on how to identify victims of abuse and what to do in such cases. Among its accomplishments are establishing one of the first medical service units for domestic violence,

developing a national media campaign on domestic violence, and preparing a national educational curriculum for judges. In 2004, the FVPF organized the national Conference on Health Care and Domestic Violence, Health Consequences over the Lifespan. the FVPF has received awards for its work; it was listed among America's 100 Best Charities in 2002 and 2003, selected for this list by *Worth* magazine based on an analysis of skill, innovation, effectiveness, and strategic insight.

The FVPF works toward setting stricter and longer punishment for those guilty of domestic abuse and violence, and lobbied hard to pass the 1994 Violence Against Women Act, which signaled that progress was being made in the areas of law enforcement, victim assistance, prosecution, and crime prevention. The act made it a crime to cross state lines to continue to abuse a spouse or partner, created tough new penalties for sex offenders, and prohibited anyone facing a restraining order for domestic abuse from possession of a firearm.

In addition, the Violence Against Women Act provided more than \$1.6 billion of federal funds over six years—for police, prosecutors, and prevention service initiatives in cases involving sexual violence or domestic abuse. The FVPF regularly monitors federal legislative activity, provides technical assistance to congressional offices, and works closely with antiviolence and other social justice organizations to educate Congress, the presidential administration, and federal agencies.

The FVPF has international programs as well. CONNECT, a magazine for parents, gives parents and caregivers practical advice on how to talk to kids about respecting women and girls and cultivating healthy relationships. It offers regular features, including a "Parent2Parent" advice column, articles on hot topics such as violent video games, questions and answers with authors and experts, and interviews with parents, teens, and women who grew up in violent homes. A new publication from the Family Violence Prevention Fund, with support from the Avon Foundation and the Wireless Foundation, CONNECT is available online in English and Spanish.

The FVPF is a nonprofit organization with a budget of about \$2.2 million a year, provided mostly by federal and state grants, funds from private foundations and corporations, and through fundraising.

SEE ALSO: Children and Poverty; Crime; Family Size and Structure; Feminist Approaches to Poverty; Feminization of Poverty; Maternal Mortality and Morbidity; Women and Poverty.

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Paul and Tanya Sloan Independent Scholars

Famine

FAMINE REFERS TO AN extreme and protracted shortage of food, which results in widespread and persistent hunger, emaciation of the affected population, and a substantial increase in the death rates, according to the *Encyclopedia Britannica*. The key defining factor therefore relates to the problem of food scarcity. Thus to understand what constitutes a famine, to analyze its consequences, and to find ways in which its devastation can be minimized, or eliminated altogether, requires the researcher to probe into the question of food scarcity and all that bears upon this issue.

At the simplest level, food scarcity may be seen as the result of an imbalance between the forces of demand and supply within the market for food. Famine, seen as an imbalance between such forces, appears to have a straightforward solution: correct the imbalance—through policy interventions—and the problem is resolved. Unfortunately this simplistic approach does not always work, as the sources of most experiences of famine are only partly economic and substantially political.

Another approach by A.K. Ghose views famine not so much as shortages of food but in terms of a decline in food availability affecting a particular group or groups. This fine distinction makes sense only under some special conditions as the following quotation illustrates:

In a society with a given pattern of distribution of food among the population, a certain level of food supply is required to ensure that even the most disadvantaged sections do not starve. If the food supply falls below this level, the poorest must starve unless the decline in the food supply itself leads to a reduction in the inequality of food distribution. Since it can be plausibly argued that a decline in food supply typically leads to a worsening of food distribution, reductions in food supply can clearly cause famine.

But, firstly, it still can not be argued that famines are necessarily caused by reductions in food supply. Secondly, since changes in food distribution in consequence of reductions in food supply are of crucial importance in determining the overall effects, reductions in food supply in themselves do not have much predictive power. A 10 percent decline in food supply may lead to a major famine in one situation but to only a minor squeeze on some people's food consumption in another.

For Ghose the relevant distinction is between levels of food availability across a given population.

Less enlightened interpretations of the causes of famine attribute its principal origins to climatic and environmental changes. These arguments regard drought, unusually heavy rains—leading to flooding—and crop disease as the key forces behind food scarcity.

AGRICULTURAL PRODUCTION

Ideas such as these are generally based on either the Malthusian principle of man's inability to feed evergrowing populations or the use of inappropriate policies with unwelcome side effects such as those prompted by ecological dysfunction. The work of Professor Paul Ehrlich is well-known for covering both the Malthusian and the ecological disaster strands of thinking on this topic. His early 1970s contribution, *The Population Bomb*, is well-known for arguing against aid disbursements to countries such as China and India on the grounds that such assistance will only prolong the suffering of those in need.

Overall, it seems fair to suggest that the scientific basis of these assertions has weakened considerably with the passage of time. This evidence is perhaps at its strongest when considering the substantial improvements seen in agricultural productivity throughout the past 100 years or so. In the developed world, the improvements have been occasioned through increased use of more effective mechanized equipment as well as better use of seed technology and fertilizers.

In the United States for example, agricultural productivity improved by a factor of 30 or so during the 1900–70 period alone. Much of western Europe has experienced similar levels of growth. With the so-called

Green revolution there have been impressive experiences in a number of developing countries as well. With such overall macrolevel successes the more localized and microlevel—though calamitous all the same—issues of famine appear as being man-made.

Modern-day economic analysis suggests that climatic and environmental challenges, whether occasioned by a growing population or by some other cause, cannot be held solely responsible for food scarcity-induced experiences of famine. Mainstream economists' interest in analyzing famines was sparked by the work of A.K. Sen. Economists and demographers, for example S. Preston and J. Simon, have argued that a protracted experience of food scarcity is largely unconnected to changes in population or environmental problems. Common thinking among these groups is that while rapid population change and environmental degradation may exacerbate food scarcity, they will not act as its main motivators.

ECONOMIC INCENTIVES

In any event, the economic dimension of the experience of famine may be addressed through introducing appropriate economic incentives. If the incentives fail to deliver on solutions, one may attempt to fine-tune the policy (and the incentives) over time so as to get closer to the desired outcome. In reality this process may, of course, require many rounds of planning and negotiations with different stakeholders before it has any chance of success.

The political dimension of famine is much tougher to address successfully.

And confidence in the workability of this approach is only likely to be high if there is a fundamental belief in the sanctity of market forces and the economic incentive systems they support. An alternative view holds that public action can be a powerful force in addressing many of the economic and other challenges posed by the threat of famine. J. Drèze notes that very often famines originate in a crisis of rural livelihoods, which may or may not be linked to crop and other failures. A powerful solution to this can be found in policies that are designed to reinvigorate income-earning opportunities across a spectrum of activities, including food production. But in addition to food production these activities may include pastoralism and rural crafts.

The political dimension of the experience of famine is generally much tougher to address successfully; seminal work in this area includes the work of Sen, Drèze, and Ghose. This assertion is based on a widespread belief that the key drivers are vested interests that are usually embedded in individual, tribal, or national movements. What unites these overlapping groups is their allegiance to a common religion, language, history, culture, or ethnic origin. These ties are often intermeshed with wider issues involving access to resources such as land and water, as well as broader considerations over sovereignty, legitimacy of rule, and the political system.

It is the bonding effects associated with the strength of such allegiances, not to mention the prospect of personal and/or group gain, that regularly lead to conflict. In the line of thinking promoted through the writings of Drèze and Sen, it is conflict—or rather the desire to move away from conflict areas—that drives people away from their homes and livelihoods. It is this displacement that diminishes capabilities and, through that, loss of access to previously established systems of property rights, and finally loss of access to food and the sources of food. The historical records on this are quite revealing, as the table below illustrates:

Period	Region	Main Explanation
1899–1900	India	Drought
1920–21	North China	Drought
1921–22	Soviet Union	Drought
1928–29	China	Drought
1932-34	Soviet Union	Collectivization
1941-42	Poland	War
1941–43	Greece	War
1941–44	Soviet Union	War
1943-44	India	Speculation
1947	Soviet Union	Collectivization
1960-61	Congo	War
1965	India	Drought
1967–69	Nigeria	War
1968-74	Sahel	Drought
1973	Ethiopia	Drought
1974	Bangladesh	Floods
1974	Somalia	Drought
1975–79	Cambodia	War

Of the 18 or so major cases of food scarcity outlined above (among others), nine appear to have been caused by natural disasters (such as extreme drought or flooding), six relate to either international or civil war, and the rest appear to be largely due to other man-made phenomena such as speculative activity (Bengal famine of 1943), or poor policy choices by the state (such as the collectivization programs of the early 1930s in the Soviet Union).

Adding to these are the mid-1990s famines in southern and central Africa (in particular Rwanda), in the former Yugoslav republics, and within North Korea in the mid- to late 1990s. The first of these two cases coincided with the experience of genocide and war. The last example—insofar as may be clear from the outside—was the result of failing economic policies, a subject taken up by M. Woo-Cummings.

POLITICS AND FAMINE

But, as well as many of the issues just mentioned, Sen has raised a far more subtle point. He argues that non-democratic political systems have little incentive to deliver on political pledges, except perhaps for those made to their most immediate band of supporters. Being basically unaccountable to the wider electorate means that nondemocratically appointed rulers do not fear the wrath of the population should their policies fail. Thus poor policy choices may result in the development of a whole host of problems, including those relating to food scarcity.

Those societies following the principles of representative rule (based on the doctrine of democracy), on the other hand, are more likely to end up with politicians who are more careful about the decisions they make. A poor decision leading to problems such as food scarcity is certain to result in voter disapproval at the ballot box. As such, perhaps the most effective approach to preventing a famine—according to Sen—is for the political system to be democratically instituted. Democracies typically enjoy a free press that, as a whole, will feel unencumbered by allegiance to one particular political dogma or another. Motivated by their desire to "sell" news, members of the press will champion the rights of citizens and provide exposés of those politicians who regularly fail to meet their expectation in the delivery of good service.

A good example of this is cited in an article on famine appearing in the Oxford Companion to Politics of the World. There it is noted that during Mao Zedong's Great Leap Forward, the People's Republic of China experienced a substantial famine. It is further noted that in excess of 15 million deaths occurred there owing to "disrupted production and excessive state procurements from the countryside." Scholars such as Sen have argued that the severity of the famine was exacerbated

through the absence of a free press. Sen has contrasted the Chinese experience with what India went through in the mid-1960s. During 1965–66 the monsoon rains failed for two consecutive years, yet India did not suffer a famine. Sen has attributed this to India's freedom of press.

In connection with this, Sen also notes that democratic systems provide greater opportunities for economic growth and increases in overall prosperity levels amongst the population. Such "dividends" associated with open systems of government provide the best guarantees against the recurring nightmare of famines.

FOOD SECURITY

A different approach to the discussion of famine would be to describe it in terms that would include aspects of food sovereignty, and by extension human security. This alternative approach will of course embrace discussions of food availability, shortage, and distribution. But the main focus will be one in which broader institutional issues are discussed and reviewed. Under such an approach the myriad complex challenges facing a developing economy undergoing political and other forms of transition can be argued as giving rise to famine situations.

Achieving food security means ensuring that sufficient food is available.

In this context S. Wright reminds us of the United Nations' Food and Agricultural Organization's position by reporting that food security is attained when "all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life. Achieving food security means ensuring that sufficient food is available, that supplies are relatively stable and that those in need of food can obtain it."

Drèze gives a clear articulation of the challenges faced on food security through his identification of short-term and long-term tasks. Drèze calls for public action, which, he maintains, assists in the following manner. First, this kind of involvement helps by reducing the likelihood of the threat to the livelihoods of vulnerable groups. Second, public action can provide short-term relief to any of the affected groups once the threat of famine actually materializes.

The whole debate on food security has prompted a number of governmental and nongovernmental agencies to pursue well-meaning initiatives such as those involving the setting up and monitoring of "early warning systems." One such organization—which has the backing of the United States Agency for International Development—is the Famine Early Warning Systems network (or FEWS), focusing on 20 African countries as well as Afghanistan and Haiti. The African states included in the program are Angola, Burkina Faso, Chad, Djibouti, Eritrea, Ethiopia, Kenya, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, Somalia, Sudan, Tanzania, Uganda, Zambia, and Zimbabwe. Other agencies, such as Meso-American Famine Early Warning System (MFEWS), focus on other parts of the world.

FEWS relies on a series of innovative measures and approaches in order to monitor food security for the areas mentioned. For example, the agency relies on a combination of livelihood zone maps, baseline reports (a detailed description and analysis of livelihoods and livelihood zones), livelihood profiles (summary descriptions of livelihood zones), and needs assessment reports (analysis of recent conditions and needs).

The reliability of these instruments is based on the fact that much of the data-gathering exercise occurs at the village level, relying on first-hand accounts of how people obtain their vital resources. This data-gathering exercise is supported by the work of staff from government and nongovernment agencies, and market participants such as stallholders.

Other information sources (of a secondary type) rely on research papers and environmental statistics. Faced with a real emergency, agencies such as FEWS rely on livelihood analysis extensively, as it provides a useful framework for reading and understanding early-warning information about an upcoming crisis, whatever its origins. These livelihood analyses form the basis of many of the "alerts" issued by such agencies.

NATIONAL GOVERNMENTS

Useful as the work of relief and monitoring agencies is to the overall work required to identify and prevent famines, their contribution cannot flourish without the active cooperation and participation of national governments.

As Drèze has noted, "while the participation of international relief agencies as well as local communities can be important, neither have the opportunity to draw on the extensive informational, administrative and logistic resources that are readily available to national governments."

Drèze also notes that national governments are not always eager to respond to a famine emergency and have been known to precipitate this in the first place. This is when early-warning systems such as those mentioned above can prove their worth by providing the necessary alerts to the right agencies and groups. However, and another significant point made by Drèze is that in practice the viability of an early-warning system is often predicated on the political motivation, the incentives, and the kinds of pressure felt by the concerned governments rather than on the sophistication of the early-warning systems in place. In a point not too dissimilar to Sen's, he maintains that it is the strength of public institutions, and people's engagement with them, that must act as the best guarantor against the threat of famine. Without this participative approach famines will continue to wreak havoc on vulnerable people's lives.

The obligation to meet the challenges posed by current crises, and avoid continuing catastrophes in the future is both a moral and an ethical obligation tat growing numbers of rich country residents and governments appreciate. An important immediate objective has to be addressing the question of how to galvanize this support into creating stronger representative national bodies whose mission and resources are appropriately focused on the challenge of famine identification and prevention.

SEE ALSO: Conflict; Drought; Environmental Degradation; Food Shortages; Malnutrition; Natural Disasters; Nutrition; Scarcity; Sen, Amartya.

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Federal Targeted Training

THE GOVERNMENT OF THE United States spends tremendous sums of money each year to train people for jobs in the federal government or for employment in the general economy. Some of the training seeks to help people get a job. Other training seeks to improve the capacity of workers to perform at higher levels in their jobs. Both types of training are aimed at preventing poverty or at lifting people out of poverty.

In order to be more effective in the use of the money spent on training, the federal government "targets" training so that people who need training get it. Moreover, geographical regions that are lacking sufficient workers are promoted as areas that job seekers should go to for training, in order to qualify for those available jobs.

The federal government recognizes that the way in which work must be organized into employment today is a dynamic challenge. Technology alone is forcing people to do new jobs. Old jobs in both governmental and private sectors of the national economy have disappeared. This means that many young people may come to the job market without the skills needed for getting a job. Or older workers may need to be retrained if they are to continue to be useful producers.

It is the philosophy of the federal government that human capital has a supreme value. Accordingly it is the duty of all federal agencies to seek ways to respond to the challenges of the changing employment needs.

In order to implement its philosophy of the supreme value of human capital, the federal government as a matter of policy uses the concept of targeted training in order to be more efficient in the use of the great sums it spends on training. For example the Workforce Investment Act of 1998 (Public Law 105-220) was adopted by the 105th Congress on August 7, 1998. The act's preamble states the purpose of the act is to "consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs in the United States, and for other purposes." In order to achieve these general goals, the act provides for "the establishment and implementation of programs

targeted to empowerment zones and enterprise communities."

Among the many topics associated with the numerous provisions relevant to targeted training that are spread across the United States Code and the Federal Code of Regulations are such things as "equal opportunity and civil rights," "desktop computer skills," "information technology," and many others. These and other elements of civil rights are part of the targeted training used by the federal government for training the unskilled into employable workers.

According to Anthony P. Carnevale, chairman of the National Commission for Employment Policy, federal targeted job training is explained as: "Congress, the administration, and other interest groups recently have focused much attention on federal job training programs and their ability to adequately prepare American workers for the labor market. Employers require skilled, flexible, and responsive workers. Yet millions of Americans lack the capacity to get and keep jobs in an increasingly sophisticated economy. This is even more true given that our economy is undergoing a period of structural change. The resulting discrepancy between skill level and available jobs is not only detrimental to individuals, it curtails overall economic growth.

"To reduce this disparity between skills and need, the federal government funds programs to educate, train, and place people in permanent, unsubsidized jobs. Job training supplements general education which aims to supply the broad basis of knowledge and understanding needed to function in society as well as in the labor market. However, successful job training is more comprehensive than a simple course of instruction. Individuals must be assessed to determine what training is appropriate to their needs and interests, they must receive supportive services while they are program participants, and be provided with job search assistance when they have completed training. Thus, the term job training often applies not only to instruction itself but to the counseling, assessment, and placement services necessary to successfully link instruction to employment."

SEE ALSO: Economic Insecurity; Education; Employment; Unemployment; United States.

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Feinstein Foundation

THE FEINSTEIN FOUNDATION was created in 1991 in Rhode Island by Alan Shawn Feinstein, a nationally known philanthropist and humanitarian. The foundation is dedicated to charitable causes, specifically, alleviation of hunger, community service and education, and the values of caring, compassion, and brotherhood.

The foundation is very active, raising money each year to fight hunger and support education. The Feinstein Foundation provided the seed money for the World Hunger Program at Brown University, the first university center to study and try to end the causes of hunger; the World Hunger Brigade, a program that encourages middle school students to study hunger and design programs to fight it; the Feinstein International Famine Center at Tufts University, which carries out projects designed to help reduce hunger in countries around the world; and the Center for Hunger Free America at the University of Rhode Island.

In 1994, Providence College, through a grant of \$5 million from the foundation, established the Feinstein Institute for Public Service and a bachelor's degree program in public/community service studies, the first major of its kind in the nation. The program provides the opportunity for students to select either a major or minor in public/community service. In addition, the institute will develop a Community Service Clearing House and Resource Center. An additional grant of \$1 million has been provided to the college to establish an endowment fund for scholarships for students electing to major in community/public service.

The Feinstein Foundation supports several other educational programs, such as the Middle School Youth Hunger Brigade, where students learn about the causes and effects of hunger and take action to address the problem in their communities. A resource guide is provided to all participating schools.

Schools are given cash awards for outstanding reporting on their help to agencies aiding the needy in their communities. This program is now being disseminated nationally. Another program is the I Can Make a Difference elementary school program, in which over

100,000 children have participated. Students are provided with journals in which they record their good deeds and other acts of kindness that make a positive difference in the lives of others. Teachers are provided with instructional guidance and other incentives, including grants, for projects they undertake with their classes to help better their communities. Community Service Learning Programs, or grants, are awarded to high schools to establish programs that support and promote community involvement, and the Enriching America Program awards grants to higher education institutions to establish such programs at their institutions.

The foundation established a magnet high school for Community and Public Service, first in Rhode Island, to have service written into the curriculum. The foundation also sponsors several service-based scholarships. A Feinstein grant of \$500,000 was given to initiate a joint doctoral program at the University of Rhode Island and Rhode Island College, where community service is an integral part of the curriculum. All graduates of this program are known as Feinstein Fellows.

SEE ALSO: Community-Based Antipoverty Programs; Education; Hunger.

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Paul and Tanya Sloan Independent Scholars

Feminist Approaches to Poverty

THOUGH IT IS NOT PUBLICLY well-known, feminism has historically had a relationship with poverty alleviation. During the rise of second-wave feminism in the 1960s and 1970s, feminists were active in the welfare rights movement and in understanding the impact of divorce on reducing women's income. This was a development that led to the displaced homemakers' movement and an understanding of how women in developing countries seemed to be more often poor

than their male counterparts. This last category led to the feminist critique of modernization theory and greater awareness of incorporating a feminist perspective into development. Feminist approaches have also incorporated poor women's (and men's) own understandings of their experience, suggesting that solutions to poverty are best understood by the poor themselves. Thus feminist approaches often incorporate some degree of self-help or participation by the poor with a feminist philosophy underpinning the project.

Feminist approaches are generally critical of traditional assumptions about poverty and its alleviation. Such approaches are diverse, ranging from those that may assist a small group of women and their children to larger-scale projects that aim to aid a community or other large group. Further, feminist scholars with an interest in poverty and its alleviation have produced innumerable papers, articles, and books about poverty and women, an outcome that is likely to continue. Feminism has ideally combined theory and praxis, and some succeed at this, providing both applicable experience and its theoretical understanding, though in practice these two streams are often separate but interrelated.

HISTORY

Feminism came of age in the 1960s, and its rise is often attributed to the popularity of Betty Friedan's *The Feminine Mystique*. While this certainly played a part in some women's growing awareness of their subordinate status, for others participation in the social justice movements of the 1960s was more important. Collegeage women participated in many of the early civil rights groups and were active during the Freedom Summer of 1964.

These experiences changed many participants, who became active in such groups as the National Welfare Rights Organization and other organizations with a special focus on poor mothers. Such participation led feminists to question assumptions made about poor women, particularly those receiving welfare. Welfare or Aid to Dependent Children (AFDC), as it was then known, had historically been a state-provided widow's pension that preceded Social Security.

In its early years, single mothers and women of color generally were barred from receiving benefits. However, over time, its composition changed. Widows received Social Security survivors' benefits and left the welfare system. Pressure to allow African Americans to receive benefits rose. And African Americans began migrating north for industrial jobs, sometimes applying

for benefits to tide them over or to support a family that had been displaced.

In some sense, the system had shifted from what most Americans considered the deserving poor, white mothers who had lost their husbands owing to death, to those who were undeserving, black mothers who were regarded with suspicion because of an unreflective racism that defined blacks as inherently lazy and immoral. The feminist critique added the dimension of gender, asking why women were shouldering the complete child-rearing burden. Feminists also asked why women were subjected to demeaning inquiries about their sexual behavior, why their homes were raided to search for the presence of men (men were assumed to provide women with money beyond their welfare payments), and why women were tracked into poorly paid but gender-appropriate jobs.

FAMILY AND FEMINIZATION OF POVERTY

There were also growing concerns about the feminization of poverty. The complicated relationship among welfare, race, and gender suggested that women carried a greater burden. First, women nearly always contributed the majority of labor in childcare. This included not just the act of caring for a child, but also meant a woman pursued any job she might have around a schedule dictated by childcare. She thought more often about what needs a child might have. It was more often her time and perhaps her money that were taken up when a child fell ill or a parent needed to visit school.

Second, women's jobs were concentrated in a "ghetto" of low-paying work. The most prestigious, though still low-paying, replicated women's caregiving role: teachers, nurses, social workers, and even secretaries placed women in jobs where they performed for pay some services they also performed at home. Other jobs might incorporate the caregiver role: babysitter, maid or domestic, hairdresser, waitress.

A third category included the sorts of poorly paid service and industrial work that fell to women: retail sales, some food service work, and assembly-line work. Many such jobs, poorly paid and inflexible, did not provide a wage sufficient for a woman to support herself and her children. Practically speaking, women were dependent upon a breadwinner husband to support the family even if they too worked.

During this period, other social changes were occurring as well, including changes in divorce law. These changes provided a clear picture of women's limited fi-

nancial options. For those women whose work-history had been exclusively in the home, their sudden reliance upon their own income led to a dramatic drop in living standards. With little work experience, they were thrust into poorly paying jobs requiring little experience or into entry positions with low salaries. These so-called displaced homemakers became activists when they began to organize with feminists to provide help for such women, including helping to sponsor, eventually, state and federal legislation.

Development projects tended to diminish or eliminate women's productive activities.

Because women are nearly always integrally involved in family life, female poverty and the family intersect in complex ways. Women's work within the home carries no economic value in most policy decisions; when women enter the workforce they may need to pay for childcare or ask children to take care of themselves.

In the United States, where social welfare benefits are limited, mothers in general juggle a range of household demands and activities that require both their time and their money. For poor women these demands are greater. For a poor woman working several jobs, household work is shifted to children, friends, or relatives. The feminist critique asks why women's work, so vital, is so undervalued. The interest on the part of feminism in childcare and in a variety of family arrangements is in part based on this question, that is, how is all work distributed so that families may survive with a degree of security?

WOMEN AND DEVELOPMENT

Some success with all these ideas has come about in the inquiry about the impact of economic development upon women in the developing world. Economic assistance to poor countries had increased after World War II, at least in part as a means to revitalize and stabilize Germany, Italy, and Japan after their defeat by Allied forces.

Development officials hoped that dynamic, economically stable nations would be more apt to develop and maintain democracies and to increase their trade relations with other democratic countries. Postwar economic development accepted and promoted Euro-American ideas: democracy, free and open markets, and

the sort of disconnected nuclear-family structure that Americans tended to take for granted. This set of assumptions, codified as modernization theory, drove much development throughout Europe and the developing world. However, development appeared to affect men and women differently, and this fact led to a debate among feminist development scholars about its effectiveness.

Ester Boserup notes that in those places where women were active in production, the introduction of development projects tended to diminish or eliminate women's productive activities. In parts of Africa, for example, women were the primary farmers in a family; when development projects targeted men for agricultural assistance, women's control of farming and their family status both declined. The traditional development paradigm assumed that overall development would improve women along with others, but in fact the opposite appeared to be true.

Credit or microcredit banks are popular and fairly successful among poor women.

Others, writing from the socialist perspective, argued that Boserup did not go far enough in exploring the impact of development. Such schemes tended to benefit those at the top of social and economic hierarchies, which usually meant men and individuals with higher rank and social capital. While women had some bargaining power in their traditional subsistence roles, this declined with development, and inequalities between men and women increased. Such inequalities tended to hit women harder as men became less likely to share income and to provide for children, especially daughters.

Development projects and strategies that aim at improving women's lives are likely then to work with women, providing them some avenue of support in both their domestic and public lives. Such projects will also aim at giving women some control over their activities and participation in the organization, the goal being to empower those who participate in the project. Projects involving the lending of credit or so-called microcredit banks are both popular and fairly successful among poor women around the world.

Some such banks may make loans only to women (the Grameen Bank of Bangladesh is one such example) while others may loan to any poor applicant. Loans are very small, and are usually used to set up a small homebased business that will permit a woman to earn a living and support a family. Such banks have a strong record of repayment and involve women in the administration and collection of loans.

Other projects include cooperatives that produce a range of commodities and invest the income or distribute it in some form to members. Some development projects involve women in self-help literacy and family health groups. Women transmit what they learn to other members of their families, creating a ripple effect through a given community. Small-scale projects that improve domestic labor are also common. Such projects might alter a common technology, for example a cooking method that allows women to redirect their time both from cooking itself and from its related activities, for example, gathering firewood. By being aware of the range of activities that women perform and how these affect the family and community, feminist approaches to development affect women directly and their families as well.

SEE ALSO: Family Budgets; Feminization of Poverty; Gender Discrimination; Gender Division of Labor; Microcredit; Women and Poverty.

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Feminization of Poverty

THE NOTION OF the feminization of poverty indicates the growth in the number of women in poverty and the vulnerability of women to economic, social, cultural, legal, and political conditions. The factors associated with this growth vary from one region to another according to social, demographic, and economic settings. The feminization of poverty is linked to un-

equal access to and distribution of resources, a lack of control over productive resources, and limited participation in political and economic institutions. Among the most important factors are cultural norms, social perceptions, interpersonal behavior, civil strife, family structure, and public policies.

In its 1995 report on poverty, UNDP stated that poverty had a woman's face.

It is believed that the term feminization of poverty originated in the late 1970s in the United States during debates on the welfare system and single mothers. Critics were arguing that the welfare system in the United States not only did not free the poor from the grasp of poverty but also, in fact, increased the number of women depending on the welfare system and living in poverty. The data gathered from regions as diverse as Africa, Europe, and Asia have demonstrated that women around the globe tend to constitute the majority of people living in poverty.

The United Nations Development Program (UNDP) also supports this claim. In its 1995 report on poverty, UNDP stated that poverty has a woman's face: of 1.3 billion people living in poverty, 70 percent are women. It is estimated that nearly 900 million women in the world have incomes of less than \$1 a day.

However, there are conflicting views on the subject. Some scholars argue that, indeed, there was a substantial increase in the percentage of poor women, but it occurred in the 1960s, not in the 1970s or 1980s as is often said. Nevertheless these scholars admit that the trend in feminization was more severe for black women than for white, with the percent are of black poor who were women continuing to increase in the 1970s, albeit not as rapidly as in the 1960s.

Scholars, however, agree that the feminization of poverty among women results from a number of social and economic factors, including dramatic changes in family structure, as well as gender inequality, class division, economic restructuring, changing demographics, and shifts in government policies. Interest in poverty and gender inequality sparked a new wave of discussions of the feminization-of-poverty phenomenon in academia, among politicians, and in the media.

Moreover, the concept of the feminization of poverty not only was widely discussed by academia, politicians, and the media, but also it was a central point in the debates at international forums. Several United Nations bodies at international conferences analyzed the global situation of women and refined and incorporated the concept into documents, laws, and regulations.

The discussions center on issues concerning gender disparities and the ways of measuring gender biases in poverty, endowment, cultural norms, institutional structures, interpersonal behavior, economic restructuring, democratization, and public policies. Nevertheless, the concept of the feminization of poverty has been clouded by a number of criticisms, questioning for instance the process of women falling into poverty, or the usage of gender trends to explain women's poverty, or the classification of women based on class, age, or race.

Despite the critical assessment of the concept of the feminization of poverty, it is still used to understand and explain current trends in the state of women in poverty and the reasons behind it. The main perspectives include gender, rights and entitlements, cultural norms, demographics, and public policy.

GENDER PARADIGM

Many studies on the subject believe that gender is the key driver in power relationships in social life at the household, community, and society levels. Gender affects not only labor division, apportionment of employment, income, capital, education, goods, and public services, but also the distribution of power and access to decision-making. This, in turn, results in gender biases in national legislation and international laws.

Moreover, it is believed that women are more vulnerable to chronic poverty because of gender inequalities, which come in the form of income distribution and access to credit. A positive example of the Grameen Model of microfinance exists in Bangladesh that has caused a shift in values and expectations that affect women's roles in society and where poor women have the best credit ratings, and credit extended to women has a much greater impact on household consumption and quality of life of children. But still other evidence shows that microfinance institutions were not able to make women become more socially, politically, and personally empowered and gain sustainable economic strength through financial self-sustainability.

Women in general do not have control of property and income earned through work. They have limited access to resources and the labor market. As empirical studies show, the status of women in the labor market is significantly lower than that of men in terms of the nature, conditions, and quality of the jobs available to them.

According to the U.S. Census Bureau and data from the Survey of Income and Program Participants (SPP), roughly 43.1 percent of women ages 25 to 54 who experienced job accessions, entered the low-paying service-producing industries. The majority of these women (82.9 percent) were paid by the hour at an average rate of pay of \$4.84.

The remaining women were paid weekly and had an average weekly pay of \$196. In contrast, only 28.8 percent of men ages 25 to 54 who experienced job accessions entered the low-paying service-producing industries. Most of these men (64.7 percent) were paid hourly, with an average wage rate of \$6.62. The men who were paid weekly had an average salary of \$374, significantly more than the women entering the same industry.

When factories, plants, or businesses close and/or employees are laid off, women usually experience unemployment much longer than men and have lower wages when entering a new job or get unequal compensation for the same work. The decline in real wages greatly affects families where women are primary breadwinners. With the drop in wages and income coupled with the discrimination and inequalities, women's poverty rates increase at a rate much faster than men's.

Women often have inadequate rights to land, labor, housing, or any other property.

The domestic activities of child-rearing and managing the home are not valued, although this labor often subsidizes men, enabling them to work and employers to profit. Moreover, caring for and teaching children, nursing the sick, preparing food, cleaning, serving others, and managing a household, which are considered women's work, evolved into the public sphere and gave rise to female-dominated sectors—healthcare, teaching, clerical work, and sales and service jobs—that have very low wages.

Some researchers have found that in many societies, in order to get higher incomes, women have to work more hours than men and they have lower education and limited access to knowledge. Without access to knowledge and education, women's and girls' opportunities to reach economic independence and self-determination through participation in economic activities, such as employment or business development, are more

difficult and options and choices are very much limited. They also suffer gender-based obstacles in the trade arena that make it difficult to undertake trading activities with the same ease and grip as their male counterparts.

Because of such gender inequalities, women in search of higher wages and incomes often are pushed out of their countries of origin and join a stream of migrants. Although they might remit significant money to their families back home, they frequently face all the challenges of migration, including unequal treatment, harassment, and abuse.

Gender differentiation in the social, economic, and political fields results in unequal distribution of resources, leading to women experiencing a greater severity of poverty than men. Even on a microlevel in the household, the gender disparities result in different access to income, resources, and services. Because of these reasons, women have fewer options to rise out of poverty. Improving the political, legal, cultural, economic, and social status of women is thus pivotal to escaping the poverty trap.

HUMAN RIGHTS AND ENTITLEMENTS

To explain the causes of feminine poverty, it might be useful to look into gender-specific rights and entitlements. These rights may be of economic, social, or cultural character and are of great significance, as they have an effect on poverty and the social and cultural marginalization of women. The marginalization of women negatively affects women's social, economic, and political power. Gendered social constraints determine women's poverty through restricting women's rights both to entitlements and to the enhancement and free exercise of their capabilities.

Women often have inadequate rights to land, labor, housing, or any other property, which are essential for life, survival, and economic security. Moreover, the lack of these rights affects access to credit and the possibility of increasing economic opportunities. Substantial evidence has shown that the lack of the right to control land has extremely harmful effects on women who grow crops for a living, for instance, in some Asian (India, Bangladesh, Sri Lanka, Cambodia) and African countries.

Women often have lower status in their households, communities, and global civil society. There is evidence to demonstrate that because of the weaker and conditional basis of their entitlements, women are generally more vulnerable to poverty. Even in cases where women



The percentage of poor single-parent families is 18 percent in Great Britain, 19 percent in Germany, 20 percent in Italy, 21 percent in Norway, 22 percent in France, 25 percent in Switzerland, 40 percent in Ireland, 52 percent in Canada, and 63 percent in the United States.

own the land or means of production, they are still able to produce lesser amounts of goods and profitably sell them, as they have limited access to markets, services, credits, information, and training. Lower productivity and higher transaction costs often result in business failures.

Despite a great number of international human rights standards, including the Universal Declaration of Human Rights, the Vienna Declaration and Platform of Action, the Convention on the Elimination of All Forms of Discrimination Against Women, and the International Covenant on Economic, Social, and Cultural Rights, the violation of women's rights still remains very real.

Some scholars believe that social and cultural norms have a significant impact on the feminization of poverty. The social and cultural norms and practices that govern the relationships between men and women in a particular society, historical context, or space vary through time and societies. Nevertheless, these norms and practices based on gender, which produce and reproduce views and realities that keep women in situations of subordination, exclusion, and greater poverty, can be found in all societies.

There is substantial evidence to support the claim that gender biases in human rights are deeply planted in cultural norms, customs, traditions, and religious attitudes within households, communities, and societies. These cultural norms, institutional structures, and interpersonal behaviors that reinforce male dominance are based upon a social construct that has been summed up by the word *patriarchy*. Thus, based on patriarchal practices and structures, women are limited in rights and entitlements. This leads to a situation in which

women remain powerless and dependent on men. The unequal power relations diminish women's self-determination and limit their economic opportunities.

Although a number of international laws and regulations stress that women's human rights cannot be violated on the grounds of cultural or religious norms, gender inequalities that are entrenched in cultural norms beliefs, and ideologies trap women in poverty from one generation to the next. The legacy of patriarchy in all societies remains to this day in cultural norms, and institutional and family structures. Its persistence influences all forms of social interaction, including poverty reduction strategies.

DEMOGRAPHICS

Studies have demonstrated that although historically class and race had been the principal structural determinants of poverty, the increasing tendency of women to seek jobs or to maintain households alone has introduced a new variable into the equation: demography. Demographic factors contributing to the increase in female-headed households around the world include changes in mortality and life expectancy, marriage rates, divorce, widowhood and separations, and out-of-wed-lock births. Demographic changes mean that the number of families where women are the principal breadwinners is increasing.

Recent observations indicate that households headed by women are more likely to be poor than households headed by men. For example, according to one study, the percentage of poor single-parent families is 18 percent in Great Britain, 19 percent in Germany, 20 percent in Italy, 21 percent in Norway, 22 percent in France, 25 percent in Switzerland, 40 percent in Ireland, 52 percent in Canada, and 63 percent in the United States. And women who suffer with a minimum level of income transmit the poverty to their children. This is particularly true for the daughters, who are often obliged to quit school to take care of their brothers and sisters while their mothers work.

Moreover, some studies have demonstrated that poor young women, particularly minority women, are more likely to become single mothers. In addition, women who are ethnic minorities, refugees, disabled, or elderly are much more prone to fall into poverty than others, as they are more excluded from societal institutions.

In 1984, for instance, the median income of women 65 years and over was \$6,020, compared with \$10,450 for men in the same age category, and 15 percent of all

women age 65 and older had incomes below the official poverty line.

DEMOCRATIZATION

Some scholars are claiming that in democratic societies feminization of poverty has lesser intensity than in other societies. They believe that democratization creates the space for women to improve their representation in government, to gain rights and full citizenship, and to redistribute resources in ways that promote gender equality.

These scholars, however, stress that the realization of gender equality and women's empowerment depends on the ability of women and men to organize, occupy, and heighten the democratic space. Women's participation in decision-making processes, whether at home, at work, or in public life, in turn impacts the democratization process.

POLICIES

The feminization of poverty is closely linked to the economic, social, and policy regimes of any given society. In the United States, for instance, public policies for reducing poverty and welfare dependency since the 1960s have focused primarily on encouraging poor mothers to work. They basically hindered the initiatives of women and failed to consider the differential impact of various factors on women and men. In addition, many of the recent efforts to reform welfare and to assist lowincome families have mainly concentrated on capacity building of low-income mothers through education, job training, increased childcare subsidies, and incentives aimed at motivating individuals to leave the welfare system. While these reform initiatives are important components for improving the economic future of single mothers, they are only part of a more comprehensive structure.

Many analysts claim that these public policies support mothers neither at home nor at work. If single mothers are expected to work toward welfare independence and eventual economic self-sufficiency, there is a strong need for the federal government to adopt public policies that offset the effects of unfavorable macroeconomic circumstances. No individual policy response will alleviate poverty among women. Rather, a multifaceted policy response that recognizes the wide diversity of their situations is necessary. The application of gender analysis to a wide range of policies and programs is therefore critical to poverty reduction strate-

gies. By ignoring the diversity of the poor female population, policymakers will fail to develop policies that address the needs of poor women in all categories.

SEE ALSO: Children and Poverty; Family Budgets; Family Desertion; Family Size and Structure; Women and Poverty.

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Feudalism

THE LONG-HELD definition of *feudalism* as a European political and economic system in place from the 9th to the 15th centuries, in which a small elite cadre of lords with military support commanded the work of peasant farmers and held them in servitude, has recently come under scrutiny by medieval historians and has been rejected by many.

For some scholars the term has taken another meaning: a system of personal relationships among members

of the military leaders of the time, which led eventually to the formation of formal government and Western democracy. For some contemporary medieval historians, the terms *lord* and *peasant* have been included within the manorial concept, the manor being the district over which the lord had domain.

The first definition, identifying a European political and economic system, has been the one most widely used to describe that period in history. In that sense, feudalism refers to a social organization in which peasant agriculture is the primary economic activity within the domain of a lord and the peasants are bound to the land and to the lord on condition of service and homage. Many social scientists signal the beginning of what has come to be known as the "cycle of poverty" with feudalism. The cycle of poverty identifies a condition in which people living in poverty tend to remain in that social status simply because there is no opportunity to significantly change the prevailing social and economic conditions.

The peasant farmer was relegated to poverty and a life that came close to sheer survival.

Certainly there is a case to be made that poverty existed in human societies before the Middle Ages. There have always been poor people on the surface of the earth. However, the relatively formal structure of feudalism clearly documented the plight of the peasant in that social setting. The peasant farmer who worked the land paid most of the resulting crop to the lord as rent and taxes, keeping only enough to manage a subsistence lifestyle. With little or no opportunity to acquire savings or gain a reasonable income or property rights to the land, the peasant farmer was relegated to the rigors of poverty and a life that came close to sheer survival. Feudalism kept peasant families in this socioeconomic status for generations.

Feudalism gained prominence in Europe during the 9th century primarily through the absence of strong central governments. Without the guidance and leadership of a central authority, local centers of power will come into play. Europe in that period made no effort to restore the Roman forms of government and opted instead for expedient measures, resulting in the rise of microregional centers of power. In some sense, these centers were relatively isolated because of poor or non-existent transportation corridors and communications systems across Europe, and the continued threat of at-



The social system of feudalism, in which serfs' lives were controlled by lords, often centered on the lord's castle. In return for their fealty, serfs would be protected from outside invaders by the lord, with the serfs taking refuge within the castle walls.

tack by marauding groups from outside the region. In these situations, defense of the society fell to the lord and his military associates, and for this service the peasantry was obliged to serve at the will of the lord.

The regional enclaves were ruled by lords, who received their lands through grants and were expected to govern the area, develop an agricultural economy, and defend the terrain against outside raiders. The feudal leaders began to consider the territory they governed as their private property, which they could pass on to their heirs.

Since money had essentially disappeared from use, Europe had developed a barter system to meet the need for necessities. The fiscal relationship, then, between the lord and peasant was in the form of service to the lord through the growing of agricultural products; payment of crops was made to the lord to satisfy rent and taxes and to get protection of the community by the lord through his military arm.

Control of all aspects of a community's activities was completely in the hands of the lord. Ownership of the fields and forests and all economically viable attributes of the place fell to the lord. The arrangement between the lord and peasants was called homage, or being a servant to the lord, and fealty, being faithful to the lord. This arrangement served as a kind of contract between the lord and the peasant. This social system lasted until the 14th century, when kings sought alternative arrangements to their relationships with regional lords. By the 13th century the economy had moved from an almost exclusively agrarian system to a mixed base. In addition, allegiance to a king at a distance became more possible. By the end of the Middle Ages mechanisms were in place that led to strong monarchies and the emergence of the nation-state system in the 16th century.

Current thinking among medieval historians varies greatly on the use of the term feudalism. Some argue

that the term should not be used at all because the historical record does not support the basic premises of the concept. Others argue that the term should be used in a limited manner and only to address the relationship between the lord and his peasant workers. Despite this controversy, there is no doubt that some measure of poverty existed within these social settings. The peasant workers did not have property rights; they were required to pay taxes to their lords in the form of agricultural products; and they had no opportunity to accumulate savings of any type. Although there are no formal measures of poverty in that era, there is no doubt that socioeconomic conditions in the era of feudalism warrant the use of the term *poverty* to describe the socioeconomic situation.

SEE ALSO: French Revolution; Medieval Thought; Poverty in History.

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Fiji

LOCATED IN THE SOUTH Pacific Ocean, the island of Fiji achieved independence from Great Britain in 1970. Two military coups in 1987 were the result of accelerating tensions between native Melanesians and Indians, the descendants of laborers brought to Fiji by the British. A new constitution guaranteed Melanesian control but led to a large exodus of Indians, which in turn created economic problems for the island. Subsequent amendments attempted to restore equity, and free elections were held in 1999. The following year, a coup plunged Fiji into renewed turmoil, but democracy was again restored in August 2001.

Fiji's economy is one of the best developed in the entire Pacific region, in large part because forests, min-

erals, and fishing are abundant. Approximately 70 percent of Fiji's labor force are engaged in agriculture, and much of it is at the subsistence level. Sugar is the leading export crop and most industry is focused on sugar processing. Government revenues profit greatly from the tourist industry, which services between 300,000 and 400,000 visitors a year. The economy is also dependent on regular remittances from Fijians who work in Iraq and Kuwait. The unemployment level stands at 7.6 percent. Other immediate economic concerns revolve around low investment, uncertain landownership, and budgetary shortfalls.

Fiji was experiencing a poverty level of 25.5 percent in 2005. Poverty on the island is determined by an inability to meet basic needs of food, water, shelter, clothing, education, and healthcare. Government data reveal that in addition to those who are already classified as poor, numerous others are in immediate danger of joining their ranks. The majority of those below the poverty line have at least one family member who is employed. The government has created the Ministry of Women, Social Welfare, and Poverty Alleviation to oversee efforts to combat poverty.

Over half of Fijians do not have access to safe drinking water or improved sanitation, and there are only 34 physicians for every 100,000 residents. However, 95 percent of the population have access to affordable essential drugs. Since 1980, life expectancy has been steadily rising. In 2005, the projected life span for Fiji's population of 893,354 was 69.53 years. The median age is 24.28 years. Over 31 percent of the population is under the age of 14, and 4.1 percent has reached the age of 65.

Between 1980 and 2005, Fijian infant mortality fell from 50 to 17 deaths per 1,000 live births. Among all children under the age of 5, the decline during that period was from 61 to 21 per 1,000. Eight percent of Fijian children under the age of 5 are underweight, and 10 percent of infants are underweight at birth. Childhood immunization rates vary from the high 80s to 99 percent among infants and toddlers.

On the average, Fijian women bear 2.75 children each. That number has decreased from 4.2 children per woman in 1980. The adolescent fertility rate is 46 per 1,000 births. Some 44 percent of Fijian women use contraceptives. All births in Fiji occur in the presence of trained medical staff. As a result, the maternal mortality rate has declined. According to modeled estimates for 2000, 75 deaths occur out of every 100,000 live births.

Approximately 94 percent of the population over the age of 15 can read and write. Males are more literate than females, with a rate of 95.5 percent as compared to 91.9 percent. In 1980, reports placed male literacy at 86.7 percent and female literacy at 77.9 percent.

Human Development Index Rank: 92 Human Poverty Index Rank: 49

SEE ALSO: Agriculture; Agriculture-Nutrition Advantage; Sanitation; Women and Poverty.

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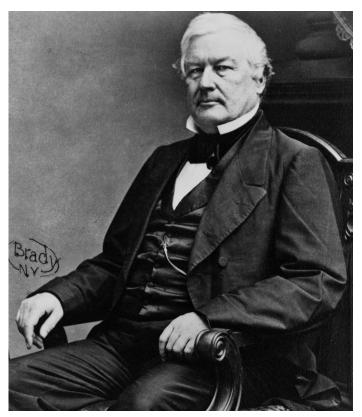
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Fillmore, Millard (Administration)

MILLARD FILLMORE BEGAN his political career in New York, and was a founding member of the Anti-Masonic Party and later a Whig. In Congress, Fillmore supported strong protectionist legislation, including the Whig Tariff of 1842. He also supported the antislavery faction of the Whig Party but tended to take moderate positions. He believed that while slavery was evil, its existence in the south was guaranteed by the Constitution.

In 1848, Fillmore received the party's nomination for vice president. His nomination counterbalanced the presidential nomination of the southern slaveowner Zachary Taylor. His vice presidency was mostly notable for his fights over patronage jobs in New York. At the time, almost no one believed that government should play any direct role in alleviating poverty. Rather, the major debate was over the government's role in trying to limit or restrict the expansion of slavery.

Taylor died suddenly in 1850 in the middle of a particular crisis on the issue of slavery. For the previous 30 years, the Missouri Compromise had kept an uneasy peace by limiting expansion of slavery to southern territories and keeping a balance between free and slave states. However, the acquisition of new southern territories threatened to upset that balance. Taylor had pro-



During President Millard Fillmore's time (the early 1850s), the primary antipoverty programs were poorhouses or almshouses.

posed admitting California and New Mexico as free states. This outraged southerners, who saw that they would soon be a minority in Congress if these free states entered the Union.

Fillmore believed in a weak presidency. He felt that Congress better represented the diversity of views in the nation and that the president should not oppose any Constitutional laws passed by Congress. To do otherwise, he believed, could lead to crisis and possibly civil war.

As a result, he reluctantly supported what came to be called the Compromise of 1850 to resolve the crisis. California was admitted as a free state and the status of the new southwestern territories of Utah, New Mexico, Arizona, and Nevada would be organized with the slavery question left up to the new settlers. The agreement also abolished slavery in Washington, D.C.

To assuage southern concerns about changing the balance of free and slave states by admitting California, Congress passed the infamous Fugitive Slave Act, which required northern states to assist in the recapture of escaped slaves and their return to the south. This inflamed northern hostility to slavery, as their African-American neighbors were frequently captured and returned to

slavery in the south. Although a supporter of high tariffs, Fillmore also supported foreign trade. He sent Commodore Matthew Perry to open trade relations with Japan and signed commercial treaties with many other countries. Fillmore supported a failed effort to build a canal connecting the Atlantic and Pacific through Nicaragua.

Poorhouses lost the support of the public and survived as miserable warnings.

Fillmore supported infrastructure as ongoing internal improvements, such as canals and railroads. He was the first president to provide federal support for railroads. The resulting reduced transportation costs allowed for a significant reduction in postal rates. During his three years in office, the federal budget remained under \$50 million, with budget surpluses of about \$4 million each year.

Fillmore's administration did little to alleviate poverty in America during the early 1850s. According to Harvard sociologist Theda Skocpol and Smart Library, poorhouses were the main antipoverty program. "Providing shelter for the poorest of people, they were intended to cut the expense of poor relief, deter potential paupers, lessen the harshness of contemporary poor relief, and improve the character and behavior of the poor. Work was mandatory for able-bodied men, alcohol was prohibited, and begging forbidden. Yet, by the 1850s it was evident that poorhouses were not working as intended.

Skocpol says that "a preoccupation with order, routine, and cost replaced the founders' concern for behavioral and social reform. They were inadequately funded, failed to help needy inmates, and fell prey to corrupt managers. Work was not provided for able-bodied paupers, while the very young, old, and insane were shut up and exploited." Poorhouses soon lost the support of reformers and the public, and survived, says Skocpol, "mainly as miserable warnings to working people to avoid dependency at all costs.""

Fillmore's support for the Compromise of 1850 so outraged abolitionists that the party's antislavery faction withheld its support at the 1852 convention, costing him the nomination. Four years later, Fillmore accepted the presidential nomination of the American Party (the "Know-Nothings"), a strong anti-Catholic, antiforeigner party. Fillmore, however, focused on the need for national unity. He lost overwhelmingly.

During the Civil War, Fillmore remained loyal to the Union, but strongly opposed many of President Abraham Lincoln's wartime policies, including emancipation of the slaves. After the war, Fillmore supported President Andrew Johnson's conciliatory approach to Reconstruction and tended to support Democratic Party policies. He died in 1874.

SEE ALSO: Almshouses; History of Poverty; United States.

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Financial Markets

FINANCIAL MARKETS, in terms of stock exchanges, are devoted to the buying and selling of financial tools called securities. Merchants first created joint-stock companies during the Middle Ages and the Renaissance to spread the risks of sea voyages and explorations carried out to establish trade with foreign markets. Stock exchanges are as old as the capitalist mode of economic production, and, with the advent of the Industrial Revolution, stocks were used to finance the infrastructures of industrial civilization.

Today the growth of capitalist societies is funded through the trading of the securities offered by companies, governments, and other institutions. Securities include stocks, bonds, futures, and options. Stocks are still the main form of securities traded in stock markets. Stocks are shares of ownership in companies owned by the stockholders.

Stockholders receive portions of the company's profit margin (dividends) and usually benefit by trading company stocks, buying them when they are at a lower price and selling them when they reach a higher price. However, if the company does not make profits, divi-



The fear that volatile stock markets may trigger another economic depression is firmly rooted in our contemporary society.

dends are usually suspended and stocks' value may decline below the original purchase price. The stockholder may then have to sell at a lower price, losing rather than gaining money.

Global capitalism relies on financial markets to develop. Stocks and other securities traded in financial markets around the world create the necessary surplus capital to create, in turn, the surplus production that is one of the core principles of capitalism. Therefore, drops in financial markets can seriously affect national economies, leading to an increase in the level of poverty.

With the emergence of globalization, financial markets are becoming increasingly interdependent and can easily influence each other. Fluctuations in the American stock market can soon have an impact on European and Asian markets and vice versa. The crises of financial markets are preceded by the creation of a stock market bubble, caused by the development of public enthusiasm for a particular stock into herd behavior. This creates an exaggerated bull market, a type of market where prices of a given stock rise dramatically, making them significantly overvalued.

Noneconomic events can influence stock values and the volume of trading as much as the economic situation. For example, the New York Stock Exchange (NYSE), mostly known by the name of its location, Wall Street, went through cycles of growth and loss since the 1970s, when the scandals of the Richard Nixon presidency and the setbacks of the Vietnam War had a negative impact on the market. As the American status of superpower remained increasingly undisputed through the 1980s and the 1990s.

Yet, in both decades, the Dow Jones suddenly dropped, establishing negative historical records. In 1987, it dropped by 508 points, while 10 years later it slumped by 554 points. After the September 11, 2001, terrorist attacks against the World Trade Center, the stock exchange remained closed for four days. The continued threats of terrorist attacks have led to a general decline in the American financial market since 2001. This state of anxiety has had a negative impact on international markets as well.

GREAT DEPRESSION AND ASIAN CRISES

Because of the strong links between drops in financial markets and the increase of poverty levels, whenever stock markets around the world plunge sharply, people speculate on the likely advent of another Great Depression. This worldwide economic collapse, beginning in 1929 with the New York stock market crash and ending after the outbreak of World War II, is the most famous example of how drops in financial markets can suddenly produce more poverty. It is perhaps owing to our own unstable economic prospects if the Great Depression continues to stimulate interest and debates.

The stock market, once a symbol of national prosperity, was now a symbol of poverty.

The fear that the increasingly volatile financial markets may be the starting point of another economic depression is firmly rooted in our contemporary society. The 1929 stock market crash came unpredictably after a period of sustained growth as the Gross National Product had risen by 22 percent between 1922 and 1929. From 1928 to the middle of 1929 the economy grew extremely fast, thus increasing the faith many investors had in the market.

The market peaked in September 1929, but then started to decline in October, leading to a sharp fall of stock prices on the 23rd. Prices reached the same level of 10 months earlier. The following day, known as Black Thursday, widespread panic caused stockholders to sell

and a massive number, 12.9 million shares, were traded. The following week, on Black Tuesday, another negative record was reached, with 16.4 million securities being traded. The market was completely in the grip of fear and confusion. In spite of optimistic statements from leading financiers, the market continued to decline for three entire weeks.

The crash, coming so unexpectedly in the popular mind after the peak of economic activity, significantly reduced the wealth of investors, who became increasingly less willing to purchase goods and services. The stock market, once a symbol of national prosperity, was now a symbol of national poverty. After a brief period of renewed confidence, financial markets continued to decline. The crisis soon became international with the devaluation of sterling in 1931.

As a result of the reduction of wealth, goods that were not considered essential, such as automobiles, experienced a sharp decrease in sales. As many firms experienced financial losses, they made their workers redundant, which obviously increased the levels of unemployment at an alarming rate. The American economy mirrored the decline of Wall Street.

The Great Depression is the most famous example of how financial crises can affect the general economy and increase the number of poor in a given country. Yet it is not the only example. Since the 1990s, financial crises have become more frequent both in developed and emerging countries.

In the case of emerging countries, these crises have dramatic effects on the nations' already weaker economies. The financial crises that struck Asian countries in 1997 significantly reduced the rate of growth of the Gross Domestic Product by 10 percent. Similar negative effects were recorded because of the 1998 financial crisis in Russia and the 1999 event in Ecuador, which also led to political instability.

Financial crises in emerging markets are often set in motion by a recent process of liberalization. This can cause an uncontrolled rise of lending, also owing to inflows of foreign capitals. The uncontrolled expansion of loans soon results in excessive risk-taking and thus in an increase in nonperforming loans.

In the case of the Asian financial crisis of 1997, foreign capital was actively sought by banks and other financial institutions that were willing to pay high interest to fund their lending. These investments were considered as protected by a government safety net, either by the government of the emerging country or by international financial institutions such as the International Monetary Fund. When it became clear that these loans would remain insolvent, foreign capitals started to be withdrawn, causing a serious decline in the economy. A cursory look at statistics can give a better idea of the exponential inflow of foreign capital and the consequent rise in lending. In Thailand, net external portfolio investment rose from \$2.5 billion in 1994 to \$4.1 billion in 1995, and short-term debt from \$29.2 billion to \$41.4 billion, despite warning signs of a coming deflation of the property-sector bubble and the overexposition of the banking system.

In Thailand and South Korea, the crises and the uncertainty of stock markets were instrumental in precipitating the economic recession, with stock prices in Thailand falling by 40 percent in 1996. In Malaysia, Indonesia and the Philippines, stock market crashes coincided with the beginning of the recession. Because of the increasing interdependence of international markets, economists consider the southeast Asia crisis as the cause of the Russian and Brazilian crises of the following year, because after the Asian crisis, banks were reluctant to lend to emerging countries.

Thirty million urban workers lost their jobs; 160 million rural workers became superfluous.

The Asian crisis affected dozens of countries and led to massive unemployment, currency devaluing, and bankruptcy for several important corporations, such as KIA Motors in South Korea. Even countries that were relatively unaffected by the crisis, such as the People's Republic of China, still had to restructure their economies. China's state industries proceeded to massive firings. It is estimated that, as a result of the crisis, 30 million urban workers lost their jobs, while 160 million rural workers became superfluous. The state was forced to increase to several billion dollars the public spending devoted to make its economic growth competitive once again. In countries where the crisis struck harder, as in Thailand and Indonesia, its consequences led to the closure of hundreds of factories. The crisis also challenged the social bases and the institutional mechanisms of economic activity.

Millions of people were again reduced to poverty. The crisis upset the fragile social balance in many urban areas, which were already plagued by massive environmental problems and lack of basic services such as housing, sanitation, and clean water. In the years preceding the crisis, these urban areas were densely repop-

ulated with unqualified industrial workers in search of the economic profits promised by the city.

While in the rural areas these people could count on family support systems, this new class of urban proletariat was the main target of economic regression, left as it was without social support systems. After a constant rising trend, wages fell sharply while prices rose because of currency devaluations. In just over a year, prices were up 7 percent in Thailand, severely endangering the incomes of the urban poor and the rising middle classes. Ethnic and religious tensions were also consequences of the halted growth. The inability to pursue the reduction of poverty considerably lessened the consensus of governments in the region.

As globalization increases, financial crises are not simply experienced locally but tend to spread internationally. The costs of financial globalization are paid by the people on the margins of our capitalist societies. When a financial market crashes, sophisticated traders always profit as they exploit the bubble they have helped to create. Yet for small investors, the so-called dumb money, a crash in a financial market can lead to major losses. More serious still is the impact on those who are already struggling with insecure jobs and meager salaries. These are the first to lose their jobs and can easily fall below the poverty line. Thus the claim that the globalization of financial markets has brought increased opportunities for growth in developing countries does not take into account the increased risks for misery and recession that it entails.

SEE ALSO: Depression, Great; Economic Growth; Economic Insecurity; Employment Theory.

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Finland

FINLAND IS A SMALL Nordic country that has adopted a development policy for aiding poor countries around the world. In February 2004, the government of Finland made the eradication of extreme poverty globally the main goal of its development policy program. Like all nation-states Finland has a foreign policy that serves its interests in its relationships with other countries. Its foreign policy seeks to achieve coherence in all areas of international cooperation. Finland is attempting to coordinate both domestic policies and foreign policies in the positions that it takes in relations with developing countries. This coordination includes the policy areas of agriculture, environment, forestry, health, human rights, immigration, information society policies, security issues, social issues, and trade.

For Finland, development cooperation is an important instrument of its development policy. It uses this instrument to strengthen its ability to promote development in the world's poorest countries. It does this also by seeking to strengthen the private sector, by increasing investment and trade opportunities, and by supporting economic growth in the world's poorest countries. By aiding the development of poor countries, it is aiding the development of their purchasing power and thereby the opportunities for marketing Finnish goods and services. Finland's development policy takes human rights as its starting point. Human rights are those individual rights agreed upon in the various international human rights agreements that it has signed with other nations.

The basic objectives of Finland's development policy include commitment to the values and goals of the United Nations Millennium Development Goals; commitment nationally to a broad, unified, and coherent agreement in all policy sectors; and commitment to a rights-based approach. The commitment Finland has made includes the principles of sustainable development, a broad view of development financing, a partnership approach to development rather than a paternalistic approach, and respect for the right of self-determination for all people. The objectives represent a long-term commitment that is transparent, open, and predictable so that the actions that Finland engages in do not mask a hidden agenda.

The driving motivation behind Finland's development policy is the eradication of extreme (absolute) poverty, which has been defined as having resources such that a person must live on less than one dollar per day. By adopting this goal Finland is also acting in accor-

dance with the United Nations Millennium Declaration, which has set as a global goal the reduction of extreme poverty in the world from one billion people to only half that number by the year 2015.

The Millennium Development Goals, which Finland accepts, were adopted in light of the belief that achieving the goal of eradicating extreme poverty would also reduce global environmental problems, promote equality throughout the world, and strengthen respect for human rights. The policy that Finland has adopted is a development of its foreign relations since the 1990s.

Finnish policy reflects the belief that poverty reduction is a public good. Public goods, such as clean air and clean water, have costs that must be shared by all. However, it also recognizes that "free riders" that seek to gain some part of public goods while externalizing the cost to others are naturally attracted to arenas of public goods. Finland, the Finnish people, and the Finnish leadership do not want free riders that exploit public goods that they believe are not really marketable.

On the domestic front, Finland is a highly industrialized free-market economy with domestic production comparable to that of its European counterparts. Gross Domestic Product (GDP) per capita is \$29,000, with only 5.4 percent of the population living below the poverty line. However, unemployment remains a problem at 8.9 percent of the 2.66-million labor force. Thirty-two percent of the labor force is made up of service industries, surpassing regular industry as the second largest part of the labor force in Finland at 22 percent. Illiteracy is a concern, with 10.4 percent of Finland's population between the ages of 16 and 65 considered to have substandard reading and writing capabilities. The infant mortality rate in Finland is 3.57 out of every 1,000 births, and the life expectancy is 78.35 years. The median age of Finns is 40.97 years, with 15.9 percent of the population over the age of 65. Two-fifths of Finland's GDP comes from exports, including cutting-edge technology like mobile phones. Finland is mainly dependent on importing most of its natural resources, except for timber.

Human Development Index Rank: 13 Human Poverty Index Rank: 4 (HPI-2)

SEE ALSO: Foreign Aid; Human Development; Millennium Development Goals; Public Goods.

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First8

FIRST8 IS A DUTCH (Netherlands) campaign to raise people's awareness of the Millennial Eight goals. It seeks to inform people of their duty to participate in the campaigns to end poverty. The First8 campaign was unique because it was a photography campaign against poverty. Photographs were allowed to speak a thousand words each.

The photographs were put on a website with video and music combined to display the Millennium Development Goals (MDGs). The First8 campaign was launched in September 2004 with the aid of numerous groups, including the Maak Het Waar Campaign of the Global Call to Action Against Poverty.

Creating First8 involved using a broad coalition of organizations and agencies from Dutch civil society. The antipoverty campaign was led by the Nederlands Platform Millienniumdoelen, which united several organizations to bring greater numbers of people into support the MDGs. By networking together, the goal was to reach a vast number of people in a unified way. The campaign has turned to popular culture centers in order to get its message out to young people. For example, it put campaign clips on MTV and on other music channels.

First8 sent out a booklet of photographs about extreme poverty to over 1.6 million people in Holland. In addition, it sent the same booklet to over 25,000 influential leaders around the world, and to those attending the opening session of the 2004 United Nations General Assembly. The campaign's ultimate goal is to eliminate extreme poverty, which has been defined as trying to live on less than \$1 per day. The First8 campaign created a powerful interactive website to aid the campaign. It featured powerful images and links to antipoverty agencies such as CARE or OXFAM.

These links provided powerful images and information for people interacting with the website and also provided a tool for calculating where a person with an income of any number of dollars or euros stands in the world. By October 14, 2004, 1,000 copies of the photo book had been distributed at the United Nations, and all 56 photographs were on display at the Capitol building in Washington, D.C., as an exhibit to promote both extreme poverty and MDG awareness among congressional leaders and staff. In November 2004, electronic record keeping on the First8 website showed hits and responses from around the world. The Dutch campaign also gained international recognition on December 2, 2004, when it won the prestigious EPICA award. An international jury composed of members from 41 countries gave the award. First8 won over 4,755 other entries.

Later in December, Secretary General of the United Nations Kofi Annan aided the campaign when he was photographed holding the First8 book. The First8 photo book of those living in extreme poverty was published in black and white and anonymously, but investigative reporters eventually uncovered Sanders Veenman, a Dutch photographer, as the source of the photographs used in the First8 campaign. The immediate inspiration had come to him while dealing with AIDS patients in Zambia.

SEE ALSO: CARE; Millennium Development Goals; OXFAM; Technology.

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Fiscal Policy

FISCAL POLICY REFERS to the use of government measures to influence economic activity. It is the management of the economy through the employment of tax, spending, and transfer policy. Usually it is separate from monetary policy, which is the use of money supply in influencing economic activity.

Fiscal policy first gained importance after the publication of John Maynard Keynes's General Theory of Employment, Interest and Money in 1936. Before the advent of Keynesian economics, governments and economists did not consider management of the economy through

fiscal policy. When the 1932 presidential campaign was under way in the midst of a worsening depression, both candidates spoke of balancing the budget. It took Keynes's analysis to awaken economists and later policymakers to use fiscal policy to manage the economy.

Fiscal policy, since it first gained currency with Keynes, has been a matter of significant controversy. Any quantity of fiscal policy means greater government involvement in the economy and in the lives of individuals. Many free-market advocates oppose fiscal policy because of this. Demand management has been opposed by monetarists and supply-siders styled in the form of so-called Reaganomics.

The disagreement is not really whether government budget management is necessary with built-in automatic stabilizers but whether the government ought to use discretionary means to manipulate the economy. There is an important questions at stake: whether the government ought to be involved in the management of the economy?

THE BUDGET

The fiscal policy of the government is encapsulated in the budget, and if one wishes to view a snapshot of it, it can be seen as the government budget deficit—which is a summary position of the expenditures and revenue of the government. Whether the government activity seeks to use the budget as a tool in influencing the economy, any budgetary changes will mean an effect on the economic status of the economy.

The government can engage in expansionary or contractionary fiscal policy. If there are unemployed resources in the economy, the government can spend more while leaving taxes unchanged—or even reducing them—or it can reduce taxes and leave spending unchanged. This is an expansionary measure. If the government perceives growing inflation or an economy growing too rapidly, then it can take contractionary measures, that is, lower spending, raising taxes, or both.

Aggregate demand is the target of fiscal policy, whether it be of a stimulating or dampening effect. By spending more and/or taxing less, the government ultimately increases aggregate demand. But if it chooses to stimulate aggregate demand by spending more, the effects are direct. If it chooses to lower taxes, it works indirectly through household spending. A tax cut is then at the discretion of household spending and saving choices.

Consider an expansionary fiscal policy through an increase in spending. Whenever the government in-

creases aggregate demand, there are two possible effects, and the extent of each depends on how close the economy is to full employment. The first is to increase output or income, the desired effect. The second is to compete with the independent sectors for available resources, the crowding-out effect, in other words. With an upward-sloping aggregate supply curve, the government's increase in spending increases not only output but prices.

Crowding-out may also take place by shrinking private investment through the interest rate increase that accompanies an increase in spending. If the government raises the deficit, it will meet part of the increased expenditures by financing it through the issue of new debt. This will consequently increase the rate of interest. Moreover, whenever the government raises incomes by increased spending, it will induce households to enhance their liquid assets. This means an increase in the demand for money. Without an expansionary monetary policy, this increase in money demand means an increase in the interest rate. So even if the government finances its increased spending by past surpluses, it will raise the rate of interest and thereby crowd out private investment.

When the government increases its spending, there is a multiplier effect throughout the economy. Increased spending gives households additional income, which increases their purchasing power. Out of this additional income, consumers will normally save part and spend part. This then gives another round of income to households, which in turn increase their spending by part. This is the multiplier process by which a certain additional sum will augment income or output by a multiple. The increase in prices that results from the increase in aggregate demand, however, dampens the multiplier effect.

Fiscal policy can be active or discretionary in nature, or may be automatic. When the government consciously implements a fiscal policy, it changes taxes and/or spending largely to counteract the business cycle. But even if the government did not do this, there are automatic stabilizers built into the revenue/expenditure structure of government. Unemployment insurance, for example, increases in downturns. And since there are proportional income taxes—which may be progressive—tax revenue declines in downturns and increases in upswings. Add to this other government transfers that increase in recessions and there are a number of automatic stabilizers.

The central point of contention between those who favor fiscal policy and those who oppose it is not its

ability to act as an automatic stabilizer but in its discretionary role. Should the government play an active role in the management of the economy? And if so, what is the proper manner of doing so? Given that the government should take an active part in stabilizing the economy, it must first tackle the problem of how best to accomplish its objective of maintaining full employment and low inflation.

There will always be some lag between the time the government recognizes the problem and its final implementation of its policy. Moreover, often by the time the government actually recognizes the problem, it is well under way and perhaps even the automatic mechanisms in the economy are bringing about a correction. Discretionary fiscal policy is either then unnecessary or maybe, indeed, harmful. Even if one believes in the theoretical possibility of government involvement, there is always the practicality of implementing its policy.

Increased taxes mean a smaller incentive to work and this affects employment.

The mode the government chooses is also important. If the government chooses to use tax changes, that is tax cuts, as its main thrust in its policy, then it is at the discretion of households, that is, taxpayers, to spend out their additional earnings. If households perceive these tax cuts as temporary, then they may choose to save most of it. This additional saving must then be channeled into additional investment to actually get the multiplier process going. Even if it is a permanent tax cut, households may perceive a higher level of taxes some time in the future because the government will ultimately have to repay its increased indebtedness and the households will begin to save now. This is the proposition known as Ricardian Equivalence.

Output has a natural tendency to return to its full employment level, and unemployment to its natural rate. It is largely a matter of time and whether this process is long or short relative to what the government can do through its fiscal policy. If unemployment is near or at its natural rate, then fiscal policy ultimately will largely result in higher prices and crowding-out. It becomes an important matter to know full employment output and the natural rate of unemployment, and these are often points of contention among economists.

When used in conjunction with monetary policy, fiscal policy is most efficacious. This is because fiscal policy will often affect the rate of interest through its

increased borrowing, and therefore affect the demand for money. If it increases the rate of interest, then the central bank can undertake expansionary monetary policy. Coordination is crucial to this process and in the United States involves the cooperation of the Federal Reserve with the fiscal policy of the federal government. But this combination is also powerful, and when the economy is near full employment will lead only to escalating inflation.

The government also has to consider its effects on the rest of the world, for fiscal policy will change the exchange rate and the balance of payments. If interest rates rise, then this will encourage funds from abroad to flow to the home nation, thus increasing the demand for the home currency. This means an appreciation in the home currency and will discourage exports and encourage imports. Thus the nation will run a trade deficit. The budget deficit of the government is thus linked to the trade deficit. The twin deficits are significant in the United States.

Perhaps the greatest issue is whether the government ought to actually ever be involved with the management of the economy. By using spending as a tool, the government will change the composition of output. By using taxes as a tool, it will give people less discretionary income and therefore less choice. Some are opposed to a greater government presence in the economy on an ideological basis. It means simply less for the free market to do. And it also alters work incentives. Supply-side economists are wont to point this out. Increased taxes mean simply a smaller incentive to work, and this affects the full employment level of output.

If the government wishes to use fiscal policy as an effective tool, it has to consider the long-term as well as the short-term effects. There will always be those who are opposed to greater government involvement in the economy, and if this is not the goal of fiscal policy then the government has an obligation to also make the budgetary process elastic. It has to return to its pre-policy levels after it has achieved desired goals. But this is all too often impossible after the policy measures have come into place. Politicians will naturally resist spending cuts if they affect their constituents.

SEE ALSO: Economic Growth; Economic Growth and Poverty Reduction Strategy; Economic Liberalization; Financial Markets.

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Food First

FOOD FIRST IS THE popular name of the Institute for Food and Development Policy, a nonprofit grassroots think tank and activist education center. Food First was founded in 1975 by Frances Moore Lappé and Joseph Collins as a means to continue and extend the research and advocacy begun in their widely read book *Diet for a Small Planet*. Through the production and dissemination of research reports, books, and videos Food First has provided a wide range of accessible resources for popular movements in the struggle to reform the global food system.

In addition, Food First provides speakers to discuss issues of hunger, trade policy, and genetically modified crops within mainstream media. Food First advocates people's basic economic right to food and to food-producing resources while providing research that both addresses the root causes of hunger and poverty globally, and offers possible solutions for hunger and poverty.

Food First argues against neo-Malthusian and neoliberal positions on hunger, as expressed within agribusinesses, biotech companies, the World Bank, and the U.S. government, which suggest that population growth outstrips the capacity to grow food. Such perspectives have accompanied the expansion of free trade regimes and capitalist globalization, providing an intellectual cover for trade and investment policies that actually contribute to the spread of poverty and hunger. Food First argues that such misconceptions obscure the causes of and solutions to hunger while dismissing practical alternatives and encouraging a sense of fatalism about the prospects for ending hunger globally.

In popular books such as *Food First* and *World Hunger: Twelve Myths*, Food First has clearly shown that the problem of hunger is one of food distribution rather than food production. Food First notes that globally 80 percent of people who suffer hunger make their living off the land, while 50 percent are actually small-scale farmers. In the world's wealthiest countries, such as the United States, poor people cannot gain access to affordable and nutritious food even as family farmers

receive low prices for their crops. Neoliberal governments respond with insufficient ad hoc appeals to charities such as food banks, which are not able to meet people's needs. Food First argues that the current global systems of industrial food production and transport are unsustainable, both socially and ecologically.

Among the problems addressed by Food First are the massive subsidization of industrial farmers and agribusinesses by the U.S. government, as well as the dumping of cheap surplus grain stocks domestically as consumer snacks and internationally as so-called food aid. More recently, Food First has offered critical analyses of the crop biotech industry. Against the claims of biotech advocates, research undertaken by Food First illustrates the extent to which the biotech industry has served primarily to increase corporate profits while doing little to help poor farmers or make food available.

Food First argues that ending hunger requires an investigation into the structural roots of poverty. This means confronting the growing inequality characterizing neoliberal capitalist globalization, as well as implementing structural changes related to access to food, jobs with living wages, and access to land and food productive resources for poor people.

Food First's programs are driven by notions of food sovereignty, food production autonomous from corporate control, and the development of alternative trade structures that can benefit the majority of the world's farmers rather than agricultural companies. Land reform and access to productive land for poor people are key parts of developing more equitable and sustainable economies locally and globally. They support the call for "land to those who work it" as a means to increase the ability of families to feed themselves, while also protecting wildlands from ecological harm. Additionally, Food First supports independent efforts to develop ecologically and socially just farming systems, including organic agriculture.

More than just a typical think tank, Food First maintains that securing the social changes necessary to end hunger requires mass mobilization and the actions of broadly based social movements. Food First has formed alliances with numerous grassroots poor people's movements and networks of farmers and peasant leaders, including the Landless Workers Movement (MST) of Brazil, Via Campesina in Honduras, Focus on the Global South in Thailand, and the Coalition of Immokalee Workers in the United States.

SEE ALSO: Agriculture; Agriculture-Nutrition Advantage; Environmental Degradation; Nutrition.

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Food for the Hungry

FOOD FOR THE HUNGRY International (FHI) is a worldwide ministry motivated by Christians that seeks to meet the physical and spiritual hunger of the poor. The goal of FHI's ministry is met by telling people about physical and spiritual hunger, by sending people to share their love of Christ with others, and by providing both emergency relief and sustainable development. Its statement of faith is adopted from the National Association of Evangelicals.

Dr. Larry Ward founded Food for the Hungry in 1971 in order to help some of the world's poorest people. He retired in 1984 and was replaced by Dr. Ted Yamamori, who but for the kindness of strangers in Japan during World War II would have starved to death. Dr. Yamamori retired in 2001. He was replaced by Benjamin K. Homan as the head of FHI in the United States. Food for the Hungry International is incorporated in Geneva, Switzerland. Its staff numbers over 1,700 people and over 30 nationalities. Nearly all staff members work in their home country. These number 37 countries on four continents.

Food for the Hungry defines success with three marks. The first mark of success occurs when FHI's sharing of the hunger needs of the world with churches results in an increase in church giving. The second mark is defined as the increased involvement of leaders in a community in solving community problems because they have been influenced by FHI. The third mark is known as when families increase the sharing that they do with one another to meet needs.

Food for the Hungry is financed by contributions to its autonomous organizations in Canada, Japan, Korea, Norway, Sweden, Switzerland, the United Kingdom, and the United States. FHI encourages its donors not only to give but also to pray for its ministry and for the poor. The current budget of FHI is over \$70 million. Almost all of the income, commodities, and other resources that it receives every year go to serve the peo-

ple in its mission fields. This efficiency is the result of three factors. First is a sense of responsibility before God as stewards. The second factor is a strong policy and practice of accountability to its donors. And the third factor is the willingness to cooperate with other organizations in order to achieve efficiencies by pooling resources.

For example, containers used by FHI can be filled more quickly and shipped sooner to people in the field on container ships if it cooperates with other organizations. The Americans who have united to form Food for the Hungry in the United States have on many occasions been awarded recognition for their efficiency as a charitable organization. Food for the Hungry also cooperates with governments and corporations. From them it receives both supplies and matching grants.

Food for the Hungry has had emergency relief projects and long-term programs in Africa, Asia, and Latin America. Since the end of the Soviet Union, it has had ministries in eastern Europe. It has done this with education, child development programs, farming improvement programs, clean-water projects, and various kinds of food programs for improving health and nutrition. FHI has also promoted microenterprise loans for tools such as sewing machines. The loans finance capital purchases that can be used to earn enough to repay the loan and to advance the income and financial resources of the poor.

SEE ALSO: Evangelicals for Social Action; Food First; Food Research and Action Center; Foods Resource Bank; Microcredit.

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Food-Ratio Poverty Line

A PRIVATE CONSUMPTION-BASED method of determining poverty, food-ratio lines draw from the proportion of a household's money that is spent on food to calculate official poverty levels. It is a method,

though alternately used by various nations, to distinguish between the poor and nonpoor on an estimated basis of what ratio of a household's income is spent maintaining a sustainable diet. Like other measurements used in calculating poverty, it has been the center of much dialogue concerning its applicability in the wake of recent changes in economic and social conditions that have occurred worldwide over the course of the last two decades.

Advocates for new measures of poverty suggest that food-ratio lines are antiquated.

Poverty statistics for use in all executive departments in the United States are based on Mollie Orshansky's definition of poverty thresholds, first developed in 1964, and slightly revised by committees in 1969 and 1981. Orshansky, an economist with the Social Security Administration, drew from a 1955 study that found that families with at least three members generally spent approximately one-third of their net income on food, and she used these findings in conjunction with four nutritionally adequate food plans designed by the Department of Agriculture to determine poverty thresholds.

The least costly or economy plan was taken and multiplied by three in order to calculate poverty thresholds for families throughout the country. For smaller families, such as two-person units, the cost of the food plan was multiplied by 3.7. Annual updates of the Social Security Administration poverty thresholds were based on changes in the prices of items on the economy food plan.

Calculating official poverty thresholds on the basis of the percentage that a household spends on food has been rather widely criticized by a number of individuals and organizations in the United States. Advocates for new measures of poverty suggest that food-ratio lines are antiquated and do not speak to economic trends that have followed in the wake of the 1960s, when this method of determining poverty was originally devised. They point to the increase in healthcare and transportation costs, the slow rise of minimum wages, and the impact of geographical housing markets as significant factors that are too often disregarded in current poverty calculations.

Though food too is impacted by inflation, there has been growing concern that it does not constitute the percentage of a family's income that it did in previous years, nor that it rises in response to inflation at the same rate as do these other costs. As a result, it is feared that families lacking basic necessities of food, clothing, shelter, and adequate healthcare are growing in number throughout the country, even as they are officially considered to be above poverty thresholds. Thus, many individuals are looking toward renewed forms of poverty measures that take account of income levels and the costs of affording basic needs that are not primarily based on food costs.

In Thailand, for example, the official poverty line is also consumption based, and is calculated from an estimated cost of basic needs that includes both food and non-food items. According to the National Development and Social Development Board, the food poverty line is derived from estimating the cost of food baskets. Per capita household caloric requirements are determined by adding up the required calories per day of each household member with respect to age and sex.

The household calorie requirement then gets converted into money metric terms in order to establish the number of calories that can be purchased with a single baht (four). The poverty lines in 2002 averaged 922 bahts per person per month, representing a decline of approximately 20 percent in poverty from 1988. Nonetheless, criticisms of Thailand's food poverty line have been levied on the basis that the year used for calculating the cost of food baskets should be changed from 1992 to more adequately reflect social, economic, and governmental changes since that time. Suggestions have also been made to adjust the ratio of food consumption from 60 percent of a household's total expenditures, to the actual percentage of money spent on food, in hopes that will yield a more accurate poverty measurement.

SEE ALSO: Bureau of Labor Statistics Family-Budget-Based Measure of Poverty; Standard Food Basket; Standard Food Basket Variant; Thailand.

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Food Research and Action Center

THE FOOD RESEARCH and Action Center (FRAC) is a leading national organization working to improve public policies to eradicate hunger and undernutrition in the United States. Founded in 1970 as a public interest law firm, FRAC is a nonprofit and nonpartisan research and public policy center that serves as the hub of a network of antihunger advocates throughout the United States.

Believing that hunger reduces children's ability to learn, decreases workers' productive energy, and weakens elderly persons' resistance to disease, FRAC works to achieve the full productive potential of the United States by harnessing national resources on behalf of those least able to provide for themselves. FRAC conducts research; monitors legislation and regulations affecting the poor; provides program support to antihunger advocates; collaborates with national and local antihunger organizations; partners with associations of educators, nutritionists, physicians, and labor and business leaders to enhance antihunger advocacy; and develops media and public information campaigns to promote changes in public attitudes and policies toward hunger and poverty.

FRAC conducts research on the extent of hunger and hunger's impact on low-income families with children. Its 1991–95 Community Childhood Hunger Identification Project (CCHIP) documented the seriousness of hunger and food insecurity in the United States. The study's methodology has been adopted by the U.S. Census Bureau and the Department of Agriculture as the basis for annual reports on hunger in the United States.

FRAC reviews and analyzes major developments in legislation, regulations and policy proposals at the national level that affect food assistance programs. It works closely with a national antihunger network of advocates, food banks, program administrators and participants, and policymakers, providing them with program information and analyses. FRAC focuses especially on programs that help children grow and learn—Food Stamps, the School Breakfast Program, the Summer Food Service Program for Children, the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), and programs that provide meals and snacks to children in daycare and before- and afterschool programs.

FRAC develops media and public information campaigns to help promote changes in public attitudes and policies. Campaigns have included the National School Breakfast Expansion Campaign (1987), the Campaign to

End Childhood Hunger (1991–present), the Mickey Leland Childhood Hunger Relief Act (1993), the Building Blocks Project (1994–present), Save Our Nation's Nutrition Programs (1996), the Hunger Has a Cure Campaign (1997), and the National Nutrition Summit (2000). FRAC has been a leader in national efforts to protect and expand food stamps, the program that, after employment, is the nation's defense against hunger.

CHILDHOOD HUNGER CAMPAIGN

The Campaign to End Childhood Hunger is a movement of people from all walks of life whose common mission is ending hunger among children. The campaign's National Advisory Council includes corporate executives, labor union presidents, bipartisan leadership in the U.S. Congress, religious leaders, creative artists, and experts in hunger and poverty. The campaign is endorsed by more than 100 national organization, representing millions of Americans. Endorsing organizations include the U.S. Conference of Mayors, America's Second Harvest, the National Urban League, the AFL-CIO, the League of Women Voters, the Children's Defense Fund, and Catholic Charities USA.

Working with key antihunger groups in every state, the campaign educates the public on the extent of, causes of, and solutions to hunger; promotes increased government and private-sector response to hunger; uses the media to inform and educate; engages in research on childhood hunger and poverty; conducts conferences and skill-building sessions; strengthens local coalitions; and produces and distributes educational materials.

FRAC's Building Blocks Project seeks to maximize participation in federal nutrition programs by child development programs. Recognizing that learning is affected negatively when children are hungry, FRAC helps Building Blocks partners access federal nutrition benefits by offering information, technical assistance, and support.

SEE ALSO: Children's Defense Fund; Education; Food First; Food for the Hungry; Food Stamps; Foods Resource Bank; Hunger; Nutrition.

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Food Shortages

FOOD SHORTAGES ARE production shortfalls on a regional level. Hunger is produced when need is greater than food availability. A food shortage occurs when food supplies within a given region are lower than the amount needed by that region's population. Food shortages are not the same thing as food poverty or food deprivation.

Food deprivation is the situation in which the nutrients consumed by an individual are fewer than he or she needs. Food poverty, or food insecurity, operates at the household level and is the result of a household being unable to obtain enough food to meet the needs of its members. Food shortages can certainly lead to household food poverty, which in turn can contribute to food deprivation. However, multiple causes contribute to all three levels of hunger.

Food shortages can be thought of as a production problem, but often food shortages occur as a result of political interventions that affect rules about importation of food. Even when food shortages occur because of a production problem, there is usually a connection to environmental reasons such as drought and a connection to political intervention such as prevailing economic policies.

Choice of diet has much to do with the occurrence of food shortages. Estimates indicate that if the world were to subsist on a vegetarian diet, there would be more than enough food to sustain the world's population. However, the growing Western trend toward a preference for animal foods has had a contributing factor in food shortages. Currently, global preferences are for a diet that is derived, in part, from animal products. Following this type of diet is more likely to lead to food shortages.

Shortfalls in the global food systems have been addressed in a variety of efforts in both developed and developing countries. Meat products are being discouraged in more developed countries. In the interest of equity, "food first" advocates have urged citizens to eat lower on the food chain in order to make more food available for global food needs. In developing countries, consuming meat products is associated with higher status. Thus, it is challenging to introduce dietary change.

Global food shortages are different from regional food shortages. This is because an analysis of available evidence points toward the fact that a global food shortage does not exist. Regional food shortages, in contrast, have occurred in some developing regions, partly from rapidly increasing population growth. Sub-Saharan

Africa and southern Asia have been identified as regions where dietary energy supplies fall below basic average requirements. Higher fertility rates along with underdeveloped agricultural technology, natural disasters, and political unrest are cited as causes. However, birthrates have slowed and agricultural production has increased in south Asia, yet this region still lacks enough food. Experts suggest that the cause of food shortages cannot simply be seen as a product of overpopulation, and food importation is not always the solution.

More important is the role of political violence in causing food deprivation.

The causes of food shortages are complex. Food production is certainly an issue but not the only issue. Production is affected by the climate of the region, with temperature and rainfall being important determinants of how many harvests can occur in a single year. Droughts are likely to interrupt crops, but should not immediately be linked with hunger, as seasonal variations in water supply could potentially be offset with stored foods. Natural disasters can also be a factor in diminishing food production, but often the severity is dependent on effective governmental response to the crisis.

Production is not the only determinant of food shortages. Sociocultural factors, which include the organization of land, labor use, as well as dietary preferences, are also important. Land and water control are important dimensions of how the organization of land can greatly influence food shortages. Inequality in landholding is a marker of social inequality.

Higher aggregate landholding is an important marker of household poverty or wealth and a predictor of household agricultural and food self-sufficiency. One of the key ways landholding affects food supply is by crop selection. Being compelled to choose cash crops over food crops places local residents at an economic disadvantage. Maybe more important is the role of political violence that permeates the cycle of internal conflict in causing significant food deprivation.

To counteract food shortages and prevent famine deaths, the international community has maintained famine early-warning systems and food reserves since the 1970s. Where information systems identify impending or actual acute food shortages, the United Nations and nongovernmental organizations (NGOs) ordinarily

move food and other emergency care into affected zones to prevent suffering. Such interventions also are meant to slow involuntary migrations by those potentially affected. By the 1980s, early warning and response had been associated with success in preventing famine, except in war zones.

Transporting and guarding emergency food supplies in conflict situations also become a source of livelihood for would-be combatants. Such possibilities have led to concern that food aid might prolong conflicts. It remains a challenge for donors to deliver food and other essential aid in ways that can relieve food shortages and renew productive capacities, without problematic unintended consequences.

Food shortages related to conflicts also can be characterized as entitlement failures where political power-lessness prevents communities from getting access to available food. After being deprived of essential assets or using them for food to meet immediate nutritional needs, people find themselves without further resources. Conflict-related destitution thus creates conditions of chronic food insecurity and shortage for households that otherwise may have been temporarily or seasonally short of food. Further research is needed to more fully understand the dynamics of why food shortages occur and how to prevent them more effectively.

SEE ALSO: Conflict; Drought; Famine; Hunger; Natural Disasters.

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Food Stamps

PRIOR TO THE 1930s, hunger in the United States was primarily the responsibility of individuals and families. Because of widespread suffering during the Great Depression, coupled with the struggle of farmers to

earn income, the federal government began buying excess farm yields for redistribution. However, this effort was marked by inefficiency because distribution was sporadic. Further, inability to process perishable foods meant distributed commodities did not match nutritional needs of recipients. Poorly planned means of distribution from centralized locations caused long lines of recipients waiting for meager provisions, with stigmatizing results.

In 1939, the federal government experimented with food stamps, whereby participants could purchase orange stamps equal to their monthly food expenditures. For every dollar's worth of orange stamps, 50 cents of blue stamps were given to participants. Orange stamps could be used for purchase of food, whereas blue stamps could be used only for surplus commodities set aside by the government. Over the next four years, nearly 20 million Americans residing in more than half the counties in the country participated at some point.

However, from the onset, the program was decried because of inappropriate use of stamps for purchase of unauthorized goods, lack of ability to deliver food to many needy families, and the high cost of food stamps. By the onset of World War II, when demand for farm products rapidly increased, coupled with limited ability of the program to reduce hunger and malnutrition, food stamps were abandoned. The government returned to direct distribution of commodities.

It was not until the early 1960s that the federal government began to experiment again with food stamps for food redistribution. In the pilot programs, food stamps could be used to purchase an array of foods. With success, meaning increased nutritional levels and sales of farm goods in the public market, the program was expanded. By 1964, 40 counties and three urban areas in 22 states had a food stamp program funded by the federal government.

In 1964, the Food Stamp Act established the program still in use today. By the mid-1970s, almost all communities relying on federal funding for food redistribution were mandated to use food stamps. Several important legislative changes occurred during the 1970s. National uniform eligibility regulations were established. Allotments of food stamps were set at 30 percent of household income (a general rule of the economic market in the United States was that food costs a household one-third of its income). The program was eventually expanded by federal mandate to every community in the nation. Under the Food Stamp Act of 1977, the purchase requirement for food stamps was eliminated.

During the 1990s, major changes to the food stamp program were instituted under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). Because of a public backlash against welfare participants, the government sought to reduce the amount of benefits provided to low-income families. Under the PRWORA, work requirements are mandated for eligible adults. Those without children receive only three months of food stamps in a 36-month period if they do not work at least 20 hours per week. Disqualification of applicants is tied to disqualification for other federal aid programs.

Households are allowed \$2,000 in cash or convertible wealth. The value of the home is not counted in wealth calculations. Each adult in the household is able to own a vehicle the value of which does not exceed \$4,650. Any value above that is counted as disposable income for the means test. If all members of the household receive cash aid from the Temporary Assistance to Needy Families program or Social Security Insurance program, the household is automatically eligible for food stamps.

Despite nearly 25,500,000 people receiving benefits, the food stamp program falls short.

Otherwise, the household net income must be lower than federal guidelines for participation (a four-person household must make less than \$1,571 per month). The household may deduct certain work-related expenditures from monthly income, such as child-care, some medical expenses, and some household expenses if such expenses, coupled with cost of housing, exceed 50 percent of monthly income.

Allotments are based on a formula that multiplies the household income by 30 percent, which is then deducted from the federal allotment guideline. For instance, if the household earns \$566 per month, it would have to deduct \$169 from its allocation, which for a family of four is \$499. The household would thus receive \$330 in food stamps per month.

Despite nearly 25,500,000 people receiving benefits, the food stamp program falls short in serving all eligible people. Some reasons why people don't participate include stigma of participation, lack of awareness of eligibility, lack of access to program offices because of inappropriate location and limited hours, the complicated application process, and other challenges. This is a concern since, despite the wealth of the United States,

more than 11 percent of households struggle with food insecurity.

SEE ALSO: Food-Ratio Poverty Line; Food Research and Action Center; Hunger; Redistribution; Welfare.

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Foods Resource Bank

The Foods Resource Bank is a Christian, humanitarian, nongovernmental organization. It is modeled after the successful Canadian Foodgrains Bank. Foods Resource Bank's goal is to engage the grassroots agricultural community, along with individuals, churches, and urban communities, to grow solutions to hunger problems in the world by working to establish food security through sustainable development activities. Food security is achieved "when all persons at all times have the physical and economic access to enough food to provide the nutrients they need for productive, active, and healthy lives."

The Foods Resource Bank fulfills its mission by forming coalitions with farmers and agricultural establishments and creating plans to produce and provide an effective supply of new resources, by coordinating groups of church and community groups and local farmers to raise crops and money that will be donated for food aid and community development projects, and by establishing indigenous partners in the developing countries to work and implement various programs.

A typical project involves a group of people getting together to farm a common plot of land. Once harvested, the crop is converted to cash that is donated to the Foods Resource Bank to supply seeds, tools, drip irrigation, animals, and instruction to local villagers who work to create community gardens, wells, herds, etc., that will sustain them long-term. The implementing members and Foods Resource Bank carefully monitor

all funds. They are distributed through reputable and known agencies. These in-country partners have a proven track record of sustainable food security programming and work with the villagers to help them feed themselves and their families, with extra to share, barter, or sell. The program places a heavy emphasis on food security, that is, helping people feed themselves. Approximately 75 percent of their effort is devoted to food security, with 25 percent directed to hunger relief.

The Foods Resource Bank's funds come from various sources, but mostly they are received through the selling of crops resulting from community growing projects that involve landowners, farmers, agribusinesses, and churches that donate the annual use of land, farm equipment, and farm management. Agribusiness contributes seed, fertilizer, and chemicals.

The implementing members of the Foods Resource Bank are Christian denominations, Christian church agencies, and Christian-based hunger organizations. They participate in established programs with stable partners in international locations and address the issues of food security, nutrition, and food relief. The supporting members of the Foods Resource Bank are individuals, businesses, Christian-based organizations, and other charities. Those members provide advocacy assistance and financial and material resources for hunger relief and food security.

SEE ALSO: Agriculture; Agriculture-Nutrition Advantage; Christian Antipoverty Campaigns; Hunger.

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PAUL AND TANYA SLOAN INDEPENDENT SCHOLARS

Ford, Gerald (Administration)

THE 895-DAY PRESIDENCY of Gerald Rudolph Ford (1913–) stands out because Ford was the first official in American history to become vice president and subse-

quently 38th president of the United States without winning a popular election. Gerry Ford, a prominent Republican congressman from Michigan who had served in the House since 1948, was appointed to the vice presidency on October 10, 1973, when Spiro Agnew resigned after a tax evasion charge. He succeeded President Richard M. Nixon on August 9, 1974, who resigned amidst the Watergate scandal. The resignations and the social and political turmoil of the Vietnam War acutely weakened the "imperial presidency," which had undermined constitutionality during Nixon's tenure. Ford's goal was to restore public confidence in the national government and the institution of presidency that was placed in a comparatively inferior position relative to Congress because of the scandals.

Ford continued the social policies followed by the moderates since World War II.

The Ford administration did not have a specific agenda because there was no transition period to think of one. Lacking vision and imagination, and without a broad political base and clearly defined mandate, throughout the three-year presidency Ford tried to "clean up" the Vietnam and Watergate legacy and to revive the faltering economy that was seriously weakened because of the quadrupling of oil prices. Nevertheless, in 1977 a \$2 billion Child Nutrition Reform program went into effect that aimed to facilitate the nutritional needs of poor children. In addition, the Comprehensive Employment and Training Act of 1977 targeted the unemployed and the economically disadvantaged and provided them with training and employment opportuities.

Ford largely continued the policies that had been followed by the moderates since World War II by pursuing a conservative approach to economic and social policies and a cautiously internationalist approach to foreign policy. The country's ongoing problem with galloping inflation and a recession (stagflation), and high unemployment were some of the most important issues on Ford's domestic agenda. Neither Ford, who reduced federal budget spending but vetoed over 50 pieces of legislation while in the office, nor Congress was able to quickly remedy the difficult economic situation.

Ford's most controversial act as president was to pardon Richard M. Nixon for all wrongdoings that he "committed or may have committed or taken part in" while in office. Ford granted an unconditional pardon on September 8, 1974, only after a month in the office, arguing that he was bringing closure to the Watergate affair. This act backfired badly and the public was enraged because Ford pardoned a president who apparently violated the law and was facing criminal prosecution.

Moreover, just a week before he pardoned Nixon, Ford granted only a partial pardon to the resisters of the Vietnam War, draft dodgers, and military deserters. Unlike Nixon's unlimited pardon, this pardon required individuals seeking clemency to earn it by performing up to two years of community service. Both the opponents of any leniency and the proponents of the total amnesty were dissatisfied with this limited measure in the light of Nixon's unconditional pardon. To appease the critics and to defend his position on pardoning Nixon, Ford testified before the House Judiciary Committee where he stated that no deals were made in connection with the pardon, which saved Nixon from public humiliation.

Ford established a presidential commission to investigate intelligence gathering and to propose implementation of major reforms of the activities of the Central Intelligence Agency (CIA), Federal Bureau of Investigation (FBI), and other agencies. The intelligence dealings had come under public scrutiny when it was discovered that many American citizens, especially those opposing the Vietnam War and the Nixon-Kissinger policies, had been under surveillance. The revelation that the CIA had engaged in assassination plots against foreign leaders further deepened the controversy.

The Ford administration's foreign policy continued to revolve around the concept of détente with the Soviet Union and around the regions of southeast Asia and the Middle East. Following the end of the Vietnam War in 1975, President Ford ordered the dramatic and controversial evacuation of the remaining Americans and some Vietnamese that brought more than 100,000 Vietnamese refugees into the United States. The evacuation coincided with the recovery of the U.S. merchant ship SS Mayaguez, which was seized by the Cambodian navy on May 12, 1975. Although 41 Americans lost their lives in the recovery of 39 members of the Mayaguez crew, Ford received approval for this action, which critics considered to be a disproportionate and heavy-handed approach to solving a minor crisis.

Ford won the nomination of the Republican Party for president in 1976 by defeating opponents like Ronald Reagan. Yet he lost the election to the obscure former governor of Georgia, Jimmy Carter, by one of the most slender electoral margins in history because Carter managed to exploit Ford's many mistakes. Though the Ford administration lacked a vision for the future, it will be remembered for providing a renewed faith in the basic honesty of the president and for making the nation feel better about itself by healing the breach of faith between the president and the American people.

SEE ALSO: Inflation; Nixon, Richard (Administration); Unemployment; Vietnam.

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Foreign Aid

Foreign aid is the flow of financial and other resources from richer countries to poorer ones. Foreign aid is also known as development assistance, development aid, or development cooperation. Financial aid can take many different forms such as gifts in kind, grants, and cheap loans. Transfer of resources can also take the form of expertise and equipment to needy countries. Aid may be given for a variety of reasons, including humanitarian objectives (for example, to help victims of natural or man-made disasters), promotion of economic development, or political and strategic reasons.

Aid may be bilateral, that is, disbursed from one country to another, or multilateral, which is given through an international organization such as the World Bank or United Nations agencies. Multilateral aid may also be given by regional entities such as the European Union or consortiums like the Organization for Petroleum Exporting Countries, comprising shared efforts on the part of several nations.

As well as publicly funded aid, nongovernmental organizations, which include emergency relief organizations and private and volunteer aid agencies (for example, OXFAM, CARE, Doctors Without Borders, and

organizations operating under the auspices of religious bodies), provide assistance to poorer countries worldwide. Since poverty encompasses different dimensions of human deprivation (including nutrition, shelter, health, education, and security), foreign aid from various sources, and in its many different forms, plays a significant role in mitigating the effects of poverty around the globe.

Most industrialized countries coordinate their aid efforts through the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD), created in 1961 to improve the effectiveness of its members' aid endeavors. The DAC annual report entitled "Development Co-operation" and the DAC website present a comprehensive overview of the aid flows. (The annual publication The Reality of Aid conducts an independent critical assessment of the DAC report.) Albeit far less significant, other bilateral aid donors include non-DAC countries such as the Czech Republic, Hungary, Iceland, Poland, and rich Arab states like Kuwait and Saudi Arabia. In addition, a few countries, like China and Israel, are in the curious position of being both donors and recipients of aid.

TIED AND UNTIED AID

Aid flows may be tied, untied, or partially untied. Tied aid signifies that the recipient is in some way restricted in the use or expenditure of the resources it receives. For instance, assistance may be linked to specific development projects or to the procurement of goods and services from the donor country.

Many experts have long argued that aid tying not only limits choice to impoverished recipient countries, but also undermines aid effectiveness since aid may be aimed to serve first and foremost donors' commercial interests, rather than supporting recipients' development. Catrinas Jepma has estimated that tied aid raises the cost of many goods and services to the recipient between 15 and 30 percent. Untied aid, on the other hand, signifies no restriction or formal obligation on the part of a recipient and is thought to be most desirable from the recipient's point of view.

It had been traditionally thought that untied aid provided significantly less benefit to the donor compared with tied aid. This idea has been challenged in recent years by some economists, demonstrating that untied aid generates a stock of goodwill for the donor in a recipient country, with long-term positive consequences for donor exports to these countries. More generally, whatever the form of aid, it is reasonable to assume that the recipient extends to the donor various political and economic favors as an expression of gratitude, as discussed by S. Schönherr and K. Vogler-Ludwig.

Historically, Scandinavian countries and the Netherlands have been in the group of leading untied aid donors. On the other hand, some large aid donors (notably the United States) have provided most of their assistance in a tied form. Statistics suggest that a small gradual reduction in tying of aid has taken place over the years. Indeed, a high-level DAC meeting in April 2001 reached an agreement to untie all aid to least developed countries except for food aid. Since then, some donors have committed themselves to reducing or eliminating tied aid to all countries in the long run.

HISTORY AND TRENDS IN AID

Aid has its roots in the Marshall Plan (1948–51), under which the United States poured assistance totaling \$13.3 billion (about \$100 billion in today's dollars) to help Europe recover from the devastation of World War II. The success of that enterprise (officially called the European Recovery Program) later prompted the industrialized countries to provide aid to poorer nations, especially to many of the former European colonies that had gained independence. The creation of the International Bank for Reconstruction and Development (better known as the World Bank) in 1944 and the United Nations in 1945 was also part of the international cooperation solution to assist the development of economies around the globe.

In 1969 the Pearson Commission recommended that richer countries set aside 0.7 percent of their Gross National Product for foreign aid. Adopted by the United Nations in 1970, and repeatedly pledged by donor countries, most recently in the 2002 Monterrey Consensus promising "concrete efforts" toward that goal, this target has been met by very few countries. For instance, despite being the world's largest donor in volume terms and recent increases, the United States still spends under 0.2 percent of its income on aid—less than any other industrialized country.

At the other end of the spectrum, Denmark, Norway, Sweden, the Netherlands, and Luxembourg consistently meet or exceed the United Nations target—contributing, on average, over 0.8 percent of their income to aid in 2003. Furthermore, Sweden, Norway, and Luxembourg have indicated their plans to achieve one percent in the long term. Four other countries (Bel-

gium, Finland, France, and Ireland) have given firm dates to achieve the 0.7 percent target over the next few years. In general, public consciousness about development issues appears to play a role in the volume of aid disbursed. Countries such as the Netherlands and the Nordic nations, where there is a higher level of public awareness about development problems, including global poverty, evidently give more aid.

Aid from DAC countries totaled \$69 billion in 2003, with approximately two-thirds given bilaterally. Although this figure is the highest ever, both in nominal and real terms, the growth in aid has not matched nearly all richer countries' economic growth in recent decades. Thus, overall, aid continues to be less significant when measured as a share of DAC countries' combined income. Aid as a percentage of DAC countries' combined income stood at 0.25 percent in 2003, well short of the average of 0.33 percent achieved in the years 1980 to 1992. The decline in aid-to-income ratios in recent decades has often been attributed to aid weariness among citizens of donor countries and controversy over how well aid has worked. Despite this, many donor countries continue to affirm their commitments to supply as well as increase future aid.

AID EFFECTIVENESS

One of the most influential early papers on the impact of aid is by H. Chenery and A. Strout, whose theoretical model of aid and growth underpinned much of the subsequent analysis. The basis of the model is that aid augments domestic savings and investment as well as a country's foreign exchange earnings. Through these, aid raises a recipient economy's growth rate, which in turn raises its income and generates a further increase in savings and investment. Hence, the initial "big push" sets a country on a path of self-sustaining growth.

This model has been controversial, with many observers questioning aid's effectiveness in promoting developing countries' economic growth on various theoretical grounds. Empirical studies have not been conclusive either. For instance, P. Mosley finds that the net impact of aid is neutral overall. On the other hand, J. Svensson claims that aid contributes to economic growth in more democratic countries, while R. Lensink and H. White find that aid, above a certain level, has a deleterious impact on the growth rate of a receiving country.

An influential 1998 book by the World Bank entitled Assessing Aid: What Works, What Doesn't, and Why provoked particular interest in the question of aid ef-

fectiveness. A key finding of this book as well as subsequent analysis by many World Bank economists is that aid has a positive impact on the economic growth of only those developing countries with good fiscal, monetary, and trade policies—with little effect in countries with poor policies. Since that publication, some prominent economists such as J. Sachs have argued that good governance should be defined relative to income (that is, one should control for income levels), since without such qualification there would be no "good governments" in places like Africa.

Another problem appears to be the different perceptions of good governance across cultures. A recipient's view of good governance does not necessarily accord with donors' norms. In any case, disbursement of aid may also be tied to a recipient's efforts in establishing good governance, as well as to one's already established good governance.

Over recent years, much of the aid literature has focused on testing the robustness of the results of Assessing Aid. The results, however, have been mixed, as shown by W. Easterley et al. Many economists would agree with the sentiments expressed by Easterley, who maintains that since developing countries include a variety of institutions, cultures, and histories, no generalizations should be made about the impact of aid on economic growth.

There is no doubt that the views expressed in Assessing Aid have shaped opinion and influenced practice in the donor community. One consequence of this has been an increase in the practice of allocating aid not just on the basis of poverty, but also on good economic management on the part of developing countries. Indeed, the United Nations conference in Monterrey in 2002 put in place a framework under which poorer countries' commitments to good governance and their respect for human rights would be matched by donor commitments toward policy coherence, support for good performers, as well as mobilization of additional resources for reducing poverty.

DONOR INTEREST AND RECIPIENT MOTIVES

Much of the discussion above focuses on the recipient need (RN) motives for giving aid, where the aim is to accelerate the economic growth of developing countries or to alleviate poverty among them. However, there are other grounds for the disbursement of aid, which include geopolitical or mercantile imperatives. Some observers maintain that aid is too often used as a trade creation device facilitating formation of foreign markets



Critics of tied U.S. foreign aid accuse the United States of trying to create a hegemony over its poorer neighbors in Latin America.

for the donor's products, or linked to donor's colonial past and political alliances or achievement of specific foreign policy objectives. Indeed, DAC figures show that among the top aid recipients are many middle-income economies. Even some high-income countries such as Israel receive substantial aid, especially from the United States. Nonetheless, at the same time, some aid-dependent countries in sub-Saharan Africa receive aid amounting to a significant portion of their national income (remarkably, some, like Guinea-Bissau, had an aid-to-income ratio as high as 63.5 percent in 2003).

The donor interest (DI) models use variables such as the number of years a recipient country has been a colony of the donor, the geographical distance between the donor and the recipient, exports from the donor as a share of total imports by the recipient, voting patterns at the United Nations by the recipient, and cultural and religious similarities between the two parties to measure the extent of donor interest. Likewise, RN models use variables such as the Gross Domestic Product per capita, the infant mortality rate, the life expectancy, the level of undernourishment, and the primary school enrollment rate to measure need in a recipient country.

Early DI and RN models were empirically tested for a number of donor countries. These studies broadly concluded that aid flows primarily reflect donors' interests. However, many of these studies have been criticized on econometric grounds. More recent studies, such as one by A. Alesina and D. Dollar, report that the direction of foreign aid reflects economic needs of the recipients as well as both political and strategic reasons. Studies in this literature also generally conclude that multilateral aid is more sensitive to RN as compared to bilateral aid. Most economists and political scientists today would agree that the allocation of aid among countries often reflects multiple objectives on the part of a donor.

Regardless of different emphases placed by various donors on DI versus RN, it is clear that the issue of disbursement of aid involves not only the question of who gets aid, but how much. For many donors giving aid involves a two-stage process. In the first (gatekeeping) stage, eligible countries are selected. In the second stage, it is determined how much each of these eligible countries should get.

AID AND GLOBAL POVERTY REDUCTION

Despite over \$1 trillion worth of economic assistance to developing countries over the past half-century, some 2.8 billion people (nearly half the world's population) lived in poverty (on less than \$2 a day) in 2003–04. There is an assertion in some circles that aid has therefore failed. Some stakeholders blame the donors for misdirecting their aid, while others accuse receiving countries of poor management and governance. Whatever the reason for the past shortcomings of aid, one's expectations of the likely contributions of aid must be forward-looking.

Today, the development progress in the Third World and other rapidly changing international challenges remain a shared responsibility. Many developing countries (particularly those in Africa, with its harsh climate and other adverse factors such as disease and isolation) cannot lift themselves out of poverty without a significant increase in aid. It is therefore hardly surprising that poverty reduction remains the most frequently stated goal of the foreign aid programs of donor countries. Efforts to eliminate poverty have indeed been the focus of the United Nations Millennium

Development Goals—an initiative that, among other things, aims to eradicate extreme poverty and hunger, as well as achieve universal primary education and significantly reduce child mortality by 2015—as set out in the Millennium Declaration signed by all 191 United Nations member states in September 2000.

However, many observers, including the United Nations in its 2003 Human Development Report, are skeptical whether the commitments made by the wealthy nations to meet these goals are being met.

Poverty reduction and economic growth are often highly correlated.

As stated earlier, besides poverty reduction, another oft-stated goal of most aid programs is the promotion of economic growth. Of course, poverty reduction and economic growth are often highly correlated, but it is still possible for aid to reduce poverty without having a positive effect on growth—just as aid has the potential to stimulate growth without lessening poverty.

Studies on the relationship between foreign aid and poverty enquire whether aid can lead to poverty reduction after controlling for other explanatory variables and institutional settings. For instance, P. Collier and D. Dollar find that aid can reduce absolute poverty and accelerate poverty reduction in developing countries with good policy and institutional environments. Analogously, C. Burnside and D. Dollar find that aid is effective in reducing the infant mortality rate (used as a proxy for poverty), but only in countries with good policy environments.

Most studies in this area probe for the existence of a statistical correlation between donor aid and poverty reduction in recipient countries. Investigating the linkage between aid and poverty, however, cannot identify the existence of causation between the two, since two variables may be highly correlated, but not necessarily causally linked. In order to address this problem, B. Arvin and F. Barillas check for the existence of a causal linkage between aid and poverty.

That is, they conduct an empirical test to ascertain whether infusions of aid influence poverty, whether poverty impacts the aid flows, or whether causality proceeds in both directions simultaneously—suggesting the existence of a self-perpetuating circular flow between aid and poverty. While their results identify no causal associations in some of their samples, they point

to the existence of a number of relationships across others.

CONCLUSION

Increasing fiscal constraints and aid fatigue among donor nations over the years have led many to emphasize the need for accountability of their aid dollars and gradual self-reliance of the recipients. As a result, most donor countries now demand that higher aid levels be accompanied by more efficient use of the funds available—thus rewarding states with proven records of good economic management and internal political stability.

The demise of most military aid programs, the rise of democratic governments in a growing number of countries, and reduced demand for aid from a number of large and medium-sized Asian countries (most notably China, India, and Thailand) bring hope that the limited aid funds will be used more effectively in development projects and for poverty reduction in needy countries. In the end, long-term inability to root out poverty and other social ills associated with poverty (disease, illegal drugs, conflicts, refugees, child labor, crime, terrorism, and environmental degradation) will haunt the developed nations, crossing their borders in one form or another.

Finally, it is worth noting that the granting of aid is only one policy that can spur economic development and alleviate poverty around the globe. Other measures that can be used in conjunction with development aid include debt forgiveness, removal of subsidies to domestic producers, and general opening of markets, especially by donors like the United States and the European Union. High levels of subsidies depress prices and effectively shut out producers from developing nations. A case in point is the subsidized crops from richer countries, with which many farmers in the Third World are unable to compete. Removing such subsidies and opening markets, which would increase the volume of exports by developing countries, side by side with debt forgiveness and development aid, is likely to create a better environment to eradicate world hunger and poverty in the long run.

SEE ALSO: Debt Relief; Economic Growth; Millennium Development Goals; OECD Countries; Structural Dependency; United Nations Development Program; World Bank.

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Foreign Direct Investment

FOREIGN DIRECT INVESTMENT (FDI) allows international corporations to invest directly in foreign countries by buying into local firms. In particular, FDI defines the process through which a firm located in a country, known as the home country, buys 10 percent or more of the stock of a firm in a foreign country (the host country, generally a developing country). Usually, corporations involved in FDI buy the necessary amount of stock to give them full or partial control over the firms in the host country, which thus become their affiliates or their branches.

This type of FDI is called acquisition. When a new legal entity is created by the inflow of foreign capital, the operation is described as a merger. In other cases, FDI takes the form of a Greenfield investment, whereby

a completely new plant is set up. Foreign direct investment has acquired a global dimension, with FDI stocks representing 20 percent of global Gross Domestic Product (GDP). Economists, social activists, and historians have widely debated whether foreign direct investment brings considerable poverty relief in developing countries or whether it is just another way to exploit their resources and their less strict labor and environment legislations. The heart of the matter is whether foreign direct investment is able to generate spillovers for host economies and if it raises the productivity of domestic enterprises. In addition, do transnational corporations share their profits with the workers and the citizens of the host country? Or do all returns simply increase the gains of the multinational shareholders?

The growth of foreign direct investment has stimulated a debate on its complex nature.

Indebted and poor countries are still dependent on foreign aid for their development strategies. Since the 1990s, foreign direct investment has become the largest source of foreign private capital reaching developing countries. Developing countries have established a series of economic bonuses to attract foreign investment. For example, as Gordon H. Hanson has shown, Brazil became the focus of the automobile industry in the late 1990s.

Both General Motors and Ford established new plants in the country. GM agreed to build a plant in the scarcely industrialized area of Rio Grande do Sul, receiving in exchange several subsidies that partially covered the costs of building roads, ports, and other infrastructures related to the plant; temporary exemption from VAT; and a reduction of import duties on material used to build the plant. The same package of subsidies was received by Ford for the construction of its plant in the poor northeastern state of Bahia.

Both in Rio Grande and Bahia, compensation for automobile workers is lower than in other regions of the country. Both GM and Ford mainly use foreign suppliers. These two examples should make it apparent why the growth of FDI has stimulated a debate on its complex nature and on its possible negative impacts on the economies of the least developed countries. The focus of this debate has been how to use foreign direct investment to fund more sustainable forms of development. The assumption that greater inflows of FDI will automatically act as a benefit for the host country's

economy and its general level of wealth has proved inaccurate.

For example, in spite of constantly increasing FDI, current accounts in most Latin American countries remain in deficit. In Africa, problems of corruption and lack of transparent regulations have limited the impact of foreign direct investment. The link between FDI and the gross domestic product has been challenged by studies on central and eastern European countries. In this area, foreign direct investment has grown steadily since 1990, yet GDP has dropped. Therefore, the benefits of foreign direct investment are not merely proportionate to the host country's ability to attract foreign capital. The impact of FDI largely depends on the levels of domestic investment and savings of the host economy, the mode of entry of FDI (merger/acquisition or Greenfield investments), and the sector that receives the investment.

Stability of FDI is crucial for the reduction of poverty in developing countries. The economies of host countries will benefit by a stable inflow of foreign investments, as these can encourage product diversification, thus reducing market dependence on a restricted number of sectors and products. However, the stability of FDI is seriously jeopardized by global trends. If international flows of trade and investment drop for long periods, foreign companies are less willing to employ their capitals in FDIs.

It is obviously more difficult to deinvest the capital put in a foreign affiliate than it is in a portfolio investment (where there is no direct management of the firm invested in). Studies on stability of FDI during crises supply ambiguous data. During the 1996–97 Asian crisis, for example, countries such as Korea and Thailand continued to receive FDI, while its amount dropped in other countries like Indonesia. During the Latin American crisis of the 1980s, however, FDI slumped sharply.

The social benefits of FDI can include the reduction of unemployment, the enhancement of training programs for workers, and the rise of wages. Yet only a small portion of the population usually takes advantage of foreign investments. Employment and training tend to be given to the already educated, wealthy urban elites.

Rather than funding the production of food or other subsistence products, foreign capital often goes into the production of sophisticated goods, thus stimulating a culture of consumerism. Traditional and rural businesses show less capacity to attract foreign direct investment and, as a result, they may be forced out of business or required to seek other funding.

Together with training programs, parent companies can also support their foreign affiliates with Greenfield investments, which can develop new infrastructures and technologies in the host country. However, this importation of foreign technology can also have negative effects, as small local businesses become unable to sustain enhanced production and competition.

The effects of FDI can lead to both "crowding in" and "crowding out." The former occurs when foreign companies produce a generalized growth in the host economy. The latter is marked by the domination of foreign companies over local markets, with the consequent reduction of local competition. If labor and environment standards are kept low to attract foreign investments, this may result in crowding out phenomena as governments will find it increasingly difficult to absorb the impact of industrial growth on their societies and the environment.

As economic globalization is more and more under critical scrutiny, it is becoming evident that mere privatization and market deregulation are not the solution to the problems of developing countries. They are certainly central means of attracting FDI, but favor market speculations in poor and indebted countries. To be effective, FDI needs to be channeled and controlled. National legislation should make sure that local markets receive the due support, otherwise the economies of developing countries will not be able to adapt to the influx of FDI.

Countries should be skeptical that promoting FDI will increase their wealth.

In addition, guidelines and regulations should stimulate ethical and socially responsible FDI and prioritize the reduction of poverty and gender imbalances (it is estimated that 70 percent of the world's poorest citizens are women). Although it is difficult to assess the environmental impact of foreign direct investment, firms should adopt Environmental Management Systems (EMS) to work out the likely environmental consequences of FDI inflows. These include ISO 4001, which prescribes investments in inspections and monitoring of environmental effects. This area is often neglected in developing countries and international support is of fundamental necessity. Parent governments and firms should also make scrupulous checks that they are providing the host country with environmentally sustainable technology.

If foreign direct investment is to become a source of development for poor countries, governments, NGOs, civil society groups, corporations, labor unions, and local authorities will all have to work together. Otherwise, FDI is in danger of becoming yet another way of making profits in developing countries. In his paper "Should Countries Promote Foreign Direct Investment" for the United Nations Conference on Trade and Development, Hanson has concluded his analysis by stating that "countries should be skeptical about claims that promoting FDI will increase their wealth." Hanson explains that although host governments continue to give multinationals incentives, the benefits they receive in return are far from justifying them. Yet "governments feel compelled to offer concessions given that multinationals subject their locations decision to bidding by potential host-country governments."

Hanson calls for cooperation among governments to prevent multinationals from exploiting their expansion in developing countries to make profitable gains. As we hear more and more about the charitable donations of multimillionaires such as Bill Gates to noble causes, we should wonder why such donations are needed in the first place. These very acts point to the unsustainable dimension of our global economy for developing countries.

As Brendan Martin writes, "It is all very well for Bill Gates to charitably donate \$750 million to pay for immunization programs for certain diseases, as he recently announced he would do, and for James Wolfensohn to urge transnational companies setting up in poor countries to contribute financially directly to local education services. Societies which depend on such largess to meet their basic health and education needs are neither sustainable, democratic nor equitable—yet new dimensions of power are ceded to large companies."

SEE ALSO: Economic Dependence; Economic Inequality; Foreign Aid; Globalization; Outsourcing/Offshoring.

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Foster, Greer and Thorbecke Index

THE FOSTER, GREER and Thorbecke (FGT) Index is a poverty measure developed by Eric Thorbecke and Joel Greer of Cornell University and James Foster, a professor of economics at Vanderbilt University. The formula is used by economists to measure how income is distributed below the poverty line. What it does, explains Foster, is to help measure how really poor the poor are. It accomplishes this by taking into consideration a variety of factors.

Poverty can be difficult to measure. For example, a family earning \$6 a week in Guatemala is at a different poverty level than a family earning \$6 in Tahiti or Tennessee. The index was first published in 1984 in Econometrica, the journal of the Econometric Society at Northwestern University in Evanston, Illinois, in an article titled "A Class of Decomposable Poverty Measures." Since its publication, the FGT measure, as it is now called, has been adopted as the standard poverty measure by the World Bank and the Inter-American Development Bank. Most recently, it became part of Chapter V, Article 34, of the Mexican Constitution.

"I was extremely surprised when a colleague in Mexico mentioned to me, 'Did you know that your measure is now the basis of the poverty program in Mexico?" Foster said. He has since traveled to Mexico and visited with the Mexican vice minister of finance, who explained how the government uses the FGT measure in a poverty-reduction program called Progresa (Programa de Educación, Salud y Alimentación, or the Program for Education, Health and Nourishment).

"First they have a 14-billion peso fund that is gathered by taxation," said Foster, "and is redistributed through education programs, through health programs

and through other welfare programs to the poor. It's allocated among the states in proportion to what my measure says. So, if there's a state in Mexico with twice the poverty, it gets twice the funds, on a per capita basis. Secondly, within the states, it's allocated across regions." Thus, the index determines the allocation of approximately \$1.6 billion in funding.

Foster, who is a member of the MacArthur Foundation-funded Network on Inequality and Poverty and Broader Perspective, says he became interested in measures of poverty and inequality while an undergraduate student. He has recently completed a book with his mentor, Nobel laureate Amartya Sen, a pioneer in measuring poverty currently at Trinity College at Cambridge. Foster also has completed papers on measuring inequality and measuring literacy. He's currently working on measuring health inequality. A subtext of much of his work is "let's go beyond income in measuring the well-being of our society," he said.

Foster's poverty measure, however, has not been adopted widely in the United States. "Here in the United States, the way we measure poverty is by counting people who are poor and expressing that figure as a percentage of the total population. One problem with that is if you have a lot of really poor people, it doesn't show up in the data," he said. According to Foster, the relative strength of the FGT is that it allows researchers to discover how many poor are falling far below the poverty line and how many are hovering close to it.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Direct and Indirect Measures of Poverty; Mexico.

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Foucault, Michel (1926-84)

THE FRENCH PHILOSOPHER Michel Foucault was one of the leading intellectuals of the 20th century,

whose investigations on the mechanics of power and the history of sexuality have shown how discourse shapes perception. Throughout his studies, Foucault focused on those people and practices that are considered marginal in Western societies. In them, he found keys to understanding how the upper classes, the scientific community, and the social elites exercise their power. His thought has thus challenged the very concept of what is "normal" and pointed to the constraining force of historical contexts to limit human freedom.

While Foucault's legacy is primarily relevant for gay and lesbian studies, his focus on marginality obviously touches on the issue of poverty and challenges the conventional ways in which it has been conceived and represented. His studies on the mechanisms of power have illustrated how the ruling classes dominate and police the poor and other "deviants." Works such as *Madness and Civilization* and *Discipline and Punish* had an important impact on the social sciences, as Foucault critiqued the origins of institutions such as prisons, hospitals, and asylums.

The life of the French philosopher has attracted as much attention as his works. Some biographers have located in Foucault's own consciousness of being a marginal subject the inspiration for his most fascinating insights. Foucault was born into that traditional French bourgeoisie that he would later target in his works. Born in Poitiers in 1926, the young Michel received a superb education thanks to his family's financial wealth (his father was a successful surgeon as was his grandfather). He attended the Jesuit college Saint Stanislaus in Poitiers and then entered the celebrated Ecole Normale Supérieure in Paris in 1946. There he became a favorite student of Jean Hyppolite, an important existentialist.

Existentialism was a clear influence on Foucault, stimulating him to challenge the way we apprehend and know things. Yet Foucault was later associated with intellectuals such as Claude Lévi-Strauss, Roland Barthes, and Jacques Lacan, who reacted against Jean-Paul Sartre's existentialism. Foucault's university years were also marked by a severe nervous breakdown and a suicide attempt, which some biographers link to his guilt for his growing awareness of his homosexuality.

In the early 1950s, Foucault was also briefly a member of the Communist Party, which he left for his concerns over Stalinist purges. After graduating in 1952, Foucault started a career characterized by constant movement and prolonged periods of time spent abroad. He taught at the University of Lille and was then cultural attaché in Sweden, Poland, and Germany. He returned to France in the 1960s to teach at the University of Lille and was

versity of Clermont-Ferrand, where he met his life partner, Daniel Defert. While at Clermont-Ferrand, Foucault wrote his early monographs, including Folie et déraison: Histoire de la folie à l'âge classique (1961, Madness and Civilization). However, it was not until the publication of Les mots et les choses (1966, The Order of Things) that Foucault started to attract wide international attention. After two years spent at the University of Tunis, Foucault returned to Paris, first as director of the philosophy department at the University of Paris, Vincennes, and then as chair of The History of Systems of Thought at the Collège de France, one of the country's most prestigious cultural institutions.

From the 1970s until his death from AIDS-related septicaemia, Foucault wrote extensively and traveled widely to foreign universities, spending several years as visiting professor at the University of California at Berkeley. His later publications include the celebrated Surveiller et punir: Naissance de la prison (1975; Discipline and Punish: The Birth of the Prison) and three volumes on the history of Western sexuality.

In Madness and Civilization and Discipline and Punish, Foucault explained the rise of institutions such as prisons, asylums, and hospitals as the effort of society to exclude those whose social, sexual, and psychological status did not conform to the norm. These places of coercion had their origins in the belief of the 18th century that human behavior could be controlled and reformed.

According to Foucault, the regulation of social conduct in modern society is represented by the Panopticon. Devised by the reformer Jeremy Bentham in 1787, this type of circular prison made all the convicts the subject of scrutiny from a central tower. A single guard could watch over several inmates while remaining hidden from them. The development of the penal system was clearly informed by the middle-class effort of forcing onto general society its concept of normality. The Panopticon was not limited to the individuals it inspected, but is the image of the surveillance of entire social groups.

In Foucault's thought, power and knowledge are always closely linked, as his phrase "power-knowledge" (pouvoir-savoir) makes clear. The mechanisms of power aim at the creation of social homogeneity. Although the Panopticon has been replaced, Foucault argues that contemporary society is still dominated by surveillance of some subjects by others, such as teachers, social workers, and policemen.

SEE ALSO: Communism; Exclusion; France; French Revolution; Social Exclusion; Social Inequality.

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Fourth World

THE MAIN ARGUMENT of the advocates of the "End of the Third World" relates to the uneven development within the Third World. Geographical size and population size were extremely different; some countries were rich in raw materials, others resource-poor. Giant India was part of the less developed countries (LDCs) as were microstates, which had fewer inhabitants than a suburb of Delhi.

In the 1970s, the newly industrializing economies (NIEs) (South Korea, Singapore, Hong Kong, and Taiwan) were on the threshold of joining industrialized country status. Oil-exporting Saudi Arabia and manufactured-goods exporting Brazil often have more in common with industrialized countries. At the same time, the income gap of the LDCs to the least developed countries (LLDCs), also called the Fourth World, increased year by year. Fourth-World countries (or LLDCs) are even less-developed than LDCs.

At the First United Nations Conference on Trade and Development (UNCTAD) in 1964, there was a discussion about least developed countries and how to identify them. In 1971, the United Nations (UN) General Assembly recognized this category of countries characterized by severe economic and social problems, notably the profound poverty of their people and the weakness of their economic, institutional, and human resources.

The UN's criteria for LLDC status include income per capita per year of up to \$750; ranking on the Augmented Physical Quality of Life Index (APQLI, which consists of life expectancy at birth and very limited health services, safe drinking water, calorie intake per day, attendance at primary and secondary schools, and literacy rate); an Economic Diversification Index (EDI) rank, also called Economic Vulnerability Index (EVI, with figures for the most part into manufacturing and services that play in a country's Gross Domestic Product, including consumption of electricity, structure of

exports, the instability of agriculture, the economic importance of traditional activities, and the percentage of people displaced by natural disasters); and an upper limit of population of not more than 75 million.

Of the less developed countries, around 40 became part of the Fourth World. These countries were extremely poor; had minimal industrialization; suffered from malnutrition, ignorance, and disease; and their labor force was not very skilled. To be counted as an LLDC, all these indicators have to fit. The rationale behind these indicators is to quantify poverty in a simple and straightforward manner. The least developed countries or Fourth World shares absolute poverty and economic weaknesses, which make it very difficult to develop. The list of Fourth World countries is now around 50 strong, with a combined population of over 600 million people, and of those countries two-thirds are in Africa. The economic relationship of these countries to the rest of the world is minimal. Other characteristics for these countries are very low economic growth rates and of course very low savings and investment rates, but very high birthrates. Most people work in subsistence agriculture in the countryside, which is not self-sufficient and needs food imports. Transport links are very limited.

A place on this list of LLDCs has some advantages, as bi- or multilateral development agencies offer special conditions (grants instead of aid, which had to be repaid with interest or at least concessional aid) to the poorest of the poor countries. However, more aid will not end the increasing wealth gap among the less developed countries, and some countries see inclusion on this list as demeaning in general as it might also deter foreign investment. Special provisions in regional integration organizations, in commodity agreements when they exist, for oil purchases, for fair trade in general, and for a no-arms-sale policy might be more constructive for the Fourth World together with their governments' acceptance of responsibility for development.

LIST OF FOURTH WORLD COUNTRIES

Asia (10 countries): Afghanistan, Bhutan, Bangladesh, Cambodia, Lao People's Democratic Republic, Maldives, Myanmar, Nepal, Timor Leste, Yemen

Africa (34 countries): Angola, Benin, Burkina Faso, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea Bissau, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, São

Tome and Principé, Senegal, Sierra Leone, Somalia, Sudan, Togo, Uganda, United Republic of Tanzania, Zambia.

Oceania (five countries): Kiribati, Samoa, Solomon Islands, Tuvalu, Vanuatu.

Caribbean (one country): Haiti.

SEE ALSO: Economic Definitions of Poverty; Extreme Poverty; Foreign Aid; Third World.

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France

THE FRENCH REPUBLIC is one of the most advanced countries in the world and is a leader in the European Union (EU). France borders Spain in the south and Belgium, Luxembourg, Germany, Switzerland, and Italy on the north and east. The country has coastline on both the Atlantic Ocean and the Mediterranean Sea. France claims a 200-nautical-mile Exclusive Economic Zone only on the Atlantic Ocean. The Pyrenees and Alps provide a physiographic frame for the extensive plains and rolling hills that mark the French landscape. The presence of the Atlantic Ocean and the Gulf Stream provides a tempering effect on the climate of France. Rainfall occurs mainly during the winter months and the summers are warm and drier.

Historically, France was ruled by a series of absolutist and despotic monarchs. The first of these was Charlemagne, crowned in 800, and ruler of an empire extending throughout modern-day Europe. The monarchical system ended in the 1870s and was replaced by a series of republics, which continues into the 21st century. Of greatest significance to current economic development in France was a series of events during the presidency of Charles de Gaulle, considered by many people in France as the greatest leader in their history.

One of the major points in the Evian Accords enacted in the 1950s was the termination of colonialism and French imperialism. De Gaulle was also instrumental in bringing about the independence of Algeria, a long-time colony of France. In addition, De Gaulle was instrumental in redirecting the French economy toward the development of manufacturing and industrial sectors.

France's rapprochement with Germany soon after the end of World War II also paved the way for future economic development not only in France but also throughout Europe. The Treaty of Paris in 1951 created the European Coal and Steel Community (ECSC) for the sharing of coal and steel resources in France and Germany. Other European countries also became part of the ECSC because of its success and the prospect of further economic integration within the region. Two other European communities were formed in 1957: the European Economic Community (EEC), which became known as the Common Market, and the European Atomic Energy Community (Eurotom). In the 1960s, the three communities were merged and took the name European Community. Finally, in 1992 the Maastricht Treaty gave the group its current name, the European Union.

Currently, France's Gross Domestic Product (GDP), a measure of the value of all goods and services, ranks fifth in the world. This economic achievement is attributed to a widely diversified economy, a wide array of natural resources, and a well-trained and efficient workforce. Natural resources within France include coal, iron ore, bauxite and other minerals, uranium, timber, and fish. Arable land in France accounts for 34 percent of the total land area. Agricultural products include wheat and other grains, sugar beets, potatoes, and grapes for wine. The latter is, of course, a commodity for which France is world-famous.

In addition, France produces beef, dairy products, and fish. The industrial sector is equally diverse. The production of machinery and other metal goods, automobiles, automobiles, aircraft, textiles, and electronics clearly identifies a robust and modern industrial sector. Economic activities of the scope seen in France are reliant on massive amounts of energy. In this area, France is a net importer. Although France produces some of its needed oil and natural gas, most of its needs are satisfied by importation.

France is one of several western European countries that receive natural gas from the gas fields in the northern reaches of the western Siberian lowland. In the 1970s, countries in western Europe engaged in a



France ranks 10th on the Human Poverty Index. Its capital, Paris, is the government headquarters as well as the center of higher learning and the arts, and has the majority of French companies, financial centers, and manufacturing.

unique cooperative venture with the Soviet Union to access the natural gas. France and other western European countries provided the technology for the building of the pipelines from the Russian north across the European littoral and into western Europe. In exchange for this service, the Soviet Union agreed to supply natural gas on demand until the agreement value received equaled the cost of pipeline installation.

The plan to build the pipeline initially met strong opposition from the United States, which claimed that the Europeans were making deals with an avowed enemy and that engaging in an economic arrangement of this scale would certainly strengthen them to the disadvantage of the West.

The western European countries considered the concerns of the United States, but the pipeline was built and natural gas delivered. This event suggests the power of sound economic arrangements and how borders between adversaries can be circumvented when the economic need is great enough.

The labor force in France reflects its economic diversity. Agriculture employs about five percent of the workforce, a figure that is considerably higher than in other advanced countries such as the United States, which has less than two percent of its workforce in agriculture. This is explained in part by the strong emotional attachment the French have to the land, and which continued into the industrial era. In addition, French farmers' organizations remain well organized and not hesitant to make their demands known to the government when it is deemed necessary. French exports include transportation equipment, plastics and chemicals, iron and steel, pharmaceuticals, and beverages. The country's major trading partners for both exports and imports include Germany, Spain, the United Kingdom, Italy, Belgium, and the United States. The industrial sector accounts for 24 percent of the workforce and the service sector has 71 percent.

The total population of France is 60.7 million (2005). Over 40 percent of the population live within

the four major metropolitan centers and their contiguous regions. These include Paris, Lyon, Marseilles/Aixen-Provence, and Lille. More than half of the total economic activity in France is found within these four urban regions.

Paris is the leading center, with its government headquarters, universities, and other centers of higher learning and the arts; the headquarters of a majority of French companies; financial centers; and a variety of manufacturing centers. Lyon has heavy industry and textile manufacturing. At one time Lyon was the leading center for silk making. When synthetic materials became prominent in the post-World War II period the silk industry in Lyon suffered for a short period of time. However, the city regained its prominence in textile manufacturing, this time using primarily the synthetic products, owing in large part to its highly trained and efficient workforce. The transition from silk to synthetics was a relatively painless one for the textile manufacturers in Lyon. The urban centers around Lille and Marseilles gained prominence because of their strategic geographical locations, one on the Mediterranean Sea and the other with proximity to the countries of northern Europe.

DEMOGRAPHICS

The demographic measures in France identify a country that has completed the demographic transition and, like many other western European countries, it has a population that is aging. The rate of natural increase (RNI) in France for 2005 is estimated to be 0.4 percent, a figure well below the world average of 1.2 percent but higher than the western European average of 0.1 percent. With its low RNI, France's projected population in 2025 is 63.4 million and in 2050, 64.0 million. France has essentially reached zero population growth (ZPG), an attainment that is shared primarily with some, but not all, countries in the developed world. The total fertility rate (TFR) in France is 1.9, which is the average number of children born to a woman between the childbearing years of 15 and 49. This figure is lower than the world average of 2.7. A TFR higher than 21, considered the population "replacement rate," indicates a region or country that is increasing in population. All of the countries of Europe have a TFR lower than 2.1.

France has one of the highest life expectancy measures in the world. Average life expectancy at birth is 80 years. For men the number of years is 77 and for women, 84 years. France is surpassed in this demographic category by only Japan (82 years), Iceland (81

years), and Sweden (81 years), and is tied with six other countries, all of which are in Europe with the exception of Canada. The economic success of France is seen in its Gross National Income (GNI) per capita, which was \$29,320 (2004). This figure is slightly below the western European average of \$29,410 and over three times the world average (\$8,540). The country has an excellent education system. This is reflected in the adult literacy rate, which stands at 99 percent.

France has work to do to maintain and improve its socioeconomic levels.

The poverty rate for France is variously reported as between 6.5 and 10 percent. Also, the unemployment rate is reported to be approximately 10 percent. Both of these measures seem to contradict the success of the economic sector in the country. Part of the explanation may lie in the government-sponsored program that provides a "minimum revenue insertion" to people who are on welfare or are unemployed. People receiving the benefit are not likely to seek employment or get off welfare because the potential for earnings in a job is frequently equal to or even lower than what is received through the insertion program.

Critics of the minimum revenue insertion program insist that it creates both unemployment and poverty. They contend that many low-paying jobs remain vacant because the wages are lower than the amounts received in the insertion program. Poverty is created, the critics suggest, because the insertion program, originally set up to provide temporary assistance, has become permanent. Couple the poverty problems and relatively high unemployment with a sluggish economy in the first years of the 21st century and it is clear that France has work to do to maintain and improve the socioeconomic levels attained during the Fifth Republic.

In recent years, the government has relinquished control over a number of economic entities. However, healthcare, education, and energy are still run by the government. The gas and electricity organizations, Electricité de France (EDF) and Gaz de France, remain under government ownership. In addition the government is the majority owner of the leading telecommunications provider, France Telecom, and the government operates the railroads.

Human Development Index Rank: 16 Human Poverty Index Rank: 10 (HPI-2) SEE ALSO: European Relative-Income Standard of Poverty; European Union Definition of Poverty; French Revolution; Germany; United Kingdom.

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Francis of Assisi (c. 1181-1226)

BORN INTO A WEALTHY merchant family of Assisi, Italy, St. Francis was an inspirational leader of the movement of Evangelical poverty in the early 13th century. A direct outcome of Francis's emphasis on voluntary poverty was the foundation of the Franciscan orders of the Friars Minor (Ordo Fratrum Minorum), the woman's Order of St. Clare (or Poor Clares), and the lay Third Order.

Francis considered voluntary poverty the first step toward a regeneration that could lead to the salvation of wealthy Christians like himself. Through his charisma, Francis succeeded in gaining a large following and became one of the most important figures in medieval spirituality. His devotion to poverty earned him the nickname *il Poverello* (the poor little man) and, through his lasting influence, played a fundamental part in Catholic history. Yet recent scholarship has also pointed out the limitations and lacunae in Francis's thought and, in particular, in his conception of voluntary poverty.

Francis was the son of Pietro di Bernardone, a cloth merchant, and Lady Pica, who was probably a noblewoman of French origins. The infant was originally named Giovanni, but his father later changed his name to Francesco. In his youth, Francis received instruction in Latin and French, and particularly liked the literature of the troubadours. He was a lively and enthusiastic person who quickly became a well-known personality

among the youth of Assisi. In 1202, Francis was taken prisoner while fighting in the war between Assisi and Perugia, and, after his release, he fell seriously ill. Upon his recovery, he tried to pursue his military career in the papal army led by Count Gentile against the emperor Frederick II. Yet, while en route to join the army, he had a vision that ordered his return to Assisi where a nobler knighthood awaited him.

After his return to Assisi, he devoted himself to solitary prayers and meditations. It was during this period of his life that Francis experienced several episodes that fundamentally contributed to his conversion: a vision of Christ while he was praying, a pilgrimage to Rome where he begged for alms in front of St. Peter's Basilica, a meeting with a leper, and, above all, hearing the crucifix in the ruined San Damiano Basilica in Assisi tell him: "Go, Francis, and repair my house which, as you see, is well-nigh in ruins."

As a result of this last event, Francis sold several of his father's finest cloths and tried to give the money to the priest in San Damiano, who, however, refused. Disapproving of Francis's actions, his father summoned him in front of the bishop of Assisi. This was the turning point in Francis's life. Before his father could speak, Francis gave all his clothes back to his father and, taking a cloak offered by the bishop, went to the woods surrounding Assisi.

Francis gave up family ties to embrace a life of poverty and, after hearing mass on the feast of St. Matthias, February 24, 1208, he started preaching. He attracted many followers and, two years later, he led a group of 12 disciples to Rome to seek papal authorization for his Franciscan order. Pope Innocent III finally agreed to the establishment of the order on April 16, 1210. Members of the order did not have possessions, and their main occupation was preaching. Starting from the region of Umbria where Assisi is located, the preachers soon spread throughout Italy as their number rapidly grew.

Francis even ventured outside Italy on several occasions and, in 1219, he arrived as far as Egypt to preach to the Muslims besieged by the Crusaders. The rapid expansion of the order, however, soon provoked internal disagreements that resulted in the full inclusion of the order into the strict supervision of the Catholic Church. In the last years of his life, Francis increasingly retired from active direction of the order, which, he feared, was changing its fundamental character. Before his death, Francis received the *stigmata* (Christ's wounds), the evidence of his longing for a complete union with Christ. He was canonized in 1228, only two

years after his death. Francis wanted to embody what he thought was the fundamental message of Christ: the rejection of earthly wealth and the embracement of poverty.

Poverty is so firmly at the core of Francis's preaching that his contemporaries defined it as his lady or his bride. In his last writing, the *Testament*, Francis defined absolute personal and spiritual poverty as the essential lifestyle of his order. Medieval representations of Francis, such as the pictorial ones made by Giotto, stress the centrality of poverty in the saint's life as he is often clothed with a simple tunic and is barefoot. The figure of Francis has attained such a legendary status that it is difficult to gain critical distance. Throughout the centuries, the persona of the saint has been immune to criticism.

However, Kenneth Baxter Wolf has pointed out how Francis's stress on voluntary poverty did not take into account the idea that the poor could use their own involuntary poverty as a path to heaven. In marked contrast to Francis's poverty, contemporaries were likely to react to involuntary poverty as a symptom of moral deviance. Moreover, Wolf argues that Francis's experiment in poverty had a potentially harmful effect on the level of almsgiving directed toward the involuntary poor. The Franciscan loathing of money prevented the friars from taking a leading role in alleviating urban poverty, but their own mendicant lifestyle also put them in direct competition with other beggars for the charitable donations of the urban elite.

SEE ALSO: Catholic Church; Franciscan Order; Mendicant Orders; Voluntary Poverty; Western Monasticism.

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Franciscan Order

FRANCISCANS ARE members of a Roman Catholic religious order that requires poverty of its members.

The men's or First Order was founded by Giovanni Francesco Bernardone, an Italian mystic and preacher, known as St. Francis of Assisi. The women's or Second Order was first led by Francis's disciple, Clare Offreduccio, who became known as St. Clare of Assisi.

The brothers shall not acquire anything as their own.

The Franciscans were one of four 13th-century orders of mendicant or begging friars, the Franciscans, Dominicans, Carmelites, and Augustinians. Unlike earlier monastic orders, which lived in the solitude of monasteries, Franciscans served active lives within the world, ministering to the needy. Their early ministry, dwelling places, and clothing were those of the poorest and most despised of their day: lepers. Francis wrote several Rules of Life that set out how his followers were to live out their vows. These included:

Earlier Rule VII: "None of the brothers should be administrators or managers in whatever places they are staying among others to serve or to work, nor should they be supervisors in the houses in which they serve. Instead, they should be the lesser ones and subject to all who are in the same house. And they may receive for their work everything necessary except money."

Earlier Rule VIII: "None of the brothers should in any way carry, receive, or have received either money or coins, whether of clothing or books or payment for any work. If by chance some brother has collected or is hoarding money or coins all the brothers are to consider him as a false brother and an apostate and a thief and a robber."

Later Rule VI: "The brothers shall not acquire anything as their own, neither a house nor a place or anything at all."

After five Franciscan missionaries were put to death by the Sultan of Morocco on January 16, 1220, Francis counseled the friars to go gently and humbly into mission lands. Earlier Rule XVI instructed: "One way to conduct oneself in mission lands is to not engage in arguments or disputes, but to be subject to every human creature for God's sake and to acknowledge that they are Christians."

Franciscans were to identify themselves with the marginalized of society by being vulnerable and powerless. Shortly before his death, Francis dictated a *Testament* summarizing the religious ideals he wished to bequeath to his followers: "And those who came to re-

ceive life gave to the poor everything which they were capable of possessing and they were content with one tunic, patched inside and out, with a cord and short trousers. And we had no desire for anything more. And we were simple and subject to all."

As a young man, Francis had led a worldly, carefree life. As a prisoner of war in 1204, he suffered a severe illness during which he renewed his faith. Upon his release, he began performing charities among the lepers and worked on the restoration of dilapidated churches. Francis's change of character and his expenditures for charity angered his father.

He devoted himself to the care of outcasts in the woods of Mount Subasio. In 1208, while restoring the ruined chapel of Santa Maria degli Angeli, he felt a divine call to go out into the world and to follow Christ's instructions in Matthew 10:5-14 to possess nothing but to preach the Gospel through word and deed. Clad in his customary rough garment, barefoot and without a staff or money, he began to preach repentance. He was joined by a prominent fellow townsman, Bernardo di Quintavalle, who sold all that he had, gave it to the poor, then followed. Soon 11 others had joined the group and lived in a deserted lepers' hut.

Innocent III sent Francis off to the pigpen and was impressed by his willingness to obey.

They spent much of their time traveling through the mountainous districts of Umbria, Italy, cheerful and singing, making a deep impression on their listeners by their earnest exhortations and a willingness to work. What seems to have impressed first the Bishop of Assisi, Guido, then Cardinal John of St. Paul and finally Pope Innocent III himself, was their loyalty, and willingness to toil without pay at the worst tasks.

There are a variety of stories concerning the first audience of Francis with the Pope. One holds that Innocent III sent the ragged Francis off to tend the pigpen and was impressed by his ready willingness to obey. At the Pope's instructions, the group elected a leader; not surprisingly, it was Francis. Their growing number came to be known as the First Order. In 1212, Clare was given permission to establish the Order of the Poor Ladies, also known as the Poor Clares, later formalized as the Second Order of Franciscans. In later years, Francis and Clare founded the Third Order, which did not require its members to be celibate priests or nuns, but still required the married couples or widowed to live a

lifestyle of austerity, hard work, poverty, and dependence on charity.

By the time Francis died, the First Order had spread from Italy to England, the Holy Land, and all of Europe. Members were known as the people's preachers. They wore a gray tunic with a white cord at the waist and became known as Grey Friars.

Friar Tuck, the fictional monk who legend says was part of Robin Hood's Merry Men, is usually portrayed as a Franciscan. English philosopher and scientist Roger Bacon was a Franciscan, as were the philosopher-theologians Duns Scotus and William of Occam. Other famous Franciscans include St. Anthony of Padua; Popes Sixtus IV and Sixtus V; Junipero Serra, the founder of the California missions; and Giovanni di Fidanza, later known as St. Bonaventure.

SEE ALSO: Catholic Church; Francis of Assisi; Mendicant Orders; Religion.

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Frank, Andre Gunder (1929–2005)

ANDRE GUNDER Frank was a German economist, historian, and polymath with wide-ranging interests and ideas. He lived and taught at universities across Europe and America, having become used to migration as a way of life when his family fled Germany upon Adolf Hitler's rise to power. His intellectual imagination was characterized by the same desire to cross borders and find new connections that had eluded previous observers. His principal contributions were in the fields of structural dependency and world systems theory.

In Capitalism and Underdevelopment in Latin America, Frank contributed to the emergence of structural dependency theory, which was also exciting economists such as Raul Presbisch. He too pondered the issue of

why some countries were able to dominate the economic activities of others and answered the question by proposing that for a variety of power and politically related reasons, central countries were able to control peripheral ones and ensure that their commodity trade was always conducted on unfavorable terms with the manufactured goods produced in the center. Hence, through accumulation of resources as prescribed by capitalism, the periphery remained perpetually underdeveloped.

In The World System: Five Hundred Years or Five Thousand? Frank was part of the attempt to relocate the center of world history away from the West and to question the extent to which large-scale, extremely long-run core-periphery structures could be discerned in global history. In ReOrient: Global Economy in the Asian Age, Frank argued that the focus on European and Western history was misplaced ethnocentrism. Instead, it should be recognized that until the fortuitous discovery of American silver and the Atlantic slave trade, Western nations were peripheral to the international trading system, which had for centuries been centered on China.

As a result, all existing Western views of development must be incorrect and reinvented. His views were always in the minority in academic articles and his opinions were often dismissed out of hand by some of those whom he considered to be old-fashioned ethnocentrists. In any case, the type of macroanalytical multivariate global history with which Frank was concerned is always vulnerable to charges on methodological bases, since so many variables could be considered and because data are so frequently incomplete. Nevertheless, a number of his previous collaborators and friends rushed into print with highly critical reviews, which he also sought to rebut with some relish.

In one of his last important publications, Frank wrote a two-part article in the *Asia Times* entitled "The Naked Hegemon," in which he argued that the economic policies of the neoconservative George W. Bush administration were so ruinous for the American economy that they would inevitably undermine the grandiose foreign policy it was simultaneously transacting and of which Frank also disapproved. These were just part of a voluminous research and writing output of hundreds of articles, book chapters, reviews, essays, and other scholarly letters. His enormous output was, according to those who knew him, matched by his appetite for life, friendship, and debate. He was married to the social activist and author Marta Fuentes, who died in 1993.

SEE ALSO: Bush, George W. (Administration); China; Prebisch, Raul; Structural Dependency.

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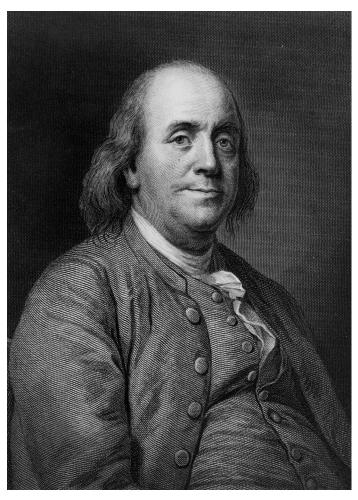
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Franklin, Benjamin (1706-90)

YOUNGEST OF 17 CHILDREN, four of whom died at birth, Benjamin Franklin described his childhood as one of poverty and obscurity. His father worked as a candlemaker and was unable to amass any degree of wealth. At age 10 Franklin was taken out of school to assist his father in the candlemaking craft, an occupation that he disliked. When he was 12, Franklin went to work for his brother, who owned a printing business. Within a few years, unable to tolerate this position, he moved to Philadelphia and found work in the printing business. Following a brief junket to London and work as a typesetter, Franklin was brought back to Philadelphia by a wealthy merchant to work as his personal assistant.

In this position, Franklin made the acquaintance of many influential Philadelphians and in time established his own publishing business. One of the ongoing publications in this business was *The Pennsylvania Gazette*, a newspaper to which he contributed articles and essays.

In 1732, Franklin began one of his most famous publications, *Poor Richard's Almanac*, a series of essays complete with clipped sayings intended to guide people in their daily lives. Franklin continued to publish the *Almanac* for the next 25 years, which brought him recognition and fame throughout the colonies and Europe. The *Almanac* contained innumerable references to the woes of poverty and anecdotes on how to achieve the better life. For example, the 1733 edition includes a saying describing one aspect of poverty, "Light purse,



Benjamin Franklin grew up in poverty and had sage advice for his fellow countrymen on the perils of laziness and lack of ambition.

heavy heart," and another one suggestive of the mindset of someone without food, "Hunger never saw bad bread." Franklin cautions the laggard that "laziness travels so slowly, that poverty soon overtakes him."

In the same vein, Franklin contends that "at the working man's house hunger looks in, but dares not enter," a good example of his basic premise that the industrious individual will succeed. But be aware of the proper attitude, Franklin instructed, and that is clear in this statement: "Pride breakfasted with plenty, dined with poverty, and supped with infamy." Franklin insisted that people choose for themselves their own direction in life and emphasized self-determination in this process. However, he cautions the reader that a proper self-image is essential: "A man wrapped up in himself makes a very small bundle."

Perhaps this saying from the *Almanac* speaks most to Franklin's own experiences in life: "Having been poor is no shame, but being ashamed of it, is." From his

humble beginnings, Franklin achieved stature as a writer, scientist, politician, and successful businessman. His scientific discoveries gained him recognition among the leading scientists in Europe. He founded the American Philosophical Society and a school he started eventually became the University of Pennsylvania. Franklin was instrumental in reforming the domestic postal system and he represented the colonies in dealings with England. He was an outspoken opponent of the British Stamp Act and worked to have it repealed. Franklin traveled widely in France from 1767 to 1775, during which he made important contacts with influential business and governmental leaders. His fame and stature were instrumental in gathering financial and military support from the French in the colonies' struggle against the British.

Franklin gained further insights into poverty during his visits to England. Whereas the colonies were thriving economically, poverty and unemployment were rampant in England. The explanation for the high degree of hunger and poverty in England was attributed to having an overabundance of workers who could not be employed. When asked how the colonies avoided the ravages of poverty, Franklin explained that paper money was issued to the colonists in "proper proportion to make the goods and pass easily from the producers to the consumers." The paper money was known as Colonial Scrip, and in creating it, Franklin stated, "we control its purchasing power and we have no interest to pay to no one."

When the colonial monetary policy was brought to the attention of the British Parliament, that body passed a law in 1751 prohibiting the colonies from using the scrip and to use only the money provided them by the English. An even more powerful law was passed in 1763. As a result of this legislation, unemployment and the beginnings of poverty became apparent in the colonies because the amount of money provided by the British was insufficient to cover the costs of production and consumption.

In response to this legislation and the problems it caused, Franklin wrote that the colonies would have gladly paid a minimal tax on tea and other items had it not been for the poverty caused by the English laws that prohibited the use of Colonial Scrip. In Franklin's view, this was the strongest reason for colonial resentment of England and the ultimate actions resulting in the Revolutionary War.

SEE ALSO: Colonialism; History of Poverty; United Kingdom; United States.

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Fraud

FRAUD IS A FORM OF THEFT in which dishonesty is calculated for advantage. It is theft that occurs when a thief has been able to successfully misrepresent some material fact(s). It involves the distortion or changing of the facts, or the truths connected with a business transaction, or a government transaction, so that the performance of a contract is actually a form of theft.

Fraud can also involve the wrongdoer in an act of masquerading his or her identity, so that the victim is fooled into a financial act that would not be performed if all of the facts were truly known. The result is that the victim of fraud is hurt by the terms of a contract that is misrepresented. In cases of fraud, the thief uses the confidence that has been placed in the thief by the person defrauded. The confidence is gained by the deliberate and intentional inducing of reliance upon representation of the material facts in the situation that allowed for the fraud to take place. Every year many millions of dollars are lost to fraud. The usual loss is money or property. Some victims of fraud are thrown into poverty as a result of the activity.

Fraud can occur in all kinds of businesses and industries, whether for-profit corporations, governmental agencies, or nonprofit organizations. It can also victimize consumers or individuals. There are numerous forms of fraud, some of which are not called fraud, but seduction, or other forms of injury to the innocent party that are the result of lies or misrepresentation presented by the thief.

The concept of fraud began in English common law. Some of the common types of fraud are lying on a contract, forgery, check fraud, counterfeiting, misuse of credit cards, falsifying of information, and personal misrepresentation. In addition fraud often occurs in sales transactions of goods, of securities, or of conveyances (transfers). It also occurs in the writing of wills, the abuse of trademarks and copyrights, the liabil-

ity alleged in products, and even in obtaining consent for marriage. There have been cases where employers have been held liable for fraudulent action on the part of their employees. This rule may also be applied in cases of an agent who violates a trust even if the one who authorized him to act as a trustee was ignorant of his actions. Fraud can also occur because of a failure to speak. Instead of misrepresenting a material fact, the wrongdoer allows a misconception to go uncorrected. There have been cases where people are gullible, superstitious, or ignorant and become the victims of fraud. The courts have allowed them to recover damages even though the claims made by the wrongdoer were patently absurd and contrary to common public knowledge.

Fraud can have both civil and criminal consequences. In civil law fraud is the basis of the tort of misrepresentation. This form of tort is a civil action called deceit. The victim of fraud is entitled to recover not only losses but compensatory damages. It is usually based on one of three measures.

To prove fraud a prosecutor or the attorney for a plaintiff in a civil suit will have to prove that the fraud was deliberately intended and the plaintiff actually believed the misrepresentation. In addition the accused must have benefited from the fraud, and if there was harm done, it must be directly related to the fraud.

The first form of compensatory damage is the "out-of-pocket" measure. This measure is the difference between the price that was paid for an item or a service and the actual value of the item received. For example, if a victim bought an item such as a refrigerator and paid \$1,000 for it, but found that on delivery it was an "equivalent" model that sells for \$800, then the difference, if kept by the seller, was fraudulently obtained money.

A second form of compensatory damage is the "benefit-of-the-bargain" measure. In this case the difference that can be defrauded is the difference between the value of the item as it was represented to be and its actual value. For example if a person bought a diamond ring for \$1,000 and then found that the diamond had been misrepresented in value and that its market value was only \$500, then the victim can sue for the difference that was misrepresented.

A third form of compensatory damage is the cost of doing something, or "make-good" damages. This measure can be used when the misrepresentation costs someone and the extra costs are the result of misrepresentation. For example, if a package vacation to a resort misrepresented the nature of the resort, the meals, facil-

ities, or other features, then the costs incurred could be actionable for recovery. Suppose that the hotel at the resort was so dilapidated or otherwise unacceptable that the vacationer had felt compelled for reasons of safety, sanitation, or sanity to move to another hotel, then the costs could be actionable by law.

Because fraud is a tort that is an intentional wrongdoing it can be punished with punitive damages. The misrepresentation or fraud has to be intentional. Mere recklessness may not be recoverable as a punitive action.

An example of grand fraud was the savings and loan frauds of the 1980s.

Besides the law of torts, fraud usually involves the violation of a contract either implicitly or explicitly. Fraud will change the relationship formed by a contract, so it could lead to rescinding the contract. Rescinding a contract "undoes" or nullifies it. If one party to a contract was deliberately duped by the fraud of the other party to the contract, then the judge in a case can rule that the contract is rescinded and thereby declare it unenforceable.

Fraud may also be the grounds for gaining judicial relief by forcing the restitution of what was lost because of the fraud. Courts can order restitution or restoration of property that was transferred by a victim of fraud to another party. And it may also be grounds for reforming the terms of the contract. This would mean that the terms of the contract could be rewritten to conform to the representations that were made when the contract was originally negotiated. Reformation in the execution of a contract comes from equity law. Reformation is an equitable remedy that allows the court to literally rewrite the contract. The court will then put the contract into wording that does faithfully state what was originally represented.

WILLS OR TRUSTS

Fraud can occur in the writing of wills or of trust agreements. In the latter case, frauds that violate trusts can be embezzlement, which is the unlawful taking of property that the wrongdoer has in his or her possession. It is the fraudulent taking of property that has been given into the care of someone who has been trusted to care for the property. Since fraud is a form of theft, it can be the reason for prosecution in either or both the state and

federal courts. It is a violation of federal law, and all states also prosecute cases of fraud. The crime of fraud occurs when the perpetrator takes title to property under false pretenses. Usually, but not always money is involved.

Another form of fraudulent behavior that is subject to criminal prosecution is called larceny by trick. In this type of case, the offender persuades the victim to transfer possession of property with the intention of stealing it. The victim is tricked into giving away possession of the valuables or property.

The crime of false pretenses is committed by a wrongdoer when title to property is acquired through deceptive persuasion that intentionally defrauds the victim. Often the wrongdoer is a confidence artist who is targeting a victim such as an elderly homeowner. The elderly person will be "sold" a story that her home needs some kind of work done on it, but the work will be shoddy or simply not done, and the victim will be required to pay a large amount for the "work." Crimes of fraud are often ranked by degrees of severity. The punishment will be graduated in severity depending upon the value of the property that was swindled.

There are a significant number of federal laws that punish fraudulent conduct. Among the federal statutes covering acts of fraud are the False Claims Act, the Mail Fraud Act, and statutes that seek to protect the public from securities fraud. The Federal Trade Commission (FTC) has jurisdiction over investigations into consumer fraud. It has the authority to promulgate rules and regulations that define and prosecute consumer fraud. Many states have their own "little FTC acts" that allow for the prosecution of fraudulent business practices. These statutes often allow for treble damages if a conviction is won.

STOCK FRAUD

The various stock exchanges in the United States have existed in some form for almost the entire life of the republic. From time to time the exchanges have been wracked with scandals caused by fraudulent behavior by traders or others involved with the exchange's market. On the other hand there have been corporations, banks, or other institutions that have been looted or victimized by fraudulent activities by managers or corporate raiders.

The high-flying stock sales of the days prior to the Great Depression gave rise to laws against "blue stock" sales. These were shares of stock that were backed with nothing significant in terms of assets, were sold with the

promise that they would rise to reach the sky, but were in reality worth only the value of the "blue sky."

Other grand fraud schemes have been pyramid sales. Charles Ponzi, in 1920, promised that people could double their money in 90 days. In effect his financial plan was a great pyramid scheme, with those in and out early making money, but with the last to come into the scheme becoming the losers.

An example of grand fraud was the savings and loan institutions frauds of the 1980s. Charles Keating, the head of Lincoln Savings and Loan, was one of a number of bankers tried, and in a number of cases, convicted of fraud.

Perhaps the most expensive fraud cases involving American business were those associated with the collapse of the communications company MCI, the energy company Enron, and other global companies. In the Enron case, its accounting firm, Arthur Andersen, went bankrupt as well. The outcome of these cases has been very strict controls. The Sarbanes-Oxley Act instituted very strict measures that require internal controls that will probably prevent fraud by lower levels of management, and negate the claim that upper management was ignorant of their actions. The intention of the provisions of the Sarbanes-Oxley Act is to have controls in place what will detect fraudulent actions early. This form of accounting is called forensic accounting.

Fraud by corporate chieftains has cost billions of dollars and financially injured thousands of employees and citizens. In addition it has destroyed the retirement savings or healthcare packages of many others, especially retirees. In terms of the losses and injuries to the average citizen, the scope has been much greater than cases of welfare fraud. However, critics of welfare often engage in political crusades against social programs in order to end welfare fraud.

WELFARE FRAUD

Welfare is money or in-kind payments made through public assistance programs and includes benefits, food stamps, and policies that help the temporarily needy. Welfare fraud may include obtaining cash assistance, medical assistance, and/or food assistance by misrepresentation of the need.

One notorious case was that of the alleged "welfare queen" who collected welfare checks in her Cadillac automobile. The image of the public being robbed by an African-American woman who was too lazy to work and who was able to easily steal the system blind was determined to be false. She simply never existed. On the

other hand, there have been plenty of cases of people illegitimately collecting welfare payments.

There are organizations dedicated to fighting welfare fraud. These include the United Council on Welfare Fraud (UCOWF). The organization is composed of investigators, prosecutors, administrators, claims writers, and eligibility workers in local, state, or provincial agencies in Canada and the United States. Their goal is to fight fraud, wastes, and abuse in social service programs by detecting and recovering money lost to fraud, and to seeing that those who engage in welfare fraud are prosecuted. Some of these cases will be due to the misrepresentation of the amount of income that a family has. In other cases the time limits for being on welfare are violated.

Among the frauds committed by the poor on welfare is to falsely report that a parent is absent from the household. Or they may intentionally fail to report a change in the household composition, such as a parent being claimed as a resident who is actually not there. Or they may not report real earnings in their statement of income that would affect the eligibility for benefits. If they intentionally fail to report any change in circumstances that would affect their benefits, or if they intentionally receive benefits from two or more states at the same time, fraud has been committed.

Another form of welfare fraud is theft by the people who work in the system.

There have been cases of Social Security fraud where an elderly person's death was not reported and the Social Security Administration continued to pay the benefits, which were used illegally by a relative or a friend. This form of fraud has occurred with the payment of other benefits as well.

Welfare fraud is committed, like all forms of fraud, by only a few people. While all states have some office that is dedicated to the investigation of welfare fraud, it involves only a small fraction of criminal cases. One reason for the emphasis on detecting welfare fraud is to assure the public that the poor on welfare are the "deserving poor" and not indolent exploiters of the system.

Another form of welfare fraud is theft by the people who work in the system. In these cases the public trust is violated. The advent of computers has made it easier at times for welfare workers to manipulate the system by faking a file that does not have supporting documents. One way this is done is to add a fictitious person or child to a welfare unit, but designate the payment to another recipient. The fraud can be committed by the caseworkers by using a loophole in the welfare system. Specifically those who receive welfare through Aid to Families with Dependent Children (AFDC) can designate another person to receive their payments. The phony case files can then take advantage of a bureaucratic glitch to enrich the caseworker. Those convicted can have their assets seized.

Not only are government agencies defrauded by the occasional welfare cheat but so are private agencies. There are numerous charitable and religious institutions that have been lied to by petitioners asking for help. Most pastors of churches have numerous stories about those who came seeking help and who were really not in need but were scamming "the system."

Other victims of fraud may be the elderly on Medicare or Medicaid. There have been numerous cases of overcharging patients, and some convictions of medical providers or insurance companies. This kind of fraud can occur by ordering unneeded medical exams or by charging for tests never done.

FOOLING THE POOR

Other victims of fraud among the poor are the elderly, who are often preyed upon by confidence men. The confidence trickster or "con" attempts to fool the "mark" with a confidence game. The con artist is usually in league with accomplices ("shills"). The game is to encourage the marks to believe that by helping they can be rewarded with money that is dishonestly obtained. Often the game appeals to greed or to the belief in getrich-quick schemes. More than one elderly person with a limited income has lost his savings to a confidence game such as the "pigeon drop."

In the pigeon drop, the pigeon is the mark and is often an elderly person who is enticed to match a sum of money to be held until its owner can be found. However, the pigeon will soon find that her money has been switched for paper and that the "nice people" are gone with the real money.

SEE ALSO: Aged and Poverty; United States; Welfare; Welfare Dependence.

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Free Trade Agreement of the Americas

THE FREE TRADE Agreement of the Americas (FTAA) aims to be a free-trade area among the economies of the Americas. Countries involved in such a free trade agreement will have removed all barriers to international trade and investment among the member nations. The goal is to increase trade and investment flows amongst the member countries. The process of creating the FTAA began when representatives from 34 nations met at the Summit of the Americas in December 1994 in Miami, Florida. Formal negotiations began at the Second Summit of the Americas in April 1998 in Santiago, Chile. At the third Summit of the Americas in Quebec City, Canada, in 2001, the participating nations agreed to conclude negotiations by January 2005 and implement the agreement by December 2005.

The FTAA conducts its negotiations along many different categories: market access, agriculture, government procurement, investment, competition policy, intellectual property rights, services, dispute settlement and subsidies, antidumping, and countervailing duties. The Trade Negotiating Committee (TNC) oversees the groups' negotiations and is responsible for the final agreement. Brazil and the United States cochair the TNC.

For the most part, the effects of regional trade agreements like the FTAA are the same as global trade and investment liberalization. Trade liberalization, whether global or regional, causes shifts in domestic production and employment, possibly affecting wages for some groups of workers. A unique aspect of regional trade agreements is the distinction between trade creation and trade diversion. When a country lowers its trade barriers with respect to all other countries, the general level of trade will increase. This is called the trade creation effect.

In addition to increasing overall trade, regional agreements might also divert trade from countries excluded from the agreement to members in the group. For example, after forming the FTAA, the United States may begin to import more wine from Chile at the expense of French wine. This occurs because French wine prices (including tariffs) are initially lower than Chilean prices (for the same-quality wine); however, the Chilean wine becomes cheaper once tariffs on Chilean wine are removed.

Trade diversion imposes a welfare loss on the importing nation, since it is no longer buying its goods from the lowest-cost producers. Thus, according to traditional trade theory, whether regional agreements increase economic welfare depends on the extent of trade creation relative to trade diversion. The standard theory also makes some predictions about the relative size of these effects. The trade diversion effect is smaller when the member countries' production costs are closer to the price from the original exporting country (that is, when Chilean wine prices are close to French wine prices). Trade creation is greater when the demand for imports is highly responsive to price changes. Given the wide range in levels of development among the member nations of the FTAA, we may expect trade creation to outweigh trade diversion.

Other potential effects of the agreement include the potential employment and industrial shifts generally associated with trade liberalization. In the United States, critics of the FTAA may argue that the agreement will lead to a loss of jobs and a general decline in wages for less educated members of the workforce. Similar arguments were made prior to ratification and implementation of the North American Free Trade Agreement (NAFTA). The empirical research, however, has not found significant impacts along these lines. The FTAA may have a greater impact given the combined size of the South American economies relative to the Mexican economy. On the other side, the trade agreement should lead to an expansion of high-tech sectors in the United

States. Many critics of both the NAFTA and the FTAA believe these agreements will lead to a lowering of environmental and labor standards and ensuing environmental degradation.

Member countries include Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, the United States, Uruguay, and Venezuela.

SEE ALSO: Environmental Degradation; International Trade; North American Free Trade Agreement; Wages.

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Freedom from Hunger

FREEDOM FROM HUNGER is a private organization registered as a charity in the United States. The focus of Freedom from Hunger has been on helping people to access resources necessary for overcoming hunger through their own efforts.

Freedom from Hunger was founded in 1946 as Meals for Millions by businessman Clifford Clinton and Dr. Henry Boorsook, who, at Clinton's urging, was responsible for developing Multi-Purpose Food (MPF), a high-protein powdered food supplement still used in global relief efforts. Meals for Millions was initially founded as a means for distributing MPF in the face of difficulties to persuade government agencies and relief organizations to distribute the food supplement. Over the next decade, Meals for Millions arranged for the distribution of almost seven million pounds of MPF to relief agencies in 129 countries. Beginning in the mid-1950s the organization shifted its focus away from relief

programs and toward the prevention of chronic hunger. While food relief was viewed as a necessary short-term measure against imminent starvation, preventing chronic hunger and malnutrition, which affects many more people, requires a longer-term approach. Meals for Millions came to recognize that central to such a relief approach is the activity of hungry people themselves.

In the early 1970s, Meals for Millions directed its efforts toward implementing Applied Nutrition Programs, which prioritized the health and nutrition of mothers and children. In 1979 Meals for Millions merged with the American Freedom from Hunger Foundation. An initiative of the John F. Kennedy government designed to provide popular education about issues related to hunger and to encourage public participation, the foundation had previously raised funds for Meals for Millions.

The newly structured organization focused on addressing the needs of poor people in rural areas where the extent of poverty is often greatest and resources are lacking. In 1987 the name *Freedom from Hunger* replaced *Meals for Millions* as an expression of the organization's focus on poverty globally and in recognition of the need to reach more than millions, given the growth of poverty since the 1970s.

In 1988 Freedom from Hunger developed the pioneering Credit with Education program, an integrated program combining microcredit financing with health and nutrition education. This program is based on the principle that people want to be active participants in change rather than recipients of charity. Credit with Education is intended to provide information to help people improve their situations while also providing some of the resources to do so.

Freedom from Hunger helps small groups of women gain small loans of approximately \$75 per woman and provides a place in which the money can be safely saved. Under the program women are encouraged to use the money to start small businesses such as food or craft production for sale. Credit with Education runs weekly meetings at which the women are provided with information about health, nutrition, and family planning, as well as business advice.

The Credit with Education program is provided to more than 309,000 poor families. More than 20 local organizations have been trained by Freedom from Hunger to establish services for poor rural communities. Freedom from Hunger has worked to develop Credit with Education partnerships in at least 16 countries, including Benin, Bolivia, Burkina Faso, Ecuador,

Ghana, Guatemala, Haiti, Honduras, Indonesia, India, Madagascar, Mali, Peru, the Philippines, Togo, and Uganda.

Critics of such microcredit and microbusinesses argue that these programs do little to impact systemic inequality and poverty, relying on a business model that focuses on hunger "one family at a time," as Freedom from Hunger suggests. There are also concerns about the fact that women are required to repay their loans with interest and that education programs begin after loan repayments begin. Additionally, there are questions about the impact of business competition and the pressures of loan repayment on already deprived communities and local social relations.

SEE ALSO: Food for the Hungry; Food Research and Action Center; Foods Resource Bank; Hunger; Microcredit.

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French Revolution

The French Revolution of 1789 is one of the most important events of the modern world. Inequality in French society was a major factor behind the revolution. The popular aphorism that "nobles were to prey, clergy were to pray, and people were to pay" sums up the condition of the people in general on the eve of the French Revolution. Class division was endemic in the contemporary societies of Europe, but in France the gap between the rich and the poor was increasing day by day. A decadent feudal order was clinging to its privileges, while the cry of the *philosophes* (philosophers) was "equality, liberty, and fraternity."

Nobility and clergy formed the two higher echelons of the society, and the rest were commoners, a heterogeneous group consisting of artisans, the bourgeoisie, urban poor, laborers, lawyers, intellectuals, and shop-keepers. Even among the aristocracy, there was division over power and wealth, and when the revolution occurred, the "unprivileged" elite like the lower clergy

joined the mainstream. The *ancien régime* (ancient regime) could not check the spontaneous outburst of anger against poverty and oppression. The term *sansculottes* (without knee-breeches) was applied to the poorer sections of rural and urban areas.

On the whole, the commoners constituted about 95 to 97 percent of the population and the peasants formed the majority of this group. The proportion of the whole population engaged in agriculture in France in the 1750s was about 60 percent. They indulged in cultivation or work on vines after getting land either on rent or lease from the higher section of the society. The *métayers* (sharecroppers) shared with the landlord half the produce. It was this bulk of people who were reeling under poverty in France because of atrocious taxes, a nonchalant royalty, and rising prices.

The corvée, a kind of unpaid labor for making the roads or alternatively making payments, was in existence. There were also the taille (direct tax on personal income), gabelle (salt tax), aides (excise duty on wines), and vingtième (a tax levied on income, "twentieth" tax) on the commoners. The higher two classes were exempted from the tax burden, which was paid by cultivators, wage earners, shopkeepers, artisans, and the professional classes.

An array of taxes like charges for bridges, roads, markets, and transfers of land also was prevalent. These dues made life miserable for the general masses, who were paying higher prices for the cost of goods purchased. Grain prices had increased by about 60 percent. For the common people, escalation of prices by 65 percent, along with wage increases of 22 percent between 1785 and 1789, worsened the economic condition. A cultivator could keep only 18 francs for himself out of the total earning of 100 francs. The land was producing less and the portion cultivated grew less. The diet of an ordinary peasant in the country consisted of black bread and roots. The métayers had to sell household goods out of poverty. Many burned the bedsteads for protection from the cold. The gradual transformation of society from agricultural to industrial resulted in a loss of jobs. Cities like Paris were getting overcrowded with the hungry because of migration from rural areas as a result of poverty. But they could not get any work. The scarcity of food, bad harvests, and the increase in the price of bread were making people's lives miserable. The poor artisans of Paris became the politicized group because of a high literacy rate.

The artisans and workmen, who were at the mercy of rich businessmen controlling commerce, lived on a bare subsistence level, eating buckwheat and drinking water. Many died of cold and became sick because of the lack of a proper diet. In the 1770s, about one million people were classified as beggars.

In 1789, the wave of discontent became aggravated because of bad harvests resulting in the soaring price of bread, the staple diet. There were frequent food riots, with bakeries and grain convoys as the target of attacks. Industry was hit by rising unemployment in the textile centers of France. The cultivators, artisans, and workers were directing their anger at the vestiges of the ancient regime, and the common bond among them was poverty.

In the 1770s in France, about one million people were classified as beggars.

Poverty also goaded women to raise their voices. The women of Paris seized shops, distributing goods to the people at *le prix juste* (fair price). In the *cahiers des doléances* (list of grievances) of 1788, the market women had registered their protest against social injustice and demanded improved work conditions.

On October 5 and 6, 1789, about 6,000 women marched to the palace of the French king, Louis XVI (reign period 1774–92) at Versailles to demand bread. The family of the king became virtual prisoners in the palace, and the procession to Paris of "the baker, the baker's wife, and the baker's boy" aptly reflected the anger of the masses affected by poverty.

The National Assembly (June 17, 1789–September 30, 1791) abolished feudalism and ended the privileges of the nobility and clergy on August 4, 1789, and the Civil Constitution of the Clergy of July 12, 1790, ended the dominant position of the church. The French Revolution not only had been against despotism, but also was directed against the inequality of society.

SEE ALSO: Class Analysis of Poverty; Class Structure; Feudalism; France; Wealth Inequality.

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Friedman, Milton (1912-)

"FOR HIS ACHIEVEMENTS in the fields of consumption analysis, monetary history and theory, and for his demonstration of the complexity of stabilization policy" Milton Friedman of the University of Chicago received the Nobel Prize in Economics in 1976. Friedman's name is chiefly associated with the renaissance of the role of money in inflation and the consequent renewed understanding of the instrument of monetary policy. This strong emphasis on the role of money should be seen in the light of how economists—usually advocates of a narrow interpretation of Keynesian theory—had almost entirely ignored the significance of monetary policy when analyzing business cycles and inflation.

As far back as the 1950s, Friedman was a pioneer in the well-founded reaction to the earlier post-Keynesian one-sidedness. And he succeeded—mainly thanks to his independence in initiating a very lively and fruitful scientific debate that has been going on for more than a decade. In fact, the macroeconometric models of today differ greatly from those of a couple of decades ago as far as the monetary factors go, and this is very much thanks to Friedman. The widespread debate on Friedman's theories also led to a review of monetary policies pursued by central banks in the United States. It is very rare for an economist to wield such influence, directly and indirectly, not only on the direction of scientific research but also on actual policies.

Friedman has carried out a number of studies, which, scientifically speaking, are both original and weighty in support of his analysis of the role of money. His empirical studies of the relationship between increase in the supply of money and the consequent changes in incomes and prices thus were founded on a new formulation of the theory of demand for money or liquid resources. His findings on the comparatively great relevance of the quantity theory in explaining developments are, in fact, built on the premise that the demand for money is very stable.

From a purely scientific point of view, Friedman's other achievements are of great interest. Of primary

importance here is his refashioning of the theory of consumption based on the hypothesis that "permanent income," and not year-to-year income, is the determining factor when assessing total consumption outlay. He makes the extremely valuable distinction between the temporary and more permanent incomes of households; Friedman has demonstrated that a much greater proportion of the former type of income is saved than the latter.

Friedman was the first to demonstrate that the accepted assumption of a simple trade-off between unemployment and the rate of inflation was only a temporary phenomenon; on the longer term (more than five years), no such trade-off exists. Unemployment below a structural level of balance thus leads, according to Friedman's theory, to a cumulative increase in prices and wages mainly on account of the destabilizing influence exerted by expectations.

Friedman has demonstrated how both prolonged "effect-lags" and those of varying lengths—of changes in the supply of money, for example—can have a destabilizing effect. The conclusion he draws for economic policy from these findings has been the subject of lively debate. To put it briefly, it is that monetary policy should be simplified and that its goal should be to ensure a long-run stable growth rate of the supply of money. Friedman was among those who first realized—and could explain—why the Bretton Woods system, with relatively fixed rates of exchange, was due to break down sooner or later.

SEE ALSO: Capitalism; Economic Definitions of Poverty; Fiscal Policy; Laissez-Faire.

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Fuel Poverty

IN ENGLAND *fuel poverty* is a term used to define a poverty condition in which the economic resources are not available to purchase enough fuel to keep a household warm. The term is also used on the continent of

Europe. The idea of fuel poverty is present in North America, but it is not a widely used term. A household in England is considered to be fuel-poor when it has to spend more than 10 percent of its income on fuel. This includes not only fuel for heating, but also for heating water, cooking, lighting, and using electrical appliances. In addition the money spent on heating must be enough to reach a temperature of 21 degrees Centigrade (or 69.8 degrees Fahrenheit) in the living room, and 18 degrees Centigrade (64.4 degrees Fahrenheit) in other rooms. If a household has to spend more than 20 percent of its income on fuel, then it is considered to be an example of severe fuel poverty.

Income for a household is calculated as the amount that is necessary to both rent (or pay a mortgage) and heat the dwelling. The National Right to Fuel Campaign in England has proposed that disposable income available after meeting housing costs should be the income used for considering the financial conditions in a household for defining fuel poverty.

The consequences for a household that is experiencing fuel poverty can be very serious. It damages the health of those in the household, where there is not enough fuel available for properly warming living spaces. The quality of life can be so severely affected that the weak—children, the disabled, the chronically ill, and the aged—are made vulnerable to illness and death.

Fuel poverty is an important contributor to death in England and in Europe. In England more people die each winter of fuel poverty than perish from the condition in the rest of Europe.

In 1996 and again in 2001 the English House Conditions Survey was conducted in order to assess the problem of fuel poverty. It found that there were 4.3 million fuel-poor households, with all housing costs included as income. In addition there were 6.8 million fuel-poor households using the disposable-income method, with the housing costs excluded.

In 2004, improvements had reduced the number of households experiencing fuel poverty. In England alone there were 1.4 million households defined as fuel-poor. In the remainder of the United Kingdom (Wales, Scotland, and Northern Ireland), there were an estimated three million fuel-poor households. However, floating fuel prices can rapidly change the situation.

Several factors contribute to fuel poverty. These include a simple lack of money for buying fuel to heat a home or residence, rapid rises in the price of fuels, poor energy efficiency of the heating equipment, and inade-

quate weather-proofing in a home or apartment may be such that much of the heat is lost.

Low incomes are a major cause of fuel poverty. The fluctuations in employment conditions may cause some people to become unemployed, and without income from their former job they lack the money for fuel. People in many places in England simply lack the money needed to buy fuel. There is the additional problem that even with the most prudent management of household resources, funds for fuel may not be available. Fuel-price instability can also severely impact households. Rising fuel prices (such as was the case in the fall and winter of 2005), whether electricity, coal, natural gas, or heating oil, can easily destroy a family budget no matter how careful financial planning may be.

In England alone there were 1.4 million households defined as fuel-poor.

A major cause of fuel poverty is the inefficiency of the heat exchange in homes. All dwellings "breathe" or exchange the air inside with the air outside. Usually there is a complete exchange every hour or so. The exchanges cleanse the air in the dwelling. However, the rates of exchange can be too high, leading to significant heat loss. In the winter, housing materials usually contract, so that the fit of its various parts is looser than during the summer. This allows greater amounts of air to be exchanged between the inside and outside of the dwelling; this means that heat escapes.

If a photograph were taken of a dwelling with infrared film it would show the hot spots where the heat is escaping. These would be the places where additional insulation or weather-stripping is needed in order to prevent heat loss. In order to save energy all dwellings need to be thoroughly insulated.

The cracks in floors, around doors and windows, and through the roof allow air to enter, while heat escapes. The energy efficiency of an apartment or home can be greatly improved at a relatively low cost. Windows and doors can be caulked and weather-stripped to reduce the flow of cold air. Storm doors and storm windows can be used to seal openings, by creating a deadair space between the inside windows and the outside storm windows. Storm windows and doors can also reduce condensation, reduce ultraviolet (UV) light in the summer, and increase the heat in winter and significantly cut energy costs. Since windows can account for 25 percent of the heating loss in a home, good insula-

tion of windows is an important way to reduce the threat of fuel poverty.

Insulation in attics can be of several kinds. Blown insulation is usually cellulose, fiberglass, or rockwool. It is blown into the attic with a blower so that it creates a thick blanket of dead-air spaces that provide insulation. Blowing in the insulation increases the probability that all of the cavities will be filled. Insulation in thick matted rolls is also readily available. This material can usually be installed by the homeowner. Good insulation and weatherization of a dwelling cost money, but it yields very significant reductions in heating costs.

In the United States there have been, since the Arab oil crisis following the 1973 Arab-Israeli War, numerous weatherization programs. Some of these have been sponsored by the federal government as subsidy programs for the poor. Others have been sponsored by state governments or by the power utilities themselves.

Elsewhere in Europe fuel poverty is addressed less actively than it is in England.

Since the 1970s the cost of a furnace has remained about the same in terms of the number of dollars it takes to buy a furnace. However, the furnaces available in the first decade of the 2000s are much more efficient. Their greatly increased efficiency means that the cost of heating has not risen as sharply as it would have otherwise, because it takes less fuel to produce the same amount of home heat. Programs to replace old furnaces exist in some locales.

Among the programs are subsidies for fuel costs to the poor. In addition most utilities have a voluntary giving program that allows more prosperous homeowners to donate to a fund for helping people experiencing fuel poverty. These programs are usually well advertised by the power companies in order to encourage donations.

Most power companies have promoted weatherization programs to reduce the cost of fuel consumption. Access to these programs is usually readily available to the poor. Groups like the American Association of Retired Persons (AARP) have promoted energy efficiency in furnaces and heaters, as well as programs for advancing weatherization. As the major voluntary association advancing the interests of retirees, AARP provides information on weatherization programs sponsored by both the federal and state governments.

The American approach is in keeping with American traditions of self-help and volunteerism. In con-

trast, meeting the problems of fuel poverty in England and Europe is usually approached as a public policy initiative.

The English National Right to Fuel Campaign was launched in 1975. Since then the government and numerous groups have worked to define, identify, and seek solutions to the problem of fuel poverty. Defra (the Department for Environment, Food and Rural Affairs) is a government agency that works to balance the essentials of life—food, air, land, water, people, animals, and plants. Fuel poverty is one of its concerns.

In 2003 the British government issued an "Energy White Paper" in which it presented its key energy policy goals and the strategy to achieve them. The central commitment of the government is to ensure "that every home is adequately and affordably heated" by the years 2016–18. The goal is not a moral promise, but rather is a practical goal to be achieved as soon as possible. The British government's various agencies have developed policies and programs for meeting the targets. Among these policies is the Decent Homes Standard. All homes controlled or regulated by the government are mandated to meet the target of being adequately heated by 2010.

The English medical system has alerted physicians to identify patients who seem to be ill because of poor household heating conditions. Once identified, their condition of fuel poverty will be addressed. The government also has a program, Warm Front, for reducing fuel poverty in the private sector of England. The name of the program was changed in June 2000 to the Home Energy Efficiency Scheme. The program provides insulation and heating measures necessary for meeting the needs of poor households. The work on eliminating fuel poverty in England has also required the use of innovations to create sustainable energy supplies and at the same time to reduce pollution.

Elsewhere in Europe fuel poverty is addressed less actively than it is in England. In Ireland it is estimated that 10 percent of the households are affected by fuel poverty. Fuel poverty is mostly found in Ireland in households where there is a single parent or the adults are unemployed. It is estimated that there are annually 2,000 deaths each winter in Ireland because of fuel poverty.

In some southern European countries, notably Greece, Spain, and Portugal, little has been done to deal with the problem of fuel poverty. Activists have argued that there needs to be a massive program of subsidized investment made in the heating equipment of the poor. If the old stoves or furnaces of the poor in these coun-

tries were retrofitted, there would be an enormous savings in fuel costs. Also the negative health consequences of fuel poverty would be greatly reduced.

SEE ALSO: Endemic Poverty; Family Budgets; Income Poverty; Inflation; Natural Disasters; United Kingdom; United States.

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WORLD POVERTY



G-8

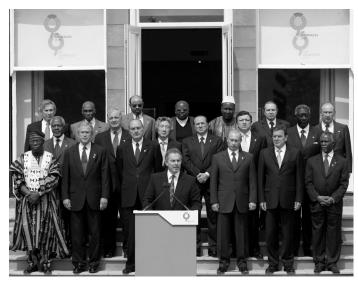
G-8 SUMMITS ARE THE annual meetings of the government leaders of the major industrial countries. The G-8, which was known as G-7 before Russia joined it as the eighth country, functions as a forum where heads of state can discuss economic, political, and financial issues of mutual interest and attempt common strategies.

Yet, with the rise of the antiglobalization movement in the 1990s, these summits have been widely contested. They have become the symbol of economic injustice and of those free-market policies that antiglobalization militants fault for reinforcing world poverty. Opposition groups to the G-8 have voiced their hostility to what they consider undemocratic meetings controlled by big corporations, demonstrating in large parades that have sometimes caused urban riots and violent clashes with police forces.

G-8 meetings have come to represent the central discrepancy of global economy: the huge decentralization of production processes, often moving to developing countries where manpower is cheaper, child labor can be exploited, and workers' rights are nonexistent is implemented through a simultaneous centralization of command and control processes in rich economies.

The G-7 was originally formed in 1976 when the leaders of the United Kingdom, France, Germany, Italy, Japan, the United States, and Canada met in Puerto Rico to discuss the efficacy of their economic and financial policies. The following year, the European Community (now European Union) was invited to take part in the meetings. Russia was first asked to participate in political discussions in 1994 and became a full member four years later, thus turning the G-7 into the G-8. The annual meetings of the G-8 take place in the home country of its chair, which is assigned on a rotating basis among the member states. The summits were originally intended to support economic growth and retain stability in the international financial markets. Yet, with the rise of globalization, the meetings have stressed the increased interdependence of markets and economies, with their goals shifting to the improvement of the cooperation among the G-8 member countries. Enhanced cooperation was soon perceived as the only way to ensure the efficient functioning of the different national economies.

In the late 1980s, such dramatic events as the Iran-Iraq war, the Chernobyl nuclear disaster, the Tiananmen Square massacre in China, the Gulf War, and the fall of communist regimes in eastern and central Eu-



The 2005 G-8 Summit, with the eight leaders and accompanying dignitaries behind British Prime Minister Tony Blair.

rope have made political issues just as central to G-8 summits as economic ones. The scope of G-8 meetings has expanded even more in recent years to include international political and social issues such as debt-relief to developing countries, the threats of terrorism worldwide, and organized crime, environmental, and health-care problems.

Poverty in developing countries has become an increasingly central issue in G-8 summits since 1996. The G-8 meeting in Lyon, France, that year witnessed the creation of the New Partnership for Africa's Development (NEPAD), which stated that industrial countries should support developing countries in their industrial development and in the transition to a global market economy.

In 1999, the discussion on debt relief led to the Cologne Debt Initiative to relieve heavily indebted poor countries (HIPCs) from unsustainable debt. The strategies of the Cologne agreement were twofold. G-8 members decided to increase the official development assistance (ODA) to indebted countries while, at the same time, endorsing attempts for economic and political democratization. In 2002, the G-8 devised the Africa Action Plan, which commits the eight members to apply NEPAD provisions.

According to the Africa Action Plan, G-8 members should provide considerable financial aid to those African countries that have implemented institutional and structural reforms to strengthen democracy and a free-market economy. These plans to reduce poverty are always accompanied by suggestions that developing

countries liberalize large sectors of their economies and encourage private investments.

Since the 1990s, G-8 summits have been widely contested by the antiglobalization movement, which includes a diverse coalition of environmental groups, church and labor organizations, left-wing parties, and nongovernmental organizations (NGOs).

Antiglobalization activists point out the antidemocratic composition of G-8 summits, whose delegations are not elected by the people, and represent only a small number of countries. A few heads of state, critics claim, make decisions that will affect the entire world. In addition, the G-8 has become a symbol of the free-market economy. Thus, to many, in spite of its plans to fight poverty, it represents all those policies that have led to the heavy indebtedness of developing countries. The critics of economic globalization argue that the G-8 embodies such a process, one that has left out many disadvantaged groups and entire nations, reinforcing poverty and economic inequalities. To antiglobalization organizations, G-8 meetings are instrumental to big corporations to keep their hold on the global economy and use international financial institutions such as the International Monetary Fund and the World Trade Organization (WTO) to support their neoliberal policies.

G-8 plans against poverty have been described as timid and ineffectual. Corporations opening industries in developing countries often exploit the cheap labor force in those nations. While until the mid-1990s, Western investments in the Third World were considered as a first step to fight poverty, antiglobal activists are now seeking to show consumers how the alliance between corporate investment and many governments in the developing world is predicated on a mutual human rights violation.

The underlying assumption that increased foreign investment would lead to increased democracy in developing countries is exposed as an apparent lie, according to critics. On the contrary, big business frequently relies on local police and armed forces to quench any sort of peaceful demonstration and to evict peasants from lands needed by foreign conglomerates. The perceived alliance between the G-8 and corporate power has provoked anger against the annual summits. Since the 1999 protests against the WTO in Seattle, Washington, mass demonstrations have characterized the meetings not only of the G-8, but also of the International Monetary Fund, the World Economic Forum, and the World Bank.

These protests have sometimes degenerated into veritable urban riots, raising controversial debates

about police and protester violence. In the activists' eyes, the closure of areas in the vicinity of certain summits represents the Western impulse to fence itself off from poor countries. In the case of the riots that exploded in Genoa, Italy, in 2001, evidence suggests that the police fomented violence, infiltrating armed criminals within the demonstrators.

To counter the accusations of limited democracy, the 2005 G-8 Summit at Gleneagles, Scotland, tried to present a more inclusive image by inviting leaders from African nations as well as Latin American ones. It also coincided with Bob Geldof's next edition of Live Aid, Live 8, a series of rock concerts throughout the globe to raise popular awareness of world poverty. It still remains to be proven how effective G-8 measures are in countering world poverty.

SEE ALSO: Debt Relief; G-8 Africa Action Plan; Globalization; International Monetary Fund; Live Aid; Neoliberalism; New Partnership for Africa's Development; World Bank.

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G-8 Africa Action Plan

IN 2002, AT THE G-8 SUMMIT held in Alberta, Canada, leaders of the G-8 countries (France, Germany, Italy, Japan, the United Kingdom, the United States, Canada, and Russia) adopted an Africa Action Plan (AAP). The plan was devised to enable G-8 nations to provide support for the New Partnership for Africa's Development (NEPAD), a newly launched program initiated by leaders of five African nations (Algeria, Egypt, Nigeria, Senegal, and South Africa).

The Africa Action Plan establishes out how each of the G-8 partners, together or individually, will enhance its engagement with African countries in support of NEPAD's fundamental objectives. The G-8 Africa Action Plan includes over 100 specific commitments, which mirror the priority areas identified by NEPAD as the means to attain sustainable growth and eliminate poverty in Africa.

In the Africa Action Plan, G-8 partners reaffirm the need for broad partnerships with countries throughout Africa to address core issues of human dignity and development. The fundamental premise is to enter into enhanced partnerships with African countries whose performance reflects the NEPAD commitments, including a political and financial commitment to good governance and the rule of law, investing in people to help build human capacity, and pursuing policies that spur economic growth and alleviate poverty.

MAIN POINTS OF THE AFRICA ACTION PLAN

- 1) An agreement to develop a plan for peacekeeping in Africa, since security is essential for community development. Greater security will likewise enable national development and greater foreign investment. The goal is to ensure that by 2010, African regional and subregional organizations are able to prevent or resolve violent conflicts on the continent effectively. The AAP calls for African governments to develop frameworks for regulating and making transparent the activities of international arms brokers and traffickers, to take active engagement to eliminate the flow of illicit weapons to Africa, and to broker peace countries are to develop measures to ensure greater accountability and transparency with respect to the import or export of Africa's natural resources from areas of conflict.
- 2) The expansion of capacity-building programs related to political governance in Africa, including support for African efforts to ensure that electoral processes are reliable and transparent and that elections are conducted in a manner that is free and fair in accordance with NEPAD's commitment to uphold and respect "global standards of democracy." There is a call to intensify international efforts to facilitate the freezing of illicitly acquired financial assets and for the return of previously illegally expropriated resources to the affected nation. The plan calls for development of programs to assist African countries in their efforts to combat money laundering and the financing of terrorist groups with unlawfully obtained monies.
- 3) A commitment to improve global market access for African exports by tackling trade barriers and farm subsidies that hinder Africa's competitiveness in the world market. The idea is to work toward the objective of duty-free and quota-free market access for all products originating from the Least Developed Countries

(LDCs), including African LDCs. The AAP calls for work toward enhancing market access—consistent with WTO requirements—for trade within African free-trade areas or customs unions and work to help African nations increase and stabilize agricultural productivity and develop water resource management systems.

4) The goal of spending half or more of the G-8 share of the \$12 billion per year in increased Official Development Assistance (ODA), which means at least \$6 billion per year in new resources will go to Africa. The plan calls for increasing the use of grants rather than loans for the poorest debt-vulnerable countries, and providing up to an additional \$1 billion to meet the projected shortfall in the highly indebted poor countries (HIPCs) initiative.

5) Significantly increase the support provided by bilateral aid agencies to basic education for African countries with a strong policy and financial commitment to education and improved information and communication technology. The idea is to provide scholarships and other educational support for African girls and women, work with the pharmaceutical industry to make lifesaving drugs more affordable in Africa, and act with African countries and other stakeholders to ensure effective distribution of antiretroviral (ARV) drugs—especially with respect to HIV/AIDS and other communicable diseases. Plans for other medical interventions call for help in providing the resources needed to eliminate polio by 2005; continue funding and support for the Global Fund to Fight AIDS, Tuberculosis and Malaria; and helping Africa enhance its capacity to participate in and benefit from the Fund.

The key priority of NEPAD is to attract Foreign Direct Investment (FDI) in energy, agriculture, communications, and human resources. NEPAD's supporters hope that with an annual \$64 billion in public and private investment, a Gross Domestic Product growth rate of seven percent could be secured in participating countries. Under the terms of NEPAD, African countries guarantee good governance in return for financial aid. To guard against corruption, a system of peer review is proposed to monitor African countries' deployment of funds and progress toward good governance. The limitations of G-8 support are that the pledges of aid fall far short of Africa's financing needs, and they do not compensate for the steady decline in aid to Africa since the mid-1990s. The new monies are highly conditional and are restricted to those countries that meet the G-8's political and economic criteria.

The responses of African nongovernmental organizations (NGOs), unions, and intellectuals to NEPAD

largely criticize its neoliberal paradigm for being very much the language of the industrialized countries, particularly the G-8. NEPAD follows the same neoliberal principles that have come under heavy criticism by civil society worldwide, policies that are responsible for increasing gaps between the rich and the poor and that have resulted in economic disasters. Despite the recognition of the central role of the African people, civil society has not played any role in the conception, design, and formulation of NEPAD. A few African leaders, in consultation with G-8 leaders, developed NEPAD. Critics contend that NEPAD adopts social and economic measures that contribute to the marginalization of women and the poor and does not question the global economic system that plays a major role in Africa's continued marginalization.

With respect to Africa's external debt, NEPAD's proposal for debt relief represents a significant step backward from what the Jubilee movement in Africa continues to demand: 100 percent cancellation of low-income country debts without structural adjustment conditions, plus the assessment and cancellation of illegitimate debts that have their origin in apartheid and military dictatorships.

Many NGOs conclude that NEPAD is rather a continuation of the highly questionable Structural Adjustment Programs (SAP), now including privatization of public services such as water and electricity supply or health services.

SEE ALSO: Debt Relief; G-8; Disease and Poverty; Jubilee 2000; New Partnership for Africa's Development.

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Gabon

THE GABONESE REPUBLIC is a country in western Africa with significant poverty, despite abundant oil and mineral reserves. Gabon's small population and oil revenues contribute to one of the highest per capita incomes in the region. Its Gross Domestic Product (GDP)

in 2004 was \$5,900 per person, which is four times that of most sub-Saharan African countries. There is a widening gap between the rich and poor, however. Approximately 80 percent of Gabon's population are classified as poor by Gabon's Department of Statistics.

Traditional sources of income in Gabon are timber and manganese production. The discovery of oil off the Gabon coast in the early 1970s led to a significant increase in the country's national income. Poverty remained widespread despite reductions in its severity. Oil revenues reduced extreme poverty from more than half of Gabon's population in 1968 to 11 percent in the early 1990s. Most of Gabon's population remains below the poverty line and people in rural areas have extremely limited access to basic social services. In spite of Gabon's abundance of natural resources, burdensome foreign debt and questionable leadership have hindered its economy. Gabon's foreign debt has made it difficult to devote significant financial resources to poverty reduction programs and economic development.

In October 2000, the IMF granted Gabon \$119 million of standby credit.

Developed nations and international organizations have worked with Gabon to reduce its poverty and improve the economy. Most of this aid has been conditional on improved fiscal discipline by the Gabonese government and agreements to privatize much of the publicly owned businesses. In 1994-95, the International Monetary Fund (IMF) provided a one-year standby arrangement. In late 1995, the IMF began a three-year Enhanced Financing Facility (EFF) at nearcommercial rates. France provided Gabon with significant financial support in January 1997 after Gabonese leaders met IMF-mandated economic targets for mid-1996. Later in 1997, the IMF criticized the Gabonese government for overspending on off-budget items, borrowing too much from the country's central bank, and failure to keep the schedules for privatization and administrative reform. In October 2000, the IMF granted Gabon \$119 million of standby credit.

Gabon rescheduled the payment of its official debt by signing an agreement with the Paris Club in December 2000. The Paris Club is an informal group of creditor countries that work to find sustainable solutions to the debt repayment difficulties of debtor nations. Gabon signed an additional debt repayment agreement with the United States in December 2001. Further IMF standby arrangements and Paris Club debt rescheduling occurred in 2004 and 2005.

The Gabonese government began a \$2.9 million antipoverty program in January 2002. This included laws to fight corruption and the embezzlement of public funds. Fiscal mismanagement remains a problem in Gabon. In spite of official priorities to reduce poverty and reinforce state institutions, Gabon's 2003 budget included the construction of a senate building, presidential palace renovation, and vehicle purchases for members of the government. Critics claim the Gabonese government needs to introduce new technologies, improve the country's infrastructure, and train female farmers in order to effectively combat the nation's poverty.

Human Development Index Rank: 123 Human Poverty Index Rank: Not included.

SEE ALSO: Corruption; Debt; Debt Relief; Privatization.

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Galbraith, John Kenneth (1908-)

JOHN KENNETH GALBRAITH was born in Ontario, Canada, and studied at the University of Toronto, the University of California, and Cambridge University. He immigrated to the United States in 1931 and became an assistant professor of economics at Princeton University in 1939. After holding a number of administrative positions, he became Paul W. Warburg Professor of Economics at Harvard University, a chair he held from 1949 to 1975. A politically active liberal Democrat, Galbraith became an adviser to Adlai Stevenson and Presi-

dent John F. Kennedy. Kennedy appointed him U.S. ambassador to India (1961–63) during the Chinese-Indian border conflict.

Galbraith has written many books in economics, and has also published works of fiction and nonfiction in other fields. His best known works are American Capitalism (1952); The Great Crash (1955); The Affluent Society (1958); The Liberal Hour (1960); Made to Last (1964); The New Industrial State (1967); The Triumph (1968); Ambassador's Journal (1969); Economics, Peace and Laughter (1972); "Power and the Useful Economist," American Economic Review (1973); Money (1975); The Age of Uncertainty (1979); Annals of an Abiding Liberal (1979); A Life of Our Time (1981); The Tenured Professor (1990); A Journey Through Economic Times (1994); and The Good Society: The Human Agenda (1996).

Some critics of the Kennedy and Lyndon Johnson administrations say Affluent Society most likely contributed to the War on Poverty being a disastrous government spending policy first brought on by Kennedy and Johnson. The main content of the book was not really the affluence of society. A major theme was the alleged contrast between private affluence and public squalor. Although the thesis was not astoundingly new, having long been argued by others, Galbraith's attack on the myth of "consumer sovereignty" went against the cornerstone of economics and, in many ways, the culturally hegemonic "American way of life."

The New Industrial State expanded on Galbraith's theory of the firm, arguing that the orthodox theories of the perfectly competitive firm fell far short in analytical power. Companies, Galbraith claimed, were oligopolistic, autonomous institutions vying for market shares (and not profit maximization), which wrested power away from owners (entrepreneurs/shareholders), regulators, and consumers via conventional means (such as vertical integration, advertising, and product differentiation) and unconventional ones (such as bureaucratization and capture of political favor).

Naturally, these were themes already well espoused in the old American institutionalist literature, but in the 1960s, they were apparently forgotten in economics. The issue of political capture by firms was expanded upon in his book *Economics and the Public Purpose*, published in 1973. But new themes were added, notably public education, the political process, and stressing the provision of public goods.

Galbraith is more or less influenced by the economist John Maynard Keynes for the relevance of government intervention to correct market failure when it is needed. There is an inbuilt public choice approach in

Galbraith's analysis of economics, like J.M. Buchanan's and others'.

SEE ALSO: Economic Liberalization; Johnson, Lyndon (Administration); Kennedy, John (Administration); Public Goods; War on Poverty.

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Gambia

GAMBIAN POVERTY HAS BEEN on the rise since 1993, coinciding almost exactly with the rise to power of Yahya Jammeh, who has been president of the country since 1994. Today over 60 percent of the Gambian population live below the national poverty line. Poverty is largely concentrated in rural regions and the eastern half of Gambia. It is also markedly higher amongst women as a result of low income and marginal access to property.

The 1994 coup in which Jammeh proclaimed himself president of Gambia was accompanied by economic turmoil, which was precipitated by Gambian political instability. The country's Gross Domestic Product (GDP) growth plummeted in the 1980s and 1990s to below two percent, and the coup constricted aid flows and tourism, which alone accounts for about half of the GDP. During the period 1983-93, Gambia's population grew by 4.2 percent, creating a substantial increase in the competition for resources. During the last 25 years, migration to urban areas because of poor agricultural performance and scarce economic opportunities has left rural areas underpopulated, while urban dwellers have experienced a shortage of social services owing to crowding. Although favorable climatic conditions have recently yielded an agricultural renewal and the GDP returned to eight percent in 2004 as a result of broad-based structural reforms, poverty is a persistent problem in Gambia.

One of the most significant problems affecting poverty levels in Gambia is the high unemployment

rate, which in 2002 reached over 50 percent. The majority of Gambian unemployment and poverty is faced by the agricultural sector. Most of the impoverished farmers harvest groundnuts at the subsistence level, and these individuals constitute the majority of the poor in Gambia. The groundnut market value dropped 15 percent from 1991 to 1999, accounting for not only the endemic poverty faced locally by agriculturalists, but also a substantial decline in the GDP. On top of this, harvests diminished during the late 1990s because of poor weather, a depleted workforce, and insufficient facilities, while government subsidies failed to effect positive results.

The other most dramatic factor of Gambian poverty is the country's extremely poor health indicators. There are only three hospitals for a population of approximately 1.5 million people and four physicians for every 100,000 people. Communicable diseases are rampant in Gambia, and particularly prevalent in poor, rural areas. Malaria alone kills 350,000 people per year in Gambia. However, the spread of HIV/AIDS has been regulated to a one to two percent incidence rate in Gambia, which is remarkably low for the region. Approximately 38 percent of the population do not have access to clean water and 63 percent of the population are without sanitation services.

Beneficial child healthcare measures have been implemented in recent years, including an immunization program, which has infant immunization against tuberculosis and measles both in the 90th percentile and infant mortality down to 7.5 percent. However, public health programs have been economically biased, providing weaker health services to the already impoverished parts of the country. For instance, the maternal mortality rate in rural areas is twice that in urban areas.

Universal access to education is increasing in Gambia as a result of relief from the International Monetary Fund and the World Bank, and 73 percent of children now enter primary school. However, only a third of these children continue on to secondary school, and the adult literacy rate is an extremely low 34 percent. High dropout rates are a symptom of waning quality and relevance of the curriculum at the more advanced educational stages, as well as insufficient government funding for secondary education.

Human Development Index Rank: 155 Human Poverty Index Rank: 88

SEE ALSO: Agriculture; Maternal Mortality and Morbidity; Sanitation; Unemployment.

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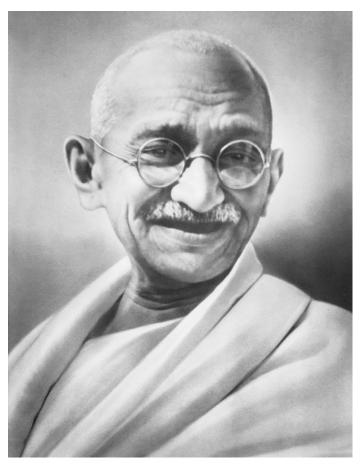
Gandhi, Mohandas (1869-1948)

MOHANDAS KARAMCHAND Gandhi was born in Porbondar in Gujarat, India. After getting his legal education in Britain, he went to South Africa to practice law. Imbued with a high sense of justice, he was revolted by the injustice, discrimination, and degradation to which Indians had to submit in the South African colonies. Gandhi returned to India in 1915 at the age of 46. In 1916 he founded the Sabarmati Ashram at Ahmedabad where his friends and followers were to learn and practice the ideals of truth and nonviolence.

Gandhi took command of the nationalist movement to free India from British rule and died a martyr to the cause of unity on January 30, 1948. He is known as father of the nation of India, and popularly respected as Mahatma Gandhi.

Gandhi was neither an economist nor a politician. His was a socialist plan, based on nonviolence, truth, love, and sympathy. Gandhi wanted to have an ideal society of his own imagination. His ideas on economics are part and parcel of his philosophical, political, and sociological ideals. Gandhi was essentially concerned with the free growth of human beings and emancipation of the downtrodden and exploited masses. The economic ideas of Gandhi are scattered in his various writings.

Gandhi was in favor of maximization of social welfare, not in the material sense of the term, but in its more spiritual nature. His concept of welfare is based on the growth of the totality of human personality. Gandhi wanted reduction in inequalities and the free growth of human beings. To Gandhi wealth did not mean welfare. Gandhi was in favor of the satisfaction of basic human wants like food, clothing, and shelter. He was against the concentration and acquisition of wealth beyond the point of necessity. He was dreaming of a socialist type of society where the basic demands of the



Mohandas K. Gandhi was a utopian socialist who believed that voluntary poverty offered a better material and spiritual life.

people would be met. Gandhi was against the concentration and misuse of wealth. According to him, the capitalists should act as only the trustees of accumulated wealth. The poor workers, under trusteeship, should consider the capitalists as their benefactors and place every faith in their good actions. In this way, labor welfare can be maximized. Rich people should not use their wealth arbitrarily, but for the benefit of others. Trusteeship is a means of transforming the capitalist order of society into a socialist one. Trusteeship eliminates economic inequalities between the rich and the poor.

Gandhi was in favor of self-sufficient villages. He wanted to use a technique of cultivation that would not deplete the soil. Gandhi was against the individual ownership of land, and evolved the system of a village Sarvodaya. He proclaimed that the problems of villages must be solved properly so that poverty is eradicated and people can be happy and self-reliant.

Gandhi wanted a decentralized pattern of development because such a pattern is better normally and spiritually. Decentralized industries can play a crucial role in the development of a country. Village industries are highly democratic and also conducive to the growth of happiness between labor and capital.

Gandhi did not find any necessity for industrialization in any country, and seemed to be opposed to machinery, because machines establish "their own mastery over man and make him their slave." He was reasonable enough to say that machinery is permissible if it does not deprive the masses of the opportunity of labor, increases humanity's efficiency, and does not make people slaves. He welcomed the type of machinery that helped the workers and which worked as servants. He was influenced by the labor-absorptive power of cottage and village industries.

Gandhi considered *Khadi* industry as the symbol of unity, freedom, and equality. *Khadi* implies the decentralization of production and distribution of the necessary products. Gandhi expressed the idea that every man must earn his daily bread by his own labor. This is applicable to all types of labor. He condemned idle labor.

Gandhi favored the formation of trade unions in different production places, but the actions of the trade union should be based on nonviolence, arbitration, and truth. Trade unions should safeguard the rights and interests of their members. He advocated the participation of labor in management and equal pay for equal work. He wanted cooperation between labor and capital; capital should be the servant of labor, not its master. Gandhi understood the importance of the dignity of labor.

Gandhi is regarded as a utopian socialist. He was not a theoretical economist. To some extent, Gandhian economics seems to be relevant for the developing countries and also for those economies that are fed up with the excess of materialism and lack of human values and relations. The spirit of Gandhian economics seems to be still alive today in the form of a low-aspiration model of development.

In fact, Gandhi was the first Indian nationalist leader who identified his life and his manner of living with the life of the common people. In time he became the symbol of poor India, nationalist India, and rebellious India.

SEE ALSO: Community-Based Antipoverty Programs; India; Social Welfare; Utopian Socialists; Voluntary Poverty.

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Garfield, James (Administration)

JAMES GARFIELD WAS FIRST elected to Congress from Ohio while serving as a Union general in the Civil War. After the war, he allied himself with the Radical Republicans. He supported strong protections for the freedmen and tough military measures to suppress the former rebels. He was one of the House leaders who impeached President Andrew Johnson in 1868.

Although no one believed government should be involved directly in resolving issues of poverty, government monetary policy could have a real impact. Hard money supporters believed gold and silver should back up U.S. currency so money would retain its value. This primarily benefited banks and the interests of merchants who had money. Others thought government should allow inflation to devalue currency so that people in debt, primarily farmers in the west, could escape the debts that made their life harder.

Garfield, although a westerner, strongly believed in a hard money policy. He viewed it as a moral issue, arguing that inflation was a form of legalized theft. He was also considered a moderate supporter of tariffs and civil service reform.

In 1872, Garfield was one of many congressmen embarrassed by involvement in the Credit Mobilier scandal. Congressmen received stock and generous dividends from a railroad company that had been given munificent government contracts. Although the scandal ended many political careers, Garfield's involvement was relatively minor and ultimately left him unscathed. He had also received other payments from government contractors while serving in the House, which, although legal at that time, seemed ethically questionable to many reformers. Garfield sat on the election commission in 1876 that controversially awarded the presidency to Republican Rutherford B. Hayes.

In a special election in January 1880, Garfield was elected to the U.S. Senate. But before he could take his seat, he went to the Republican Convention, where he nominated John Sherman for president. The convention became deadlocked. In order to block an attempt by supporters of former President Ulysses Grant to

take the nomination, the other major candidates compromised by nominating a surprised Garfield on the 36th ballot.

After the election, there was an unusually large flurry of demands for patronage government jobs. Garfield had spoken out generally in favor of civil service reform, though he was not considered a particularly strong advocate. He spent much of his first months dealing with job controversies, particularly a fight over jobs at the Port of New York. When Garfield proposed replacing a reformer with someone who had helped on his campaign, senators complained of the patronage appointment. When the Senate refused to confirm his appointment, he ceased making any further appointments until the Senate acted, resulting in a lengthy showdown. Eventually the Senate confirmed his nominee.

There was also a minor scandal involving kickbacks in government contracts for private postal routes out west. The president, however, was not directly implicated. Outside of the patronage controversies, the Garfield administration had little time to address any major domestic issues. One minor initiative recalled government bonds paying six percent interest and refinanced them at 3.5 percent, which saved \$10 million annually, about four percent of the budget at that time.

Given his short tenure, Garfield had little foreign policy. He proposed a conference of all American republics in 1882. However, it never took place. In July 1881, a disgruntled (and probably insane) office seeker named Charles Guiteau shot the president in the back. Garfield lingered for months before dying on September 19, 1881. Many experts attribute his death to infections caused by medical probes trying to remove the bullet. Outrage over the assassination resulted in the passage of the Pendleton Act in 1883. This was one of the first legislative acts aimed at civil service reform.

SEE ALSO: Corruption; History of Poverty; United States.

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Gender Discrimination

WHILE POVERTY FAILS to discriminate on certain levels of human existence, its deleterious effects upon women over time and across the globe have been severely disproportionate as compared to men, especially in developing countries. This phenomenon, known as the feminization of poverty, is extremely significant in countries with transitional economies, as a result of the process of social and political transformation.

During the first decade of the 21st century, the United Nations estimated that a significant majority of the 1.5 billion persons who survive on \$1 a day or less are women. Poverty's discrimination against women is not limited, however, to a lack of income and other concerns that are strictly economic. Other manifestations of poverty that affect women excessively include the areas of illness, hunger and malnutrition, inadequate housing, violence, limited or lack of access to education, and the inability to participate in basic aspects of civil, social, and cultural life.

Researchers suggest that the reasons for gender discrimination in the area of poverty are related to issues of power and dominance that often stem from traditional and rigid gender-specific rights, roles, and privileges that are assigned at birth. Such gender stereotypes often restrict women's access to education and resources that would allow them to enjoy a just standard of living. These disadvantages stem from centuries of deeply embedded patriarchy, or male advantage exercised as oppressive power over women and disadvantaged males. Feminism seeks to deconstruct the horrors of patriarchy to liberate women from the destructive cycle of poverty and violence.

In addition to providing adequate training and means for women to liberate themselves from poverty, feminism addresses some of the structural issues related to gender discrimination in this area. Most recently, feminists have noted that the inability to provide a gender perspective in national and international economic planning and analysis will result in the continued victimization of women.

Despite feminism's exposure of the disproportionate feminization of poverty, women continue to be among the poorest of the poor across the globe. Although historically women are at the highest level of participation in the global workforce, their wages still are significantly lower than their male counterparts'. This injustice is intensified by the fact that women bear the majority of the burden of family responsibilities, which often is intensified by lack of access to family

planning and adequate childcare. Women work twice as many hours as men; however, they receive only one-tenth of the world's income, and own less than a hundredth of the world's property. In some countries, the loss of a husband results in a widow's loss of her land and possessions, since there are legal statutes that transfer inheritance to the deceased extended family, leaving his widow and children destitute.

Many other manifestations of poverty affect women disproportionately. In Africa, 55 percent of HIV-positive patients are women. In many developing countries, women who are pregnant, mothers who are nursing, and their children are at the greatest risk of undernourishment. In the United States, approximately one-half of homeless women are fleeing domestic violence. In Turkey, 58 percent of women are victims of violence. Of the approximately 875 million people worldwide who are illiterate, just over two-thirds are women. In terms of civil service, women hold less than 30 percent of the world's political, diplomatic, and bureaucratic posts.

In the United States, one-half of homeless women are fleeing domestic violence.

The United Nations has played a key role in the modern attempt to end gender discrimination with regard to poverty and other issues intrinsically linked to it. In 1975, Mexico hosted the United Nations' First World Conference on Women (UNWCW), a gathering that resulted in a Plan of Action setting minimum targets to be met by 1980, which focused on securing equal access for women to resources such as education, employment opportunities, political participation, health services, housing, nutrition, and family planning.

Copenhagen, Denmark, was the location for the second UNWCW in 1980, noting significant achievements in the status of women since the 1975 conference. By the same token, the conference declared that significant changes had to occur in the areas of equal access to education, employment opportunities, and adequate healthcare services in order to achieve a true end to the disparity between the socioeconomic status of men and women.

The third UNWCW occurred in Nairobi, Kenya, in 1985, continuing the agenda of the first two conferences and expanding its economic agenda to identify the genuine power and autonomy held by women, and promoting the value of women's unpaid domestic

work. The fourth UNWCW, convened in Beijing, China, in 1995, produced the Beijing Platform for Action, which is considered to be the most thorough document ever produced by a United Nations conference on the subject of women's rights. It stressed 12 central concerns, including the elimination of discrimination against women, the eradication of poverty, and the establishment of means of placing women in key governmental positions. In 2000, the United Nations held a follow-up session entitled "Beijing +5" to evaluate the resolutions of the 1995 conference. The final report resulted in a failing grade for advances in the area of women and poverty. Accordingly, it recommended a fourfold action plan that would research the feminization of poverty and provide concrete political and legal means to ensure women's equal access to economic resources.

In the spring of 2005, the United Nations sponsored a second review session entitled "Beijing +10," acknowledged both the successes and failures with regard to the feminization of poverty, and proposed 20 resolutions to end women's disproportionate struggle with poverty worldwide.

SEE ALSO: Feminization of Poverty; Gender Division of Labor; Maternal Mortality and Morbidity; Women and Poverty.

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Gender Division of Labor

IN TODAY'S SOCIETY and in many countries, concepts of work and labor pools have undergone changes, with more women working outside the home than in past centuries. While "women invest significantly more hours in household labor than do men, despite the narrowing of gender differences," according to S.M. Bianchi et al., women now work part-time or full-time in jobs or careers as well.

As anthropologist Gary Ferraro states, "the household may be made up of a nuclear family (husband, wife, and children) or a more elaborate family structure containing married siblings, multiple wives, and more than two generations," suggesting that all members of the household participate in household labor. Therefore, it is hard to believe that one aspect of the family has evolved very little over the course of history: the gender division of labor, wherein women and men are seen as responsible for different activities, is as strong today as it was decades ago.

This article will provide definitions of and examine how the gender division of labor has remained relatively unchanged over the years. In addition, it will examine the history of the gender division of labor in the workforce and in the family from a global perspective, as well as a Western culture perspective, and explore the modern challenges for women and men in the context of the gender division of labor.

DEFINITIONS

According to Ferraro, "the process of production is the allocation of tasks to be performed—that is, deciding which types of people will perform which categories of work." In all societies, work to provide for family must be completed, whether the work is to hunt and gather, or cook and clean, or participate in wage employment. Societies have made distinctions for the production of work on the basis of gender and age. L.P. Cooke easily defines the division of labor as when a woman devotes all of her time to unpaid labor while her husband devotes all of his time to paid labor. Jackson states, "gender divisions of labour have been broadly thought of ... as the process by which men and women come to perform distinctive activities and roles, beyond the biological imperatives of biological reproduction."

Historically in Eurocentric terms, men have been known as "breadwinners" or providers for the family, while women are the reproducers and perform domestic tasks. Thus "the roles of wife and mother are intimately tied to expectations for doing housework ... and displayed through outcomes such as a clean house," as noted by Bianchi et al. Throughout history, however, women have eased into the public and paid work arena. As a result, the concrete definition of household gender division of labor has become more one of degrees.

GENDER DIVISIONS IN THE WORKFORCE

Women have entered the workforce, defined here as paid labor outside the household setting, throughout history for different reasons. K.B. Graubart explains

that the textile industry was one of the first trades for women entering into wage labor. In 16th-century Peru, women and men worked alongside one another as cumbicamayos ("makers of cumbi") weaving cloth for textile production. It was not until European colonizers arrived that a division of labor began to develop. According to M.J. Maynes, "one of the most significant and controversial aspects of globalization from a feminist point of view has been its disruption of local gender divisions of labor and its impact on women's wage labor." Before the European colonizers arrived, both men and women completed weaving; after Spanish colonization, weaving was considered a female activity or job. Widows and single women were put to work making clothing, while "men were assumed to be busy on mitas, in wage labor, fishing or working their plots of lands."

Centuries later, gender divisions of labor among working-class women still exist.

After Spanish colonizers introduced gender division of labor practices to Peru, 18th-century European spinsters felt the impact as well. In Ireland, "women soon gained a reputation as expert flax spinners, although much of the weaving initially was done by men," explains Maynes. In 19th-century Europe, most spinners were unmarried or widowed women.

According to Maynes, when women did marry, they were still allowed to work; however, married women were not allowed to make as much money as their unmarried counterparts: "while older women were no doubt the most skilled spinsters, once they married, they devoted less time to spinning, which decreased their daily productivity and earnings." Once married, women were expected to devote more time to families and less time to work outside the home for pay. Thus paid work to provision a family was a man's responsibility.

Centuries later, gender divisions of labor among working-class women still exist. Even in small businesses, a gender gap remains. Women in modern businesses tend to work in the administrative realm. Even those who partner with their husbands in small business have their work centered on the clerical aspects of paid work, according to S. Baines and J. Wheelock. Although married couples share work responsibilities, the burden of housework still falls on the shoulders of the wife. As noted by Bianchi et al., "research has shown

that wives spend considerably more time in housework compared with husbands, even when they are working in the paid labor force."

When combining family and work, women are generally the ones responsible for balancing all family duties, household work, and paid work, and typically sacrifice work for family. Thus according to one British study, given traditional divisions of labor, women are still universally responsible for the bulk of unpaid reproductive labor in the household and the wider community.

GENDER DIVISIONS IN THE FAMILY

The gender division of labor not only exists in the workplace, but within the family as well. The family, as defined anthropologically by Ferraro, is the basic social unit and can include people who are related by marriage (legal and/or common law) or blood. Despite a narrowing gender gap, the responsibility of "unpaid labor," or housework and child rearing, still falls on the shoulders of the wife/mother.

Therefore, according to Bianchi et al., "research has shown wives spend considerably more time in housework compared with husbands, even when they are working in the paid labor force." According to current data, "estimates are that men do between 20 percent and 35 percent of the housework." Women, then, are contributing between 65 percent and 80 percent of the household labor to ensure that a family's needs are meet. This holds true even when a woman has more education or a better job and has the role of the breadwinner.

The traditional definition of gender divisions of labor define women's work as unpaid, domestic labor, while men's work is described as paid labor, inferring that the male figure is normally the breadwinner of the family. Therefore, it is an interesting phenomenon that when the tables are turned and the woman becomes the breadwinner for the family, the unpaid labor does not fall on the shoulders of the husband/father in the unpaid or lesser labor position. Rather, the opposite is the case: "housework contributions do not follow 'logical' rules of economic exchange. Rather, the more a husband is dependent on his wife economically, the less housework he does, most likely as a way to reassert his masculinity," as noted by Bianchi et al. Others elaborate by stating that some unemployed men with employed wives may refuse domestic labor in order to secure at least one arena where their masculinity is not under question.

According to experts, the masculine gender role is based, much as the feminine gender role is, on a set of behaviors, attitudes, and conditions that are generally found in men of an identifiable group. This concept is not to be confused with masculine stereotypes and/or ideals, which are based on general ideas or widespread notions about how society believes men should act. Although there are a variety of masculinities seen throughout the world and in different men's contexts, heterosexual, middle-class masculinity is the one most often cited when discussing gender divisions of labor with the male seen as the breadwinner and public provider for his family.

Bianchi et al. conducted a study in the United States from 1965 to 1995. They theorized three perspectives on the process of domestic labor allocation: "1) the time availability perspective, 2) the relative resources perspective, and 3) the gender perspective." They describe the time availability aspect as dividing the gender division of labor according to "availability of household personnel in relation to the amount of housework to be done." Since men participate in the paid labor force, women have more time at home for household chores. As women entered the paid labor force, their time spent on housework hours decreased; however, technological advancements allowed women to maintain housework standards and men were not seen as needed to aid in household activities.

Time plays another interesting role in gender divisions of labor when comparing women's domestic work hours to those of men. The question arises if men and women's domestic tasks should be compared by time spent and level of excursion. For instance, do men's tasks, such as lawn mowing or chopping wood, equal a woman's time and labor in cleaning the kitchen and helping the children with homework?

Some analysts state that hours of work covering diverse levels of effort cannot easily be compared as a basis of establishing equity in divisions of labor, and time input studies as a basis for evaluating equity contribution may be systematically biased against recognition of male effort where hours worked are fewer than those worked by women but physical intensity is higher.

The relative resources perspective, described by Bianchi et al., suggests that "the allocation of housework reflects power relations between men and women" and that "higher levels of education and income relative to one's spouse ... are expected to translate to more power." They go on to cite Becker's microeconomic theory "in which households divide labor in ways that maximize efficiency and output spe-

cialization of partners." Therefore, since men have an advantage in wage earnings, they participate in market work, while women's roles as mothers result in their advantage to nonmarket work. Both men and women seemed to be motivated to reduce their share of housework.

The third theory, the gender perspective, is described by Bianchi et al. as a "combined gender ideology with the theoretical construct of 'doing gender." They describe the gender perspective as disadvantaging to women because women's household tasks are typically socially defined as the least attractive, such as meal preparation and laundry. Bianchi et al. also suggest that women hold a higher expectation of cleanliness than men, and that "housework is a reflection of a woman's competence as 'wife and mother'—but not men's competence as a 'husband and father."

IMPLICATIONS

As more women are entering the labor force and continuing to perform domestic tasks, implications surrounding women in a variety of areas, for example women's health, should be explored. More information is needed about linking women's work habits to such diseases as cancer, heart disease, and depression. There is little research concerning this aspect of the gender division of labor. One study from Germany, however, has explored whether or not the gender division of labor practices has an implication for second births and divorce rates.

Modern women still perform the largest quantity of domestic labor.

Cooke's article explores the possible connection between gender division of labor and second births and divorce rates in German households. While there is no significant connection between gender divisions of labor and divorce rates, Cooke did find data related to second births tied to the amount of time men spent on household chores. German women are no different from other women—they tend to do more housework than their male counterparts. Thus as many authors note, "in industrialized countries, husbands' average domestic participation is about one third of the time contribution of wives." Cooke credits a woman's wage earnings as the indicator for second births. The study indicates that for each hour a woman is employed, the

odds of a second birth decrease by three percent—"her greater wages are expected to decrease the likelihood of second births because they increase the cost of children." Consequently, "male breadwinner families in which women are out of the labor force are significantly more likely to have second children."

CONCLUSIONS

The process of household production governs all societies by distributing tasks among people. Task distribution has linked women, men, and children to certain gender-defined tasks and activities. However, as women have crossed over into the public sphere of wage labor, the easily defined gender distribution of men performing wage labor and women performing domestic tasks has become more complicated. Both women and men are working in wage labor, and men are doing more housework; however, modern women still perform the largest quantity of domestic labor. More studies need to be done to discuss the implications for women's health in connection to the added workload women experience working outside the home, as well as continuing to perform the largest portion of domestic activities.

SEE ALSO: Gender Discrimination; Family Budgets; Family Size and Structure; Feminization of Poverty; Women and Poverty.

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Genetic Explanations of Poverty

GENETIC EXPLANATIONS OF poverty focus mainly on differences in intellectual ability as measured by intelligence quotient (IQ). According to this view, an important cause of poverty is that on average, people with low incomes are less intelligent than people with higher incomes. If true, this view means that some people are poor because of inherent personal limitations that might be impossible to remedy by education or job training. It thus has implications for what societies can—and cannot—do to combat poverty.

ARGUMENT FOR GENETIC BASIS OF POVERTY

The argument proceeds in three main steps. First, it contends that intelligence is largely genetic and cannot be significantly improved by environmental factors such as better education or nutrition. The Bell Curve, written by R.J. Herrnstein and C. Murray in 1994, gives the canonical statement of this view and stimulated much of the later debate about genetic explanations of poverty. The authors argue that "a half-century of IQ data [indicate] that differences in intelligence are intractable and significantly heritable and that the average IQ of various socioeconomic and ethnic groups differs."

Second, it contends that IQ accurately measures intelligence and that intelligence itself is a useful concept. Herrnstein and Murray review the history of intelligence testing from the late 19th to the late 20th centuries and conclude that IQ tests indeed measure what we would normally call intelligence: that is, the "ability to reason, draw analogies, and identify patterns ... [and] a general capacity for inferring and applying relationships drawn from experience."

Third, the argument employs statistical methods in an attempt to show that income is strongly correlated with intelligence. Herrnstein and Murray found that as intelligence decreased, the likelihood of poverty increased. Only two percent of individuals with IQs in the top five percent of the population had incomes below the poverty line; for those with IQs in the 20 percent below that, three percent were in poverty; for IQs in the 50 percent below that, six percent were in poverty; for IQs in the 20 percent below that, 16 percent were in poverty; and for IQs in the bottom five percent, 30 percent were in poverty. The authors also found that parental IQs were a better predictor of their grown children's poverty than the family's socioeconomic status.

In 2002, another controversial book applied the same type of argument to countries that *The Bell Curve* had applied to IQ groups within countries. *IQ and the Wealth of Nations*, by R. Lynn and T. Vanhaven, uses statistical methods to correlate countries' average IQs with their real Gross Domestic Product (GDP) per capita. The authors found a strong correlation (0.675 in 1998) between national average IQ and per capita GDP. They conclude, "Differences in national intelligence provide the most powerful and fundamental explanation for the gap between rich and poor countries."

CRITICISMS OF THE THEORY

All three steps in the genetic argument have been hotly disputed. The late Stephen Jay Gould, a professor of biology at Harvard, argues that a correlation between the IQs of parents and children does not prove that IQ is mainly genetic. "Suppose that I measure the heights of adult males in a poor Indian village beset with nutritional deprivation, and suppose the average height of adult males is five feet six inches," Gould writes. "Heritability within the village is high, which is to say that tall fathers (they may average five feet eight inches) tend to have tall sons, while short fathers (five feet four inches on average) tend to have short sons. But this high heritability within the village does not mean that better nutrition might not raise average height to five feet ten inches in a few generations." Likewise, Gould argues, education and social programs could raise the average IQs of disadvantaged groups in society.

In addition, various studies have disputed the soundness of the statistical arguments for the genetic explanation of poverty. One study at the University of California at Berkeley used the same data as The Bell Curve, but weighted the variables differently and got far different results. Michael Hout, one of the Berkeley statisticians, notes that "socioeconomic background affects poverty far more than Herrnstein and Murray claimed. Our estimate of the effect of socioeconomic background on whites' risk of being in poverty in 1990 is 66 per cent higher than theirs; our estimate for African Americans is 53 per cent higher than theirs," as quoted from an article by N. Lemann. Apart from the merits or demerits of the genetic theory of poverty, many critics are no doubt spurred by fears that the theory could be used to justify heartless or racist policies.

It is important not to caricature *The Bell Curve* or genetic explanations of poverty. At one point, Herrnstein and Murray estimate that the genetic contribution to intelligence is "between 40 and 80 percent," which

concedes, conversely, that the contribution of environment is 20 to 60 percent. This amounts to a retreat from their earlier claim that IQ differences are "intractable." They also concede that "the IQ score of an individual might have been higher if he had been raised in more fortunate circumstances," which comes close to admitting that education and social programs can, after all, have some effect in reducing poverty. In addition, they warn against overestimating the importance of intelligence: "Cognitive ability accounts for only small to middling proportions of the variation among people. The identification of IQ with attractive human qualities in general is unfortunate and wrong."

Based on the evidence, it seems clear that intelligence has at least some influence on the likelihood of poverty. Less clear, however, are the extent of that influence, the extent to which intelligence is genetically determined, and the extent to which IQ and economic well-being can be improved by education, social programs, and nutrition.

SEE ALSO: Darwinism; Education; Human Development; Nutrition.

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SCOTT PALMER, Ph.D. RGMS ECONOMICS

George, Henry (1839-97)

HENRY GEORGE WAS BORN in Philadelphia, Pennsylvania. Dropping out of school in seventh grade, he worked as a cabin boy and sailed around the world. Halfway through his second trip, he settled in San Francisco, California, and became a journeyman printer. The city was transforming from a tent encampment to an emerging metropolis before his eyes. But in the midst of the city's wealth and beauty, George also saw poverty and misery. In his leisure hours he wrote an essay that eventually became the book for which he is best remembered: *Progress and Poverty*, his attempt to explain the simultaneous emergence of wealth and pauperism in

modern industrial society. Because he was unknown, George had to typeset and print the book, with the help of sympathetic friends. This original edition was eventually "discovered" and published by D. Appleton & Company in New York. An edition in England created a sensation in literate circles.

The English scientist and writer Alfred Russel Wallace declared it "the most remarkable and important book of the present century." George was soon an international figure. Leo Tolstoy, John Dewey, and Bernard Shaw were among the multitude of George's admirers. Said Dewey, "Henry George is one of a small number of definitely original social philosophers that the world has produced. It would require less than the fingers of the two hands to enumerate those who, from Plato down, rank with Henry George among the world's social philosophers."

After meeting Irish radical Michael Davitt in New York in 1879, and hearing of widespread peasant evictions in Ireland, George applied his theories to the Emerald Isle. Shortly thereafter he began lecturing on behalf of the Irish Land League in New England and Canada, and ultimately visited Ireland to wide acclaim. George made six lecture tours of Europe, where his ideas were more enthusiastically embraced than in the United States. In 1886 George honored the appeal of numerous labor groups and ran, unsuccessfully, for mayor of New York City. He spent the rest of his life arguing for social reform.

Labor, George argued, was the only real source of wealth in the world. With the wild land speculation in the American west, however, landowners reaped huge profits simply by holding on to land as the populations around them increased. Meanwhile, those who owned no land saw almost all their living expenses rise as a result. To combat this unhealthy social and economic bifurcation, George proposed a property tax that would confiscate the landowners' "unearned increment"—any increase in value that did not arise from improvements made directly by the owner.

Since the value of the land was created by society and not by the landowner, society should reap the benefit. This 100 percent tax on the increased value of land, which George's followers began to call the "single tax," would bring in so much capital, he argued, that all other taxes would be unnecessary.

The collected fees could be used to equalize wealth, raise revenue to aid the poor, and stabilize society through the creation of excellent schools, museums, theaters, and other social and cultural institutions. "Ignorance and vice, the recklessness and immorality en-

gendered by the inequality in the distribution of wealth," would be replaced by an "increase in wages, and the opening of new avenues of employment which would result from the appropriation of rent to public purposes," as phrased in Progress and Poverty. As Fred Nicklason has ably demonstrated, George's vision was not simply economic but also religious in nature. George fiercely believed that "man's errors, not God's providence, caused poverty." The right to tax land, he believed, was "natural and cannot be alienated. It is the free gift of his Creator to every man who comes into the world—a right as sacred, as indefeasible as his right to life itself." Though the single tax was never adopted by any government, it influenced progressive tax policy in the United States, the United Kingdom, and New Zealand; inspired a large number of local and state politicians; and influenced a generation of investigative reporters, including Benjamin Flower, Ida Tarbell, Charles Edward Russell, Lincoln Steffens, and Upton Sinclair.

SEE ALSO: Industrial Revolution; Industrialization; Irish Famine; Public Goods; Redistribution.

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Georgia

GEORGIA IS A POVERTY-stricken country in south-western Asia that borders the Black Sea between Russia and Turkey. The region of present-day Georgia was formerly part of the kingdoms of Colchis and Kartli-Iberia; the Roman, Ottoman, Persian, and Russian Empires; and the Union of Soviet Socialist Republics (USSR). The current republic gained its independence from the Soviet Union on April 9, 1991. Since then, Georgia has progressed with market and democratic reforms despite significant poverty, civil strife, and other social problems.

In 1994, 80 percent of the Georgian population were considered poor. This poverty rate fell to 60 per-

cent in 1995, and 46 percent in 1997. As of 2001, 54 percent of Georgia's population lived below the poverty line. In recent years, the poverty rate has stabilized at around 51–52 percent. In 2002, 15 percent of the population were considered extremely poor. This was a reduction from previous years.

Primary causes of poverty in Georgia are unemployment, insufficient education, lack of infrastructure and social services, and external shocks such as droughts. Unemployment is a significant factor in defining who is poor. As of 2001, 17 percent of Georgia's labor force was unemployed. One-third of Georgia's extremely impoverished households have no employed members. Insufficient education is another important influence on poverty. One-third of Georgia's extremely impoverished households have average or lower education levels. External shocks, such as the Russian financial crisis of 1998 and the droughts in 1998 and 2000, increased Georgian poverty. The low quality of roads and the lack of sufficient energy, education, and healthcare also contribute to poverty in Georgia.

Accessibility to education and healthcare services is better in urban areas, which improves the prospects of employment. Yet urban poverty in Georgia is deeper and more severe than rural poverty. In urban areas, poverty is related to an insufficient food supply. In rural areas, households consume whatever food they produce. The primary poverty issue for rural families is a lack of financial resources and insufficient infrastructure, such as roads, which would improve their access to social services. Because rural Georgians have the capacity to grow food and raise livestock and poultry, the poverty level for rural Georgians is lower than that for city-dwellers. The level of rural poverty fluctuates with the climate, however. The droughts in 1998 and 2000 increased rural poverty in Georgia.

Despite damage to the economy caused by civil strife, Georgia has made significant economic gains since 1995, such as achieving positive growth of its Gross Domestic Product (GDP) and the reduction of inflation. This turnaround has been achieved with assistance from international organizations, such as the World Bank and the International Monetary Fund (IMF).

Georgia has made limited progress in fighting poverty because of insufficient financial resources. This is in large part because of its chronic failure to collect tax revenues and other government fees. Poverty reduction efforts focus on reforming the country's tax code, enforcing tax levies, and reducing corruption. In an effort to reduce energy shortages, Georgia privatized the Tbilisi electricity distribution network in 1998. The resulting private company suffers from continued low rates of payment collection, however. Current plans for economic development focus on the construction of oil and gas pipelines to transport the energy resources of neighboring countries.

Human Development Index Rank: 100 Human Poverty Index Rank: Not included.

SEE ALSO: Agriculture-Nutrition Advantage; Communism; Drought; Privatization.

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Germany

THE ECONOMY OF contemporary Germany, Europe's most populous nation at around 83 million inhabitants, is the largest in Europe and ranks fifth largest in the world. In the early modern period, from around 1500 to 1800, Germany was a relatively backward country when compared to the other developed nations of the Western world. But as a result of economic modernization and unification in the latter half of the 19th century, Germany leapfrogged into third place as an industrial giant, ranking just behind the United States and Great Britain by the start of World War I. The devastation caused by the two world wars set Germany back.

Its eastern half, under Soviet control, languished with the rest of the communist command economies from 1949 to 1989. West Germany rose from the ashes of war to be a leading economic, though not military, power from the late 1950s onward. West Germany

adapted competitive capitalism with government-targeted support to key industries. The government created large social programs that provided an economic safety net for most of its citizens.

The two Germanys were united in 1990. The new federal republic has had to invest billions of dollars per year to modernize the outdated infrastructure of the east, create jobs and protect its citizens from social dislocation (the average annual transfer is currently about 70 billion euros). As a result, the 1990s were turbulent times in the economic life of Germany, with persistent high unemployment and low growth. The government has had to cut back on some of the generous welfare benefits that were common under the old federal republic.

It was not until the 1800s that the European states became involved in poor relief.

As a result, the number of people who have fallen below the poverty line has risen. When speaking about poverty in a rich, advanced nation, however, one must frame the issue in comparative, not static, terms. Germany is still a very wealthy country, but one that is struggling with problems left over from unification and because of birth pains related to the new, enlarged European Economic Union.

Poverty should always be defined in relative terms. In so-called underdeveloped countries (for example in Asia and sub-Saharan Africa), poverty might mean lacking in livestock or farm equipment to grow food, adequate housing, access to medical care, or having to make children work, or even selling them to make ends meet. Poverty in this context can translate into conditions of chronic poor health, disease, and even death. By this definition, virtually nobody in Germany could be considered poor.

In a rich nation, by contrast, economists try to define a poverty line, which means an annual income below which a family has a lower standard of living relative to the majority in the society. This means worse food, housing, medical care, and enjoyment of life than others, but does not mean poverty in the life-threatening sense that citizens of underdeveloped nations may experience.

Even inside advanced economies, absolute and relative poverty must be distinguished. Economists refer to absolute measures of poverty as a comparison between household income and the cost of a basket of specific

goods and services, while relative poverty measures compare the spending patterns of households or individuals with the spending patterns of the general population.

By the absolute measure, the percentage of absolute poor in Germany is very high at 30 percent, but the relative percentage of poor is only six percent. The large discrepancy can be explained by taking into account government assistance that helps the poor by providing rent subsidies, food vouchers, and child support. One area that has been well studied in this regard is child poverty.

THE TWO GERMANYS

In 2001, the number of children living in poverty in western Germany was almost 17 percent before government transfers (welfare assistance), but only 9.8 percent after transfers. In the east, the difference was even more substantial, almost 27 percent before and 12.6 percent after. Social scientists are almost all in agreement that the continental European welfare state substantially reduces poverty rates, even though welfare creates dependency on the state and contributes to chronic unemployment and an inflexible job market. By contrast, the United States has less unemployment and a dynamic job sector, but a larger number of citizens living in relative poverty, around 18 percent.

The role of the state in reducing poverty is relatively recent. In the Middle Ages and early modern period, the church was primarily responsible for aiding the poor. The rich gave alms and the ecclesiastical authorities distributed food and small amounts of money to the wretchedly poor who gathered outside the church. Many of these poor were debilitated by disease, old age, or other afflictions. Most of the population was made up of peasants, who were poor by any definition, living in unsanitary conditions and eating primarily bread and root vegetables like turnips and potatoes. The price of rye and potatoes (after its introduction from the New World) determined poverty levels. But the peasants in Germany, especially in the eastern lands, were bound to the land and dependent on their lords rather than the state for survival in periods of economic crisis.

It was not until the 19th century that the European states became involved in the issue of poor relief, or the "Social Question," as it was then called. The chancellor of Germany, Otto von Bismarck, decided in the 1880s to strongly oppose the burgeoning Social Democratic Party, whose leaders wished to radically alter capitalism

and the face of industrial society. Bismarck wooed the workers by introducing government programs that first provided health and disability insurance (1883, 1884) and then insurance for old age and invalidity (1889). These programs initially covered only the top segment of the blue-collar workers, so while they did little to alleviate poverty, many workers' lives were cushioned from economic hardship.

These initiatives also created precedents for the modern welfare state that came into existence in Germany after World War I. During the Weimar Republic (1918–33), welfare programs were expanded to include war victims' benefits to aid the hundreds of thousands of returning soldiers from the front. Germany paved the way to reducing child poverty with the Youth Welfare Act, passed in 1922, which still serves as a model for youth-related welfare programs all over Europe. During the Weimar period the various forms of unemployment and poor relief were consolidated into one program, paid for equally by employers and employees.

These initiatives worked well to provide all needy citizens with basic assistance in times of need, but with the arrival of the Great Depression in the early 1930s, the government found itself unable to afford the high costs of the program. In fact, angry voters, who much resented the austerity programs introduced by various German governments from 1930 to 1933, helped catapult Adolf Hitler into power.

NATIONAL SOCIALISM

The National Socialists promised full employment and a reconstitution and expansion of many of the welfare programs introduced during the Weimar period. They were able to do this by deficit spending and centralization of all the social insurance programs. By 1942 all wage earners, as long as they were "Aryan," were covered by accident and health insurance, women were guaranteed 12 weeks of paid maternity leave, and the poor received housing and food assistance. These programs were progressive, and popular, but they came at a high cost. German citizens traded their freedom and autonomy and gave the government a blank check to impose a genocidal dictatorship and ultimately lead the nation into a catastrophic war.

After World War II, two German states came into existence; the one in the west had a free-market economy, the one in the east had a communist, centrally controlled command economy. In the latter, the German Democratic Republic, the state had a monopoly on all the welfare programs. The system was extremely hi-

erarchical and highly subsidized. The state guaranteed full employment by paying workers in inefficient or unnecessary industries. Food and housing were heavily subsidized for all citizens so that despite extreme shortages, all basic needs were met. The standard of living was much lower than in West Germany, but so was inequality. Except for a small stratum of privileged Communist Party members, everyone was equally poor. Even the luxuries enjoyed by the elite were very modest when contrasted with the living standards enjoyed by average Europeans in the capitalist West.

After 1950, the West Germans decentralized the administration of welfare programs and returned to the Weimar system, in which social insurance and public assistance were administered differently in the various German states. Some states means-tested social insurance and public assistance programs, some did not. Some occupation groups, like civil servants, had better insurance than other public-sector workers. In the 1970s an attempt was made to standardize social compensation and welfare programs at a federal level, but inequities remained.

When the two Germanys were reunited in 1990, these inequities only increased. Both the conservative Christian Democrats and the liberal Social Democrats today wish to placate voters and retain the overall structure of the welfare state, which has guaranteed a social safety net ever since the days of Bismarck. The programs are very popular, and a national consensus exists that Germans do not wish to have an "American system," where the poor are allowed to fall through the cracks. But paying for these programs has put extreme pressure on the government, which is running at everincreasing deficits. Painful reforms will be necessary if Germany is going to be able to both afford both its extensive welfare state and continue to succeed in a very competitive global economy.

Human Development Index Rank: 20 Human Poverty Index Rank: 6 (HPI-2)

SEE ALSO: European Relative-Income Standard of Poverty; European Union Definition of Poverty; Social Democracy; Social Insurance; Welfare State.

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Ghana

GHANA PRESENTS interesting scenarios for understanding the complexity and difficulty of analyzing poverty in Africa. Ghana is one of the least-developed countries in the world, according to standards set by the United Nations. To put it into perspective, the poverty rate was 46 percent in 1994 and decreased to 39 percent in 2000; it was 40 percent at the end of 2004. It should be noted that the population in 1994 was about 18 million and in 2004 it was 20 million. The type of economy in Ghana will partly explain the level of poverty.

The economy is heavily dependent on subsistence agriculture that is carried on by mostly illiterate rural folks. According to 1999 estimates, 60 percent of the workforce were employed in agriculture and contributed about 60 percent of the Gross Domestic Product (GDP). In contrast, industry accounted for 15 percent of GDP, and services 25 percent. Unemployment has always been high, standing at 20 percent in 1997. High unemployment rates have coupled with an inflationary rate of 13 percent.

The result has been that many Ghanaians depend on remittances by those living abroad, reflected in the fact that in 2004 alone, Ghanaians working in other countries made remittances totaling \$1.5 billion. This is money in individuals' pockets that increases their purchasing power, hence the unusually high GDP per capita of \$1,305, although in essence people who live this way live precariously.

Other manifestations of poverty in Ghana include the high level of illiteracy and inadequate healthcare facilities, especially in rural areas. Nationally, the literacy rate stands at 73 percent. Government expenditure on education is only 2.8 percent of GDP, in spite of high-sounding rhetoric of reform of the education sector enunciated in Vision 2020. Similarly, patient-to-doctor ratios are disappointingly low, even in urban areas, while people in rural areas do not see actual doctors where there are clinics. Health superintendents who do not have the expertise to diagnose complex health problems

man rural healthcare centers. Government allocates two percent of GDP to the health sector. Understandably, life expectancy is low. According to World Health Organization figures for 2002, life expectancy at birth is 57 and 60 years for males and females respectively, while infant mortality per 1,000 births is 352 for boys and 295 for girls.

In spite of this appalling picture, the international donor community holds Ghana up as a model of growth and stability in sub-Saharan Africa. Shortly after passing the African Growth and Opportunity Act (AGOA) in 2000, the U.S. government declared Ghana eligible. Similarly, Ghana has since 2001 been admitted to the World Bank's Highly Indebted Poor Countries (HIPC) initiative. Thus we are left with an obvious conundrum. The country with nearly half the population living in poverty is also held up as a model of growth and hope.

There are two ways to understand the situation. The first relates to Ghana's former colonial status and what that has meant for its place in the global political economy. An erudite Ghanaian put it best when he said that Ghanaians under colonial rule were encouraged to "produce what they do not consume and consume what they do not produce." Ghana is endowed with natural and human resources, two of three essential elements needed to start a process of industrialization.

But instead of starting the country on that path (as they themselves had done in a previous era), the British colonialists encouraged Ghanaians to engage in primary production in order to keep the country as a market for British manufactured goods. Bereft of an industrial base, Ghanaians developed consumption of foreign manufactured goods that created a dependency syndrome that carried into the postindependence period.

With the increasing pace of globalization, Ghana is caught in yet another level of difficulty. Donor countries and institutions argue that globalization will help poor countries like Ghana if they embark on democracy and good governance. Democracy leads to freedom of choice, but it does not create equitable relations between poor and rich countries, especially when the former are restricted by tied aid that requires a percentage of goods to be channeled between donor and recipient countries. Critics charge that tied aid undermines the very concept of democracy and trade liberalization. And when a country does not price its produce on the international market, it cannot engage in mutually beneficial trade regardless of the type of government.

However, the problem of poverty in Ghana is not entirely foreign-generated. There is so much corruption

in Ghana that it will require a complete overhaul of the social, economic, and political systems to rid the country of poverty. The deputy chairperson of the National Commission for Civic Education did not mince words when she said that "corruption is the bane of development; we all recognize it yet we pretend it does not exist." Government policy of "zero tolerance" has not worked, and some have alleged that government officials themselves are deeply implicated in corrupt practices. A professor has suggested that electronic surveillance and hidden camera operations should be adopted to curtail corrupt practice. At the individual level, people generally do not feel a sense of accountability or responsibility when they work for the government, or for someone else. Thus the international donor community may forgive Ghana's debts, but until Ghanaians themselves change their attitudes, the alleviation of poverty might remain only a wish.

Human Development Index Rank: 138 Human Poverty Index Rank: 62

SEE ALSO: Child Mortality; Corruption; Economic Liberalization; Structural Dependency; Subsistence.

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Giddens, Anthony (1938-)

AS AUTHOR OR EDITOR of 30 books, and as director of the London School of Economics and Political Science, Anthony Giddens's interests and influence have been broad. Two features of his work are most pertinent here. First, there is his effort to rethink the theory of social sciences, what he terms *structuration* theory, and second, his efforts as the prominent theorist of the so-called Third Way.

Structuration theory is an extended gloss on the famous remark of Karl Marx that we make history, but not with materials of our own choosing. It attempts to overcome all the troublesome dualisms in social theory, but prominently agency/structure, micro/macro, and

subjective/objective. Giddens argues that social structure presupposes action and vice versa. Social structure is both "enabling and constraining," and has but "virtual reality" as both medium and concrete product of action. When we speak we use language and reproduce it, and it "exists" only insofar as it is spoken or written. One can buy a hot dog with a \$5 bill only because people have beliefs about what it is and what it can do. These are "objective" facts even if unlike (say) salt's solubility, they are facts only because of what we believe and do. And this is true of all our actions.

In contrast to Durkheimian accounts of structure as causal, persons working with materials at hand are the causal agents of society and history. Other consequences follow: ethnography will be an essential first step, followed by an effort to understand why members believe what they do, and indeed, whether what they believe about their "world" is true. As with Marx, a good deal of social life is sustained only because members have false beliefs, uncritically taken for granted.

Consider poverty. One side holds that it is explained by the culture of poverty: beliefs held by poor people, which cause their poverty. In this view, society needs to change the poor's beliefs. The other side argues that it is explained by objective circumstances of the social position the poor find themselves in, their lack of resources given the objective conditions of the labor market. But this bifurcates structure and culture. Of course, the poor act on their beliefs, but the alternatives available to them depend upon features of the world that require human institutions for their reality. Of course, those lacking skills encounter external constraints on action. There is inequality of opportunity and there are no jobs. But these facts are not external to the activities of persons; they are a consequence of the actions of capitalists, government actors, consumers, etc., each of whom are acting with materials at hand.

An essay in *The New Yorker*, "The Two Tonys," identified Giddens's close association with Tony Blair's Third Way politics. But this Third Way is certainly not the traditional social democratic way between communism and liberal capitalism. Indeed, it is not easy to characterize it, except perhaps to say that it seeks to join the values of social democracy with market liberalism. This can be illustrated by considering poverty.

Giddens offers that the key element in Third Way welfare reform is a focus on *social exclusion*. The term "directs our attention to the social mechanisms that produce or sustain deprivation," Giddens says. This would seem promising, but Giddens also argues that since "it refers to circumstances that affect more or less

the entire life of an individual, exclusion contrasts with being 'poor,' 'deprived' or 'on a low income.'" Exclusion would seem to refer to a small subset of the poor and, accordingly, would take us a long way from concerns about jobs or income inequality.

Similarly, "countering mechanisms of social exclusion ... meshes closely with other themes in third way politics, including that of personal responsibility. But, presumably, the well-worn catchphrase that 'welfare should offer a hand-up not a handout' takes on flesh in the emphasis placed upon labor-market reform and job creation."

Again, this seems encouraging except that, writing in 2000, Giddens strongly endorsed Bill Clinton's 1996 effort to "end welfare as we know it." Of course, the proportion of people receiving benefits went down, but the evidence also suggests that in the absence of any effort to create decent jobs, like so many of the world's poor who lack benefits, the poor in the United States are also adept at survivalist strategies, including their unidentified efforts in the informal economy.

SEE ALSO: Clinton, William (Administration); Culture of Poverty; Social Exclusion; Sociology of Poverty; Third Way.

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Giffen Goods

ONE OF THE BUILDING blocks of economics is the law of demand. If the price of a good goes up, quantity demanded goes down (hence the so-called demand curve is downward-sloping). Yet, there is allegedly a situation when this does not hold, as there are some goods that are demanded more with their higher price.

Alfred Marshall, in his famous 1895 Principles of Economics, attributes this finding to a British statistician and economist, Sir Robert Giffen (1837–1910), after whom such goods are named (though as George Stigler points out, it seems that Giffen himself was unwilling to accept the existence of Giffen goods and we should rather refer to these goods as Marshall goods). Giffen behavior seems to emerge under these particular cir-

cumstances: a good is an inferior good (that is, a good for which demand decreases when income rises), lacks close substitutes, and constitutes such a substantial portion of the buyer's budget that one may become so impoverished by an increase in the price of such a crucial good that one cannot afford to buy other goods and has to buy more of this basic good. Hence a quantity demanded for the Giffen good goes up. Potato, grain, and rice in underdeveloped economies are often mentioned as potential candidates of such a good.

Attempts were made to identify Giffen behavior among poor Chinese families.

Though theoretically possible for some very poor households who consume only a few basic goods, economists were not able to find examples of such behavior. The potato example, during the Irish famine of 1845–49, has sometimes been used, but has not survived historical scrutiny. Recently some attempts were made to identify Giffen behavior in the case of rice and noodles among poor Chinese families, but the findings are still only preliminary.

Regardless, even if some goods of this kind can be identified, their existence does not disprove the law of demand or the overall economic theory. They should only remind us that standard supply-and-demand schedules are derived under the assumption of *ceteris paribus*, that is, no other changes than changes in price of a good in question are allowed.

In "normal" analysis, however, economists do not stick to a strict interpretation of the ceteris paribus assumption. They allow for negligible changes throughout other markets. When these changes become nonnegligible, though, such as if the real income is substantially affected by the rise in the price of one good (or, for example, if a decline in the price of a good causes the good to lose its prestigious status and hence is demanded less rather than more), we see the inherent limits that lie within the particular use of an analytical apparatus, not within the law of demand or economics as such.

SEE ALSO: Economic Definitions of Poverty; Irish Famine; Marshall, Alfred; Needs.

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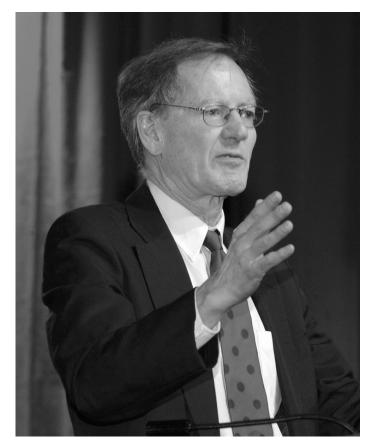
Gilder, George (1939-)

GEORGE GILDER IS A libertarian social philosopher and futurologist. After attending Exeter Academy, he graduated from Harvard University in 1962. After a brief stint in Washington D.C., he returned to Harvard's Kennedy Institute of Politics as a research fellow and became the editor of the *Ripon Forum*, a magazine informally affiliated with the Republican Party. During this time, several prominent public figures, including Nelson Rockefeller, George Romney, and President Richard Nixon, employed him as a speechwriter.

In the 1970s Gilder's research into society and poverty resulted in a string of influential books. In his 1972 book *Men and Marriage* he reaffirms the traditional gender roles as a critical underpinning for the stability and advancement of society (as it was seen as one of the first serious intellectual attacks on the modern feminist movement, Gilder was awarded the "Male Chauvinist Pig of the Year" award in 1974 by the National Organization for Women).

This was followed in 1978 by Visible Man: A True Story of Post-Racist America, titled in contrast to Ellison's Invisible Man. Following the story of a young African American falsely accused of rape, Gilder makes the case that much of his plight, like that of others in the lower socioeconomic classes, can be traced back to perverse antisocial incentives and designs of policies of the welfare system. Thus Gilder claims that liberalism, rather than alleviating social ills, perpetuates them. Many themes from both of these earlier works are found again in Gilder's 1981 best-seller Wealth and Poverty, a book closely associated with the advent of supply-side economics and sometimes referred to as "the bible of the Reagan revolution."

Indeed Gilder's association with pioneering supplyside economics was furthered by his involvement in several public forums, such as the Lehrman Institute's Economics Roundtable, the Manhattan Institute, A.B. Laffer's economic reports, and contributions to the



George Gilder's research into society and poverty resulted in a string of influential books on supply-side economics.

Wall Street Journal's editorial pages. The term supply-side economics is in contrast to Keynesian economics with its emphasis on fostering economic growth by stimulating demand, often with the use of government spending programs. Thus, supply-siders view creating individual incentives to encourage the supply of labor and capital as key to securing economic growth and alleviating poverty.

The main instruments to this end are viewed as reducing disincentives to supplying labor by reducing effective marginal tax rates on labor (including a reduction in many welfare programs) and creating higher return on capital by letting entrepreneurial efforts develop through a reduction in regulations and a reduction in marginal tax rates. On the whole, it is an optimistic philosophy of increasing wealth at all levels through the creation and protection of individual opportunity. During his presidency, Ronald Reagan frequently cited Gilder for his supply-side theories.

It has been said, "If everybody working for the government is Orwellian, then Gilderian would be nobody working for the government." Nevertheless, it is argued

that a desirable side effect of supply-side policies is that the stimulated economic growth increases the size of the tax base to such a degree that government revenues increase despite the reductions in the tax rates. In the end, while many propositions associated with supply-side economics have gained increased acceptance in the academic community over the last several decades, there is no overall consensus concerning their broad validity and applicability.

Through his study of entrepreneurship, Gilder became particularly interested in the technology sector, and he has turned his attention to this area after 1980, contributing regularly to *Forbes ASAP* and the *Gilder Technology Report*. He is a sought-after speaker on technology and the future, working out of the Discovery Institute, a conservative think tank that he cofounded in 1990.

SEE ALSO: Economic Growth; Reagan, Ronald (Administration); Supply-Side Economics; Welfare State.

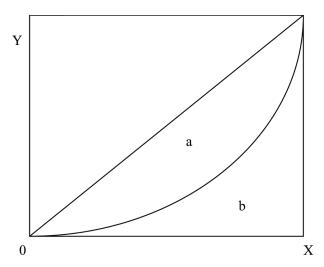
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Gini Index

THE GINI INDEX IS a summary measure of income inequality that was developed by the Italian statistician and demographer Corrado Gini (1884–1965). It is an application of his theory of dispersion in a concentration and is best illustrated using the so-called Lorenz curve, named after the American economist Max Lorenz (1880–1962). It is used to illustrate the size distribution of income. A hypothetical Lorenz curve is presented below.

In the figure, Y represents the cumulative percentage of income and X the cumulative percentage of households, and therefore the horizontal and vertical axes add up to 100 percent. The diagonal (45-degree line) in the box represents a perfectly equal distribution of income, each quintile (that is, each 20 percent) of



households receiving exactly 20 percent of total income. The Lorenz curve under the diagonal represents an actual distribution of income and tells the extent of income inequality. Low-income households (toward the origin on the X-axis) have a relatively low share in total income, whereas high-income households, for instance in the top quintile, have a higher share in total income. The more bowed out (convex) the Lorenz curve, the higher the income inequality.

The Gini Index (G) is a summary of statistics of the extent of income inequality. It is calculated simply as the area under the diagonal and above the Lorenz curve (area a) divided by the entire area under the Lorenz diagonal (area a+b):

$$G=a/(a+b)$$
 and $0 \le G \le 1$

The Gini Index is equal to 0 when income distribution is perfectly equal and 1 when income distribution is perfectly unequal. Intercountry and, over time, intracountry comparisons of the Gini coefficient are often made, even though such comparisons have statistical measurement limits and depend on the accuracy of the data. For instance, according to the U.S. Census Bureau, income inequality in the United States increased steadily from 1970 to 2000. The Gini Index in 1970 was .394 and increased to .403 by 1980, to .428 by 1990, and to .462 by 2000.

High income inequality is one of the main causes of overall poverty. The disparity in income shares indicates that low-income groups receive a disproportionately low share in total income, are unable to meet their basic needs, and hence are poverty-stricken. It is, therefore, not surprising to note that countries with a high Gini Index are also countries with high poverty rates. According to the United Nations Development Pro-

gram (UNDP), Botswana, the Central African Republic, Lesotho, Sierra Leone, and Swaziland are among the countries with the highest income inequality. Not surprisingly they are also the countries with the lowest rankings in terms of Human Development (HDI, available for 177 countries) and Human Poverty (HPI-1, available for 103 countries) Indexes. A sampling includes:

Country	Gini Index	HDI	HPI-1
Botswana	.630	131	94
Central Africa	an		
Republic	.613	171	92
Lesotho	.632	149	91
Sierra Leone	.629	176	98
Swaziland	.609	147	97

Perhaps a strategy to fight poverty should start with measures aimed at reducing income inequality.

SEE ALSO: Income Inequality; Income Poverty; Luxembourg Income Study; Poverty Rate.

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Global Commons

GLOBAL COMMONS ARE large resource domains that do not fall within the jurisdiction of any one country. Antarctica, the oceans, the atmosphere, and space are typically considered global commons. Two commonly ascribed attributes of such resources are the difficulty of excluding others from using them (exclusion) and the degree to which one appropriator's use of the resource diminishes that consumption of the resource left for others (subtractability).

Also termed *common-property resources*, these resources can be defined by four categories of property rights, namely open access, private property, communal property, and state property. These categories differ in nature of ownership, rights, responsibilities of owners,

rules of use, and center of control. In practice, however, many resources are held in overlapping and sometimes conflicting combinations.

The global interconnectedness between the commons and their various resources is extensive. The local commons co-constitute and determine the global commons, highlighting a close and symbiotic relationship between local ecologies and large resource domains. Numerous human activities at the micro level, such as the cutting of firewood in rural areas of South America, can have causes and consequences measured at small, medium, and large spatial and temporal scales. In grazing systems, overuse of grasslands has led to increased rates of wind erosion, with local losses in soil fertility and regional to global consequences for the atmosphere.

Local activities have fundamentally and globally altered the atmosphere's composition and function. There is a widely held view that commons are inherently disaster-ridden because of overpopulation and technological innovation, allowing for an even more intensive exploitation causing the depletion and ultimate collapse of a range of common-pool resources.

There are several links that exist between poverty and the environment at the local level. For one, poor people rely heavily on natural resources for subsistence and employment. The poorest are often landless laborers who depend on soil, fish, and other natural resources for food and income. Poorer households tend to depend more on environmental resources/commons. Since poor people have limited options and alternatives, they are said to deplete resources faster—often impoverished by a declining resource base, they are in turn often forced by their circumstances to degrade the environment further. This can lead to soil erosion, land degradation, and deforestation.

Second, poor people are more likely to be exposed to polluted water and air, which cause illness and premature death. Poor people are commonly bound to reside in areas with poor environmental quality. Many poor people live close to factories that pollute the air, contaminate water, and produce hazardous and solid waste. They often live closest to the sources of pollution in urban centers and have to rely on wood and charcoal, which produce poor air quality in their own homes.

Disease (cholera, malaria) frequently removes people from the workforce for long periods. Respiratory infections and waterborne diseases (due to the low quality of the air and water supply) are two of the biggest causes of death among the poor. By far the largest cause

of disease is the lack of access to adequate water and sanitation.

Third, poor people are more vulnerable to environmental disasters and changing climate. They suffer more losses, injuries, and deaths from natural disasters than the rest of the population since they are more likely to live in unsafe housing and in areas prone to disasters such as floods, landslides, and drought. The impacts of global climate change—declining water supplies, poor harvest, and increasing spread of disease—will further affect poor people who already live in areas susceptible to disease and with limited savings, food, and other assets to help them cope in the event of fluctuating climates and extreme weather. Environmental stress can force the poorest to temporarily or permanently leave their homestead to seek survival elsewhere (environmental refugees).

Last, many poor people have ill-defined land rights. In urban areas, for example, slum dwellers, squatters, and migrants often lack tenure security over the land they inhabit. The illegal nature of settlements, combined with poor public infrastructure provisions, is seen as reducing the individual's incentive for managing local surroundings.

The poverty-environmental spiral occurs for several reasons. Some observers believe that inadequate economic growth and insecure property rights are the key causes of poverty, while others tend to focus on the role of weak government services. Some critics ascertain that it is the inequalities of the global economy that marginalize people and place them in precarious situations that often result in environmentally damaging outcomes.

According to this rationale, states and corporations are the culprits that have taken control over the global commons. These powerful actors in the global economy have managed to confiscate the property rights of the poor, ultimately forcing them onto marginal lands and into fragile existence. They also tend to emphasize excessive overconsumption in the developed world as inflicting more damage on the natural environment than is necessary.

SEE ALSO: Drought; Environmental Degradation; Globalization; Natural Disasters; Public Goods.

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Globalization

BROADLY SPEAKING, the term *globalization* means the integration of economies and societies through cross-country flows of information, ideas, technologies, goods, services, capital, finance, and people. The essence of globalization is connectivity. Cross-border integration can have several dimensions—cultural, social, political, and economic. The term *globalization* is used in the more limited sense of economic integration, which can happen through three channels: trade in goods and services, movement of capital, and flow of finance. There is also the channel through movement of people, or migration.

Globalization is defined as a higher stage of internationalization. It can be considered as the predominance of world-market orientation in trade, investment, and other transactions; the special and institutional integration of the markets; and the emergence of global problems, like environmental degradation and population growth, the management of which requires global cooperation.

In the forefront of the globalization process are international money capital and information flows, over which the national legislations have little or no control in the era of liberalization. In order to understand the different opportunities and conflicts claimed to be the consequences of globalization, one can find the analytical disintegration of the process into internationalization, transnationalization, and universalization, which are more relevant and scientific than the use of the globalization concept as an overall intellectual straitjacket.

The historical roots of globalization are in the internationalization process; from the perspectives of countries, internationalization developed in two main directions. The inward direction of the process has been the increase (or penetration) of the external sources of goods, capital, services, technology, and information in the domestic consumption of any given country; the outward direction of the process has been

the predominance of world-market-oriented countries and global expansion of firms in trade and investment. Internationalization, in essence, promotes economic progress. It increases the exchange of material and intellectual values and has been beneficial to contacts among peoples.

TRANSNATIONALIZATION

A very important component of the internationalization process, and one of the main sources of globalization, is transnationalization, in the framework of which the given proportions of output, consumption, exports, imports, and income distribution of a country are subordinated to the decisions of international centers, outside the frontiers of the country.

The central forces of the process are the transnational corporations, which are the results and at the same time the main actors of internationalization through foreign direct investments, global production, and outsourcing. The process of globalization of the world economy accelerated during the past decades as the diverse markets, particularly capital, technology, and goods, but also to a certain extent labor, became increasingly interconnected and integrated into the multiplier networks of international corporations.

These are the most important organizations, which are constantly creating a number of new linkages, in output, product development, design, product universalization, and marketing. These transnational economic centers of power are pushing for constant expansion of new markets and for relatively liberal and uniform values in the business environment. They are also serving as important instruments for the globalization of the markets with the spread of the information infrastructure, which increases the speed and reduces the cost of transactions.

While a certain number of transnational corporations are in the traditional commodity sector, international firms contributed to industrializing countries through the establishment of new industries, particularly car manufacturing, petrochemicals, machinery, and electronics, and to the modernization of traditional industries, like textile and food processing.

Universalization is characterized, on one hand, by the growing identity or similarity of national economic regulations, institutions, and policies across national boundaries due to multilaterally agreed patterns. This means the spread of certain values and modes of doing things, including the identical postulates of new technology and homogenization and standardization of production and consumption. The other dimension of universalization is the increasingly universal approach to human rights, or the universalization of culture by mass media. The latter is in serious conflict with the diverse cultures of the globe.

Globalization in economic terms is nothing more than integrating national markets with global markets. It has some very clear implications. Globalization puts an emphasis on consumer concerns, delivering to the consumer the very best quality in the most cost-efficient manner possible.

Globalization therefore encourages competition within or beyond the nation to earn consumer support. It is this competition that results in the continuous global search for what the consumer needs and an ongoing program seeking how to create and deliver the best products. In other words, it is based on Darwinian selection and "survival of the fittest" theory.

In the search for existence, globalization leads to partnerships and networks, ultimately leading to identifying who can do what best, thereby building on each other's strengths. Globalization therefore becomes a cooperative venture whereby organizations and people complement and supplement each other in the service of the consumer. As a result, globalization helps lead to synergies in the role of each country.

Globalization leads to quality assurance, and it is as a guarantee of their quality that manufacturers brand their products, trying continuously to upgrade quality at reduced unit costs. Globalization therefore relies on the quality of people: their vision and their commitment happen to be the very foundation of globalization, since all initiatives, innovations, and solutions ultimately rest on the outstanding quality of the people.

Proponents of globalization promote an economically borderless world where there is a free exchange of money, ideas, and expertise, fostering partnerships and alliances to serve the consumer best. Globalization means the smallest interference by the government in economic activities, so that the talents of the people can grow to fruition. In the ultimate analysis, globalization leads to consumerism.

INTERNET BIAS

The globalized economic system has an internet bias in favor of the large, the global, the competitive, the resource-extractive, and the short-term. But our challenge is to create a global system that is biased toward the small, the local, the cooperative, the resource conservation, and the long-term. The crisis of deepening poverty,

growing inequality, environmental devastation, and social disintegration in the developing and developed countries must be resolved for the world to survive. Surely, a rational system of truly free global trade can be built only upon the free and equitable use of all global natural resources, including land and minerals; the free global movement of all factors of production, including labor and capital; and the global allocation of resources and benefits by a democratic and just global authority.

There is efficiency to the market mechanism; no state exists to match the world market.

It is true that the market, national and international, is a gigantic voluntary mechanism of choice, rejection, and adjustment, another kind of democracy in which people of all strata vote with their money. But it has serious limitations and imperfections. To moderate its imperfections, to help bring about economic justice, and to regulate the market's negotiations, the polity and state need to play a regulatory role, not that of a failed monopolist and an unproductive drainer of wealth; be a promoter of infrastructures to enable the people's efficient participation in the market; be a promoter of human development in education and health, to enable more millions to enter the market as employers and employees and as consumers with a higher quality of life; and be a provider of law and order, for the people and market to grow in peace. Polity and society also need to encourage the growth of intermediate organizations between state and market for the growth of a civil society.

MARKET AND POLITY

It must be noted that in their different roles, the market and the polity have complementary roles, especially in democratic politics. Both are imperfect human institutions; only the market is more easily correctable in a functioning democracy—not state capitalization—than the state of most polities in the real world. There is the inherent efficacy and efficiency of the market mechanism. No world state exists to match the world market.

However imperfect, the market provides the world with a better-coordinated supply of a thousand goods and services than the United Nations' services to peace, international order, security, or health and culture. No government or international organization can match the systematic coordination of millions, which creates the

market, that silent, unsung institution. Indeed we cannot close our eyes to the wonders of the market. It is, however, preposterous to say that it benefits all in the economy equally and equitably and is flawless. It has its own quota of ills. What we need today is a clear perception about the roles of the two—the state and the market. This need not be mutually exclusive; their roles may in fact be complementary. We must not forget that the market benefits the "haves" alone, and hence the state must come forward to take care of the "havenots." There has been a synthesis of state control and marketization and liberalization.

The emphasis on free trade has widened to include flow of investment and finance. The world economy has become more and more structurally interdependent, so that the use of the concept "global," as distinct from "international," became acceptable and justifiable.

Technological developments in computing and telecommunications have reduced transaction costs and these costs will continue to fall further. Globalization is thus a supernational phenomenon that transcends national frontiers. It has shrunk the world through the enmeshing bonds of new technology in the context of a "global neighborhood," "global village," or "world without borders." It is not the same as the increasing degree of openness of countries witnessed earlier. It involves fast growth of trade in goods and services, much higher growth in international financial transactions, very fast growth in foreign direct investment, a deeper form of internationalization resulting from production networks of multinationals, emergence of global markets, rapid diffusion of knowledge and technology, globalized communication and transport networks, and changes in thinking and the model of operations of international institutions.

The process of globalization has continued and may intensify further. At the microlevel, there is more and more pressure on business enterprises, from both competitors and consumers, to continuously innovate and improve the quality of products. As the product life cycle has reduced, there is a need for more expenditure on research and development and searching for new markets. For increasing the core competencies, there is a need for combining expertise with others through mergers and acquisitions.

As consumers reorient their choices to superior products and services, the producers also have the capacity for continuous product and process innovation through technological and organizational improvements, especially through computer-aided manufacturing, and the link between the producers and consumers

is quickly established through electronic media, the internet, and e-commerce. At the macrolevel, more and more countries are following policies of liberalization, privatization, deregulation of markets, removing of structural distortions, and liberalizing foreign direct investment. Thus there are rapid shifts toward market-oriented policies, wherein profit motives and market mechanisms determine the allocation of scarce resources. At an international level, there is replacement of nonconditional sources of finance by portfolio investment. The International Monetary Fund, World Bank, World Trade Organization, and other international and regional organizations frame new and "level-playing-field" rules for international transactions.

This supranational phenomenon of globalization has far-reaching economic, social, political, cultural, environmental, and technological consequences. Global forces now play a much greater role in the determination of cropping patterns, investment levels and patterns, price structure, quality of production, occupational structure, and the direction of economic activities. Interest market access, reduction and removal of tariff and nontariff barriers, investment measures, and intellectual property rights have a tremendous bearing on the economies of all countries.

Globalization has the potential of raising employment levels, improving living standards, improving a consumer's product choice, expanding exchange opportunities, and raising national income levels. It is expected to involve greater international division of labor and more efficient allocation of resources, thereby making economies of scale and specialization available to the producers of the world. Consumers can enjoy a wide range of products at the cheapest rates. Globalization provides new opportunities to developing countries to derive benefits from foreign direct investment. Further, the efficiency of banking and financial sectors is expected to improve with opening of these sectors to foreign competition. Globalization is also expected to improve efficiency in domestic economies through an increase in competition and cost-consciousness.

RISKS OF GLOBALIZATION

On the other hand, there is a long history of strong hostility toward international trade effects, including unequal exchange, secular deterioration of terms of trade, and new protectionism. High volatility is a part of globalization, which is the result of a sharp increase in short-term funds and the increased use of private funds to finance external debt.

Financial globalization creates the possibility of speculation bubbles, and economies become more and more prone to exogenous financial and other disturbances. Economic shocks in any one of the five or six economies are electronically and instantaneously transmitted across the globe, and there may be devastating effects. All countries are facing structural unemployment brought by competitive pressures, new technologies, and market-oriented policies. There have been market failures in the past, and there will be new cases of market failures. The blind race of competition has created concerns regarding ozone depletion, global warming, and lack of biodiversity, which may have disastrous consequences for the world.

GLOBALIZING POVERTY

Emerging poverty and increasing unemployment and inequalities have created doubts whether this process has been instrumental in globalizing poverty. The gap between the earnings of the skilled and the unskilled workers has widened. Small-scale industries in many countries are facing closure, thereby intensifying the problem of unemployment. Economic efficiency is hardly a desirable end in itself; it has relevance only in relation to the ultimate social end, which must encompass elements of economic justice.

The dictum "Poverty anywhere is a threat to prosperity everywhere" has become relevant.

The process of globalization may be unstoppable and irreversible. All international institutions, organizations, and banks have pro-globalization policies and programs. There will be further integration of markets of commodities, services, and financial assets. Even the regional grouping may become building blocks for creating a new global architecture. Earlier, there was a dependency on the dollar as an international currency, now the euro has emerged, and tomorrow the yen or yuan zone may also emerge. No country can afford to remain isolated.

Therefore the need for effective and accountable global governance has become increasingly obvious. The dictum that "poverty anywhere is a threat to prosperity everywhere" has become all the more relevant under the globalized poverty regime. There is a need to change the situation from a "winners and losers" to "win-win" situation. The global awareness of common

issues like environmental pollution, ozone depletion, climatic changes, loss of biodiversity, infectious diseases, drug smuggling, and other such public problems that have cross-border spillover effects is increasing, which also requires global cooperation. All economic ills like poverty, unemployment, and child labor are globally owned.

SEE ALSO: Capitalism; Economic Liberalization; Environmental Degradation; Financial Markets; Foreign Direct Investment; International Nongovernmental Organizations; Public Goods; Sustainability; Technology.

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Goodwill Industries

GOODWILL INDUSTRIES International is one of the largest nonprofit organizations in the world devoted to helping the poor. It provides education, training, and career services to people who are disadvantaged by physical, mental, and/or emotional challenges and by social conditions such as lack of education, or work experience, welfare dependency, and homelessness.

In 2004 Goodwill Industries provided employment and training to about three-quarters of a million people. The motivation for this work-oriented assistance arises from the belief that work has the power to transform lives because it builds self-confidence, personal independence, creativity, trust, and friendships. Belief in the creative value of work is central to the Goodwill Industries work philosophy, which is that everyone should have a chance to be gainfully employed. Goodwill Industries provides that chance for many who would otherwise probably not find employment. Its key mission is to give people the training and skills they need to become excellent workers in the American economy.

Goodwill is funded in several ways. Donations of clothing and household items are sold at over 2,000

Goodwill retail stores. In addition some items are sold through the internet site, which also functions as an online auction service. Money is paid to Goodwill as income when it helps businesses fill gaps caused by labor shortages or other factors. Also, it earns money by training workers hired by some businesses to fill labor shortages, or by filling gaps that occur in the labor needs of industry. It also helps to train contract workers who can then fill in as needed.

Over 80 percent of the income that Goodwill Industries receives is used to fund education and career services to those who seek help as workers. In this way Goodwill Industries serves as both an employment trainer and a jobs center.

Well over a quarter of a million people are helped by Goodwill with job assistance each year. Fully 100,000 are placed in competitive employment. The full Goodwill Industries program generates over \$2 billion annually. Over 50 million people give donations and many are repeat donors.

Goodwill is now international in scope. It has a public policy agenda that is concerned with the disadvantaged. Some come from low-income backgrounds. Many come with a criminal record. To serve the people who come to Goodwill seeking help who have a criminal record an ex-offender program has been developed. The goal is to reduce or eliminate recidivism and to successfully enable the reentry of the ex-offender into society as a responsible citizen and taxpayer.

Goodwill Industries International has become truly international with its network of over 200 community-based organizations in 24 countries. Its work overseas is essentially the same as in the United States. It provides job training and career services to people everywhere that it has been able to develop a center.

The socially complicated world of today is often a challenge to job seekers. They are often unable to work until issues of childcare, transportation, emotional stability, language skills, literacy, and math skills are settled. For some people, the need is to acquire life skills, such as balancing a checkbook, developing a family budget, or other need. For others the need is to get educational qualifications, such as gaining a high-school-equivalency diploma. Goodwill seeks to provide ways to handle these issues so that people can develop employability or can actually be available for work.

To further the educational needs of the people it serves Goodwill Industries is developing computerized courses that are taught online. Since 2003, Goodwill Virtual Community has developed e-learning programs to help people with employment. The courses are web-

based and free to users. Some are in English and others are in Spanish. Some involve basic computer skills and include learning proficiency in Microsoft Office programs such as Word, Excel, Access, and PowerPoint.

The Reverend Edgar James Helms, a Methodist minister founded Goodwill in 1902 in Boston. He was an early social innovator who collected household goods and clothing from the wealthy and then used the goods to train or to hire the poor to repair the used goods. These were then either sold or given to the poor. From this the Goodwill philosophy of "a hand up, not a hand out" began.

Helms viewed Goodwill as more than a social service program. It was also an industrial program to meet the new industrial age. Helms's ultimate goal was to courageously face poverty and to defeat it with prayer and service until poverty is banished.

SEE ALSO: Charity; International Nongovernmental Organizations; Nongovernmental Organizations; Welfare.

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Grant, Ulysses (Administration)

HIRAM ULYSSES GRANT was born the son of a tanner in Ohio on April 27, 1822. He joined the military so that he could receive a free education at West Point (where he changed his name to Ulysses S. Grant). After exemplary service in the Mexican War, he resigned his commission and began several failed attempts at farming and business.

When the Civil War began, Grant received a state appointment as colonel of the 21st Illinois Infantry. His abilities quickly led to his promotion. Successes in the western theater eventually led President Abraham Lincoln to put Grant in charge of the Army of the Potomac. His successful efforts led to the surrender of

General Robert E. Lee on April 9, 1865, effectively ending the Civil War. Grant remained commander of the army after the war. He briefly served as secretary of war under President Andrew Johnson, but resigned that commission because of congressional objection to the president's firing of his predecessor.

Despite never having held elective office and having almost no political experience, Grant received the Republican nomination and was easily elected. Unfortunately, his lack of experience quickly showed. Grant was generally content to let the leaders of the Radical Republican Congress set policy. He appointed friends and financial contributors to most appointed offices.

The Grant administration is probably most remembered for its many scandals. One of the largest was the Whiskey Ring Scandal in which numerous officials skimmed federal taxes on liquor for personal benefit. Another major scandal in Congress during this time was Credit Mobilier, in which members of Congress benefited personally from railroad contracts. Other scandals involved retroactive pay raises for top officials and misuse of Native American funds for personal benefit. Grant was not directly implicated in any of the scandals, but his refusal to maintain oversight and his continued support of some of those implicated encouraged corrupt practices.

The main issue during the Grant administration was reconstruction of the former Confederacy. Initially Grant had seemed to favor the policies of Lincoln and Johnson to bring the south back into the Union quickly and try to heal old wounds. But by the time he became president, Grant had allied himself with the Radical Republicans, supporting greater military occupation and protections for the freed slaves. The Grant administration enforced the newly passed Fifteenth Amendment guaranteeing voting rights to former slaves by passing several voting rights laws. It also enacted laws designed to suppress the Ku Klux Klan and other groups hoping to suppress minority rights. Weak enforcement of those laws, however, led to most freed slaves being denied the right to vote and other basic rights.

The administration also oversaw the postwar western expansion. More railroad lines to bring people west assisted with commerce between the east and west and fueled much of the expansion. Government subsidies to railroads greatly encouraged the movement. Westward expansion also led to greater disputes with the Native Americans living in the territories. The Indian Appropriation Act of 1871 nullified treaties with many of the tribes and made natives impoverished wards of the federal government. White settlers were free to re-

ceive homestead land while natives were placed on reservations under the care of the U.S. Army in an attempt to "civilize" and ultimately integrate Native Americans into the American mainstream. Native refusal to comply led to the Indian Wars, which continued until the 1890s.

Grant also maintained a hard monetary policy. That is, money would remain backed by gold. This kept the value of the dollar high, benefiting business interests and eastern establishment banks. Farmers in the south and west suffered from this because they hoped that inflation would devalue the debts they owed. This helped to start populist movements in those areas that would grow over the next few decades. The hard-money policy also led to a shortage of capital for industrialization and western expansion. The situation became worse when several large, overextended companies were forced to declare bankruptcy, leading to the Panic of 1873. Bankruptcies and unemployment soared over the next few years.

Despite his record, Grant was easily elected to a second term in 1872. He broke with tradition to run for a third term in 1876, but the Republicans denied him the nomination. After leaving office, he became involved in several failed businesses and found himself facing poverty. He began writing his memoirs in order to provide for his family. He died on July 23, 1885, a few days after finishing them. The memoirs were published soon after his death and were a great success.

SEE ALSO: Corruption; Johnson, Andrew (Administration); Lincoln, Abraham (Administration); Republican Party.

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Great Society Programs

THE GREAT SOCIETY WAS a term coined by President Lyndon B. Johnson to describe his program to eradicate poverty in the United States and create a fairer

society. Described by some as a second New Deal, Johnson hoped to move the federal government to attack poverty, racism, and environmental issues. Johnson's Great Society ideas were outlined in a speech at the University of Michigan in Ann Arbor, delivered to students at a commencement on May 22, 1964.

In the speech, Johnson said the nation had an opportunity "to move not only toward the rich society and the powerful society but upward to the Great Society." He went on to say, "The Great Society ... demands an end to poverty and racial injustice. ... But that is just the beginning. The Great Society is a place where every child can find knowledge to enrich his mind and enlarge his talent ... where leisure is a welcome chance to build and reflect, not only the needs of the body and the demands of commerce but the desire for beauty and the hunger for community," and "where man can renew contact with nature."

Areas like central Appalachia continued to languish in desperate conditions.

Johnson used this speech to embark on the most ambitious domestic legislative agenda ever attempted by a president and Congress since the 1930s New Deal. The central piece of this Great Society was a War on Poverty designed to eradicate the causes of poverty within the United States. Johnson was concerned by statistics that showed that almost 25 percent of American families were living below the poverty line. He was even more concerned by the idea that entire regions of the country were almost totally oblivious to the economic growth and prosperity associated with the post-World War II era.

Areas like central Appalachia continued to languish in desperate conditions, despite the material advancement of American society. Johnson was also concerned about the changing technology associated with industry, which required advanced training and skills for existing employees.

He saw the handwriting on the wall, which pointed to the disappearance of well-paying, low-skilled jobs. He also understood the relationship between education and economic opportunity. Those whose educations failed them were the least likely to succeed in the increasingly technological society. Johnson believed that he had to act quickly to attack the causes of poverty and despair to ensure a stable and successful workforce in the future.

The first piece of legislation passed by Congress as part of this Great Society was the Economic Opportunity Act of 1964, which called for nearly \$1 billion in government spending to attack poverty. In a message to Congress, he called for a War on Poverty that would strike "at the causes and not just the consequences of poverty, one which would treat not just poor individuals but poor communities as well." On March 16, 1964, Johnson sent Congress his controversial Economic Opportunity Act, and on August 20, 1964, Johnson signed the legislation. The bill was far-reaching and future-oriented. The bill created 12 new programs designed to attack the causes of poverty. It created the Job Corps, which was modeled on Franklin Roosevelt's Civilian Conservation Corps. It provided job training to dropouts and other low-skilled people. College Work Study programs designed to help more lower- and middle-class students attend college. It created a domestic version of the Peace Corps called VISTA, Volunteers In Service To America.

This program enlisted college and high school students and housewives to perform social services for poverty-stricken Americans. Earning just \$50 a month, volunteers spent a year of their lives living in urban slums, in Appalachian valley communities, and on Native American reservations, where they taught basic reading and writing, got people jobs, helped with medical problems, started credit unions, created recreation programs, and brought the poor legal help.

HEAD START AND MEDICARE

The legislation also created Head Start, which took disadvantaged preschoolers and introduced them to education early in life with hopes of preparing them for first grade. The Head Start program was an unqualified success, raising IQ scores and reading scores and reducing dropout rates and failing rates. There was a high school dropout employment program, a Rural Loan Program, a Small Business Development Center, a Migrant Farm Workers program, a Community Action Program, a program for neighborhood health centers, Upward Bound to help minority students attend college, legal services for the poor, and a small-business incentive program designed to help minority business owners. To coordinate these programs and ensure their success, the bill created the Office of Economic Opportunity.

The second piece of legislation that was part of this Great Society program was the Medicare program. Johnson wanted to provide medical insurance for the poor and elderly. In 1964, 44 percent of people over 65

had no medical insurance. He was also concerned about the high level of poverty amongst the aged. He maneuvered around the criticisms of the American Medical Association and his Republican opponents and created a program that was revolutionary for Americans. The program called Medicare provided medical assistance to those on Social Security. The system required a deductible and low premium and in return the patients received up to 90 days' hospitalization and other medical services.

Racial tensions posed one of the greatest threats to Johnson's Great Society.

There was another small provision, which initially went unnoticed. It created a program called Medicaid, which paid the medical bills of the poor regardless of age. This was a joint state-federal program, which shared the cost of healthcare for welfare recipients. Johnson proudly stated as he signed the bill on July 30, 1965, in Independence, Missouri, in front of Harry Truman, "No longer will older Americans be denied the miracle of modern medicine."

The next part of Johnson's Great Society programming was designed to improve education. Johnson believed that one of the major causes of poverty was the poor quality of education in certain regions of the country. In 1964, there were more than eight million American adults who had not completed five years of schooling. There were an additional 20 million who had not completed eight years and almost one quarter or 54 million Americans had not completed high school.

Johnson viewed this as a major cause of poverty. On April 11, 1964, Johnson signed his Elementary and Secondary Education Act, which provided for a dramatic increase in education spending. Johnson signed the bill in a one-room schoolhouse in Stonewall, Texas with Mrs. Kathryn Deadrich Loney, the teacher who had taught him to read, looking on. The bill called for more than \$1 billion in federal spending for textbooks, library materials, and special-education programs for poor children. To increase college enrollments and help poverty-stricken students who wanted to attend college, he signed the Higher Education Act, which created federal college scholarships for needy students, government-insured loans for students whose families made less than \$10,000 a year.

Racial tensions posed one of the greatest threats to Johnson's Great Society. Johnson wanted to end the racial war and open a more fair society. He believed that one could not have a great society as long as civil rights were denied to a significant proportion of the American people. He wanted to legislate away the crisis by outlawing segregation and discrimination. He saw a two-part problem: racial discrimination and a flawed immigration policy. The Immigration Act of 1965 abolished the quotas that favored European immigrants and established a system based on family relations and occupational qualifications. This allowed more immigrants from other parts of Europe and Asia.

The other problem was racial discrimination against African Americans. His answer to this problem was the Civil Rights Act of 1964. This piece of legislation would become the most far-reaching bill involving civil rights ever passed by Congress. Johnson signed it on July 2, 1964. The 1964 Civil Rights Act provided equal access to public accommodations, strengthened existing laws preventing employment discrimination by government contractors, empowered the government to file school-desegregation suits, and cut off funds wherever racial discrimination was practiced in the application of federal programs. The law was also controversial because it outlawed employment discrimination based on gender. The bill created the Equal Employment Opportunity Commission and gave it authority to investigate charges of discrimination in employment along lines of sex, race, color, religion, and national origin. Johnson understood the controversial nature of the bill predicting that the bill would cost the Democrats the south for the foreseeable future.

Johnson's Great Society programs included other pieces of legislation, which were designed to attack the root causes of poverty. He raised the minimum wage to \$1.60 an hour. Johnson signed the Clean Waters Restoration Act, which provided funds for constructing sewage treatment systems and cleaned up the nation's drinking water. This act passed overwhelmingly in both houses of Congress, providing federal standards for water quality. In 1967, Johnson signed the Air Quality Act, which virtually allowed the federal government to set national standards for industrial air pollution, which led to the unleaded gasoline movement. He also signed the Model Cities and Metropolitan Area Redevelopment Act, which rehabilitated cities and slum areas.

Other provisions included funds for urban renewal, Appalachian development, urban housing, and rent supplements for the poor. In 1965 Johnson signed the Urban Development Act, which created the Department of Housing and Urban Development. Johnson's legislations were part of his attempt to eradicate the

root causes of poverty in the United States and offer those caught in its grip an alternative.

SEE ALSO: Antidiscrimination; Head Start; Johnson, Lyndon (Administration); Medicaid; Medicare; United States; War on Poverty.

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Greece

LOCATED IN THE underdeveloped Balkan region of southeastern Europe, Greece is home to 10,668,354 people. About 68 percent of the labor force work in the service sector, which constitutes an increasingly large share of Greece's economy. Approximately 20 percent of Greece's labor force are in industry, the other 12 percent in agriculture. The nation's principal industry is tourism, followed by food and tobacco processing, textiles, chemicals, metal products, and petroleum. Agricultural products include wheat, corn, barley, sugar beets, olives, tomatoes, wine, tobacco, potatoes, beef, and dairy products.

Greece experienced considerable turmoil in the mid-20th century when it was occupied by Nazi Germany during World War II, and then was wracked by a brutal civil war. The democratic republic that emerged from those years was overthrown by a military dictatorship in 1967, but the military regime was itself overturned in 1974 and civilian, democratic rule was reestablished. The Socialist Party (PASOK) has ruled for most of the last quarter century, beginning with its victory in the 1981 elections. The conservatives (ND) were elected in 2004.

In 1981, Greece joined the European Economic Community and adopted the euro as its currency at the

beginning of 2002. Despite an economic downturn in the early 1990s and a burgeoning national debt since the 1980s, Greece's economy has grown fivefold over the last 20 years, and for five years at the turn of the century outperformed the average growth rate of the European Union (EU), according to World Bank statistics and G. Pagoulatos. Yet Greece's per capita income is roughly 56 percent of the EU's average, according to D. Sotiropoulos.

The Statistical Office of the European Communities (EUROSTAT) documents and reports economic statistics of EU members. In 2000 EUROSTAT reported that Greece had a poverty rate of 21 percent, second in the euro-zone only to Portugal's 22 percent. In mid-2005, EUROSTAT reported that 14 percent of Greece's population were "at persistent risk of poverty," compared to nine percent for the entire euro-zone. Greece's National Center for Social Research (EKKE) determined that 20 percent of Greece's people were in poverty, and that 7.2 percent subsist on an income of less than 10.5 euros per day.

The National Center for Social Research used Greece's official criteria for poverty. As of 2002, poverty was defined as an income of under 4,800 euros a year for one-member households, 8,640 euros for a couple with one child, and 10,080 euros for four-member families. This report also determined that 28.1 percent of Greeks over the age of 65 are poor, as are 15.7 percent of employed workers.

In September 2005 the EKKE estimated that 21 percent of the Greek population were "bordering on extreme poverty." Another report, by M. Matsaganis et al., indicated that elderly citizens were at the greatest risk, with 14.2 percent of them living in "extreme poverty." Greece also has a high level of income inequality at 6.6; as in many negative statistics, Greece ranks second in the EU behind Portugal in this regard, according to EUROSTAT. EUROSTAT explains this statistic as "the ratio of total income received by the 20 percent of the population with the highest income (top quintile) to that received by the 20 percent of the population with the lowest income (lowest quintile). Income must be understood as equivalised disposable income." Further, Greece is the only country in the EU that does not have a minimum-income guarantee, as noted by Sotiropoulos.

According to EUROSTAT, Greece had an unemployment rate of 10.2 percent in May 2005, the third highest within the euro-zone. Greece also had a very high level of unemployment among young (under 25 years of age) workers, at 26.2 percent, compared to 17.8

percent for the euro-zone as a whole. A large majority of unemployed workers receive no unemployment benefits at all. Greece has a very large underground economy, a serious and growing problem that makes it difficult to calculate with precision many economic and social statistics. Most sources estimate that the unregulated, untaxed economy is at least half as large as the officially reported economy.

The official statistics also mask the living and working conditions of Greece's substantial immigrant population. Resulting from its own economic growth as well as the collapse of nearby communist-ruled nations from 1989 to 1991, over the last two decades Greece has evolved from a source of emigration to a magnet for immigration. Today immigrants constitute approximately one-fifth of the labor force. Workers from Albania, the largest source of immigration to Greece, are concentrated in seasonal agricultural labor and other low-paying occupations and receive approximately 80 percent of the wages paid to their Greek counterparts in the same jobs, as explained by authors A.C. and C.P. Danopoulos.

Yet this spending has produced no more than a negligible effect on poverty.

The Greek state has not fared well in its efforts to confront poverty. Since 1981, which marked the election of the socialists, the Greek government has steadily increased its social spending, which today constitutes 22 percent of Gross Domestic Product (GDP), a figure consistent with the entire EU, as shown by Sotiropoulos and EUROSTAT. Greece continued to expand social spending throughout the 1990s, an era that saw many western European states undermine their commitment to the "welfare state."

Yet this spending has produced no more than a negligible effect on poverty, according to Sotiropoulos. Some economists have found that antipoverty measures introduced in the early 2000s failed to alleviate poverty because of a "very low take-up": 25.3 percent of Greece's poor decline to avail themselves of social services because of excessive bureaucracy, lack of information, and long waiting lists. Entering the second half of the 2000s, the state is constrained by an unusually large military budget—officially justified by Greece's continued tension with Turkey—and a large debt burden. Athens's 2004 Olympic Games exacerbated the debt, according to analysts; shortly after the Games' conclu-

sion, the deputy economy minister estimated that the Olympics would cost his country at least seven billion euros.

Human Development Index Rank: 24 Human Poverty Index Rank: Not included.

SEE ALSO: Debt; European Relative-Income Standard of Poverty; European Union Definition of Poverty; Unemployment.

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Greeley, Horace (1811–72)

BORN IN AMHERST, New Hampshire, Horace Greeley was known as a journalist and political leader. Like many of his day, Greeley did not receive significant schooling. However, through self-study and apprenticing for newspapers, Greeley worked to become one of the most influential political voices and literary leaders of his time.

Because he was founder and longtime editor of the *New York Tribune*, Greeley's thoughts became well-known through much of America. His tenure as editor of the *Tribune* was influenced by his conservative upbringing and strong moral beliefs. He spoke relentlessly

against various social ills, such as liquor, tobacco, gambling, prostitution, and capital punishment.

Living through the depression of the late 1830s, Greeley was profoundly influenced by his observance of urban poverty. He believed that rural life and farming would serve to resolve this poverty, and starting in 1837, through the rest of his life, he encouraged the poor to "Go west, young man." He believed populating the western territories with the poor of New York City would serve multiple purposes—it would help relieve the suffering masses of New York City, strengthen the nation by populating its midsection, and ultimately lead to economic growth and good for those who would work hard to build farms and communities in these developing lands. However, Greeley did lament that expanding the United States too far west might make it difficult to maintain democratic rule.

Greeley believed strongly in the nobility of farming as a profession. He purchased a farm in Chappaqua, New York, and experimented with various crops and technologies before exploring and explaining this work in his newspaper as a resource for the farming community. Throughout his life he was disappointed by the scarcity of farming resources, but he took advantage of the available information and reported it for his farming readership.

News reporting and newspapers, in general, were transformed through the influence and leadership of Greeley. At the *Tribune*, he established the first modern newspaper staff. He expanded news coverage into fields such as book reviews, serial novels, cultural activities, and foreign news. This expanded newspaper helped to educate the masses and expand their understanding not only of American society but of international culture as well.

It is within the *Tribune* that Greeley was able to share his strong beliefs about key issues in the United States. His outspoken opinions on occasion seem to be in contradiction. While he supported feminist issues, such as equality of education and employment, he spoke strongly against suffrage and expanding divorce laws. He vocalized support for the Free Soil movement, actively supported antislavery sentiment, and opposed secession of the south. He was a prominent promoter of the Homestead Act, signed into law in 1862.

In pursuance of his beliefs in social equality, despite various discrepancies, Greeley argued broadly for basic human rights and equality. His support for the end of slavery was complemented by his belief that impartial suffrage of men was important for reconstruction after the Civil War. While he advocated the importance of agricultural development, Greeley also understood the importance of industrialization. He understood that multiple tactics for economic growth were necessary for national economic progress and the elevation of the masses.

Throughout his life Greeley was tremendously interested in politics. He spoke loudly on behalf of various social issues, but he also sought to be actively involved in the political workings of the United States. Initially aligned with the Whig political party, he later joined the newly emerging Republican Party in 1854. He often sought political office in the House and Senate, but was seldom elected to office. He did serve a brief term in Congress (1848–49). Near the end of his life he even ran for the office of president of the United States. He overwhelmingly was defeated by Ulysses Grant. A combination of exhaustion, the death of his wife after a long illness a week before the election, and the electoral defeat resulted in Greeley collapsing, becoming demented, and dying on November 29, 1872 (before the electoral votes could even be counted).

SEE ALSO: Grant, Ulysses (Administration); Poverty in History; United States; Urban Antipoverty Programs.

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Grenada

WITH AN AREA OF 344 square miles and a population of less than 90,000 people, the Caribbean island of Grenada has a poverty level of 32 percent and an unemployment rate of 12.5 percent. Although Grenada is considered an upper-middle-income nation, it is severely indebted. Close to one-fourth of the labor force is involved in agriculture, mostly in tropical fruits.

However, tourism has become the dominant revenue producer for Grenada, and the addition of an international airport in 1985 substantially increased the numbers of tourists who visit the island. Grenada's diversified economy also includes construction and manufacturing and an offshore financial industry. Analyzing poverty in Grenada is made more difficult by the fact

that data on important social indicators are often not reported.

Grenada has developed its healthcare system according to guidelines established by the World Health Organization. The projected life span in Grenada has been steadily rising over the past decades, and Grenadians experience a life expectancy of 62.74 years. Women generally outlive men by four years. The median age is 21.26 years. Over one-third of Grenadians are under the age of 14, and 3.4 percent have lived to see the age of 65. About 95 percent of the population have access to safe drinking water, and 93 percent have access to proper sanitation. There are 81 physicians for every 100,000 residents, and 95 to 100 percent of Grenadians have access to affordable essential drugs.

The infant mortality rate is rapidly declining in Grenada. Out of every 1,000 live births, 14.62 infant deaths occur. Between 1990 and 2003, infant mortality dropped from 30 to 18 deaths per 1,000 live births while the mortality rate of all children under 5 decreased from 37 to 23. Nine percent of all babies are underweight at birth. Officials place strong emphasis on improving the health of the island's children, and childhood immunization rates on the island are almost universal, ranging from the mid-to high 90s.

Estimates for 2000 show that on the average, women on the island produce 2.37 children each. The fertility rate has declined since 2003 when a rate of 3 children per woman was reported. Out of every 1,000 births, 77 infants are born to females between the ages of 15 and 19. As a result, the government has developed programs to combat teenage pregnancy. Some 54 percent of Grenadian women use contraceptives to prevent pregnancy. Only one percent of all births on the island take place outside the province of trained medical staff. No data are available on maternal mortality.

Grenadians are highly literate, and only two percent of the population over the age of 15 cannot read and write. There is no gender difference in literacy rates. In 2000 the net primary school enrollment rate was 89 percent for males and 80 percent for females, as compared to 96 and 94 percent rates for the Latin American and Caribbean area as a whole.

Human Development Index Rank: 66 Human Poverty Index Rank: Not included.

SEE ALSO: Agriculture; Debt; Education; UNICEF.

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Growth with Redistribution

GROWTH IS DEFINED AS an increase in the output of goods and services by an economy within a specified period of time, usually a year. Since output is typically measured in monetary terms, economists distinguish between growth in real and nominal terms. *Real economic growth* refers to an increase in output that has been adjusted for inflation.

Every government—local, state, and central—aspires to promote economic growth for a number of reasons. First, growth raises the living standards of the residents of an economy by enabling them to consume a larger volume of goods and services—including health and education. The Gross Domestic Product (GDP) per capita, which divides a country's total output by its population, is a measure of a country's standard of living. Second, growth enables the residents of a country to have access to essential social services like health and education.

However, experience has shown that growth does not automatically lead to higher living standards for everyone in the economy. The notion that growth leads automatically to higher living standards for everyone is called "trickle-down economics." In other words, trickle- down assumes implicitly that everyone benefits from growth—a claim that has been widely disputed by evidence. In the late 1960s, for instance, many newly independent African states achieved impressive growth rates that surpassed the targets set by the United Nations. Despite those stellar growth rates, many Africans continued to live in abject poverty, squalor, destitution, and misery. The coexistence of poverty and affluence in developed countries also casts doubts on the trickle-down effect of growth.

Rather than assuming that growth translates automatically into higher living standards for everyone, liberal economists believe that growth should be accompanied by explicit policies, programs, and actions for ensuring that the majority of the residents of an economy benefit from growth by way of more and bet-

ter jobs, rising incomes, better health, higher life expectancy, and more access to quality housing and clothing. This is what is called growth with redistribution. Growth with redistribution is said to be sustainable because it ensures that the number of people living below the absolute poverty line does not increase (a person is said to be absolutely poor if his or her income is so low that he or she cannot afford the basic necessities of food, health, shelter, and clothing); the distribution of income does not become more unequal; and the number of unemployed persons does not rise.

Policies that promote growth with redistribution include:

- 1) Fiscal policy. Governments could place a higher tax burden on those who benefit disproportionately from growth, and use the proceeds to finance government expenditures that benefit the poor.
- 2) Subsidies. Governments could also subsidize the goods and services that are typically consumed by the poor. These include education, health, housing, and nutrition.
- 3) Price controls. Some governments place binding price ceilings on goods and services that are essential for the livelihood of the poor.
- 4) State ownership of key economic resources. To ensure equity, governments may own or control some of the key economic resources in a country. These include power and water supply, transportation, health, and some manufacturing activities. This is common in socialist economies, and is still practiced to some extent in welfare states such as the Scandinavian countries—Denmark, Norway, and Sweden. In these countries, the state imposes higher taxes and uses the proceeds to provide social services to its residents.
- 5) Charitable organizations. Some countries use charitable organizations to ensure that the poor benefit from growth. They encourage the rich to make tax-deductible contributions to charitable organizations that provide social services to the poor. These countries believe that this approach is more efficient than one in which the state intervenes directly in redistributing wealth. The opponents of state intervention contend that socialism or central planning reduces the size of the economic pie available for redistribution.

OBJECTIONS

Neoclassical or conservative economists object to the notion of growth with redistribution because it serves as a disincentive for people to work hard. The concept has come to be seen, rightly or wrongly, as a way of transferring income from the rich to the poor. The rich are thus discouraged from generating more income, while the poor, expecting largesse from the government, have no incentive to work at all. The result is a lower output in the economy and a smaller economic pie to be redistributed. This is why some analysts euphemistically refer to growth with redistribution as the redistribution of poverty.

SEE ALSO: Charity; Distribution; Equality; Fiscal Policy; Sustainability; Welfare State.

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Guaranteed Assistance

GUARANTEED ASSISTANCE programs seek to assure aid to the impoverished. Guaranteed assistance programs can take various forms as they seek to remedy poverty in diverse manners, ranging from guaranteed minimum income, guaranteed healthcare, guaranteed education to conception of a guarantee of minimum nutrition and so forth.

Most of these programs approach remedying various social problems affiliated with poverty by ensuring a minimum attainment level. The basis for these types of policies is an assertion of basic human rights and needs—that there should be minimum standards that all persons should be able to meet.

A guaranteed income is a type of policy that would ensure all citizens have an income above a set standard. This type of policy can be constructed as a basic income, wherein the government would pay a standard minimum income for the year to each citizen. This income would be substantially larger for adults than for children and this type of income would be supported by a high tax base, but a significant proportion of one's tax could be returned in the basic income, contingent upon a person's income from work. C. Clark (1997) suggested that a 36-percent flat-tax in the United States could support a system with a basic income of \$8,000

per adult and \$2,000 per child. Tied to the concept of a guaranteed income are the minimum-wage policies that exist in many countries around the world, particularly in developed nations. A minimum-wage policy differs from a minimum income in that it is often structured around a minimum value or wage paid per hour of work. While variations exist, minimum wage may not allow an individual to live above an established poverty line.

Guaranteed assistance programs are often thought of in purely economic terms. However, this concept can be expanded to be inclusive of policies that seek to ensure educational attainment, childcare, healthcare, adequate food resources, housing, and other essential needs. A guaranteed minimum income for a family does not ensure that all basic needs will be met. Guaranteeing education, or education loans perhaps, can enable individuals to attain higher-paying jobs and move out of poverty more readily than a minimum income.

When contrasting the policies in developed nations with those of lesser-developed nations, a stark contrast may be seen. In developed nations, such as in Europe and the United States, there are more policies that will guarantee education and healthcare. In lesser-developed nations, the basic needs of the people may indicate a more substantial need for a guarantee of nutrition. Clearly, developed nations are likely to ensure basic adequate nutrition, but in the impoverished cultures of south Asia and Africa where famines may be occurring, the need for education is less essential.

Guaranteed assistance programs in their various incarnations are essentially ensuring that all people of a society can reach a minimum standard of living. These programs have visible short-term effects, as they improve citizen lifestyle, but also have long-term effects, as people are able to maintain better health and nutrition and attain better education and healthcare, and they enable a society to reach for the ultimate goal of eradicating the most severe forms of poverty.

SEE ALSO: Economic Dependence; Medicaid; Medicare; Welfare; Welfare Rights; Welfare State.

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Guatemala

HISTORICALLY, THE REPUBLIC of Guatemala was part of the Mayan civilization during the first millennium. In 1821, Guatemala won independence from Spain after nearly three centuries of harsh repression. The dissolution of the United Provinces of Central America in 1839 led to the formation of the republic. During the latter half of the 20th century, political power in Guatemala changed hands frequently among various military and civilian governments. A guerrilla war that lasted for three and one-half decades ended in 1996 after more than 100,000 people had died and a million more had become displaced.

Within Central America, Guatemala is the largest and most populous country. However, its per capita income of \$4,200 is around half that of Brazil, Argentina, and Chile. Approximately 50 percent of the labor force are involved in the agricultural sector, chiefly in coffee, sugar, and bananas. Agriculture accounts for about a fourth of the Gross Domestic Product. Services employ 35 percent of the labor force, and the remaining 15 percent are engaged by various industries. Current employment stands at 7.5 percent.

The Guatemalan government has begun wooing foreign investors who ignored the country during the years of political strife. However, widespread government corruption and excessive criminal activity, including drug trafficking and gang violence, present major obstacles to economic prosperity. The weather also plays a role in Guatemala's economic health because of its vulnerability to volcanic activity, occasional violent earthquakes, and hurricanes.

Income is unequally distributed in Guatemala. The richest 20 percent of the population hold 64.1 percent of resources while the poorest 20 percent share 2.6 percent. Guatemala is ranked 48.3 percent on the Gini Index of Human Inequality. Three-fourths of the population lives in poverty; 24 percent live in extreme poverty. Some 37.4 percent of Guatemalans live on less than \$2 a day, and 16 percent on less than \$1 a day. The poorest segments of the population are women, chil-

dren, rural residents, and members of the indigenous population. Within this group, 54.3 percent are poor and 22.8 percent are extremely poor. It is estimated that 75,000 children in Guatemala are malnourished, and 67 percent of them are of indigenous ancestry. Elderly women are also particularly vulnerable to poverty in Guatemala because 84.1 percent of them have no social security coverage.

In 2001 the Guatemalan government passed a value-added-tax bill and earmarked five percent of the revenue for food security programs. The National Food Security and Nutrition Council was created to oversee the distribution of food, giving priority to children and pregnant and nursing mothers.

Guatemala has a relatively young population and a life expectancy of 65.14 years. The projected life span has increased considerably since 1980, when life expectancy was 55 years for males and 59 years for females. Among the population of 14,655,189, the median age is 18.47 years. Over 42 percent of the population are under the age of 14, and 3.2 percent have reached the age of 65.

The medical system is in crisis in Guatemala because hospitals do not have necessary medicines and social security does not function. Some 2.4 million people have no access to the healthcare system at all. There are only 109 physicians for every 100,000 residents, and from 20 to 50 percent do not have access to affordable essential drugs. With a prevalence rate of 1.1 percent, HIV/AIDS is raising concern in Guatemala.

In 2003, 78,000 people were living with this disease, which had caused the deaths of 5,800 people. Around eight percent of the population lack access to safe drinking water, and 19 percent lack access to improved sanitation. Because two oceans border Guatemala, the country is a breeding ground for the blackflies that cause river blindness. Guatemalans in 518 communities receive biannual treatments for this disease through the efforts of the Carter Center of Emory University, founded by former president Jimmy Carter.

Infant mortality rates are high in Guatemala, particularly among the indigenous population, where 46 deaths occur out of every 1,000 births. In the most isolated areas, mortality may be as high as 92 deaths per 1,000 live births. Overall mortality rates have declined over the past decades. Between 1970 and 2005, infant mortality fell from 115 to 35.93 deaths per 100,000 live births. During that same period, the mortality rate among all children under the age of 5 plummeted from 168 to 49 deaths per 1,000. Nearly a fourth of all children under the age of 5 are malnourished, four percent

severely so. About 13 percent of infants are underweight at birth. Almost half of all children under 5 suffer from moderate to severe stunting. Childhood immunization rates range from 84 to 96 percent among children from birth to 23 months.

Fertility is also high in Guatemala, and women bear an average of 4.53 children each. That rate has decreased from 6.3 children per woman in 1980. Among teenage mothers, the birth rate is 97 per 1,000 births. Around 40 percent of Guatemalan women use some method of contraception. Approximately 59 percent of all births in Guatemala take place outside the presence of trained medical staff. As a result, maternal mortality is also unusually high for the region, occurring at a rate of 240 deaths per 100,000 live births. Rates are higher in predominantly indigenous regions.

Among Guatemalans over the age of 15, 70.6 percent can read and write. With a literacy rate of 78 percent, males have a distinct advantage over females (63.3 percent). Progress has been made in this area. In 1980, 39 percent of males and 55.1 percent of females were illiterate. Most Guatemalan students attend school for at least nine years. Primary school completion rates have increased significantly in the last few decades. Between 1980 and 2003, rates for males increased from 52 to 66 percent and from 47 to 63 for females.

Human Development Index Rank: 117 Human Poverty Index Rank: 51

SEE ALSO: Healthcare; Income Inequality; Maternal Mortality and Morbidity; Nutrition.

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ELIZABETH PURDY, Ph.D. INDEPENDENT SCHOLAR

Guinea

LOCATED IN SUB-SAHARAN Africa and bordering the Atlantic Ocean, Guinea is one of the poorest na-

tions in the world. Guineans survive on an annual income of approximately \$410. Some 40 percent live below the national poverty line, and nearly a quarter of all children under the age of 5 are malnourished. In rural Guinea, 35 percent of all households lack access to safe water, as do 28 percent in urban areas. Some 58 percent of Guineans lack access to adequate sanitation.

With a life expectancy of 49.86 years, the median age of Guinea's population is 17.67.

Even though only 3.63 percent of Guinea's land is arable, 80 percent of the labor force are engaged in the agricultural sector. Approximately 80 percent of all agricultural workers are unpaid female workers. International efforts are now being directed toward increasing rice production in Guinea. Teams from the Japanese government and from Emory University's Carter Center are working with Guineans to enhance agricultural knowledge and technology to increase food production.

Some three-fourths of all Guinean exports derive from the mining sector. Guinea is the second largest producer of bauxite in the world but has been unable to adequately develop a substantial potential for mineral and hydropower resources. Electing only two presidents since 1958, Guinea has traditionally enjoyed political stability, but the addition of approximately one million refugees from four bordering countries has threatened this stability and added to the ranks of those who rely on the government's social net for survival. In 2003, the International Monetary Fund and the World Bank cut off all assistance to Guinea.

With a life expectancy of 49.86 years, the median age of Guinea's population of 9,467,866 is 17.67. Some 44.4 percent are under the age of 14, and 3.2 percent are over the age of 65. Guineans have a 35.9 percent chance of seeing a 40th birthday.

Guinea suffers what the World Health Organization calls a "galloping" HIV/AIDS rate of 3.2 percent. Estimates for 2003 place the number of current HIV/AIDS cases at 140,000, and 9,000 Guineans have died from the disease and its complications. Guineans have a very high risk of contracting food- and waterborne diseases such as bacterial and protozoal diarrhea, hepatitis A, and typhoid fever. In certain areas, the risk of contracting malaria and yellow fever is also high.

Other common diseases that affect Guineans are meningococcal meningitis, a respiratory disease; schistosomiasis, a disease spread through contact with infected water; and Lassa fever, which is contracted through exposure to infected aerosolized dust or soil. About 23 percent of all children under 5 are moderately to severely malnourished. Some 26 percent of these children suffer from moderate to severe stunting, and nine percent suffer from moderate to severe wasting. Guinea's infant mortality rate is high at 90.37 deaths for every 1,000 live births, but female infants are somewhat hardier than male infants (84.76 to 96.82).

Childhood mortality for children under 5 is declining, but high incidences of diarrhea, malaria, and acute respiratory infections contribute to the 160 out of 1,000 mortality rate. Through the National Safe Motherhood Program, the Guinean government has pledged to reduce neonatal mortality by 50 percent by 2010. Since the creation of the Expanded Program on Immunization, Primary Health Care and Essential Medicines, Guinea has been able to provide basic healthcare to 60 percent of the population, and to increase the number of childhood vaccinations to 69 percent.

Guinean women bear an average of 5.83 children each. Estimates in 2003 placed the fertility rate of women aged 15 to 19 at 149 per 1000 births. Less than 10 percent of all women use contraceptive measures. Educating Guineans about family planning is essential to controlling poverty in Guinea, and the government has pledged to reach at least 80 percent of all women in the 21st century.

Guinea's maternal mortality rate of 1,600 deaths per 100,000 live births is one of the highest in the world. Trained medical staff attend only 25 percent of births in Guinea, but new initiatives have led to a monitoring program that reaches 65 percent of Guinean women. Much attention has been paid to eradicating genital mutilation. In 2001 the government launched a plan to encourage practitioners to surrender excision knives in exchange for retraining for new jobs.

Literacy rates in Guinea remain low. While nearly half of male Guineans over 15 can read and write, only 21.9 percent of women in this group can do so. Efforts to address this inequality led to the creation of a literacy program for training 2,000 literacy workers. Only 54 percent of Guinean children attend primary school regularly, and females lag behind males in attendance rates. In 2001 a new emphasis on female education led to the institution of the Education for All program, which improved access to education for girls by building new classrooms, creating multigrade classrooms, reducing costs, furnishing free books and supplies, rewarding academic excellence, and developing female-centered curricula. The success of the program was ev-

ident in the fact that female school attendance rose from 31.5 percent in 1995 to 63 percent in 2002.

Human Development Index Rank: 156 Human Poverty Index Rank: Not included.

SEE ALSO: Disease and Poverty; HIV/AIDS; Maternal Mortality and Morbidity; Women and Poverty.

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Guinea-Bissau

THE LOW-INCOME, severely indebted, sub-Saharan nation of Guinea-Bissau is ranked as one of the 10 poorest countries in the world. Just under half of the population lives below the national poverty line. At least 26.2 percent live in extreme poverty, and 22.5 percent are considered moderately poor. Poverty is more prevalent in rural areas, with 84 percent of the poor living in the three poorest regions.

Education is crucial to breaking the Guinean poverty barrier given the fact that 84 percent of those who are poor have no formal education. Some 44 percent of Guineans have no sustainable access to improved water and sanitation sources. A severe lack of adequate healthcare continues to create an environment in which diseases flourish. There are only 17 physicians for every 100,000 Guineans, and half of the population lacks access to lifesaving drugs.

Guineans suffer greatly from an extensively unequal distribution of income. The poorest 20 percent of the population share 5.2 percent of all income while the richest 20 percent share 53.4 percent. The country ranks 47.0 on the Gini Index of Human Inequality.

Decades of civil war have strained Guinea-Bissau's economy to the limit. Although the country has not completely recovered from the damage to its infrastructure, the economic outlook has improved to some ex-

tent since 1999. Some 82 percent of Guinea-Bissau's labor force are involved in agriculture and fishing. Ranking sixth in the world in the production of cashews, the country also exports fish and seafood, peanuts, palm kernels, and timber. Although undeveloped, Guinea-Bissau has the potential to profit in the future from its offshore oil reserves. In 2004 the International Monetary Fund and the World Bank granted Guinea-Bissau \$107 million in emergency budgetary support. Current levels of foreign aid are not enough, however, to end the country's abject poverty.

Like most African nations, Guinea-Bissau's population is young, with a median age of 18.97 and a life expectancy of 46.97 years. Between 1980 and 2005, male life expectancy increased from 37 to 45.09 years, while female life expectancy rose from 40 to 48.92 years. Some 41.5 percent of the population are under the age of 14, and only three percent are over the age of 65. Guineans have a 41.3 percent of not living to see their 40th birthdays.

The 10 percent HIV/AIDS prevalence rate for Guinea-Bissau is extremely high, even by African standards. Some 17,000 Guineans live with the disease, which has caused at least 1,200 deaths. The people of Guinea-Bissau are stricken with many of the same infectious diseases that plague other poor African countries. Risks of contracting food- and waterborne diseases such as bacterial and protozoal diarrhea, hepatitis A, and typhoid fever are very high. Guineans are also vulnerable to infectious diseases such as malaria, yellow fever, schistosomiasis, and meningococcal meningitis.

Poverty affects Guinean children disproportionately. While infant mortality rates have begun to drop, they remain high. Between 1990 and 2000, rates decreased from 153 to 130 deaths per 1,000 live births, followed by a decline to 107.17 in 2005. The mortality for children under the age of 5 likewise decreased. Between 1990 and 2003, that rate declined from 253 to 204 per 1,000 live births.

Fully a quarter of all Guinean children under the age of 5 are malnourished, and seven percent are considered severely underweight. About 10 percent of under-5s suffer from moderate to severe wasting, and 30 percent suffer from moderate to severe stunting. Immunizations against measles for children from birth to 23 months reached 61 percent in 2003, and DPT3 immunizations rose to 77 percent. Approximately 75 percent of infants were immunized against polio, and 84 percent received tuberculosis immunizations. Less than a quarter of Guinean children who are ill receive lifesaving rehydration therapy. A scant seven percent of children

under 5 sleep under treated bed nets to protect them from insects, and only 58 percent receive antimalarial drugs when necessary.

Among all women of childbearing age, the fertility rate was 4.93 per woman by 2005 estimates. In 2003, fertility rates were even higher at 6.6 children per woman, with a rate of 210 per 1,000 for women between the ages of 15 and 19. Less than 10 percent of Guinean women use contraceptives of any kind. Maternal mortality rates are abnormally high in Guinea-Bissau. In 1995, maternal mortality was estimated at 910 deaths per 100,000 live births. By 2000, that number increased to 1,100. Access to healthcare continues to be limited, and trained medical staff attend only 34.7 percent of Guinean births.

The majority of Guinean children receive no more than six years of schooling, but illiteracy rates have declined through efforts to promote education and literacy. However, in 2003 the 27.3 percent literacy rate for Guinean females lagged far behind the 58.1 percent rate for males. Between 1980 and 2000, primary school enrollment dropped from 63 percent to 53 percent for males, but the percentage of females enrolled in primary school increased from 31 to 38 percent.

Human Development Index Rank: 172 Human Poverty Index Rank: 93

SEE ALSO: Children and Poverty; Disease and Poverty; HIV/AIDS; War and Poverty.

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Guyana

THE COOPERATIVE REPUBLIC of Guyana was originally home to Dutch, English, and French colonies.

The Dutch obtained possession of most of Guyana by the early 17th century. During the Napoleonic Wars, Great Britain gained possession of three Dutch colonies and established British Guiana in 1831. As a result, Guyana is the only English-speaking country in South America.

After slavery was abolished in 1834, Guyana experienced a period of black urbanization. Indentured servants from east India were brought into the country to work the vast sugar plantations. Guyana's population still mirrors the ethnic diversity of its history, and ethnicity plays a major role in political strife. Half the people are east Indian, 36 percent are black, seven percent are Amerindian, and the rest are white, Chinese, and other mixtures.

The government has done a great deal to reduce poverty since 1988.

After winning independence from Great Britain in 1966, the name of the country was changed back to its original form, Guyana. The nation was subsequently ruled by a succession of socialist-oriented governments. In 1992 the first democratic elections in 28 years were held. Since 2000, Guyana has been involved in disputes with Venezuela and Suriname over contested territory. The outcome of the dispute with Suriname could have a significant impact of the economy on both countries because the land in dispute is coastal land with huge oil reserves.

Guyana has experienced moderate economic growth in the 21st century by expanding agricultural and mining sectors, attracting foreign investors, and enacting a more realistic exchange rate than in the past. Further economic growth has been hampered by a shortage of skilled labor and an infrastructure in need of restructuring. Prospects for a more prosperous economy are dependent on continued privatization, expanded public investment, and the exploitation of bauxite deposits.

Guyana's other resources include gold, diamonds, hardwood timber, shrimp, and fish. The agricultural sector generates 38.3 percent of revenue for Guyana. Industry accounts for almost a fifth of the Gross Domestic Product, and services produce the remaining 41.8 percent. While the unemployment rate is officially 9.1 percent, it is widely believed that this figure is under-representative of the extent of unemployment in Guyana.

Despite great potential for economic growth, Guyana's per capita income of \$3,800 is one of the lowest in the western hemisphere. Payments on substantial external debts drain the country of resources needed to deal with domestic issues. Currently, poverty in Guyana is estimated at 35 percent. However, the government has done a great deal to reduce poverty since 1988, when the poverty rate rose to 65 percent. Within four years, the number of people living in poverty had been reduced to 43 percent.

Guyana's antipoverty program is based on World Bank guidelines and is geared toward social inclusion and economic growth. There are no current data on particular aspects of poverty in Guyana, but a Household Income and Expenditure Survey that is under way will improve poverty assessments. Data from other sources reveal that 61 percent of Guyanese live on less than \$2 a day, and 14 percent of the general population are undernourished. Inequality of resources is prevalent in Guyana. The richest 20 percent claim 49.7 percent of resources while the poorest 20 percent share only 4.5 percent. Guyana is ranked 43.2 percent on the Gini Index of Human Inequality.

Access to healthcare is limited in Guyana, particularly in rural areas. There are only 26 physicians for every 100,000 residents. Hospitals do not always receive drugs, and most of the population lacks access to affordable essential drugs. Six percent of Guyanese lack access to safe drinking water, and 13 percent lack access to improved sanitation. Among Guyana's current population of 765,283, life expectancy is 65.5 years. With a projected life span of 68.28 years, females outlive males (62.86 years) by more than five years. The median age is 26.91 years. Over 26 percent of the population is under the age of 14, and 5.1 percent have reached the age of 65. Guyana is facing a growing HIV/AIDS epidemic, with a current prevalence rate of 2.5 percent. Around 11,000 people are living with this disease, and 1,100 others have died.

Infant mortality in Guyana is unacceptably high, but incidences have been reduced significantly in the last several decades. Between 1970 and 2003, the Guyanese infant mortality rate fell from 81 to 52 deaths per 1,000 live births. The mortality rate of all children under the age of 5 dropped from 101 to 69 deaths per 1,000 during that period.

About 14 percent of all children under the age of 5 are malnourished, and 12 percent of infants are underweight at birth. Approximately 11 percent of the under5 population suffer from moderate to severe wasting and/or stunting. Immunization rates for children be-

tween the ages of 12 and 23 months range from 89 to 95 percent.

According to estimates for 2005, Guyanese women bear an average of 2.05 children each, a decline from 4.9 children per woman in the 1970s. The fertility rate for adolescents is 58 per 1,000 births. Only 37 percent of Guyanese women use contraceptive measures. The number of births attended by trained medical staff declined from 95 percent in 1995 to 86 percent in 2005. Based on modeled estimates for 2000, maternal mortality occurs at a rate of 170 deaths per 100,000 live births.

The Guyanese population is highly literate, and 98.8 percent of the population over the age of 15 have attended school at some point in their lives. Illiteracy has decreased steadily in Guyana since 1980, when 3.7 of males and 6.4 percent of females were illiterate. Only two percent of children are not enrolled in primary school, but dropout rates are high. Three-fourths of the relevant age group attends secondary school, but many fail to complete the program.

Human Development Index Rank: 107 Human Poverty Index Rank: 31

SEE ALSO: Debt; Education; International Monetary Fund; Poverty Rate; Sanitation; World Bank.

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ENCYCLOPEDIA OF WORLD POVERTY

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WORLD POVERTY

Volume 2: H–R

GENERAL EDITOR
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Volume 3 Cover Photo: Palestinian refugee camp in Beirut, Lebanon, January 1986. Credit: Françoise de Mulder/Corbis.



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WORLD POVERTY

H

Habitat for Humanity

HABITAT FOR HUMANITY International is a nonprofit organization devoted to building housing for those living in substandard shelter. Its professed goal is "to eliminate poverty housing and homelessness from the world, and to make decent shelter a matter of conscience and action."

The actual operation of Habitat for Humanity is somewhat unusual for a private charitable organization. Rather than simply giving housing to those in need, Habitat requires a down payment and monthly mortgage payments from the recipient families, who must also participate in the building of their own home. Homes are built with volunteer labor and donations of money and materials, and then are sold to the recipient families at no profit, financed with no-interest loans. Habitat is a strictly private organization that accepts no government funds for its operations, relying instead on private donations and volunteer labor.

Millard and Linda Fuller founded Habitat in 1976. Since then they have built and rehabilitated more than 175,000 houses and are currently active in 100 countries, including all 50 states of the United States. The profile and work of Habitat received a large boost in

1984, when former President Jimmy Carter became publicly and actively involved in its operations. At that time he personally helped renovate a building in New York City in order to provide adequate shelter for 19 families. Since then he has volunteered his construction skills and time on a regular basis, helping to build housing for those in need, while also lending his very well-known name to Habitat's efforts. The Jimmy Carter Work Project has subsequently become an annual event, with up to 1,000 homes being constructed in a single week.

Habitat considers itself to be an ecumenical Christian nonprofit organization. As such, they see the work that they do as exemplifying "the economics of Jesus." This is centered on what Millard Fuller calls "biblical economics": no earned profits and no interest charged on loans. Those involved in Habitat give what they have in response to human need, rather than following the profit motive (the compelling economic force in capitalism).

They see Habitat as a Christian ministry that welcomes people of all faiths, seeing that "everyone can use the hammer as an instrument to manifest God's love," what Fuller calls "the theology of the hammer." This explanation for their work seems to recognize the fail-

ure (and even the impossibility) of capitalism to provide adequate housing for everyone.

It may seem reasonable to think of decent housing as an economic right, something to which everyone is entitled. This, however, is not the case under capitalist ideology. Adequate housing is simply one result of the economic process, and as such, is not guaranteed. No results, that is, goods or services, are specified under capitalism. What is specified (at least in a well-functioning capitalist economy) is that the economic process follows the rules of the capitalist game. It is the process that is guaranteed, not any particular result. Thus adequate housing, distributed according to the profit motive, will not be available to everyone, with the poor suffering the most.

In every country in the world, a certain portion of the population necessarily lives in poverty. This proportion ranges from about 12 percent in a rich country like the United States to virtually the majority of the population in the poorest countries in sub-Saharan Africa. The consequences of this poverty are devastating: life becomes a dreary existence, with all efforts focused on mere survival.

One of the most obvious expressions of this poverty is the lack of adequate housing. It is estimated that over one billion of the world's city residents live in substandard housing, primarily in the slums and squatter settlements in developing countries. It is also estimated that 20–40 million urban households are homeless. The total number of people worldwide living in inadequate housing may be as high as 1.3 billion—or about 20 percent of the total world population. In the United States the poverty housing situation is getting worse. The shortfall in affordable and available low-cost rentals is getting larger, with the percentage of households who pay more than 50 percent of outlays for housing increasing. There is much room for programs, public and private, to try to address this problem.

Governments could step in to try to alleviate this suffering of the poor. This failure of markets to provide adequate housing for everyone would seem to be a perfect opportunity for the state to serve its most needy citizens. And, in fact, many governments around the world do have programs helping poor families secure decent housing. As documented above, however, these programs are woefully inadequate, particularly in the poorest nations, where help is most needed. The need for private programs, such as Habitat for Humanity, is obvious.

It is interesting to note that the philosophical basis for Habitat is explicitly noncapitalist. Although founded

in a capitalist country—the United States—Habitat's philosophy is based in the Bible, in direct opposition to capitalist ethics. Habitat argues that people should receive according to their needs rather than according to the profit motive, that is, adequate housing is an economic right. This can be accomplished either through government action or through private efforts. Since government programs are clearly insufficient, Habitat has stepped into the breach.

Habitat for Humanity is a significant effort on the part of private citizens to provide decent housing for the poor. It does this, not through simple handouts, but rather through requiring recipient families to invest their "sweat equity" and money into their own home. This policy has been quite successful over the past 30 years, providing decent, affordable housing for hundreds of thousands of families throughout the world.

SEE ALSO: Carter, James (Administration); Carter Center; Homelessness; Housing Assistance; Shelter.

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Haig Fund

FIELD MARSHAL Earl Haig, the British commanderin-chief, founded the Earl Haig Fund in Scotland in 1921. It is a registered charity in Great Britain that has the aim of providing help in time of need to any man or woman (or their dependents) who served in the armed forces of the United Kingdom.

The Haig Fund Scotland raises money through the sale of Scottish poppy flowers. The use of poppies was inspired by the poem "In Flanders Fields the poppies blow between the crosses, row on row" by Lieutenant Colonel John McCrae, one of the "trench poets" who was killed in World War I. The Scottish Poppy Appeal takes place every November during the week leading up to Remembrance Sunday, when tribute is paid to those who fell in battle. Since World War I ended on November 11, the Scottish Poppy Appeal takes place at that

time. The week leading to Remembrance Sunday is a time for services at war memorials. It is also a time in which an army of volunteers takes to the streets with collection containers to raise money from the public. Approximately 1,000 leaders organize the appeal. They supervise 10,000 volunteers who each place seven collection containers in places where the public can donate. In 2004 the Scottish Poppy Appeal raised over £1.4 million with collection containers handled in the streets or placed in churches.

In addition to the Poppy Appeal, the Haig Fund also accepts donations, legacies that the fund is allowed to inherit, and Gift Aid, which is a provision of the law that allows the fund to receive an additional 28 pence from the Inland Revenue for each pound sterling that is donated. It is a matching grant in which income taxes are used to match donations.

The monies raised through the Scottish Poppy Appeal are used to provide financial assistance to former servicepeople or their dependents in Scotland. The fund meets financial difficulties by helping with needs such as food, utility bills, wheelchairs, or even debts. Over half of the sums expended go to the wives, widows, or orphans of those who served.

The fund also provides sheltering employment for ex-servicepeople. The Lady Haig's Poppy Factory, founded by Lady Haig, is located in Edinburgh. It employs 24 disabled ex-servicepeople who assemble the Scottish poppies and wreaths used during the Scottish Poppy Appeal.

The Haig Fund has supported a retirement home for ex-servicepeople for 50 years, the Flanders House in Glasgow. The home was closed at the end of September 2005 because it no longer met the standards for serving the handicapped. To provide a new retirement home, the Board of the Haig Fund joined with Erskine, which is a Scottish charity that provides specialist care for exservice personnel, to build a new retirement home that will be located on Dorchester Avenue in Glasgow. Earl Haig also established Haig Homes, a separate organization that provides homes for veterans. The Royal British Legion Scotland Pensions Department is entirely funded by the Earl Haig Fund Scotland. It helps ex-servicepeople apply for pensions and other benefits, especially for service-related injury or sickness.

SEE ALSO: Healthcare; United Kingdom; War and Poverty; World War I.

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Haiti

THE REPUBLIC OF HAITI occupies the western third of the island of Hispaniola, while the Dominican Republic covers the remaining area. Haiti has a long history of repression and political violence that began in the late 15th century. In the early 17th century, the sugar and forestry industries flourished through the work of African slaves. Haitian slaves eventually revolted against the French who had taken over the island from the Spanish. In 1804, Haiti became the first black republic to declare its independence.

However, independence did not put an end to the political instability. Authoritarian regimes, corruption, and drug trafficking have all taken a heavy toll on Haiti, and the infrastructure and social systems are virtually unworkable. In addition to government mismanagement and political strife, the weather plays a major role in Haiti's economic problems. The country is subject to hurricanes, earthquakes, and periodic droughts.

Haiti is the poorest country in the western hemisphere, with an abject poverty level of 80 percent. Within the Americas, Haiti has the worst record of health indicators and the highest infant and maternal mortality rates. Nearly half of the population suffers from malnutrition. Some 60 percent of all rural households suffer from chronic food insecurity. Approximately two-thirds of the population has no formal jobs, even though there is a shortage of skilled labor. Underemployment is also common. Approximately 66 percent of the labor force are involved in subsistence agriculture.

The World Health Organization estimates that Haiti's health services reach from 40 to 60 percent of the population, leaving the rest to their own resources. General health is further threatened by the fact that over half of Haiti's population lacks access to safe water and proper sanitation. There are only 25 physicians for every 100,000 residents and affordable essential drugs are available to less than half the people. Haitians have a total expected life span of 52.92 years. The median age is 18.03 years. Nearly 43 percent of the population are under the age of 14, and 3.4 percent

have reached the age of 65. With an HIV/AIDS prevalence rate of 5.02 percent, Haiti has the highest incidence of this disease in the Americas. According to 2003 estimates, there are 280,000 people living with the disease, which has caused 24,000 deaths.

Infant mortality in Haiti is high at 73.45 deaths per 1,000 live births. Female infants are much hardier, with a mortality rate of 66.79 per 1,000 as compared to 79.92 deaths per 1,000 for males. There has been a marked improvement in infant mortality since 1970, when 140 infants died out of every 1,000 live births. However, between 1996 and 2000, infant mortality increased from 73.8 to 80.3 deaths per 100,000 live births in response to increasing poverty, poor access to healthcare, and the rising HIV/AIDS epidemic. The mortality rate for children under the age of 5 dropped dramatically from 221 to 123 deaths per 1,000 between 1970 and 2002 but continues to be high for the same reasons that infant mortality is excessive in Haiti.

Haiti is the poorest country in the western hemisphere, with an 80 percent poverty level.

A major component for reducing childhood mortality in Haiti is continuing to cut down on the number of children who are malnourished and increasing childhood immunization rates. Between 1980 and 2000, the number of children under the age of 5 who were malnourished was more than halved, from 37 to 17 percent. Even so, four percent of all children under 5 years of age are severely underweight, and 28 percent of all babies are underweight at birth. Some 23 percent of under-5s suffer from moderate to severe stunting, and five percent experience moderate to severe wasting. Haiti's rate of childhood immunizations continues to be abysmal. While 71 percent of infants are immunized against tuberculosis, only 53 percent receive measles immunizations, and 43 percent receive DPT and polio immunizations. Among children between the ages of 12 and 23 months, only 53 percent have been immunized against measles and 43 percent have received immunization against DPT3.

While fertility rates have decreased in Haiti over the past decades, fertility continues to be higher than the economic structure can support. Total fertility decreased from 5.8 children per woman in the 1970s to 4 children in 2004. Among adolescents, the current birth rate is 69 out of 1,000. However, officials have made some gains in promoting family planning.

Between 1990 and 2003, the number of women using contraceptives rose significantly from 11 to 28.1 percent. Professional medical staff now attend 23.8 percent of all births, but that number has changed little in recent years. Between 1995 and 2000, maternal mortality rose 15 percent. By modeled estimates for 2000, the current rate of maternal mortality is 680 deaths per 100,000 live births. Many Haitians are not literate. Only 54.8 percent of males and 51.2 percent of females over the age of 15 can read and write. Haiti has made significant progress in primary school completion rates since 1980 when only 29 percent of males and 27 percent of females completed this level of education. In 2000, 69 percent of all males and 70 percent of females completed primary school.

Human Development Index Rank: 153 Human Poverty Index Rank: 70

SEE ALSO: Education. Extreme Poverty; Fourth World; Healthcare.

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Harding, Warren (Administration)

MANY HOLD A DIM view of the Warren Harding administration. Some historians rank his administration as the worst in U.S. history. Yet this was not always the case, and others dispute the opinions of his critics. Harding was popular during the early part of his presidency, but his standing fell by the end of his administration and declined further with the passage of time. This was mostly because of scandals involving top members of his administration.

Warren Harding came from a modest background in Blooming Grove, Ohio, yet ultimately rose to the presidency. He attended Ohio Central College and undertook a brief and unsuccessful venture into the insurance business. He then bought a small newspaper—the *Marion Star*—and made it into a success. This led to rapid political success. Harding was elected state senator in 1899, lieutenant governor in 1902, and a U.S. senator in 1914.

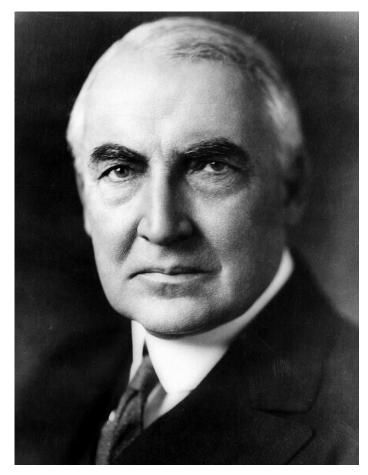
Harding won the election of 1920 in a landslide. In his inaugural address he pledged himself to fiscal austerity and low taxes. By the time Harding took the oath of office in January 1921, the wartime economic boom had given way to depression. Unemployment had been 1.4 percent in 1919. In 1920 it rose to over five percent. In 1921 unemployment peaked at 11.7 percent and industrial production slowed. Heavy industry suffered the worst losses. Employment in the iron and steel industries was cut in half. Other heavy industries suffered similar employment losses. Prices and wages fell during this period of deflation. The poverty resulting from this depression was severe but temporary.

The Harding administration acted to reduce government involvement in the economy during the 1920–21 crises. This administration and Congress cut federal spending massively, reduced tax rates, and ended many wartime controls on industry. In 1920 federal spending was \$6.357 billion. It fell to \$5.061 billion in 1921, 3.389 billion in 1922, and \$3.140 billion in 1923. Harding vetoed a soldier's bonus bill sponsored by the American Legion. In November 1921 marginal income tax rates were cut by 13.8 percent. Tax revenue fell, but not as much as spending, so the budget surplus rose and total public debt fell from \$24.299 billion in 1920 to \$22.349 billion in 1923.

One exception to Harding's *laissez faire* policies was his support of the Fordney-McCumber tariff act of 1922. This was a highly protectionist tariff. Harding also increased the power of the presidency relative to Congress with the creation of the Bureau of the Budget.

The economy began to recover in the second year of the Harding administration. The end of the depression of 1920 meant renewed growth, low unemployment, and growing prosperity. Unemployment fell to 6.7 percent in 1922 and 2.4 percent in 1923. Of course, the prosperity of the early 1920s was not uniform. Many farmers endured hard times during the 1920s. There was also an increase in income inequality. Harding opposed measures to redistribute income through progressive income taxation.

The fact of the matter was that most increased inequality of this time resulted from investment income in financial markets, especially from the stock market boom. Labor income was not the source of rising inequality, so it made no sense, even for those who



Warren Harding's administration oversaw economic crises in 1920 and 1921, when unemployment rose to 11.7 percent.

wanted to reduce inequality, to redistribute through income tax rates.

Harding avoided U.S. involvement in the League of Nations and limited immigration from Europe. His remarks on league membership during his campaign were vague, but his actions to keep the United States out of this organization were unmistakable. These moves and his protectionism might seem to indicate isolationism. However, Harding succeeded in slowing the naval arms race among industrialized nations. Nine world powers attended a conference run by Secretary of State Charles Evan Hughes. They signed an important treaty on naval armaments that reduced political tensions in the Pacific and far east. He also reduced Germany's war debt through the Dawes Plan. This reduced German reparations to 2.5 billion marks over the coming half century, thus relieving some of the problems that were plaguing the German economy.

Harding did much for civil rights in the 1920s. He reversed the racial segregation of federal offices insti-

tuted by President Woodrow Wilson. He also supported antilynching legislation and advocated political, economic, and educational equality among races in a speech he gave in Birmingham, Alabama. This was certainly a bold move. Harding also ended the harassment of pacifists and left-wing radicals perpetrated by Wilson and pardoned his former opponent, socialist presidential candidate Eugene V. Debs.

Several members of the Harding administration marred its reputation with their involvement in scandals. Secretary of the Interior Albert Fall and Secretary of the Navy Edwin Denby were forced to resign for their involvement in the Teapot Dome scandal. Secretary Fall went to jail for accepting bribes. Charles Forbes of the Veterans Administration went to jail for misappropriating millions of dollars. Attorney General Harry Daugherty nearly went to jail.

Harding died of a heart attack while in San Francisco, California. Vice President Calvin Coolidge succeeded him. In the decades following his death, many disparaged his reputation as president. This is partly because of the scandals of his administration and partly because of the decline of the Republican Party during and after the Herbert Hoover administration. Harding was not involved in either the scandals of his administration or the economic disasters of the Hoover administration. Consequently, a few historians now question the critical view that some took of his presidency.

SEE ALSO: Coolidge, Calvin (Administration); Depression, Great; Republican Party; Unemployment.

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Harrington, Michael (1928-89)

MICHAEL HARRINGTON'S *The Other America* (1962) is credited with the "discovery" of poverty in "affluent" America and as being the stimulus for the so-called War on Poverty. But just as the war in Vietnam

buried even a chance of fighting a war on poverty, it buried Lyndon Johnson, and it confounded Harrington's hopes for a "left-wing of the possible." In the tradition of Eugene Debs and Norman Thomas, Michael Harrington was America's foremost socialist, consistently Marxist in his analysis of capitalist society and consistent in his belief that socialism could be achieved only democratically.

Harrington was raised in a middle-class family in St. Louis, Missouri. He went exclusively to Catholic schools and then to Holy Cross University. After a year at Yale law school and a year at the University of Chicago, he joined Dorothy Day's Catholic Worker movement, going "as far left as you could go within the Church." A 1952 essay, "Poverty—U.S.A.," attracted little attention, but its conclusion suggested what his approach would be: "It goes without saying that the incomes structure must be changed."

Putting his commitments to the church behind him—in later years he identified himself as "an Ethnic Catholic"—he joined, in 1953, the Young People's Socialist League. This began for Harrington a lifelong struggle with sectarian radical politics, first with the Socialist Party; second, over the politics of the Korean war, with the Young Socialists League; third, with the Independent Socialist League and their anticommunist "drift to the right"; and fourth with Students for a Democratic Society (SDS) over what a sound antiwar policy should be. To put the matter as briefly as possible, Harrington found himself caught between an "Old Left" that had become neoconservative and a revolutionary "New Left" that had little sympathy with his lifelong commitment to the Democratic Party, with a strong labor movement at the center. (His 1973 Socialism is an excellent introduction to the issues as he saw them.)

In 1962, President John Kennedy, who had read Dwight Macdonald's long review of *The Other America*, asked Walter Heller to look at the poverty problem. After Kennedy was assassinated, Johnson proclaimed that his administration "today, here and now, declares unconditional war on poverty in America." Harrington and Paul Jacobs joined the President's Task Force. They ended their memos, "Of course, there is no real solution to the problem of poverty until we abolish the capitalist system."

But a memo to Sargent Shriver that was not utopian put the matter squarely: "if there is any single dominant problem of poverty in the United States, it is that of unemployment." Secretary of Labor Wirtz agreed, but when he raised this idea at a cabinet meeting, Johnson ignored him. How could he offer tax cuts, reduce government spending, fight a war, and create jobs? Instead the poor would get job training, which they could use in the hoped-for expanding economy.

Harrington has been wrongly remembered as being identified with the idea of a "culture of poverty." As his biographer writes, "throughout the book, 'culture of poverty' is used interchangeably with another term, 'vicious circle." Harrington's point was that the structure of institutions, labor markets, slums, and schools made it quite impossible for the poor to get a good job and to find good housing where schools were good.

Within a decade, neoconservatives like Edward Banfield would explain that the typical "other American" does not care where he lives or whether the schools are good: "indeed, where such things exist he destroys them by acts of vandalism if he can." Nathan Glazer added that liberal policies had created a culture of "welfare dependency." It was a straight line to Bill Clinton's program "to end welfare as we know it."

Harrington could not have anticipated this, but he did argue, in 1964, that Johnson had chosen the correct terrain to fight for approval of the Economic Opportunity Act: "If, for example, Johnson had approached democratic America in terms of the trade union vocabulary—full employment, minimum wage, shorter work week—that would have set off all kinds of class antagonisms, real and imagined, on the part of business. ... But the American pattern of speech does not allow the same fury against the 'poor' who are traditionally seen as victimized, unorganized and not menacing." Sadly, it allows for considerable fury, especially when racism is part of the picture. Harrington was correct that no socialist revolution was on the agenda in the United States. And he was not alone in suffering from the deep difficulty of reconciling a radical vision with the means available in American electoral politics.

SEE ALSO: Culture of Poverty; Johnson, Lyndon (Administration); Socialism; War on Poverty; Welfare Dependence.

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Harrison, Benjamin (Administration)

BENJAMIN HARRISON WAS born on Tuesday, August 20, 1833, in North Bend, Hamilton County, Ohio. His father, John Scott Harrison, was a congressman from Ohio and his mother, Elizabeth Ramsey, was a homemaker. Harrison attended Miami University in Oxford, Ohio, graduating in 1852. He then moved to Cincinnati where he studied law for two years before moving to Indianapolis, Indiana, where he was admitted to the bar and then got a job as a recorder of decisions for the state supreme court.

While in Indianapolis, Harrison worked with the Republican Party trying to get candidates elected. He also gained a reputation as a very good lawyer. During the Civil War, Harrison served in the Union Army, briefly reaching the rank of brigadier general. In 1864, while serving in the army, he was reelected recorder of the state supreme court.

In 1876 Harrison ran unsuccessfully for governor of Indiana. In 1879 he was appointed to the Mississippi River Commission before being elected to the U.S. Senate on March 4, 1881. He served in the Senate until March 4, 1887, as chairman of the U.S. Senate Committee on Transportation Routes to the Seaboard and the U.S. Senate Committee on Territories. In 1888 Harrison was nominated by the Republican Party as its candidate for president. Harrison's handlers limited his campaigning, organizing the first truly front-porch campaigns. Harrison's campaigning consisted of short direct speeches delivered to delegates who came to visit him at his home.

The Democrats viciously attacked Harrison, referring to him as "Little Ben," an obvious reference to his short 5-foot-6-inch stature. Harrison retorted by arguing that he was big enough to wear the hat of his grandfather, "Old Tippercanoe," who held the president's office in 1840. Even though Harrison received more than 100,000 fewer votes than Grover Cleveland, his Democratic opponent, he won the election by winning the electoral college 233 to 168. Harrison served from March 4, 1889, to March 9, 1893.

Called the "centennial president" because he was inaugurated on the 100th anniversary of George Washington's inauguration Harrison spent much of his time on foreign affairs, setting in place the mechanism for creating the Pan American Union. He negotiated a treaty to annex Hawaii, even though Cleveland backed out of the treaty. Also, American soldiers, stationed in the west, massacred 153 Lakota Indians at Wounded Knee, South Dakota, on December 29, 1890.

Domestically, Harrison had a rough start, as Democrats utilized congressional rules to implement the "disappearing quorum," which allowed congressmen to debate an issue and then not answer the roll-call vote, stalling legislation for nearly two years. Nevertheless, Harrison was credited with several congressional victories including providing funds for internal improvements, expansion, and modernization of the navy, and subsidies for steamship lines.

Possibly his most controversial piece of legislation was his Dependent Pension Act, which provided a pension to dependents of Civil War veterans. This legislation provided \$6 to \$12 monthly pensions. By 1893, with more than one million people getting pensions, this cost the government nearly \$160 million.

Harrison was also noted for signing the Sherman Antitrust Act, protecting the country from monopolies and trusts. It made all contracts, combinations in the form of trusts, and conspiracy in restraint of trade or commerce illegal. This was the first federal attempt to regulate trusts. The Sherman Silver Purchase Act, passed in 1890, forced the Treasury to purchase 4.5 million ounces of silver each month while issuing legal tender in the form of treasury notes that could be used to buy gold or silver.

The major domestic issue that confronted Harrison was the protective tariff. He was caught between two extremes on this issue. His party wanted him to keep the tariff high because it created unprecedented wealth in the Treasury. Those who opposed the tariff argued that the surpluses were hurting business. Representative William McKinley and Nelson Aldrich wrote legislation raising the tariff even higher. Even though Harrison was concerned, he chose not to challenge his party and instead chose to write in reciprocity measures to blunt the effect, and removed the tax on raw sugar. Domestic sugar growers were given a two-cent-per-pound bounty.

Because of his lavish spending Harrison had depleted the Treasury by the midterm elections of 1890. In response voters overwhelming voted for the Democrats. In 1892 the Republicans again nominated Harrison as their candidate but he suffered a humiliating defeat to Grover Cleveland, the man he had defeated four years earlier.

SEE ALSO: Capitalism; Cleveland, Grover (Administration); Laissez-Faire; United States.

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Harrison, William (Administration)

WILLIAM HENRY HARRISON was born in Virginia in 1773. His father served in the Continental Congress and was governor of Virginia. Harrison fought as an officer in the Indian Wars of the Northwest Territories (present-day Ohio, Indiana, Michigan, Illinois, and Wisconsin). In 1800 President John Adams appointed him territorial governor. During the War of 1812, Harrison commanded U.S. forces in the Northwest Territories. Later Harrison served in the U.S. House and Senate from Ohio and as ambassador to Colombia under President John Quincy Adams.

Although Democrats had dominated the White House, a poor economy made the Whigs' chances much more likely in 1840. President Andrew Jackson and the Democrats refused to renew the charter for the Second Bank of the United States, resulting in its termination in 1836. State banks filled the demand for credit and currency, but this was dependent on the financial soundness of whatever institution issued the notes. If people lost faith in a bank, there would be a "run" on the bank to cash in their notes for specie (gold or silver). Those left holding notes when a bank ran out and suspended specie payments were left with worthless notes.

During the westward expansion of the 1830s, speculators borrowed money to buy land that they hoped to resell to pioneers moving west. In 1836 the federal government began requiring gold or silver as payment. This caused the contraction of credit as people scrambled for gold and silver to make their land payments. Banks quickly ran out of specie and had to suspend payments. At the same time a collapse in the price of cotton crippled the south, where many farmers were unable to make mortgage payments. This led to a severe recession that lasted well into the 1840s, causing widespread poverty especially in rural areas.

The Whig Party expected to take advantage of this recession to regain the White House. Henry Clay was the favorite, but his Masonic membership caused opposition from the anti-Masonic wing of the party. Harrison was nominated because he was a man of the people and a war hero, two images that called to mind the pop-

ular former President Andrew Jackson. Harrison used the nickname "Tippecanoe," a reference to his military victory against the Indians in 1811, and spoke of being born in a log cabin.

The main substantive issue, however, was the economy, although neither party saw any direct government role in the alleviation of poverty. The Whigs supported a higher tariff, which appealed to northern manufacturers. Democrats supported lower tariffs, which meant lower prices for consumers. The tariff and a stable financial system were key issues of the campaign.

Martin Van Buren was closely tied to Jackson's policies, which many blamed for the recession. Van Buren also lacked Jackson's charisma and personal appeal to the common man. While Harrison received only 53 percent of the popular vote, he carried 80 percent of all electoral votes, doing well in all regions of the country.

As was the tradition of the time, Harrison himself said little during the elections. He allowed others to speak for him and encourage his election. Once elected, he decided to spell out his views during his inaugural address, the longest on record at almost two hours. Harrison called for a limited presidency, saying he would serve only one term. He also vowed to defer to Congress in setting policy and would not veto any laws as long as they were constitutional.

Harrison, a slave owner, also expressed support for slavery as a state matter. He argued that allowing people in some states to decide the policy for people in other states would only lead to distrust, jealousy, and eventually civil war. Not just in slavery, but in all things, the federal government should play a limited role, allowing greater freedom to the states to create their own policies. While Harrison made clear that he would leave setting monetary policy to Congress, he did criticize having an "exclusive metallic" currency, in other words one based only on gold or silver. Such policies, he argued, would only help the rich get richer and the poor get poorer. That was unacceptable in a free republic such as the United States.

Harrison contracted pneumonia after giving the inaugural address in freezing weather without wearing a coat. He spent virtually his entire presidency in his sickbed, dying 30 days later on April 4, 1841.

SEE ALSO: Adams, John Quincy (Administration); Jackson, Andrew (Administration); United States.

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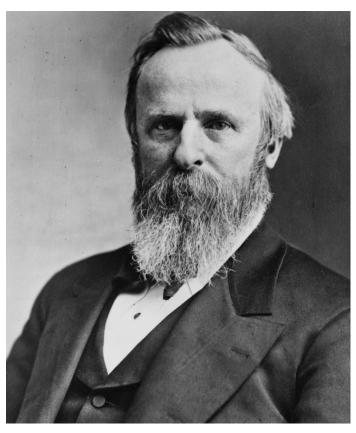
Hayes, Rutherford (Administration)

RUTHERFORD B. HAYES (1822–93), a Harvard Law School graduate, talented courtroom lawyer, and wounded Civil War general, began his Republican administration in March 1877 under the cloud of the divisive presidential election of 1876, yet he freed his presidency from many partisan considerations by announcing that he would serve only one term. And because of his independence, integrity, and idealism, his popularity steadily rose throughout his four years in the White House. In the wake of the electoral dispute, Reconstruction, and the scandals of his predecessor's administration, Hayes's mission was national unity, which he pursued through his policies, pronouncements, and appointments.

As part of the arrangements ending the turmoil over the election of 1876, Hayes readily agreed to remove the remaining federal troops from the south and thus end Reconstruction. He believed force would never succeed and idealistically felt that social harmony could be restored through the restoration of civil governments and reasoned appeals to southerners. He mistakenly thought that such a policy would attract whites to the Republican Party, and that through mutual respect and cooperation blacks could better and more permanently secure their rights as citizens and participants in the political and economic order.

Yet Hayes was soon disappointed when southern leaders failed to keep promises to guarantee the rights of African Americans. Hayes also sought national unity by appointing a southern Democrat to his cabinet and selecting William Woods of Georgia as associate justice of the Supreme Court, the first justice to be appointed from the south since the Civil War. Hayes also appointed John Marshall Harlan of Kentucky, "the Great Dissenter," who would condemn racial segregation.

Long before his presidency, Hayes was known as a social reformer. Before the war, he had volunteered his



Rutherford Hayes focused his efforts on improving the poverty situation among Native Americans in the late 1800s.

legal services on behalf of fugitive slaves to secure their freedom. As governor of Ohio (1868–72, 1876–77) he championed universal manhood suffrage, equal rights for African Americans, educational and prison reform, improved and new institutions for the insane and orphans, and greater aid and respect for the poor. He also hired state employees based on merit and instituted sound fiscal policies and significant debt reduction. Accordingly, Republican reformers supported Hayes in 1876, and, once in office, he pursued a reform agenda.

As president, Hayes, with the skillful management of his Secretary of the Interior Carl Schurz, inaugurated a radically new policy concerning Native Americans. Hayes emphasized conciliation with natives and the improvement of conditions on reservations through direct government assistance and federally funded education for native children. Instead of relying on the military, carefully selected and trained civilians handled Native American affairs, with strict controls of federal "Indian agents" designed to root out dishonesty and ensure respect and fair dealings. Native American police forces were established to maintain law and order on reservations.

Hayes channeled financial aid to the heads of families rather than to tribal leaders, and adopted policies to encourage private landownership as a means to combat the poverty of the reservations. The president stated that his goals were the achievement of opportunity, equality, and full citizenship for all Native Americans. After leaving office, Hayes would look upon his enlightened policy as one of his greatest achievements. Hayes was also proud of his veto of a bill that would have restricted Chinese immigration as being unfair and unconstitutional.

Hayes believed that his hard-money policies and return to specie payments were responsible for the strong economic recovery following five years of depression. But despite the upturn, Hayes was concerned for workers and the poor and spoke forcefully against the abuses of big business, corporate avarice, and the dangers occasioned by the concentration of wealth and power in the hands of a few. He stood firm against railroad abuses, yet was decisive in using federal troops to protect railroad property endangered by an increasingly violent national strike.

He became the first president to confront wide-spread labor unrest in an increasingly nationalized and industrialized economy. He was also early to recognize the dangers to the environment caused by industrialization. As for political corruption, Hayes cleaned up the notoriously corrupt New York Customhouse, headed by Chester A. Arthur, and ordered that federal employees not engage in political activity. However, Congress refused to heed his call for more expansive civil service reform and the creation of a civil service commission.

After leaving the White House in 1881, Hayes actively opposed the death penalty and promoted prison reform. He also worked with organizations raising private donations and calling for federal funding for the education of indigent black and white children and adults in the south, from grade school through graduate studies, as a means to overcome social ills and poverty.

SEE ALSO: Arthur, Chester (Administration); Federal Targeted Training; Income Inequality; United States.

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Head of the Household

DEFINING HEAD OF THE HOUSEHOLD is crucial not only because it denotes legal and tax categories for individuals living in a household, but also because it shows the relative status given to males and females in a variety of social arenas. Head of the household is related to the concept of family, which is the "basic social group" for all humans, according to G. Ferraro. Although family is a universal concept, most laypeople do not consider that a family is "a social unit characterized by economic cooperation, the management of reproduction and child rearing, and common residence," as phrased by Ferraro.

In addition, marriage, while not necessarily a universal concept, is defined by Ferraro as "a series of customs formalizing the relationship between male and female adults within a family." These concepts are useful components when considering current global definitions, and implications for head of the household.

TERMS AND DEFINITIONS

Information from the United Nations statistics division shows that it is important to understand the definition of household before one can clearly understand head of the household as a concept. A household can be thought of as either (a) "a one-person household ... in which one person makes provision for his or her own food or other essentials for living" or (b) "a multi-person household, defined as a group of two or more persons living together who make common provision for food or other essentials for living," as shown by the United Nations and S. Chant. In a multiperson household, the individuals may or may not be related by blood or marriage; it is the making of common provisions that is the key element for defining a household.

From these definitions, the United Nations has developed a definition for head of the household or reference member of household. It states that a head of the household is the "person in the household who is acknowledged as such by the other members." The implication of this definition is that the head of the household will be that person who "is used to determine relationships between household members."

However, when there is joint headship, or when spouses are considered equally heads of household, then the definitions should shift accordingly. This shift only occurs when the headship means that individuals provide equal economic provisions and have equal authority and responsibility for the household and other members living therein. This definition emphasizes people's relationships to one another.

In using the U.S. Census Bureau's definition of household, we find that there is an emphasis on the actual physical-dwelling component of household. A household defined in the United States "includes all persons who occupy a housing unit. A housing unit is a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters. ... The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements." In other words, it is the residence that denotes household and the individuals living there are separate. This definition may have more to do with definitions of property than do other definitions.

Another definition relating to the United States notes that "a household is defined as one or more people living in a residence" while "the head of household is one of the people who owns or rents the residence and was indicated first on the U.S. Census surveys," as described on CensusScope. This promotes a Eurocentric view with the male as head of the household, according to Chant. This definition is problematic because it does not state how the head of the household was determined in the first place. The information from CensusScope indicates that in the United States in 2000, 52 percent of all households were married couples; 12 percent were "female householder" with no spouse; four percent were "male householders" with no spouse; and the final 32 percent were "nonfamily households."

Women are more often the reference person than men—a shift from previous decades.

According to the National Statistics Bureau in Britain, there has been a move to replace the term head of the household with household reference person. This term seems to more accurately delineate the "characteristics of the household more generally"; it accounts for income levels and age and is not based on sex alone. In Britain, household reference person can be defined in terms of (a) a person who is the sole person in a rented or an owned accommodation or (b) joint householders or people living together.

If the person lives alone, he/she is the household reference person. If there are joint householders, then the person with the "highest income" is taken as the household reference person; however, when the income levels are the same, then the older person is the household reference person. In Britain, by classifying household reference persons, women are more often the reference person than men—a shift from previous decades of classification.

Finally, according to the United Nations Food and Agricultural Organization (FAO), the head of the household "is the person in the household acknowledged as head by the other members. The head has primary authority and responsibility for household affairs. However, in cases where such authority and responsibility are not vested in one person, special rules may be needed to identify the head of household." The interesting point for the FAO is that it also defines the relationship of other individuals to the head of the holder's household, such as spouse, child, spouse of child, grandchild or great-grandchild, other relative, or other persons not related to the head, including domestic employees, as all members of the household based on their dependent status.

A definition using oldest male has led to a clear bias toward men as decision-makers.

In the past, head of the household was used to mean the oldest male in the group living in the household, that is, in Hungary the household reference person is "oldest active male" and in the Czech and Slovak Republics, the household reference person is defined "as male if complete family." As the FAO notes, the definitions used to identify the head of the household are subject to a certain ambiguity and in some cases tend to exclude women.

Precise criteria should be set to avoid arbitrary interpretation on the part of the enumerators and subjective perception on the part of the interviewees. In those countries where male migration is relevant, the absence of the head of the household (at the time of the enumeration or within a specified period of time) should also be considered, according to the FAO and S. Cantillon and B. Nolan. Thus in many instances, a definition using oldest male has led to a clear bias toward men as decision-makers and economic provisioners to the exclusion of women's authority and economic contributions, as shown by Cantillon and Nolan.

Women's household work is connected to childbearing and child-rearing responsibilities, and often is not thought of as adding economically to the household, as related by Chant. Classifying individuals as household reference persons, as is done in Britain, would work well for households in industrialized countries and for individuals in middle and upper socioeconomic strata. But for couples in other countries and in lower-income strata, this definition may still lead to a gender-biased frame of reference.

REGIONAL DIFFERENCES

Part of the need to understand how groups define head of the household is to gain a more comprehensive perspective about who comprises a household and the impact of that composition on all household members. Depending on the definition used, it may be difficult to determine how resources are divided up among household members because the head of the household is often defined as a male, as evinced by J.A. Lampietti and L. Stalker.

Along with this, current research indicates that female-headed households are far more likely to live in poverty in industrialized countries; however, the research may not extend to the developing world. According to P. Gregg et al., in the United States, "two-thirds of children with lone parents are poor, compared with one-quarter of children with two parents." Thus poverty is the main concern for children living in a household where there is a single parent as head, and this is especially noteworthy since estimates provided by Chant indicate that "one-third of households worldwide" are female-headed.

According to Cantillon and Nolan, "conventional methods analyzing poverty and income inequality take the household as the income recipient unit, and assume resources are shared so that each individual in a given household has the same standard of living." Therefore head of the household definitions imply that all members of the household are provided for equally, when in fact this is not the case. Traditionally, in European and Western countries, women are responsible for the caregiving activities within the family, as shown by M. Corsi and K. Orsini.

These activities often limit women's ability to obtain paid work outside the home. According to Chant, as there have been global changes in women's activities, defining a household as having a "female head," we are in fact saying that this type of household is unusual and that males should be defined as the "actual" headship in normal settings. G. St. Bernard points out that these issues are important when considering head of the household from a global perspective and the changes going on

as a result of increased divorce and/or household dissolution, as well as the impact of disease on household structure.

Throughout east, west, and southern Africa, civil wars and HIV/AIDS have significantly changed how families are structured. In terms of civil disruptions, it is unclear how much of an impact these have had on increasing the number of female-headed households, as discussed by NewsfromAfrica and the International Foundation of Agricultural Development (IFAD). As a human rights concern and because of the value placed on male-headed households, women who were heads of their household in the past have been housed with former combatants who have been known for violence against women, according to NewsfromAfrica. This act is of particular concern in terms of women's safety and well-being and those of their children.

A second disrupter of family structure and households is disease. For instance, in many African countries, the caregivers for family members with HIV/AIDS are women and girls, as estimated by the United Nations. This caregiving becomes problematic because 90 percent of it is provided in the home. Over two-thirds of the caregivers in households with HIV/AIDS are women and one-quarter of these women are over the age of 60 years, as shown by the United Nations and T.S. Jayne.

In other areas, a whole generation of men and women are dead from AIDS and so the head of the household may be a youth (girl or boy) who is responsible for other children, the other ill household members, and obtaining household goods for the family, which has been studied by the United Nations and E. Guest. According to IFAD, female-headed households may be "disadvantaged" because their landholdings are smaller than those of male-headed households, and they have fewer assets and more dependents than do male-headed householders.

However, in some countries, such as Ghana and Nigeria, female-headed households are less likely to live in poverty when compared to male-headed households. This difference is most likely because female-headed households in these areas are receiving "remittance incomes" and they are not composed of individuals in the same way that male-headed households are.

DIFFERENT COHORTS OF WOMEN

Research by R. Soong indicates that women who are heads of household in Latin America and the Caribbean tend to be unmarried, members of the lowest socioeconomic strata, and older. They are less likely to be employed full-time. Interestingly, there may be different cohorts of women who are headships.

First there are "younger single women" who are students. Second there are "divorced/separated/widowed older women (45 years or older), especially retirees." And third there are "single parents who are unemployed or only work part-time." Each of these cohorts represents different household structures and family needs. In addition, it appears that Venezuela and Argentina have higher percentages of households headed by females.

In the 1960s, there was a major shift in family structure and work opportunities.

Part of this information should be considered in the context of women as food producers for their families, according to the FAO. Overall, in the regions of the world, 49 percent of rural people and 43 percent of rural households live in poverty. However, rural women in Latin American and the Caribbean are more likely to live in poverty. According to the FAO, when comparing poverty levels for female- and male-headed households in select countries, we find that in all countries except Mexico, the percentage of female-headed households in poverty is far higher than male-headed households in poverty. These women's "fundamental roles" are to ensure that there is enough food for their families, and they "assume economic roles related to survival, as unpaid workers on smallholdings or as temporary or permanent workers in production units geared toward domestic consumption or export."

In other words, these women work for little pay to ensure the survival of their families and themselves. As noted by the FAO, "the assumption is that a woman is, and should remain, limited to her role as housewife, in the performance of domestic, reproductive and related activities, and that by catering to the head of household [males] in the principal productive activities of the farm [or business] the results achieved will extend to the entire family unit." The benefit may not trickle down and/or may not be a possibility when a woman is a headship. Nor does such a view account for the amount of goods women produce for the market, such as 40 percent of agricultural goods, "77 percent of dried beans," or "51 percent of maize."

In the 1960s, there was a major shift in family structure and work opportunities for women in the United

States. At that time, there was an increase in divorce and decrease in two-parent families. Along with these changes, there was an increase in number of welfare recipients, according to D. Lindsey. As a consequence, the number of children living in two-parent households declined and the number of children living in single-parent households increased to 30 percent of the child population by the year 2000. The A.E. Casey Foundation reported that 22 million children in the United States (out of 73 million) resided in a single-parent household in 2003.

At the same time, more women began to work outside the home because of the social and economic stresses families were experiencing, according to Lindsey. However, women's work outside the home is usually in secondary labor markets wherein women are temporary workers and are "ineligible for unemployment and health insurance benefits by virtue of their low wages and part-time work."

Thus children living under single-female headships are more likely to be poor than other children in the United States. As a remedy to this problem, a new public welfare act called the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) went into effect in 1996 and instituted a program called Temporary Aid for Needy Families (TANF), as recounted by B.B. Blum and J.F. Francis.

The goals for TANF are to "provide assistance for needy families to care for their children" and "end welfare dependence by promoting job preparation, work, and marriage" among other items, as related by S. Vandivere et al. Interestingly, this new public welfare policy and program have placed the value of maintaining a two-parent household in the forefront. Finally, the new policy implies that men should be the normative head of the household, which emphasizes the Eurocentric views of women's roles and family structure.

In summary, definitions of head of the household portray much about a country's worldview and value system. As noted at the beginning of the article, the United Nations and Britain have begun to use the term household reference person, which is based on income level and age rather than on sex, when examining household composition.

The implication for defining types of households is that we can then further delineate the impact of poverty on these different family structures, giving a more comprehensive picture of what it means to live in these households and how we can focus policies to provide help for all members of households, no matter the structure. SEE ALSO: Family Budgets; Family Desertion; Family Size and Structure; Gender Discrimination; Gender Division of Labor; Household Consumption; Household Employment; Household Income; Women and Poverty.

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Head Start

HEAD START IS A FEDERALLY funded U.S. preschool education program, one of the War on Poverty

social programs enacted during the presidential term of Lyndon Johnson. Its key goal is to improve the school-readiness of low-income or otherwise eligible at-risk children by providing early educational experiences, parental education and involvement, and healthcare and screening. Head Start began in 1965 as an eightweek summer program for children ages 3 through 6 offered with funding from the Office of Economic Opportunity (OEO).

Head Start has expanded into a comprehensive child development program for eligible families with children under age 6, including women who are expecting a child. Local agencies receive federal funding to provide services in early childhood education and development, augmented with medical, nutritional, dental, mental health, and parental education programs. In addition to providing funding, the federal government monitors local programs using the Head Start Program Performance Standards, which are designed to ensure that enrolled children receive services of uniform quality that are consistent with Head Start goals and objectives.

Head Start is now administered by the Administration on Children, Youth and Families (ACYF) within the U.S. Department of Health and Human Services. In addition to locations in all 50 U.S. states and Washington, D.C., Head Start centers are found in Puerto Rico and the U.S. territories, and altogether have an annual budget of more than \$6.5 billion.

Support activities such as training, research, and monitoring add more than \$230 million to the total cost of the Head Start program. In fiscal year 2004, the average cost per child was \$7,222, and more than 900,000 children received services. Most children are served in classroom settings in the more than 20,000 Head Start centers, although about five percent received homebased services.

During much of its history, Head Start has enjoyed considerable public and political support in the U.S., and it has served as a model for preschool programs in other countries. Enrollment in the mid-1960s began in the neighborhood of 700,000, and then fell almost by half during most of the 1970s. The number of children served rose each year from 1988 to 2002, and then fell slightly, while the program's budget has increased each year since 1986.

In 1994, a new program for children less than 3 years old, Early Head Start, was added. Overall program growth since 1990 has increased the number of children served by about 70 percent and the budget by more than 400 percent. Despite its growth in enroll-

ment and funding, Head Start has never had the resources to serve all eligible children or to ensure the highest-quality preschool education in every jurisdiction.

Almost since its inception, Head Start has been the focus of research and evaluation studies to try to assess whether and how well it accomplishes its goals. Numerous studies, some funded by the federal government as part of the overall Head Start program, have sought to measure the short-term and long-term effects of participation in Head Start programs. In general, short-term studies assess participants' initial adjustment to and performance in school, usually up to about the third grade. Long-term studies have examined outcomes including high school graduation rates, arrest and incarceration rates, and women's age at first child-bearing. Conclusions based on numerous research studies suggest mixed results for Head Start.

Studies show lower rates of repeating grades or placement in special education.

Interpretation of these findings is complicated by the shortcomings of research designs that rarely use random assignment and sometimes lack comparison groups or large sample sizes. While some researchers and reviewers of research conclude that cognitive and behavioral gains made by Head Start participants disappear within a few years of beginning school, others suggest that early gains persist, though they may lessen with time. Longer-term studies show lower rates of repeating grades, of placement in special education, or of arrest, and some report higher rates of high school graduation, though there is some indication that results may vary by race or ethnicity.

Since expanding eligibility to children from birth to age 3, Head Start has begun other initiatives, including a project to encourage the involvement of fathers with their children and one to promote early literacy skills. Most recently, both the administration of G.W. Bush and members of Congress have moved to make Head Start a state-administered program. Legislation was recently passed to designate eight states for demonstration projects, which could lead to dramatic changes in the structure, content, and administration of the core Head Start programs.

SEE ALSO: Children and Poverty; Education; Healthcare; United States; War on Poverty.

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Headcount Index

THE HEADCOUNT INDEX is the simplest measure of the prevalence of poverty in a particular area. The Headcount Index is calculated by taking the total number of people in a country who fall below a predetermined income level and dividing this figure by the total population. In other words, the Headcount Index is simply the percentage of the population that falls below the official poverty line. The Headcount Index is also commonly referred to as the poverty rate.

While the appeal of the Headcount Index as a measure of poverty lies in its simplicity, several characteristics of the index limit its usefulness in practice. First, official definitions of what constitutes poverty vary from region to region so that the Headcount Index is generally not comparable across countries. For example, in the United States in 2003, 12.5 percent of all Americans lived below the poverty line as defined by U.S. government officials. The poverty line for a single American individual in that year was an annual income of roughly \$9,400, a figure that exceeds the average income for populations in over 125 countries around the world.

By comparison the most recent Headcount Index for Mexico revealed only 10.1 percent of the population lived below the country's official poverty line of roughly \$400. While a direct comparison of the Headcount Indexes of the United States and Mexico would suggest that Mexico has a lower incidence of poverty than the United States, a person defined as poor in the United States might earn over 20 times that of a typical poor person in Mexico, even after considering differences in the cost of living.

International agencies have attempted to correct for this deficiency in the Headcount Index by standardizing definitions of what constitutes poverty. The most commonly used standardized measure of poverty is the \$1-a-day level, which corresponds to an annual income of \$365 adjusted for inflation and international differences in costs of living (also known as purchasing power parity, or PPP).

By the \$1-a-day threshold, the Headcount Index for the developing world was 20.6 percent in 2001, corresponding to just under one billion persons in poverty. These figures represent significant decreases from past numbers largely because of declining poverty rates in India and China. In 1981 and 1990, the Headcount Indices for the developing world were 40.7 and 27.9 percent, respectively; however, through population growth, the total number of persons below the \$1-a-day threshold has declined much less rapidly, falling from 1.40 billion in 1981 to 1.14 billion in 1990.

The second shortcoming of the Headcount Index is the fact that all persons who fall below the poverty line are counted in the index regardless of how far below the line they fall. Thus an utterly destitute person with no income is treated identically in the Headcount Index as someone just below the poverty line cutoff.

A country that wishes to reduce its Headcount Index might be tempted to direct poverty assistance to those least in need of aid since relatively well-off poor persons will require the least money to bring them above the poverty line. The difference between a person's actual income and the poverty line is known as the poverty gap, and the Poverty Gap Index accounts for both the proportion of the population that is poor and how far below the poverty line the typical poor person lies.

A final concern of the Headcount Index is that it focuses solely on income without taking into consideration other factors that may contribute to well-being. While per capita income is closely correlated with many other statistics, such as infant mortality, caloric intake, and access to safe drinking water, a statistic based on income alone may not truly represent a person's welfare. The Human Poverty Index and a variety of deprivation indexes attempt to include multiple measures of well-being besides income in their calculation. In addition, the Headcount Index may fail to account for non-cash benefits such as public healthcare or subsidized housing in total income.

SEE ALSO: Human Poverty Index; Poverty Gap; Poverty Gap Index; Poverty Rate; Poverty Threshold.

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Healthcare

"THE BIGGEST ENEMY of health in the developing world is poverty," stated United Nations (UN) Secretary General Kofi Annan in 2001. Indeed at the beginning of the 21st century, 1.1 billion people (21 percent of the global population) worldwide were earning less than \$1.08 per day in 1993 purchasing power parity (PPP) dollars, thereby satisfying the UN's measure of "extreme poverty." Because of their extreme poverty, in 2005 more than 20,000 such people per day died otherwise preventable deaths.

The World Health Organization (WHO) defines health as "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity." Health is essential to a normal functioning life for every person. However, poverty and health are complexly intertwined. Poor health status can cause a person to fall into poverty. Poor health can compromise a person's earning capacity, impose catastrophic costs on individuals and households from expenses and lost wages, and reduce children's ability to learn.

Poor health restrains individual opportunity. Likewise, poverty can cause poor health, both directly and indirectly. Often poverty leads to poor nutrition, inadequate housing and sanitation, and diminished access to safe drinking water and medical care. These correlates of poverty directly threaten poor people's health. Poverty also affects health status indirectly, because it is associated with lower educational attainment, particularly for females. Inadequate education is known to impair relative health status, particularly for children whose mothers are illiterate. Because poor health status is both a cause and an effect of poverty, a decline in health can become a poverty trap from which individuals are not likely to escape on their own.

Poverty, both generalized (as in countries with low per capita incomes) and relative (as in countries with high income inequality), is bad for health. Citizens of wealthier nations generally live longer, healthier lives than citizens of poorer nations. In 2002, the mean Gross Domestic Product (GDP) per capita in high-income nations was \$28,741, and the average life expectancy at birth in those nations was 77.4 years. In low-income nations, in contrast, in 2002 the average per capita GDP was just \$2,149, while average life expectancy at birth was 59.1 years.

The World Bank reports that in 1994 about nine percent of global GDP, or \$2.33 trillion, was spent on healthcare worldwide. Although 84 percent of the world's population reside in low- and middle-income countries, only about 11 percent of global expenditures on healthcare took place in those countries. Accordingly, relative to residents of wealthy nations, people living in low- and middle-income countries enjoyed more limited access to healthcare resources such as hospitals, medicine, and the services of trained nurses and physicians.

In nations where poverty is widespread, the greatest and most widespread gains in health status ordinarily are achieved by the implementation of mass public health measures that mitigate the effects of poverty. In particular, health status in poor nations generally improves dramatically in response to improvements in sanitation, safe drinking water, family planning, and vaccinations. These basic public health requirements appear to be fulfilled in most nations where per capita GDP exceeds \$8,500 (at 2002 U.S. PPP). Accordingly, by 2002 a person born in a nation whose annual GDP per capita exceeded \$8,500 (at 2002 U.S. PPP) (other than South Africa) could expect to live, on average, for 70 years.

After nations achieve per capita GDP above \$8,500, additional gains in national health status typically are made at the margins. Usually such additional marginal gains are achieved through medical treatments and interventions for specific illness and injuries of individuals, rather than the population-based public health measures. As national wealth becomes high, large gains in average life expectancy become less likely, though improvements among specific groups can be achieved. In 1998, for example, average life expectancy for white women in the United States was 79.9 years whereas for black males it was 67.8 years, according to the Centers for Disease Control (CDC). A life expectancy of 67.8 years compares unfavorably with that achieved by many countries less wealthy than the United States.

Even in wealthy countries where satisfactory public health measures have been implemented, poor people often experience relatively poor health status. The health effects of domestic income inequality are especially pronounced in high-income countries, including the United States, in which healthcare coverage is not



In the United States, the government provides healthcare coverage to children and the impoverished primarily through Medicaid

guaranteed to all residents. Canada, for example, which provides national health insurance to all residents, enjoys both greater income equality and lower mortality rates than the United States, as shown by N.A. Ross et al. This result holds true in both rural and metropolitan areas, as compared to corresponding U.S. rural and metropolitan areas. In the United States, the federal government provides healthcare coverage to the elderly through Medicare, and to children and the impoverished primarily through Medicaid.

Because the U.S. government does not guarantee health insurance coverage to working poor people, however, such persons often remain uninsured and are particularly vulnerable to adverse health incidents. Indeed, health disparities between rich and poor citizens are most pronounced among the working-age population, perhaps suggesting that Medicare, the U.S. national health insurance program for the elderly, can mitigate some of the adverse health effects associated with low income among its target population.

Although most adults in the United States obtain healthcare coverage from private insurers, the private sector has never provided health insurance to all working adults in the United States. This fact may indicate that private-sector provision of health insurance is subject to market failures that could be mitigated if health insurance or healthcare services were provided to some or all citizens directly by the government. Specifically, in competitive markets, private health insurers have profit incentives to seek to insure only low-cost healthy individuals and to contain expenditures by implementing high copayments and coverage exclusions. These measures tend to mitigate the cost-socializing aspects of insurance, and thereby limit the availability of protection against the impoverishing aspects of illness and treatment.

EARLY EFFORTS

"The goal of public health and medicine is to keep people as close to the idealization of normal functioning as possible under reasonable resource constraints," according to N. Daniels et al. That health is essential to a normal functioning life for any individual has long been recognized.

Historically, healthcare was not limited to market transactions. Two distinct sources of care for the sick emerged in the early United States (1750–1850) and Europe that were predecessors of modern hospitals. The first was the public almshouse, or poorhouse. Caring for the sick was one of the social services provided to the poor, mentally ill, disabled, and/or dispossessed by the public almshouses. Private charitable organizations operated voluntary hospitals that treated patients without charge during the same era. However, admission to the voluntary hospitals was selective. Individuals deemed undesirable were transferred to the almshouses.

In time some of these organizations focused more specifically on caring for the sick and subsequently became public hospitals, many of which (such as Bellevue Hospital in New York City, formerly New York Almshouse) continue to provide care to poor and underserved communities. Generally, wealthier individuals avoided these institutions. Public hospitals in the United States maintain their historical role of providing healthcare to the uninsured and indigent populations that still exist.

Our more modern understanding of the role of health and healthcare is rooted in the deprivation associated with the worldwide Great Depression in the 1930s, during which the impact of poor health on the ability of individuals to work became a national concern for many nations.

During the Depression era, national leaders, including President Franklin Delano Roosevelt (FDR), Eleanor

Roosevelt, William Beveridge, John Maynard Keynes, and Henry Baxter White, promoted the pursuit of policies designed to bring about, within their lifetimes, a "world without want." The foundations of this vision of the future were announced in FDR's influential January 6, 1941, State of the Union address, known as the "Four Freedoms" speech: "In the future days which we seek to make secure, we look forward to a world founded upon four essential human freedoms. The first is freedom of speech and expression—everywhere in the world. The second is freedom of every person to worship God in his own way—everywhere in the world. The third is freedom from want, which, translated into world terms, means economic understandings which will secure to every nation a healthy peacetime life for its inhabitants—everywhere in the world. The fourth is freedom from fear, which, translated into world terms, means a world-wide reduction of armaments to such a point and in such a thorough fashion that no nation will be in a position to commit an act of physical aggression against any neighbor—anywhere in the world. That is no vision of a distant millennium. It is a definite basis for a kind of world attainable in our own time and generation."

The "freedom from want" that constituted Roosevelt's "third freedom" cannot be attained unless a society's population remains healthy. Postwar policymakers believed that widespread access to healthcare services—and specifically to medical care—was necessary to create and foster a healthy population. Accordingly, after the conclusion of World War II, healthcare policy became a major governmental concern in the United States and Europe, and also in newly emerging international institutions such as the United Nations and the World Bank.

In the United States, President Harry Truman (1945–53) strove to create a system of universal, comprehensive, prepaid national health insurance. In 1945, 1947, and again in 1949, Truman promoted legislation that would have accomplished this goal. All three times, however, the U.S. Congress declined to enact Truman's legislative proposals into law.

In 1965, as part of President Lyndon Johnson's (1963–68) War on Poverty, the U.S. Congress enacted the Medicare program, which provides universal, comprehensive healthcare coverage to all U.S. senior citizens 65 years of age or older. By providing universal healthcare coverage to the elderly, Medicare has apparently played a role in fighting poverty among that group. From 1966 to 2003, the poverty rate of persons over age 65 in the United States dropped precipitously, from



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17.9 percent to 9.9 percent, even as this group has grown in size as a share of the population, according to the U.S. Census Bureau.

Despite Medicare's relative success at the improving health status (and economic status) of the elderly, healthcare coverage for persons in the United States who are younger than 65 has never been guaranteed. In the 1990s, President William Clinton (1993–2000) revived Truman's efforts to create a national system of universal health insurance in the United States. As in the 1940s, however, in the 1990s the U.S. Congress again declined to enact such presidential proposals. The United States thus now is practically alone among high-income countries in failing to guarantee universal access to healthcare services. (In 2001, public coverage in the



The UN seeks to improve maternal health and reduce maternal mortality by three-quarters from 1990 to 2015.

United States was a mere 25 percent of the population. Among the remaining high-income countries, the Netherlands had public coverage of 76 percent of the population, followed by Germany at 90 percent.) Accordingly, in 2004, although the United States has the fourth highest GDP per capita of all nations on earth, its population ranked 46th in longevity, with an average estimated life span of 77.4 years, according to the Central Intelligence Agency.

Ironically Roosevelt's 1941 "Four Freedoms" speech ultimately may have spurred the governmental provision of healthcare coverage outside the United States more than at home. In November 1942, the noted English economist and civil servant William Beveridge presented the British Parliament with a report entitled "Social Insurance and Allied Services." Beveridge's report echoed FDR's speech in calling for the abolition of want (as well as disease, ignorance, squalor, and idleness). Greatly influencing the creation of the welfare state in the United Kingdom, Beveridge's report directly sparked the establishment in 1946 of the British National Health Service (NHS)—the world's first universal, publicly financed healthcare system. Subsequent to the creation of the NHS, the health of the British population improved substantially. The NHS has become a model for many nations attempting to create a system of equitable access to healthcare.

In the same postwar period, international institutions emerged that sought to address issues of reconstruction, poverty, and development worldwide. In 1945 the Charter of the United Nations was signed in San Francisco, with 51 nations as founding members.

From its outset, the goals and purposes of this new international organization were highly influenced by FDR's "Four Freedoms" speech.

In 1946 the Economic and Social Council of the fledgling United Nations established a Commission on Human Rights, initially chaired by Eleanor Roosevelt. René Cassin of France, a future recipient of the Nobel Peace Prize and P. C. Chang of China were elected vice chairs. The commission was directed to specify a universal set of individual human rights that should be the birthright of every human being, without regard to variations in local culture or forms of government. The commission was also directed to determine whether the protection of such human rights would be better safeguarded through a formal treaty or a nonbinding international agreement.

In December 1948, after three years of work by the commission, the United Nations General Assembly adopted the Universal Declaration of Human Rights. Of a total of 60 nations, 48 nations voted to adopt the declaration, eight abstained, and two were absent. Although the declaration's acceptance by the General Assembly bore substantial moral weight, the document did not purport to be legally binding on its signatory nations.

Article 25 of the Universal Declaration of Human Rights expressly linked health and well-being to poverty and access to medical services: "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his 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 his control; and motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection."

Thus aspirationally, if not in fact, the Universal Declaration of Human Rights established the right of access to needed healthcare services as a fundamental human right of all persons. In pursuit of this human rights objective identified in the Universal Declaration, the United Nations established the World Health Organization (WHO) in April 1948.

The WHO is a specialized agency that promotes the improvement of health status for all people worldwide. Another important sister institution to the United Nations, the International Bank for Reconstruction and Development (World Bank), was created in the same postwar era.

The World Bank was formed at the 1944 United Nations Monetary and Financial Conference in Bretton Woods, New Hampshire, largely under the auspices of famed British economist John Maynard Keynes and Harry Dexter White, the U.S. Treasury's chief international economist at the time. The World Bank's mandate is to fight poverty worldwide by loaning money to finance development projects and promote economic growth, particularly in the developing world.

The World Bank began lending money to finance the provision of healthcare services in 1970, when it adopted a Health, Nutrition and Population (HNP) program. The purpose of the early loans was to strengthen and expand basic healthcare programs. One of the most successful World Bank programs in HNP was the Onchocerciasis Control Program (OCP), launched in 1974.

World Bank-financed programs had almost eliminated river blindness in 11 countries.

Onchocerciasis, more commonly known as river blindness, is a parasitic disease that is caused by flies that breed in fast-moving water. When the flies bite people, they deposit their larvae, which cause itching, disfigurement, and blindness. By the late 1980s, World Bank-financed programs had effectively eliminated river blindness in 11 countries of west Africa. The World Bank's expanded objectives for the HNP sector in the 21st century, per the bank's "Health Nutrition and Population Sectors Strategy Paper" (2002), include:

To assist client countries to improve the health, nutrition, and population outcomes of the poor and to protect the population from the impoverishing effects illness, malnutrition and high fertility;

- 1) To enhance the performance of healthcare systems by promoting equitable access to preventative and curative health, nutrition and population services that are affordable, effective, well-managed, of good quality, and responsive to clients;
- 2) To secure healthcare financing by mobilizing adequate levels of resources, establishing broad-based risk-pooling mechanisms, and maintaining effective control over private and public expenditure.
- 3) To achieve these objectives, the World Bank will lend money to finance suitable projects undertaken by other international institutions (including the UN and WHO) or national governments, often with substantial participation by local communities, local governments, and the private sector.

RECENT EFFORTS

In September 2000, with the endorsement of 189 member nations, the UN General Assembly adopted the Millennium Declaration. The Millennium Declaration identifies eight Millennium Development Goals (MDG) that seek to improve the lives of people by the year 2015. While general poverty reduction is the primary focus of the MDGs, three of the eight goals relate specifically to improvements in health status, and other goals address issues of public health. The eight goals are:

Goal 1. Eradicate extreme poverty and hunger: to halve, by the year 2015, the proportion of the world's people whose income is less than one dollar a day and the proportion of people who suffer from hunger.

Goal 2. Achieve universal primary education: To ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling and that girls and boys will have equal access to all levels of education.

Goal 3. Promote gender equality and empower women.

Goal 4. Reduce child mortality: reduce the under-5 child mortality rate from 1990 to 2015 by two-thirds.

Goal 5. Improve maternal health: reduce the maternal mortality from 1990 to 2015 by three quarters.

Goal 6. Combat malaria and other major diseases: to have by 2015 halted, and begun to reverse, the spread of HIV/AIDS, malaria, and other major diseases that afflict humanity.

Goal 7. Ensure environmental sustainability: by 2015 to halve the proportion of people who are unable to reach or to afford safe drinking water.

Goal 8. Develop a global partnership for development: in partnership with the pharmaceutical industry, ensure that the developing world has access to lifesaving medicines.

In June 2005, approximately a third of the way to the MDG target date, the United Nations released an interim Millennium Development Goals Report, 2005 (MDGS). The interim MDGS details the progress, if any, that has been made toward achieving various development goals from 1990 to 2002/03. Although some progress has been made, much remains to be achieved, particularly in sub-Saharan Africa.

By placing many of these measurable, well-defined objectives, complete with a timeline for achievement, on the world's agenda, the United Nations has offered the world a second chance to achieve FDR's vision of a world without want that secures "to every nation a

healthy peacetime life for its inhabitants—everywhere in the world" in our own time and in this generation.

SEE ALSO: Disease and Poverty; Medicaid; Medicare; Millennium Development Goals; Sanitation; Social Insurance; Universal Healthcare; World Health Organization.

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Heifer Project

THE HEIFER PROJECT International (HPI) is a privately funded relief agency that reports having impacted the poor in 128 nations over the last 60 years by providing impoverished families with livestock and other domesticated animals.

HPI's philosophy was first envisioned by its founder, Ohio farmer Dan West, who served in 1937 and 1938 as a relief worker during the Spanish Civil War. There he directed a Brethren, Quaker, and Mennonite feeding program, providing children with powdered milk from Holland, fortified with cod liver oil. He was ladling out rations of milk to hungry children, he would write later, when he realized, "These children don't need a cup, they need a cow."

Returning home, West explained his dream to his home church, where several farmers donated heifers, cattle feed, and cattle care. The first cow was christened "Faith" and the next two "Hope" and "Charity." The only requirement of the poor family receiving a young female bovine was that they would donate their first female calf to another poor family, passing the gift along.

Refining the concept, West persuaded leaders from the three church groups' national leadership to participate in sending to poverty areas young dairy cows that had been bred and were due to calve in a few months. The cow would give milk for several years. Her female or heifer calves would also furnish milk, and her male or bull calves could be used for breeding or butchered to furnish protein.

In 1944 the first shipment of 17 pregnant heifers left York, Pennsylvania, going to families with malnourished children in Puerto Rico. In subsequent years, HPI also donated chickens, pigs, oxen, water buffalo, honeybees, llamas, frogs, and rabbits to low-income, rural people.

The program's emphasis on animals as "capital assets" has garnered critics in the animal rights community. Jennifer O'Connor of People for the Ethical Treatment of Animals (PETA), stated, "I applaud their efforts to help families who wouldn't have enough to eat otherwise but the land each cow grazes on could be used to feed 100 people if they were growing vegetables"—an assertion that, particularly at HPI, prompts rebuttal.

In 2004, HPI's annual contributions were reported at \$69 million with assets of \$54 million and a budget of \$59 million. Now based in Little Rock, Arkansas, HPI remains faith-based, with funding and board directors drawn from the national leadership of the Church of the Brethren, the Christian Church (Disciples of Christ), Episcopal Relief and Development, the Evangelical Lutheran Church in America's Division for Global Mission, the National Catholic Rural Life Conference, the Presbyterian Hunger Program, the United Church of Christ, and the United Methodist Committee on Relief.

HPI says that its "most fundamental principles" are "Heifer's Cornerstones for Just and Sustainable Development," which for more than 60 years have served to "light the way for people who are on the road to self-reliance." Those cornerstones form an acronym: PASS-ING on the GIFTS, which stands for:

P: Passing on the gift allows families and individuals who have received animals to be donors themselves. This spirit of goodwill ripples through the community as animals are passed on and bonds are formed in a group effort to better their own lives.

A: Accountability allows for organization at the grassroots level. Community members decide together what kind of animal and assistance they would like. They also set goals, plan appropriate strategies to achieve those goals, and evaluate their success.

S: Sharing and caring embody Heifer's belief that global problems can be solved if all people are committed to sharing what they have and caring about others.

S: Sustainability and self-reliance are necessary for the long-term success of projects. Heifer can only fund a project for a limited time so the families Heifer works with must plan to support themselves.

I: Improved animal management means that project participants learn how to keep their animals safe, healthy, and productive through proper food, shelter, healthcare, and reproductive management.

N: Nutrition and income are the rewards Heifer expects recipients to reap from their gift animal through the consumption and/or sale of products such as milk, eggs, cheese, honey, and wool.

G: Gender and family focus encourages women and men to share in decision-making as well as in the benefits the animals and training bring.

... on the ...

G: Genuine need and justice ensure that those most in need are given priority in receiving animals and training.

I: Improving the environment includes such agroecological techniques as improving soil fertility with animal manure, promoting forestation, respecting and encouraging biodiversity, monitoring watershed conditions, and minimizing erosion.

F: Full participation is expected within the groups that Heifer works with. Leaders at the grassroots level should be committed to involving all members in decision-making.

T: Training and education include formal sessions as well as informal farm visits and demonstrations. Each project group decides on its own training needs and local people are involved as trainers. Some topics of education include human nutrition, food processing, marketing, and leadership development.

S: Spirituality is expressed in common values, common beliefs about the value and meaning of all life, a sense of connectedness to the earth, and a shared vision of the future. Heifer Project International works with people of all beliefs in their efforts to overcome poverty and hunger.

SEE ALSO: Charity; Faith-Based Antipoverty Programs; Nongovernmental Organizations.

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Heilbroner, Robert (1919–2005)

ROBERT LOUIS HEILBRONER was the author of *The Worldly Philosophers*: *The Lives, Times, and Ideas of the Great Economic Thinkers*, which sold over four million copies in seven editions published between 1953 and 1999.

Heilbroner was born into a wealthy German Jewish family in New York City. His father, Louis, founded Weber and Heilbroner, one of the best-known men's clothing businesses of the era. When he went to Harvard University in 1936, the American economy was still in the grip of the Great Depression and John Maynard Keynes's *General Theory* had just been published. A Phi Beta Kappa economics major, Heilbroner became a keen observer of furious debates over economic theory and policy. Taking courses from notables like Joseph Schumpeter, Edward Chamberlin, Wassily Leontief, Edward Mason, and Alvin Hansen, he was especially influenced by Paul Sweezy, who subsequently became the foremost American Marxist economist of the post-World War II period.

After college, he worked at a commodity-trading firm before a brief wartime stint at the Office of Price Administration, and served as chief intelligence officer in a combat division in the Pacific Theater and later in occupied Japan—for which he was awarded a Bronze Star. After the war, he became a successful freelance writer on topics ranging from economic policy to celebrity interviews.

Concurrently he enrolled in graduate school at the New School for Social Research, where he was greatly influenced by Adolph Lowe and became a democratic socialist. His doctoral research became the basis of *The Worldly Philosophers*, which was eventually translated into 15 languages. Awarded a Ph.D. in 1963, he was hired by the New School, where he spent the remainder

of his career as the Norman Thomas Professor of Economics.

The success of *The Worldly Philosophers* is generally credited to Heilbroner's remarkable, masterful prose, his ability to clearly and engagingly explain complex issues, and his success at integrating the history of the field into a broader picture. The chapters of *The Worldly Philosophers* focus on Adam Smith, Thomas Malthus, David Ricardo, utopian socialists, Karl Marx, Thorstein Veblen, John Maynard Keynes, and Joseph Schumpeter. Critics complain that the work is a "highly prejudicial, unbalanced view of economics." Without mention of Milton Friedman, Ludwig von Mises, or Friedrich Hayek, "free-market proponents" were "poured down an Orwellian memory hole," according to Mark Skousen.

Heilbroner, who served on the editorial boards of Dissent and Challenge, disdained the term "free market," countering that "markets aren't free. They depend on government." He wrote extensively about the contradictions and shortcomings of capitalism in works like The Limits of American Capitalism (1966) and Business Civilization in Decline (1976). However, he increasingly questioned the Marxist commitment to socialism as a historical destination that can be attained by "scientifically" guided analysis, in works like Marxism: For and Against (1980).

After the collapse of communism in eastern Europe (which he contended to be a "defeat ... for human aspiration"), he famously opened a 1989 New Yorker essay titled "The Triumph of Capitalism" this way: "Less than 75 years after it officially began, the contest between capitalism and socialism is over: capitalism has won. The Soviet Union, China, and eastern Europe have given us the clearest possible proof that capitalism organizes the material affairs of humankind more satisfactorily than socialism: that however inequitably or irresponsibly the marketplace may distribute goods, it does so better than the queues of a planned economy; however mindless the culture of commercialism, it is more attractive than state moralism; and however deceptive the ideology of a business civilization, it is more believable than that of a socialist one." In retrospect he concluded that he had accorded too little adaptability to capitalism and too much to socialism.

The overarching theme of Heilbroner's policy writing in books like An Inquiry into the Human Prospect (1974) was the case for an extensive, predominant government presence within the economy as a means of creating a more equitable society, reducing poverty, and dealing with ecological disturbance. A Primer on Govern-

ment Spending, written with Peter Bernstein in 1963, presented a strong defense of Keynesian deficit spending, and played a role in pushing President John Kennedy's tax cuts.

In addition, Heilbroner, who served as vice president of the American Economic Association (1983–84), was a critic of mainstream economics, accusing it of taking an increasingly narrow, analytical, mathematical focus, which gave it "rigor, but, alas, also mortis." Economics, in his view, could only be correctly approached as a form of systematized power and of the socialized beliefs by which that power is depicted as a natural and necessary form of social life.

SEE ALSO: Capitalism; Communism; History of Poverty; Poverty Politics; Socialism.

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Help the Aged

HELP THE AGED IS an older persons' advocacy group with units in Canada and Great Britain. Its mission is to secure and protect the rights of older persons anywhere in the world so that in the future older people will be much more highly valued than they are today. Help the Aged seeks to work with older persons so that their needs can be met in all the ways that are needed for them to live better lives. This means, in Help the Aged's view, that significant changes are needed in society so that the aged live richer lives and their voices are properly heard.

As an advocacy organization, Help the Aged does research into issues affecting older persons. The research seeks to analyze the problems faced by senior citizens and to develop solutions to their problems. Help the Aged conducts campaigns that address the issues basic to older people. It lobbies governments for pensions for the aged, for legislation to combat ageism, for relief from poverty, and for other issues.

To finance its work, Help the Aged conducts fundraising drives. Its financing comes through individual donations of gifts, door-to-door collections, and other sources, including an annual raffle. Financing also comes through corporate partners, student volunteers who collect funds, fundraising by celebrities, and grants from foundations and governments.

To better perform its mission, Help the Aged seeks to inspire and recruit others into the work of helping those who, because of age, are weak, impoverished, or disabled in some way. The organization's overall strategy is to combat the barriers that are placed in the way of older persons. These barriers are attacked as irrational and immoral hindrances to the living of active and fully human lives by the aged.

Often low standards of care are accepted as though they were normal.

Help the Aged has identified four major obstacles that hinder the advancement of the aged into a fuller life. The first obstacle is poverty. Consequently, Help the Aged is engaged in a battle with poverty. The second obstacle is isolation. Many older persons have lost family and friends and consequently are left alone in strange circumstances. Reducing isolation and encouraging inclusion are a primary goal for Help the Aged.

Ageism is the third major target for Help the Aged. It is in keeping with the philosophy of Help the Aged that the aged are persons of value, and that a person's value does not diminish with age. The fourth obstacle that Help the Aged is battling is the all-too-common poor-quality healthcare that the aged receive. Often low standards of care are accepted as though they were normal. Help the Aged therefore actively promotes quality care for the aged as well as for people of all ages.

Help the Aged provides a variety of services including SeniorLine, which is a telephone advice service. It also provides SeniorLink, which is a telephone response service. Through its SeniorMobility program, Help the Aged can place voluntary groups at the doors of older people for transportation needs. Its HandyVan program puts workers into homes to equip them for handicap devices in order to improve home safety. Its Adopt a Granny program supports older persons

abroad, and its gardening program provides older people with expert gardening help.

SEE ALSO: Age Discrimination; Aged and Poverty; Healthcare; Social Exclusion.

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Hinduism and Poverty

HINDUISM IS AN old religion. Its origin dates back about 5,000 years. Hinduism originated in India and survived despite invasions by the Huns and the Greeks in the 2nd and 3rd centuries, followed by Muslims and the British. The Indian population is multiracial, multireligious, and multilingual. About 80 percent of the Indian population are Hindu, 12 percent are Muslims and 2.5 percent are Christians.

Hinduism is generally associated with a multiplicity of gods, and it does not advocate the worship of one particular deity. The gods and goddesses of Hinduism number in the thousands, all representing the many aspects of only one supreme absolute called Brahman. It is assumed that there are many manifestations of the Brahman (God) in the form of deities; each deity is an aspect of the Brahman.

Hinduism suggests that God exists in humans, animals, and natural forces. Polytheistic beliefs were practiced through idol worship, the idols being in human or animal form. Each of the idols symbolizes qualities such as strength, knowledge, and wealth. Hindus believe that God exists in the soul of the individual, who after many rebirths ultimately merges into a cosmic force called *Paramatma* meaning "universal soul."

Hinduism, also known as Sanatana Dharma (everlasting religion/truth/rule), outlines certain values (Dharmas), which are considered important for the well-being of the individual and of the society as a whole. Human beings can achieve divinity by following the Purusharthas, a set of guidelines for achieving the goals of a human life. Hinduism states that each person is born with duties or Runas. The three Runas are Deva runa, duty toward God; Rishi runa, duty toward saints and

wisemen; and *Pitra runa*, duty toward parents and ancestors. Following the *Purusharthas* can complete these duties. The religion lays out four *Purusharthas*: *Dharma* (righteousness), *Artha* (wealth), *Kama* (sensual pleasures) and *Moksha* (liberation from Samsara). The objective of *Dharma* is to enable everything in the universe to function according to the Laws of Nature. We humans have the ability to exercise our will against nature. *Dharma* allows us to distinguish right from wrong and ensure that we do not violate the Laws of Nature. According to *Sanatana Dharma*, humans are allowed to pursue desires in life, such as *Artha* and *Kama*, so long as they fall within the boundaries of *Dharma*.

In 1996, India had the greatest number of poor of any country in the world.

The Purusharthas are achieved by passing through systematic stages in life called the Varanasrama Dharma. There are four life stages. The first two are Brahamacharya (student to age 25) and Grahasta (householder/family man until age 50). The last two stages are Vanaspratha (retirement from household duties and rituals until age 75) and Sanyas (retirement, renunciation), and detachment from family life). In the last two stages of life one should detach him- or herself from material life and devote time to spirituality with the aim of attaining Moksha. Moksha is salvation from the endless cycle of birth and death.

According to Hindu philosophy there are three characteristic categories. These categories are called *Satwa*, *Rajas*, and *Tamas*. *Satwa Guna*, or the quality of goodness, is the most ideal. *Rajo Guna* is the quality of passion, and *Tamo Guna* is the quality of ignorance. A true *Yogi* transcends all three qualities of mankind. The *Yogi* is free of material existence and has realized his or her true identity. The *Yogi* is therefore not bound by goodness, passion, or ignorance. In Hindu philosophy, *Yoga* is a means to attaining the supreme state of mind. It is a skill to be acquired and an art to be learned. There are countless *Yogas*.

Bhakti Yoga is considered by many teachers of Hinduism to be the highest and the best form of Yoga. This is the path of devotion. Bhakti Yoga teaches how to cultivate a devotional relationship with God. Some aids used include chanting the Lord's names and singing His praise. Jnana Yoga is an approach to spiritual enlightenment through discrimination and reason. This path makes strong use of the powers of the mind. It is the

path of the philosopher who wants to go beyond the visible universe. It is said to be extremely difficult for the ordinary person to practice. *Karma Yoga* teaches how to discharge worldly duties in a spirit of detachment and yet harness the natural desire to be productive. This *Yoga* lays stress on doing one's duty (*Karma*) without the expectation.

Hinduism believes in transmigration of the soul. Such transmigration is what results in reincarnation or rebirth. All forms of life on earth do not undergo the same experiences. The human being is the most superior form of life. Even among humans, we constantly witness differences in our modes of existence. There are many variations among human beings. For example, some are born rich, others born in poverty; some are extremely healthy, and some disease-prone. There must be a reason for these different experiences that all forms of life go through, even within their own species. Hinduism's answer to this question is the theory of *Karma*.

Karma and rebirth are interrelated concepts in Indian philosophy. According to the theory of Karma, we are all part of a cycle of birth and rebirth. This cycle has neither beginning nor end. We are simply experiencing the results of our own actions in our journey through each cycle. Each spoke in the cycle precedes the next spoke. When a cycle moves, all spokes move one after the other in a never-ending chain. Good actions cause good effects (Law of Cause and Effects), while bad actions cause bad effects.

POVERTY

In 1998 in south Asia, which includes India, Nepal, and Bangladesh, there were about 522 million people living in extreme poverty. In 1996, India had the greatest number of poor of any country in the world—about 300 million people, more than one-third of its population. Some scholars state that the caste system and the theory of reincarnation associated with Hinduism help perpetuate some of this poverty.

Hinduism, as a philosophy, does not advocate that humans live a life of poverty. However, Hinduism can be linked to poverty indirectly. The current state of poverty in people's lives is seen as predestined because of their *Karma* in their past life. Hinduism states that whatever is happening to us currently is for our good, what will happen is for our good, and what has happened was also for our good. Thus humans should be content with their lot in life. This philosophy could lead to learned helplessness, passivity, and a lack of motivation to do better. This would explain the acceptance of

poverty in general by people in India. Hinduism states that when human beings achieve contentment, they have achieved the highest reward in life.

A general spirit of renunciation pervades Hinduism. The monastic life has great appeal to religious-minded Hindus. People who cannot earn a livelihood are able to obtain food when they wear monk's clothes. Another reason is that because of the frustrations of foreign domination, many Hindus sought escape from the demands of life by renouncing the world and making a cult of poverty and asceticism. This accounts for a large number of monks in Hindu society. The general tenor of Hinduism has been to encourage householders to enjoy material goods without deviating from the path of righteousness. The concept of the good life as described in the *Vedas* and *Puranas* is a joyous, affirmative, optimistic, and creative life.

Indian poverty cannot be blamed on Hinduism. Hinduism has never condemned a rich and full life in the world or extolled poverty as a virtue in itself—though the case is different with monks, who voluntarily take the vow of mendicancy. *Dharma*, or right-eousness, has been defined as what is conducive to both the enjoyment of legitimate material pleasures and the realization of the highest good, according to people's different stages of evolution. The *Upanishads* encourage people to enjoy life for 100 years, giving up greed and possessiveness.

Wealth, or *Artha*, is valued as one of the four legitimate goals—along with *Dharma*, love, and liberation. In India, individuals are admired when they give away whatever little resources they have and adopt a life of renunciation. One is admired for one's courageous abandonment of the world and for living in a state of voluntary poverty.

Within the Hindu tradition how much wealth a person possesses is subject to three principles of sustainability: Yajna, Dhana, and Tapas, meaning "sacrifice," "giving," and "penance." These are the three ecological principles for replenishment of the earth. Through Yajna you replenish the earth. For example, if you wear cotton clothes, you ought to spin cotton for others. The best thing is to take as little as possible. Whenever you take, eat, or consume, you must consider whether you have left something for others—for God, for nature, for the poor, and for future generations. This is sacrifice, or Yajna.

Second is *Dhana*, giving. This is replenishment of society. Just as we take from nature, we also take from society. We should not be only consumers. We must make our own sacrifice to replenish society. *Dhana* is

not only the little gift one gives to the poor. We need to contribute to society through giving money, labor, intelligence, time—any resources a person has. This maintains the ecology of society. If society is based on *Dhana*, there will never be poverty, exploitation, or deprivation. In Hindu philosophy, environment is not only nature, it includes the social and human world.

Third is *Tapas*, self-control, which replenishes the soul, our own internal spiritual environment. One must not only make sacrifices for nature and give back to society, but also one must replenish one's own inner environment. If a person undertakes a fast or takes a vow of silence, that is *Tapas*. Hindus practice *Tapas* by fasting or praying. At other times they go on pilgrimage to holy places like *Vrindavan*. That is also *Tapas*. Meditation is *Tapas*. Because of all the things humans do in this world, there is a great amount of wear-and-tear on the soul, and it has to be replenished. That replenishment can happen only when you are engaged in *Tapas*.

According to the Mahabharatha, "Poverty is a state of sinfulness."

In sum, Hinduism is a philosophy of life. Individuals are free to pursue wealth and sensual pleasure so long as they behave morally and ethically. Hinduism encourages the following of the *Purusharthas* and avoiding evils such as *Himsa* (violence), *Nirdaya* (lack of compassion), *Krodha* (anger), *Mada* (pride), *Maya* (infatuation), *Lobha* (greed), *Dvesha* (hatred), and *Trishna* (craving). Actions resulting from these emotions are believed to be the primary cause of suffering and injustice in the world.

Hinduism does not advocate a life of poverty. According to the *Mahabharatha*, "there is no poverty for the industrious" and "poverty is a state of sinfulness." Therefore Hinduism promotes moderation and good *Karma* (deeds).

SEE ALSO: Bangladesh; India; Mendicant Orders; Nepal; Religion; Voluntary Poverty.

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History of Poverty

PEOPLE OFTEN AVOID their poor relations, and historians, preferring to write about monarchs, wars, high politics, and diplomacy, only began writing systematically about poverty in the last 150 years. This shift was part of a greater focus on social history that began as a focus on social conditions, often called the "social question," in Europe in the 19th century.

Poverty as a field of academic study came of age in the Industrial Revolution in England and France in the 1830s and 1840s and was one of the first areas studied in the new social sciences of sociology and statistics by individuals like Louis René Villermé (1782–1863) and Eugène Buret (1810–42), by journalists like Henry Mayhew (1812–87), and by social reformers like Charles Booth (1840–1916) and Seebohm Rowntree (1871–1954).

It also became a prominent theme of socialists like Pierre-Joseph Proudhon (1809–65), Louis Blanc (1811–82), Friedrich Engels (1820–95), and Karl Marx (1818–81), who criticized the capitalist economic system associated with the Industrial Revolution and the visible rise in urban poverty after 1830. A century earlier, poverty and its effect on human happiness and human potential were a topic in philosophical discussions in the Enlightenment by such thinkers as Jean-Jacques Rousseau (1712–78), François-Marie Arouet (Voltaire) (1694–78), and the Marquis de Condorcet (1743–94).

However, there are no studies of the history of poverty as such. As subjects of historical study, poverty and the poor in Europe and the United States since 1900 have received the most scrutiny, first by such pioneer scholars as Sidney (1859–1947) and Beatrice Webb (1858–1943), and then by their American counterparts Frances Fox Piven (1932–) and Richard Cloward (1926–2001). National and regional histories of poverty received an impetus from the 1960s War on Poverty in

the United States, but studies on poverty in the rest of the world have not mustered the same historical energy until very recently. When researching poverty outside Europe and the United States, historians most often encounter books and articles that study poverty in terms of development, a field dominated by Western-influenced institutions such as the World Bank and the International Monetary Fund (IMF), which regard development as a way to end poverty by globalizing capitalism.

Who the poor are and what they do are only important insofar as knowledge of them and their current situation allows them to be regulated and their condition to be abolished at some future date. What is interesting in these contemporary sociological and economic approaches to poverty is that the economic system that first inspired poverty studies, because it was seen as instigating and augmenting a human-made (rather than a divinely-sanctioned) gap between rich and poor, should now be seen as the global solution to impoverishment. The bibliography at the end of this article, however, provides a good starting point for investigating the history of poverty and the numerous approaches to understanding it.

ANCIENT AND CLASSICAL SOCIETIES

Poverty and poor people have, of course, been around for millennia and their existence was noted by many writers, but none saw fit to write a history of poverty. Rather poverty was a moral and political concern and was cast in those terms. Poverty probably first arose with the Agricultural Revolution and the rise of unequal, class-divided urban societies in Mesopotamia, Egypt, the Indus Valley, and the Yellow (Huang He) River Valley.

Urban societies kept records and censuses, which we can consult, and earlier Neolithic hunting-and-gathering societies did not, so it is difficult to judge the issue of impoverishment in those societies. Such historical hunting and gathering societies, much like their modern counterparts, did not create large economic surpluses and lived very near subsistence, but almost everyone was equally rich or equally poor. In other words, poverty was not a measure of one's status relative to other people in society. The whole society lived at a certain level of existence, met its basic needs, and reproduced, so there was no absolute poverty, and no one had significantly more than any other member of society because of an ethos of reciprocity and redistribution (for example, potlatch), so there was no relative

poverty either. These societies successfully adapted to their environments for centuries and millennia.

In ancient and classical urban societies with larger amounts of disposable wealth and more specialized divisions of labor that became expressed socially in the formation of classes, visible signs of poverty (old, worn, and torn clothing and shoes, deteriorated housing, and ineloquent speech) were one external marker of inferior social or class status.

In urban class societies, poverty was closely associated with lack of paid work. The living embodiment of wealth for others, with the exception of some lucky individuals in rich or royal households, the majority of slaves in ancient and classical Afro-Eurasia and Mesoamerica lived lives at or below the socially accepted minimum standard of living.

Free men and women who were not slaves and worked in a cash or barter economy could accumulate wealth, but the vicissitudes of war, markets, or weather could impoverish workers and middle-class traders alike. The Odyssey mentions beggars and vagrants, as do the poet Hesiod's (ca. 700 B.C.E.) Works and Days, the Old and New Testaments, the plays of Aristophanes (448–385 B.C.E.), the Republic of Plato (ca. 427–347 B.C.E.), the gospels of Siddhartha Gautama (the Buddha) (ca. 623–543 B.C.E.), the teachings of Mahavira (ca. 599–527 B.C.E.), and the Analects of Confucius (551–479 B.C.E.). Most of these authors did not take poverty or the poor as an object of study. Poverty was an object lesson.

Concerned with social ethics and personal virtue in a class-stratified society during the time of the Warring States in China, Confucius wrote that "riches and honors are what men desire. If they cannot be obtained in the proper way, they should not be held. Poverty and baseness are what men dislike. If they cannot be avoided in the proper way, they should not be avoided" (Analects, IV.5). He and his mother experienced poverty after his father died (Confucius was 3 years old) but, being from a noble family, he still received the best education available to him, so even in poverty, class standing and access to other resources could matter and make a difference in a person's life. His earlier experience influenced his philosophy: a key Confucian concept is Jen, a form of compassion that is often expressed by helping those in need.

In classical India (ca. 500 B.C.E.—500 C.E.), Buddhist and Jain monks and Hindu holy men took religious vows of poverty and rejected material comfort as part of their desire to attain higher spiritual consciousness. Classical Hindu scriptures outlined four stages of life.

In the third stage, when a man had become a grandfather, with his hair turning white and his skin beginning to wrinkle, he was expected to retire to a forest, live as a hermit, and spend his time in contemplation of the gods. The fourth and final stage was a period of asceticism and renunciation of the world. Living alone, he was expected to discard all attachments to the material world and strive for spiritual perfection so his soul could be reborn (reincarnated) into a higher social group (caste) or achieve *nirvana* and merge with the divine force of the universe.

Begging was considered a civic disgrace in classical Athens.

Thus for classical Hindus, poverty and a renunciation of worldly goods and attachments were encouraged as part of the normal cycle of life. Hinduism, Jainism, and Buddhism strongly encouraged the lifelong practice of monastic lifestyles, which included vows of poverty as ways to achieve greater spiritual perfection and purity. Believing in divine providence, most itinerant, mendicant monks survived through the kindness of strangers by begging for a living. Jain monks and nuns owned no property except a broom, simple robes, bowls, food, and walking sticks. They were allowed to live in buildings only briefly and they had to beg for all their food. The key Jain principle, ahimsa (nonviolence), required positive acts of kindness, compassion, and charity by all Jains, monks and laity. An influential religious minority in India, secular Jains used their business wealth to set up and run hospitals, rest houses, and almshouses for people of all castes and creeds.

However, since begging was considered a civic disgrace in classical Athens, the statesman Pericles (ca. 495–429 B.C.E.) undertook large public works projects so that the unemployed poor could be kept out of abject poverty by the state but not sitting around and doing nothing. He also sent numerous expeditions to found colonies in places like Naxos and Thrace to receive the idle poor of Athens.

In Rome during the era of Tiberius Gracchus (163–132 B.C.E.), homeless people wandered the roads of the republic performing casual labor on the docks and farm labor during harvesttime. During this period free grain (annona civica) was given to the Roman masses for the first time and became so common in the first century C.E., that the Roman satiric poet Juvenal (ca. 55–127 C.E.) remarked that the people of Rome

yearned only for two things, bread and circuses. The armies of Marius and Sulla and other Roman generals in the 1st century B.C.E. were generally recruited from the ranks of the urban poor and their pay was based on looting and conquest. The Roman practice of giving land to discharged soldiers was a means to prevent a return to impoverished circumstances, but it required further conquests.

No one gathered statistics on poverty or poor people in the ancient and classical world. Poverty, like death, was regarded as an inescapable part of life. One could and should try to avoid it, but it could befall anyone and was certainly inescapable in a class society that could only support a minority of rich and well-off individuals and families.

While poverty may not have been ascribed to individual responsibility given the wide range of natural and human-made calamities that could befall individuals in the ancient and classical world (for example, earthquake, war, disease, poor hygiene, famine, drought, etc.), poverty that was the result of idleness was regarded harshly in classical Greek society and resulted in chastisement or being sent to a colony and essentially banished from the city to support oneself as best one could.

Monks and nuns loved and honored poverty as bringing them closer to spiritual perfection.

Idle poor, the Roman *proletarii*, whose name meant they served the state only by begetting children (that is, future mercenary soldiers), were most often seen as a threat to public order by their individual and collective behavior: they undermined the civic good by their bad and idle example, they drained the public purse of funds for their support, they stole to meet their needs when all else failed, they formed mobs that endangered commerce and safety, they could be recruited by generals to serve as troops in civil wars against the government, and they could storm the homes of the rich in a social revolution. The poverty produced by a class society was rightfully recognized as a threat to its good order and stability.

In the 5th century C.E., the civic revival and urban wealth of the Gupta empire promoted the development and spread of "hospitals" throughout India. These facilities provided shelter for poor and disabled homeless people and resembled almshouses rather than modern hospitals. Around 540 C.E., institutions similar to those

in India spread to China and the Middle East. The Muslim followers of the Prophet Muhammad (ca. 570–632), himself an orphan, incurred an obligation to give alms to relieve the misery of the weak and poor and paid a *zakat* (purification tax) as one of the Five Pillars (obligatory duties) of Islam that provided institutional support for the poor.

They also reached Europe around the same time, and the first of these "hospitals," the Hôtel Dieu (house of God) established in Lyons, France, was run by monks and lay volunteers. In Tang China, the Empress Wu (625–705) initiated a social reform program for a state-sponsored Buddhist monastery and operated almshouses to care for the poor.

THE POSTCLASSICAL WORLD

In the last centuries of the Roman Empire, Christian monasticism became an increasingly popular expression of piety. It thrived in the Byzantine Empire and medieval Europe as well. *Monasticism* derives from a Greek word that means the act of "dwelling alone." It came to signify a mode of life in which people lived in seclusion from the world, usually under religious vows and subject to a fixed set of rules, as monks, friars, or nuns.

Christian monasticism followed the basic idea of Hindu and Buddhist monasticism in promoting seclusion or withdrawal from the world or society and a renunciation of worldly ties in the interest of spiritual development. Since the world desired and honored wealth, so the ascetic monks and nuns loved and honored poverty as bringing them closer to spiritual perfection and away from the temptations of the flesh and material comfort, which they regarded as obstacles to loving God.

St. Basil of Caesarea (329–379), patriarch (religious leader) of Constantinople and what became the Eastern Orthodox Church, established rules for monastic communities that regulated the lives of monks and nuns and mandated a life of work, prayer, and material asceticism. Basilian monasticism spread rapidly throughout the Byzantine Empire in subsequent centuries. The communities they ran could become quite wealthy but the individual monastic monks and nuns lived the vow of poverty.

In western Europe, some of the Roman Catholic Church's wealth was used by Pope Gregory I (ca. 540–604) to organize programs to assist the poor directly and promote the expansion of "hospitals" to major urban centers, and around 787 clergy established

the first European foundling hospital (orphanage) for abandoned children in Milan, Italy.

Besides Egypt and Mesopotamia, Christian monastic communities grew in Italy, Spain, Gaul, and the British Isles. St. Benedict of Murcia (480–547), perhaps in imitation of St. Basil, created a Rule for Roman Catholic monastic communities where poverty, chastity, and obedience became prime virtues along with prayer, meditation, and work. Like Buddhist monasteries and Muslim religious foundations, western European monasteries served as charitable institutions and places of refuge for the poor who suffered from the effects of natural disasters, were orphaned, or needed medical treatment.

Through vows of poverty, their lack of consumption allowed for the accumulation of great institutional wealth, which often went toward alleviating the suffering of poor individuals. Early monks did not see poverty as a disgrace if it was freely chosen as a way to achieve spiritual perfection or if it befell an individual because everything was part of God's creation.

They believed that poverty brought them closer to God and to Jesus of the New Testament.

By the High Middle Ages (ca. 1100–1450), monasteries had acquired so much wealth that Benedictine monasteries had become comfortable retreats, and reformers like St. Dominic (1170–1221) and St. Francis of Assisi (1182–1226) founded mendicant (begging) orders of friars to counter what they saw as the corruption and materialism of the church. They believed that poverty brought them closer to God and to the Jesus of the New Testament. Using Jesus as a model, mendicants had no personal possessions and had to depend for their food and material needs on the people to whom they preached and tended. Mendicants were especially active in medieval towns and cities, where they tended to the poor and worked to persuade heretics to return to the Roman Catholic Church.

The Franciscans and Dominicans joined a large number of people in the High Middle Ages who earned a living from begging, not to mention thievery and fraud. Vagrancy, or moving from town to town, was increasing in this period as rural economic conditions changed, new land was brought under cultivation, money circulated more freely, long-distance trade revived, and there was climate change (causing crop failures and famine), war, disease, and plague.

Departing from the Greco-Roman view of the poor, medieval western European Christianity had a powerful commitment to caring for the unfortunate that was based on the beliefs, as embodied by early Dominicans and Franciscans, that poverty was a holy state, accepting alms was no disgrace, and charity was a pious act as well as a key to eternal salvation. The poor were often presumed to have special influence with God: friends of a deceased person often gave alms to beggars on the condition that they perform prayers for the soul of the dead comrade.

Beggars were not only inevitable but also indispensable elements of medieval communities: if there were no beggars, one could not give alms and win favor with God for kind deeds or penance for one's evil deeds. Such symbiosis was a necessary element of the medieval Christian worldview and allowed other paths to redemption. Around 1084, after the Norman Conquest, almshouses for poor and disabled people, similar to the "hospitals" in France, were established in Canterbury and began to spread throughout England.

In the early 12th century, the Roman Catholic Church promulgated the *Decretum*, a compilation of canon law, which included an extensive treatment of the theory and practice of charity. It affirmed that rich people had a legal and ethical obligation to aid the poor and destitute. Around the same time in southern India, King Nissanka Malla (1187–1196) erected almshouses to care for the poor and embody charity in Dambadiwa and Sri Lanka.

Still, the idea of avoiding work was reprehensible even for those who emphasized a life of contemplation like monks who had a regular work regime. According to Christian beliefs, Adam's fall had condemned all people to live by labor, so the principle of charity was upheld, but with limited resources to care for non-productive individuals in preindustrial societies, charitable priorities were established. The main distinction, which exists down to the present day in European societies and their global offspring, was between the deserving and the undeserving poor.

The deserving poor were those, like widows, children, and the maimed or sick, who became impoverished through no fault of their own or whose skills or health was not sufficient to support themselves or their families. Undeserving poor were persons who were willfully idle: they could work and earn a sufficient living but chose not to do so. Thus a claim to aid was increasingly tied to the willingness to work one's way out of poverty. Poverty was no longer a God-given condition but a condition that could often be changed by individ-

ual action. Poverty was no longer a sanctified state but increasingly a rather disreputable one by the 12th century, when some church legal scholars took the position that anyone who was able to work but unwilling to do so should be denied help no matter what the circumstances of life. Other scholars thought that alms given to the poor should be associated with efforts to make them change their ways and discussed whether punishment (in the form of work) or education would be the best means of correction.

In a complete turnaround from the earlier medieval attitude, which saw poverty as a blessed state, by 1400 poverty was increasingly associated with personal vice and immoral behavior, especially in urban centers as population decreases associated with the wars, famines, and plagues of the 14th century thinned the ranks of laborers and sent them migrating across Europe to seek better wages and working conditions. Rural depopulation and a labor shortage left many churchmen and bourgeois with little sympathy for people who would not work for a living.

A legal distinction was made between the "worthy poor" and the "unworthy poor."

In 1349 Edward III of England issued the Statute of Labourers, which required people to remain on their home manors and to work for whatever the lords wanted to pay. It prohibited begging and almsgiving except for older people and those unable to work. For the first time, a legal distinction was made between the "worthy poor" (older people, disabled people, widows, and dependent children) and the "unworthy poor" (able-bodied but unemployed adults). The latter were considered "valiant beggars" who needed to be compelled to work for their living.

In 1350 Jean le Bon of France declared that those "sturdy" beggars and others able to work would be penalized by deportation or incarceration and that no charity be given to them by the clergy. In 1351 Pedro the Cruel of Castile declared that all sturdy beggars in his kingdom would be flogged. None of these measures could be enforced, but they signaled a new attitude toward poverty and the poor among the states of late medieval Europe that would inform subsequent developments there and around the world.

The European poor did not sit idly by as their lot worsened in the 14th and 15th centuries. In 1378 the Ciompi Revolt of artisans and laborers in Florence overthrew the government for a time, and Wat Tyler's rebellion of peasants in England in 1381 burned London and got King Richard II to abolish serfdom and the Statute of Labourers, albeit only temporarily. Major disturbances of the urban and rural poor broke out over the next century in France, Catalonia, Scandinavia, and Bohemia, among other regions, and there were 14 revolutions in the city of Genoa alone between 1413 and 1453. As economic conditions improved after 1450, greater class inequalities arose between artisans and merchants and between artisans and workers while enclosure for sheep-raising displaced peasants, who became part of an impoverished migratory workforce. Gradually "the poor" came to mean those who have no property except their labor power, their ability to work.

THE MODERN WORLD

The lack of employment and the growing numbers of poor were causes of great concern among the upper and middle classes because of the experiences of the recent past, the late 13th and early 14th centuries, when the poor turned to social upheaval and revolution to improve their position. In 1526 Juan Luis Vives (1492–1540), a Spanish philosopher and humanist who spent his adult life in France, England, and the Low Countries and was horrified by the physical condition of the abjectly poor and the inability of voluntary charities to aid them, worked out a theoretical justification for state-run poor relief and developed a plan to organize and regulate charitable relief, which included registering the poor, raising private funds to help them, and creating employment for the able-bodied poor. Many of the ideas in his book De Subventione Pauperum influenced subsequent practice in European cities and various European poor laws.

For instance in 1529, the city-state of Venice enacted a poor law requiring people seeking alms to obtain a license and to do some public-service work in order to get the license. England followed suit in 1531 with its first statute on poor relief, which required justices of the peace to interview and license certain people (the old and disabled) to beg in their own neighborhoods and to punish harshly any unlicensed beggars.

In France the city of Lyon established the Aumône-Générale (general fund) in 1534 after a bloody uprising of the poor in 1529 sacked the city, to discriminate among the poor and to help those who had been evaluated as worthy of aid. The basic idea behind this municipal poor relief system (called *gemeinde Kasten* in

German) was to establish a comprehensive system of local relief for the worthy poor and then ban begging for those deemed unworthy. Any unauthorized beggars could then be considered criminals and driven out of town, jailed, or forced to labor on civic projects.

The Habsburg Emperor Charles V (1500–58) expanded this idea and issued an edict banning begging in his territories (Spain, the Low Countries, Austria, Mexico, Peru, etc.) in 1531 while instituting municipal poor relief, and the French king François I (1494–1547) issued a similar order in 1536. The English Act for the Punishment of Sturdy Vagabonds and Beggars (1536) classified the poor and established procedures for collecting and spending donations at the local level, and the English state under King Henry VIII (1491–1547) assumed a more active role in the caring (and policing) of poor people as a secular activity.

European visitors to China in the 16th century praised the maintenance by the state of almshouses and hospitals. The year 1601 represented a major milestone in the history of poverty when the Elizabethan Poor Law was established. Built on experiences from the earlier Henrician Poor Law (1536) and the Parish Poor Rate (1572), this legislation became the legal basis for dealing with poor and disadvantaged people for the next two centuries in England and its colonies. Retaining the administration of poor relief at the local level, the Poor Law taxed people in each parish to support the parish poor, established apprenticeships for poor children, developed workhouses for the chronically unemployed, and dealt harshly and punitively with the able-bodied poor.

The operative assumption was that work was available for all who wanted it (that is, there was no surplus of labor power), and no study of the actual conditions of the poor was undertaken by any of these agencies. Such studies would wait until the 19th century. In many of the nations that did not turn to Protestantism during the Reformation, the church rather than the state retained more responsibility for the care of poor people.

For instance, in 1625 Vincent de Paul established seminaries, religious orders, and charitable organizations to care for the poor people of France and is considered the founder of organized private charity in Europe. However, in 1642, Plymouth Colony enacted the first poor law in the English-speaking New World, based on the Elizabethan Poor Law of 1601.

Growth in population was one cause of the rise in the number of poor people. In 1600 the population of Europe was around 60 or 70 million people, twice what it was in 1500. Repeated crop failures set off a chain of misery and unemployment that also increased the number of poor in the 16th and 17th centuries.

Following a Confucian model, in China the Emperor Kangxi (1654–1722) of the Qing Dynasty (1644–1912) organized a nationwide system of grain storage in silos based on the precedents of earlier dynasties to alleviate the suffering and starvation of the poor in periods of natural or civil disaster. For European rulers in the age of mercantilism, overseas colonies became ideal places to dump the poor, who were expelled for illegal begging or who were just becoming more numerous. King James I of England (1566–1625) ordered the colonization in Virginia of poor and idle young people while Georgia and Australia served as English penal colonies for the criminally poor in the early and late 18th century, respectively.

In the age of mercantilism, overseas colonies became ideal places to dump the poor.

The directors of the West India Company urged the importation of poor and orphaned children from the Netherlands into New Netherlands in 1645 and France and Spain enforced similar measures. Of course, the enforced enslavement of millions of Africans from 1450 to 1888 created a large pool of impoverished individuals in the Americas, some of whom were able to save and buy their freedom in Spanish and Portuguese colonies, but the standard of living of field slaves in a plantation economy was uniformly low—often not even allowing for natural replacement through biological reproduction, as witnessed by the short life expectancy (five to seven years) of recently arrived slaves in the Caribbean and Brazil.

The era of mercantilism began a final shift in the history of poverty, a shift that is still being worked out today. The attitude of mercantilists and government officials like Thomas Mun (1571–1641), Antoine de Montchrétien (1576–1621), William Petty (1623–87), and John Locke (1632–1704) was an expression of their class attitudes to the poor in general: they were seen as a drain on national wealth. They argued that lower wages would increase efficiency by spurring the poor to work harder in order to earn a bare subsistence, they attacked poor relief as an incentive to idleness and poverty and a waste of public resources, and they believed that lazy and poor workers allowed those who would work to command higher than normal wages. In many ways they presaged the arguments of Thomas



By the 21st century, the poor increasingly appear as a social problem that requires new ways of being managed.

Malthus (1766–1834), whose work on population and poverty has been foundational for modern global discussions of poverty.

Their concerns led to the development of the workhouse. The first true workhouse was apparently opened in Amsterdam in 1596 and spread from there to the rest of Europe and Britain, where an English version was founded in Bristol in 1697. The system was designed to lower parish poor taxes by denying aid to anyone who refused to enter a workhouse. These institutions were usually run by private businessmen who contracted with local authorities to provide for the residents in exchange for using their labor to make products for sale.

With some exceptions, residents were usually given minimal care and worked long hours as virtual captives. By the 1850s, the majority of those forced into workhouses were poor but not work-shy: they were the old, the infirm, the orphaned, unmarried mothers, and the physically or mentally ill. Most workhouses lost money and failed to accomplish their purposes even if they persisted well into the 20th century: they were officially abolished in Britain in April 1930.

It is against this backdrop of the workhouse and the concern with the displacement and poverty that accompanied the early Industrial Revolution in the late 18th and 19th centuries in Europe that poverty as an object of social inquiry rather than as a moral, legal, and disciplinary concern, came into its own. Poverty was increasingly seen as an obstacle to development, personal as well as industrial and economic, and a continued threat to political order. In 1795 the English developed the Speenhamland system as an alternative to the workhouse and to riots and other civil disturbances caused by food shortages. A poverty line was developed for the first time in the English district of Speenhamland and workers were eligible for subsidies whenever their wages fell below this amount. The amount was based on the price of bread and the number of dependents a worker had to support. As prices increased or wages declined, the local treasury made up the difference.

Malthus believed that the poor laws and the Speenhamland system in particular promoted poverty because they allowed the number of poor to exceed its natural mathematical limit as determined by low wages, malnutrition, disease, and misery. Increases over that limit merely multiplied the future misery of the poor, whose increased numbers would have to diminish like a law of nature when they outstripped the available food supply.

Classical economists like Malthus and David Ricardo (1772–1823) argued that working-class poverty was caused by overpopulation, that hunger would compel everyone to work, and that there was work for all who wanted to labor. With the persistence of poverty and surplus labor despite the expansion of wealth and output that industrialization made possible, reformists and socialist critics would begin an empirical and theoretical investigation of poverty and the workings of the capitalist system to disprove the largely deductive system advanced by the classical economists.

An early social study by Sir F.M. Eden, *The State of the Poor* (1797), was followed by empirical investigations by the legislatures of Massachusetts and New York in the 1820s, by studies of the poor in northern France, and by the English Poor Law commissioners in the mid-1830s. The poor remained the "dangerous class," especially after the Europe-wide revolutions of 1848.

Marx regarded unemployment and the poverty it spawned as entirely normal and necessary aspects of capitalism and as a major reason for doing away with the system altogether: modern poverty resulted from the operations of the laws of the market, not from natural causes or personal vice. Empirical researchers like Charles Booth, whose research in East London found 35 percent of the people living in abject poverty, and conservative politicians like Chancellor Otto von Bismarck (1815–98) of Germany supported measures that they described as "limited socialism" (state-supported old-age pensions, unemployment insurance, and accident insurance), which could help workers avoid poverty in the normal operation of the capitalist system. Booth and Bismarck both believed that if the government failed to take action, their countries were in danger of experiencing a socialist revolution.

Such arguments did not gain widespread acceptance until the Great Depression of the 1930s threw 10 to 30 percent of a nation's population out of work and achieved theoretical justification in the writings of John Maynard Keynes (1883–1946). The "welfare state" would manage, police, support, and coopt the poor created by the operations of capitalist markets by taxing the economic surplus created by that system and redistributing part of it to the poor.

Hundreds if not thousands of studies were conducted on the poor in nearly every country in the world, and the fear of social unrest underlay them all as this model of social-contract capitalism was exported from Europe and the United States to other countries. Some analysts noted a "discovery" of mass poverty in Asia, Africa, and Latin America after 1945 that provided an anchor for restructuring global culture and economics along capitalist lines.

Annual per capita income became the sole measure of wealth or poverty, even in countries whose economies were not monetized. The awareness of poverty on a global scale was the result of a comparative statistical operation in 1948 when the World Bank defined as impoverished countries in which the annual per capita income was below \$100.

If the problem of poverty was construed as essentially lack of monetary income, then the solution was economic growth and an increased supply of money, based first on Keynes's theories and then on neoliberal ones.

By the 1980s, not only was the welfare state under attack in Britain and the United States but the World Bank, the International Monetary Fund, and the governments of the wealthiest industrialized nations promoted a neoclassical regime for eliminating poverty in Asia, Africa, and Latin America based on the writings

of Malthus and Ricardo. We live in the midst of this situation in the 21st century.

CONCLUSION

A break occurred in the earlier conceptions and management of poverty with the end of the European Middle Ages and the rise of mercantilist states like Henry VIII's England, François I's France, and Charles V's Spanish empire. The poor laws passed by these monarchs and refined in subsequent years helped shape the development of capitalism in 17th-century Europe and the Industrial Revolution of the 18th and 19th centuries. The advent of systems to manage the poor based on assistance as well as punishment provided by impersonal institutions transformed the poor into the "assisted" with profound consequences.

This reconceptualization of the poor, as assisted or dependent, not only signified a rupture of traditional social relations in which poor but independent people, including beggars and mendicant monks, coexisted alongside wealthy individuals, but also set in place new mechanisms of control. The poor increasingly appeared as a social problem that required new ways of being managed and, in the process, of managing society as a whole.

The management of poverty in 19th-century Europe required government interventions in education, health, hygiene, morality, and employment and led to a multitude of interventions that created a domain of knowledge and practice that many researchers have called "the social." The rise of sociology and social statistics was one measure of the formation of this domain, which has now been extended globally by institutions like the World Bank and the International Monetary Fund.

SEE ALSO: Capitalism; Extreme Poverty; Industrial Revolution; Medieval Thought; Mercantilism; Poverty in History; Poverty Rate; Religion; Voluntary Poverty.

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HIV/AIDS

THE RAPID SPREAD OF HIV through all social strata and all sexual orientations has proved that the initial risk categories and the identification of the virus with gay men make little sense. Yet with the passing of years, the true risk category linked to the virus may be that of the poor, with poverty representing a considerable risk factor.

The AIDS epidemic is not only a health issue but also a socioeconomic and security issue. AIDS has killed millions of adults, reducing the workforce, exacerbating famine, impoverishing families, and orphaning millions of children in the regions hardest hit. As Stephen Lewis, the United Nations (UN) special envoy for HIV/AIDS in Africa, has put it in his notes on one of his travels to Lesotho, Zimbabwe, Malawi, and Zambia, there is a clear link between hunger and AIDS.

Western governments are all too often hiding behind the doubt that the African developing countries may not even have the will to fight the virus. During his travels, Lewis noticed "how even in the most extreme of circumstances, such as those which prevail today in the four nations [he] visited, Africans are engaged in endless numbers of initiatives and projects and programs and models which, if taken to scale, if generalized throughout the country, would halt the pandemic, and prolong and save millions of lives." Yet African countries lack adequate financial resources to face the pandemic effectively, and Lewis defines this shortage as "mass murder

by complacency": "This pandemic cannot be allowed to continue, and those who watch it unfold with a kind of pathological equanimity must be held to account. There may yet come a day when we have peacetime tribunals to deal with this particular version of crimes against humanity."

Lewis's account goes on to detail the links between poverty and AIDS, which, according to the UN special envoy, were visible everywhere: "In Malawi, for example, analysis of the data shows that 50 percent of poor households are affected by chronic illness due to HIV/AIDS. You can't till the soil, grow the crops, feed the family, when disease stalks the land." Lewis appeals to G-8 countries to augment their contributions to the Global Fund so that African countries may be provided with the necessary resources to fight the pandemic.

Yet he also concludes that the Global Fund seems more ready to finance wars (the report was written a few months before the second Gulf War) than schemes to fight AIDS in developing countries. The account of the UN special envoy shows the grip of poverty on people living with AIDS in Third World nations and the reluctance of the more industrially developed countries to intervene. While poverty and AIDS are now firmly associated with one another, when the virus made its first appearance in the 1980s, such a link was ignored and the pandemic was considered only a Western phenomenon, limited to risk categories.

As Sharon Walker reminds us, although the virus spread rapidly through developing countries right from its discovery, no links were made between the Western victims of AIDS and those who died from it in Africa. In the late 1970s, the virus was identified as a disease of the gay community as a group of gay men from San Francisco and Los Angeles showed signs of rare opportunistic diseases. The very name initially given to the virus, GRID (Gay Related Immunodeficiency), points to the first definition of the virus as a new "gay plague."

No one wanted to make the connection between the virus that was spreading through Western countries and that which was affecting Africa. Making this connection would have implied the recognition that poverty and heterosexuality were important factors in the diffusion of the disease. From 1982 on, however, the presence of the virus in women and children even in Western countries could no longer be ignored. So the name of the disease was changed to AIDS (Acquired Immunodeficiency Syndrome). The following year the virus that caused the disease was isolated. Yet until the late 1980s, AIDS largely remained a disease of intravenous drug users and homosexuals.

AIDS is caused by the human immunodeficiency virus (or HIV). The virus can show no symptoms of its presence in the body for a phase as long as 10–15 years. During this phase, however, the immune system is constantly attacked and becomes compromised. Moreover the individual is able to transmit the disease. The virus damages the immune system by destroying those cells, the so-called helper T-cells, that function to detect and eliminate infections in the body.

The absence of helper T-cells and the consequent lack of activation of the immune system cause the body to become prey to multiple infections. As the immune system deteriorates, these infections become increasingly serious and can cause pneumonia, pulmonary tuberculosis, musculoskeletal pain, and neuropathy. HIV is transmitted between individuals through seminal or vaginal fluids, contact with infected blood (including blood transfusions), and between mother and child during pregnancy, childbirth, and breastfeeding.

People usually become infected a few weeks after the primary contact with the virus and suffer with fever for several days with or without muscle and joint aches, fatigue, headache, sore throat, swollen glands, and sometimes rash. These symptoms are very similar to those of other common illnesses, thus AIDS is difficult to diagnose at this early stage. Several treatments against HIV exist; however, there is no known cure or vaccine.

Fidelity to a partner who has contracted the virus is as dangerous as promiscuity.

The progression of the disease varies greatly among individuals and is influenced by many factors, such as host susceptibility, immune function, healthcare, the presence of co-infections, and peculiarities of the viral strain. The most effective prevention against AIDS is condom use. Yet while the adoption of condoms and of screenings in blood transfusion has proved effective in Europe and North America, in other regions of the world these have proved controversial.

Conservatives, led by the George W. Bush administration, and some church members both oppose the use of condoms and argue that the best way to prevent AIDS is through abstinence from sexual intercourse and faithfulness to one's partner. Abstinence promotion is criticized for denying young people, especially in poorer countries, information about HIV prevention. In addition, fidelity to a partner who has already contracted the virus is as dangerous as promiscuity.

As New York Times journalist Nicholas D. Kristof wrote: "President Bush is focusing his program against AIDS in Africa on sexual abstinence and marital fidelity, relegating condoms to a distant third. It's the kind of well-meaning policy that bubbles up out of a White House prayer meeting but that will mean a lot of unnecessary deaths on the ground in Africa. The stark reality is that what kills young women here is often not promiscuity, but marriage. Indeed, just about the deadliest thing a woman in southern Africa can do is get married."

GLOBAL REACH

Figures on AIDS make it impossible to deny its global reach. The Joint United Nations Program on HIV and AIDS (UNAIDS) and the World Health Organization (WHO) reported that between 36 and 44 million people around the world were living with HIV in December 2004. During 2004, between 4.3 and 6.4 million people were newly infected with HIV and between 2.8 and 3.5 million people with AIDS died. The region of sub-Saharan Africa, initially ignored in reports on AIDS, remains by far the worst-affected region, with 23.4 million to 28.4 million people living with HIV at the end of 2004. Just under two-thirds (64 percent) of all people living with HIV are in sub-Saharan Africa, as are more than three-quarters (76 percent) of all women living with HIV. South and southeast Asia are the second most affected areas, with 15 percent. AIDS caused the deaths of 500,000 children. After more than 20 years of AIDS, there is still no vaccine for the disease or a cure for those who have been infected.

Yet the so-called cocktails of drugs that combine at least three medicines based on two different classes of antiretroviral agents have proved to be extremely effective in inhibiting the development of AIDS. During the 1990s, the life spans and the living conditions of people living with HIV considerably improved in spite of the many side effects of the cocktails.

The combinations of different drugs and antiretroviral agents, however, are extremely costly and this has reduced access to the treatment for patients in developing countries. Testing is expensive too and the most common test, ELISA, can produce false-positive results in individuals who have been exposed to parasitic diseases such as malaria.

This is a serious problem in developing countries where both AIDS and malaria are common. Thus the majority of people living with HIV/AIDS cannot receive adequate medical testing and therapy. The virus

prevalence is stable throughout sub-Saharan Africa, although in countries such as Madagascar and Swaziland it is still rising.

On the contrary, Uganda has provided the best response to the pandemic in the entire region with a consistent prevalence decline since the mid-1990s, although recent research has challenged the official statistics. The diffusion of HIV has considerably reduced life expectancy in African countries from an average of six to 11 years. HIV has also had a serious impact on African agriculture, although many scholars have underestimated this. As Joel Negin has pointed out, "rural agriculture is a source of livelihood for millions on the African continent" and is a crucial contributor to economic growth.

Because of the invalidating effects of AIDS, the disease "has a vicious, circular, rippling effect through an economy as it initially feeds off poverty and weak health systems and then perpetuates that poverty and continues to overburden health care schemes." The impacts on African economies and health services have also been worsened by the late response of governments to the diffusion of the virus. For years, several African countries denied that AIDS was a problem for the continent.

FINANCIAL RESOURCES

Financial resources given to healthcare have traditionally been limited in African countries, leaving national health services totally unable to face the AIDS pandemic. After independence, African regimes privileged military spending and developed countries were only too eager to satisfy their requests. In addition, the legacy of colonial rule of health services left them geared toward cures rather than toward research and prevention.

Yet prevention is the core for an effective response to the virus and this rethinking of the entire structure of health services has proved an enormous task. Education is an important part of prevention policies and is instrumental in fighting stereotypes and dangerous practices related to AIDS, such as the belief held in some regions of Africa that sexually violating young girls can cure men of the disease.

Other harmful stereotypes that can be defeated through education regard condom use and are well summarized by the African saying, "Who wants a sweet with the wrapper still on?" Inadequate healthcare, lack of the expensive antiretroviral medicines, and insufficient nutrition will cause the development of fullblown AIDS in large sectors of the population of African and other developing countries. Antiretroviral agents can be afforded only by 7 percent of all the six million AIDS patients in developing countries. Access to these drugs is essential to AIDS treatment.

Although the virus cannot be completely eliminated, antiretroviral treatments can slow the progression of the virus, thus allowing patients to continue to work and support their families. With adequate treatment, people who have contracted the virus can still participate in the social and economic lives of their countries. Yet to be effective, antiretroviral medication must be continuous once it is started. Otherwise patients develop strains of the virus resistant to drugs, and these can spread dangerously.

The cost of antiretroviral cocktails depends on patents that allow pharmaceutical companies to have a monopoly on them, banning the development of generic versions of brand-name drugs. Pharmaceutical companies argue that the patent status makes possible further research, but international aid organizations have repeatedly challenged this claim. Several countries such as Thailand, India, and Brazil have breached international drug patent laws, arguing that the societal need for advanced treatments is more important than the rights of pharmaceutical companies.

Because fees are not paid to patent holders, these generic versions can be distributed at prices that governments and patients in developing countries can afford. In turn, competition from generic products has led patent holders to reduce the prices of their brandname drugs. The production of generic drugs has helped reduce the annual cost of treatment from \$15,000 a patient to a little more than \$200 in less than 10 years.

Yet the World Trade Organization (WTO) has supported the right to intellectual property put forward by pharmaceutical companies. This has put pressure on those countries that had developed copies of patented drugs. India, for example, has already passed a bill that restricts the reproduction of patented drugs and these consequences for developing countries may be devastating.

The issue of intellectual property rights (IPR) links once again AIDS, poverty, and the dangers of globalization for those who are excluded from its benefits. With such a strict definition of IPR as that enforced by the WTO, a clear imbalance is created between the public interest and the monopolistic privileges of patent holders. The WTO ban on generic AIDS drugs will make it impossible for developing countries to effectively con-

tain the diffusion of the disease, which will continue to impact on the economies of developing countries through its vicious cycle of poverty and death.

SEE ALSO: Healthcare; International Monetary Fund; South Africa; Universal Healthcare; World Bank; World Health Organization.

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Hobbes, Thomas (1588-1679)

THOMAS HOBBES IS best known for his famous book *Leviathan*, which was published in 1651. Influenced by the scientific discoveries of his time and by his readings of philosophers, he became the first philosopher who tried to modernize political thought and, to a degree, emancipate it from the premises of religious ethics. His work was innovative, for he introduced scientific methods to the study of individual behavior, which stood for the first time at the center of political analysis.

But Hobbes's philosophy and his persistence on the question of social order were at the same time influenced by the social disorganization caused by the civil war in England and the struggle between the old and the new regime, between monarchy and the embryonic market society. The interpretations of his philosophy by modern political science and sociology are not ho-

mogenous and the views about his theory are to a great degree contradictory. While a part of political sociology considers him a pleader of the absolutist state and a defender of the bourgeois society, another view emphasizes his influence on the theory of liberal democracy and the theories of social contract.

Hobbes's analysis derives from his conception of human nature. For Hobbes man is not necessarily a social animal. On the contrary, the human natural instincts are based on selfishness and interest. People are forced to abandon their state of nature and live together in the society. They do so not out of humanism or solidarity, but for the fulfillment of their own special needs. Rich individuals are exclusively interested in the reproduction of their own wealth and indifferent to the poverty of others. Human nature is for Hobbes individualistic, utilitarian, and competitive (homo homini lupus). It contains native inclinations, desires, and needs that cannot result in a harmless social coexistence and in peace, but in a struggle with the other members of the organized society.

In order to avoid the interpersonal struggle and the social conflicts caused by human competition, an "Artificial Man" (homo artificialis), the state, is necessary. For the maintenance of social order and the avoidance of conflict and disorganization, social subjects should deliver their own individual power and political will to the state. Through the obedience to the state and the acceptance of its political predominance, individuals contribute to the creation of a commonly accepted, sovereign power, which consists of individual wills and at the same time stands upon them.

According to Hobbes, this institutionalized, sovereign common power has both an internal and an external role: it not only protects men from each other, but also protects them and their property from the invasion of enemies and is the only one responsible for the establishment of law and political decision-making. The authorization of a third, external power, the state, to protect individuals from competition and struggle and the right of the state to exercise power and violence for the purpose of social order is the basis of the Hobbesian social convention: "I Authorize and give up my Right of Governing my selfe, to this Man, or to this Assembly of Men, on this condition, that thou give up thy Right to him, and Authorize all his Actions in like manner."

With his emphasis on individualism, Hobbes (and later John Locke) expressed the transition to the new so-cioeconomic era of private property supported by liberal democracy. But the regime of private property, as a

regime of increasing class differences, economic inequalities, and the poverty of larger social groups, could not function autonomously.

On the contrary, it needed a sovereign state in order to regulate the new economy and the social order. In the Hobbesian thought, the power of God is being replaced by the hegemonic and monarchical power of the state. The secularization of God's power is realized in Hobbes's political theology through the absolutist state. The Hobbesian argument about the state's sovereignty is based on his utilitarian conception of human nature and it combines a political (the Artificial Man) with a psychological (human nature) point of view.

While Niccolò Machiavelli studied the ways in which political power would become more effective for the establishment of order, Hobbes focused on the ways in which individuals would become more effective for political power. His analysis of the complex among state, society, and private property became of paramount importance in the development of modern liberal philosophy.

SEE ALSO: Economic Liberalization; Human Rights and Poverty; Locke, John; Neoliberalism; Privatization.

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Hobson, John (1858-1940)

JOHN ATKINSON HOBSON was born in Derby, England. He went on to study at Lincoln College, Oxford, before becoming a teacher of classics and English literature at schools in Exeter and Faversham. In 1887, on the invitation of the journalist William Clarke, Hobson joined the Fabian Society. A group of nonrevolutionary liberal socialists who drew heavily from London's arts communities, the Fabians counted among their members George Bernard Shaw and Beatrice Webb.

At the end of the 19th century, Hobson wrote a series of influential works dealing with issues of economics, social development, and social reform. Among

these are *Problems of Poverty* (1891) and *Problem of the Unemployed* (1896), both written as publications of the Fabian Society, and *Evolution of Modern Capitalism* (1894) and *John Ruskin: Social Reformer* (1898). His most acclaimed and influential work, *Imperialism: A Study* (1902), would later impact the writings of Bolshevik leaders Vladimir Lenin and Nicolai Bukharin. Hobson also wrote for socialist journals, including the *New Leader*, the *Socialist Review*, and the *New Statesman*. His approach to socialism always stressed the moderation of capitalism through reforms rather than a revolutionary transformation of capitalist social relations.

Hobson's humanist approach to economic theory made an important contribution to the development of welfare policy and influenced later welfare state economics. Notably Hobson's theory of underconsumption and trade cycles prefigures the later work of John Maynard Keynes. This theory, presented initially in *The Physiology of Industry* (1889, with A.F. Mummery) and developed more fully in *The Industrial System* (1909), suggests that the unequal distribution of income leads, especially through underconsumption and tendencies of the rich to save their wealth, to growing unemployment.

Specifically, unequal income distribution places vast quantities of wealth in the hands of the rich, who tend to save large proportions of their income. In addition, competition among capitalists for further wealth leads to growing industrial concentration as less successful capitalists are absorbed by their stronger competitors, who come to monopolize markets and develop the economic strength to influences state policies in their own interest. Monopoly power leads to even greater profits and savings, which lead to further decreased consumption and an extension of unemployment and poverty.

The solution for Hobson, anticipating Keynes, was to redistribute income through taxation and the nationalization of monopoly industries as means to disperse the social surplus. Increased demand would provide adequate markets for increases of investment and production. Even more, Hobson develops his analysis, in *Imperialism:* A *Study*, into a theory of global competition and imperialism. For Hobson, imperialism is based in the failure of consumption to keep up with production for the reasons outlined above. This led capitalists to seek foreign markets for the sale of goods that were otherwise left unsold and for new investment opportunities. Imperialism was marked, however, by the same problems of unequal income distribution, underconsumption, competition, and monopoly.

Despite his advocacy of government-sponsored social reform programs, Hobson opposed statist socialist visions of a planned economy directed through the state and advocated instead a mixed economy allowing both individual private property and public property. At the same time he opposed classical liberalism in arguing for an expanded role of the state in managing the economy.

Given the social conditions that he observed in England at the turn of the century, Hobson was convinced that classical liberalism offered little in addressing key issues of poverty, inadequate housing, unsafe working conditions, poor health, and illiteracy. Against the *laissez-faire* liberalism that was rampant in English economics and politics during the late 19th and early 20th centuries, Hobson proposed a perspective of New or Social Liberalism, which opposed the unbridled individualism of classical free-market liberalism.

Where advocates of classical liberalism presented an atomistic view of individuals without communal responsibility, Hobson argued that the development of the individual must contribute to a healthy and progressive society. For this to be achieved required that individual freedoms and social welfare provisions go hand in hand. Using the biological metaphors popular in the social thought of his era, Hobson argued that society has a direct stake in assisting the development of each of its members just as an organism requires the health of its individual cells.

For Hobson, society was a rational moral organism that had a character and existence that could not be reduced to its individual members. This is worth reflecting upon in the current context, in which many politicians and social policy analysts have joined with Margaret Thatcher in suggesting that there is no such thing as society.

Hobson resisted the dualism between individualism and collectivism, drawn in opposing ways by both liberals and socialists. For Hobson, society must allow for the development of collectivist and individualist tendencies, which were, in his view, combined within human nature. A progressive society will be constructed through the interplay of these complementary characteristics.

As a thinker, Hobson has suffered the fate of other heterodox or nonprofessional socioeconomic theorists. His works on poverty, unemployment, and social welfare have been largely forgotten and there is little engagement with his works, either in economics or sociological circles. Yet his writings on each of these issues as well as his attempt to develop a democratic so-

cialism or social liberalism, in addition to his writings on imperialism, offer much of value in the current era of neoliberal capitalist globalization.

SEE ALSO: Imperialism; Malthus, Thomas; Marx, Karl; Mill, John Stuart; Unemployment; Wallerstein, Immanuel.

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Homelessness

SHELTER IS ONE OF THE basic necessities of life. However, many people in this country lack a stable place to call home. Homelessness describes the condition of lacking a permanent, regular, and adequate nighttime residence so that during the night a person uses a supervised shelter designed for temporary living accommodations or uses a private or public place that is not meant for, or designed for, regular sleeping accommodations. Homelessness is a severe form of poverty, as homeless people not only lack a permanent residence but lack all the amenities that come with that—a place to bathe, eat, store belongings, be found by friends and family, and from which to negotiate for employment and other social activities.

BACKGROUND OF HOMELESSNESS

Homelessness is not a new phenomenon: the United States has had people without permanent dwellings since the colonial era. The Elizabethan Poor Laws, brought over from England, guided the colonists in their handling of poverty. From this early period, policies and beliefs emphasized work and family responsibility, thereby keeping the numbers of idle people limited and out of sight.

It was not until larger urban areas developed that pockets of homelessness arose. Periods of economic or social upheaval, such as after the Civil War or during the Great Depression, witnessed larger and visible pop-



Homelessness in America: the estimates of the homeless population based on information gathered by the U.S. Conference of Mayors indicates 41 percent are single men. A root cause of homelessness is poverty.

ulations of homeless people. While they were still considered vagrants, there was more tolerance of homelessness when it seemed to be caused by large-scale disturbances such as war or economic depression. By the 1960s and into the 1970s, with the development of social programs for the poor, homelessness seemed to dissipate and fade from social awareness. By the 1980s, this had changed. Homelessness emerged as a national concern. Media attention publicized the lives of people in shelters and those living on the streets.

Two factors seem to have contributed to the growth in the numbers of people who were homeless and their visibility. During the 1960s, a movement called deinstitutionalization emerged. This public policy change involved closing public mental hospitals and encouraging people who had been institutionalized or would be institutionalized to live within their communities. This movement was facilitated in large part through the cre-

ation and advancement of psychotropic drugs, medications that could help people with serious mental illnesses to cope with day-to-day living and not be institutionalized.

While positive in its intent, the policy had one major drawback. The social and medical support resources needed to help people maintain their regimen of medication and healthcare never fully materialized. Deinstitutionalization, removing people from living in state mental hospitals, required the development of a network of community mental health centers. While some were created, the extent of services was never adequate for the need. This left many formerly institutionalized people without resources and skills to live safely on their own, and added to the homeless population.

Much of the visible homeless population of the 1970s was an outgrowth of deinstitutionalization. Coupled with this growing number of individuals was a new

group, homeless families. During the 1980s, cutbacks in social programs, growing costs for housing, and economic decline for lower-end workers contributed to the growth in the numbers of homeless families with children. It was during the 1980s that the term *homelessness* came into popular use.

Earlier terms used to describe homeless people have included vagrants, idle poor, sturdy beggars, paupers, bums, and indigents. Historically, the image of a homeless person has been that of a single man wandering from town to town as during the Great Depression, or one who could not hold a job and consumed too much alcohol. While these images of homelessness portray the experiences of some people in the United States, the homeless population of today is varied and includes significant portions of other groups, such as families and children.

EXTENT OF HOMELESSNESS

Most attempts to count homeless people are based on the numbers who use shelter services, and counts in geographic areas where homeless people are known to gather. These methods exclude the numbers of people who double-up and live with family and friends, but still lack a permanent home. Thus, while these numbers are useful, population counts of homelessness are variable and likely to underestimate the full extent of the problem. Accurate counts of homeless persons are very difficult to obtain.

The nature of homelessness, living without a permanent residence, sometimes in locations that are not legal places to stay, means that people who are homeless are difficult to find and move a great deal. Approximately 3.5 million people experience homelessness each year. Because people move in and out of homelessness, other research suggests that two to three percent of the U.S. population (five to eight million people) experience at least one night of homelessness. For many it is temporary, brought on by a natural disaster, but for others it is a longer-term condition, and one that impacts all facets of life.

Most people experience homelessness for a relatively short time. Possibly 80 percent exit homelessness within two to three weeks, drawing on personal and social resources for help. About 10 percent experience homelessness for a longer period, several months, because of the inability to find an affordable place to stay. Another 10 percent are homeless on a long-term basis, facing hardships that they cannot overcome easily. Because there are differences in the homeless population,

strategies to combat homelessness vary depending on the target group to be helped.

WHO ARE THE HOMELESS?

The majority of people who are homeless are single adults, most of whom are men. However, a growing proportion of homeless people are parents with their children who are under 18 years of age. Many of these families include adults who are working, but their monthly income is very low. Over 90 percent are located in urban areas, most in the central city, but some in surrounding suburbs, and a disproportionate number are members of nondominant ethnic groups. A disproportionate number of homeless people have health problems, including alcohol- and drug abuse-related problems and mental health problems.

More than a million children experience homelessness each year.

Overall the estimates of the homeless population based on information gathered by the U.S. Conference of Mayors indicates 41 percent are single men, 40 percent are families with children, 14 percent are single women, and five percent are unaccompanied youth. Estimates of the number of veterans among the homeless vary. Some urban areas report that as much as 20 percent of the homeless population are veterans, particularly of the Vietnam War.

Recent numbers indicate that families with children are the fastest growing group among the homeless population. Research reveals that over 40 percent of the homeless are made up of families with children, primarily young children. It was this surge in the number of homeless families that drew public attention to the problem during the 1980s.

More than a million children experience homelessness each year. Homeless children have worse health and greater depression and anxiety than do housed children. Homeless children also perform lower academically and have more behavior problems, in large part exacerbated by moving frequently and home instability. One-fifth of homeless children do not attend school at all. Homelessness is very stressful on families, and often leads to separation. Families must often split up because of age restrictions at shelters or because family and friends can accommodate only some members of the homeless family.

Older children, teenagers, and young adults tend to experience homelessness away from their families. The image of youth on their own used to convey a message of adventure and rebellion, much the way that the books *The Adventures of Tom Sawyer* and *Huckleberry Finn* portrayed running away. While some youth may leave home for adventure, research over the past 20 years has revealed that for young people on their own, the reality is that most have been running away to escape abusive home conditions.

A study of youths in shelters found that half reported significant conflict or physical harm by a family member as the major reason for their homelessness, and almost two-thirds reported that a member of their household had let them know that they were not wanted in the home. Homeless youths experience physical and sexual abuse two to three times the rate of other children. For youths, living on the street is particularly dangerous. At least one out of five becomes a target for sexual assault, and the majority experience physical violence while living on the streets.

Runaway and homeless youths are at greater risk for drug abuse as well. Approximately 71 percent of homeless youth in a study in Los Angeles were found to have an alcohol or drug abuse disorder. The longer a young person is homeless, the more likely he or she will develop a substance abuse disorder.

SHELTERS

The most common social service response to homelessness has been the provision of temporary shelter. Most common are short-term facilities that offer a night's or several nights' stay. Other more long-term services provide transitional housing, which may be available for longer periods, even years, to help families stabilize their economic resources and become financially independent.

Homeless shelters are insufficient for the need. Homeless individuals and families are turned away when shelters are full. In 2004, 23 percent of the requests for emergency shelter by individuals and 32 percent of the requests by homeless families went unmet, according to the annual survey of homeless shelters conducted by the U.S. Conference of Mayors. Approximately 70 percent of the cities reported an increase in requests for shelter, and almost 90 percent anticipate an increase in the coming year. While the need for shelters is increasing, resources are declining. Funding cuts in government programs impacted over 40 percent of emergency food and shelter agencies in 2005. As fund-

ing is cut, the numbers of emergency shelter beds will decline.

WHY ARE PEOPLE HOMELESS?

No one single reason explains why people are homeless. Instead there are numerous reasons, and individuals and families may experience a combination of these reasons at any given time. The overriding problem for homeless people is that they lack enough resources to secure an affordable and safe place to live. This may be because of economic conditions, physical limitations, mental health problems, or family issues.

Poverty is likely the leading cause of homelessness. This has been particularly true for families with children. During the late 1990s, more than five million families with children had incomes below the federal poverty line, yet 76 percent of these families had one or more working parents, and 31 percent of them had that working parent employed year-round and full-time. Working full-time at the minimum wage is not sufficient to pay fair market rent in any region of the country. Low-income families have faced increases in rent that have not been matched by increases in income. Almost five million families pay more than half their income to live in housing that is considered substandard. The majority of these families have children.

Between 1947 and 1973, incomes nearly doubled for all families. However, since 1973, growth in income has been uneven. Over the past 30 years incomes grew 12 percent for low-income families compared to 67 percent for high-income families. At the same time, the costs of housing and daily living have increased, and today the wage a family needs for decent housing is at least \$15.37 per hour, above the typical hourly wage in America. More than a quarter of the population earns less than \$10 an hour, making it extremely difficult to afford housing. Homeless people are those who are at the lowest end of the wage scale.

The lack of sufficient numbers of affordable places to live, compounded by the poverty that many people and families experience, has added to the numbers of homeless people. The U.S. Department of Housing and Urban Development considers affordability as spending no more than 30 percent of a household's monthly income on housing. For low-income people, this proportion is unattainable. To spend \$500 per month for housing, a reasonably low sum by today's standards, a person would need to earn at least \$20,000, almost \$10 an hour at full-time, year-round work. One-quarter of all workers earn less than \$10 an hour.



Besides poverty and drug or alcohol abuse, another cause of homelessness is mental illness. Many people who are homeless suffer from serious mental illness and are unable to hold a job or adequately manage the tasks of daily living.

Housing affordability has become more critical in recent years. Prior to the 1960s, many poor individuals and some families found permanent places to live through the rental of single rooms, often located in former hotels. These rooms are commonly referred to as Single Room Occupancies (SROs). SROs, while typically lacking kitchen facilities, offered affordable housing that was a relatively safe place to stay on a regular basis.

However, with the advent of urban development and efforts to "clean up" central cities, the areas common to SROs became prime locations for redevelopment. From 1960 to the mid-1980s, one million SROs disappeared. In 1970 there was more affordable housing available than there were poor families in need. By 2001, there were almost five million more low-income households in need of housing than there were affordable places to live.

During the 1990s, the number of affordable rental apartments decreased by 25 percent. With less affordable housing, more people found themselves priced out

of permanent housing and became homeless. Lack of affordable housing is now the number one cause of homelessness identified in urban areas.

Inability to work and consequent dependence on other means of support place people with disabilities in precarious financial circumstances. Most people with disabilities rely on entitlement programs such as Supplemental Security Income (SSI). SSI monthly benefits averaged about \$425 during 2004. Without additional income, the inability to work leaves people with disabilities vulnerable to homelessness. Furthermore the priority of obtaining shelter and food outweighs medical care, so once a person with a disability becomes homeless, his or her health is likely to deteriorate.

Many people who are homeless suffer from serious mental illness and are unable to hold a job or adequately manage the tasks of daily living. The proportion of people who are homeless with serious mental illnesses is five to six times greater than the rate of mentally ill among the general U.S. population. About 20 to 25 percent of people who are homeless have a serious

mental illness. Leaving homelessness is much more difficult for them; they are homeless more often and for longer periods of time.

Although typically the majority have had prior contact with the mental health system, they report less than positive experiences and often go untreated. Their mental illness symptoms make them vulnerable to other physical health problems that often go untreated as well. Many are estranged from their families or have exhausted the resources and caregiving ability of their family and support networks. The result is that people who are homeless with serious mental illnesses are the most difficult group to move out of homelessness and therefore often the most visible, although not the largest proportion of the homeless population.

A growing contributor to homelessness is untreated problems related to substance abuse. Research suggests that at least 10 to 15 percent of homeless persons have a substance use disorder. This estimate may be very low, as in some urban areas service providers see from one-third to two-thirds of single, homeless individuals with substance abuse characteristics.

Alcohol and drug abuse may be the major problem for homeless people. While not every person who has trouble with alcohol or drugs becomes homeless, the link seems to be very strong. Recent research has found that almost 88 percent of alcohol-abusing men and 84 percent of alcohol-abusing women were diagnosed with the disorder before they became homeless. Alcohol or drug abuse appears to put people at risk of becoming homeless and endangering their lives once homeless.

Many families become homeless when there is disruption due to violence in the home. While this is a primary reason young adults cite for their rationale to run away, for women with children this is also a contributing factor. While technically some women and their children have a home to return to, it is one that is dangerous and thus places them among the numbers of homeless families. Among homeless women and children, domestic violence is often cited as the reason for their homelessness. In many urban areas, as many as half of all homeless women and children are in shelters in an effort to avoid domestic violence in their homes.

POLICIES TO ADDRESS HOMELESSNESS

While public policies have fluctuated, recent laws have moved from providing services and treatment to criminalization. During the 1980s, legislation was enacted that would expand the services needed to address homelessness. In 1987, the Stewart B. McKinney Act

was passed, which outlined extensive efforts to serve the homeless population. The McKinney Act is the first and only major homeless policy established by the federal government. The original act included 15 programs that provided a range of services. The main components of the legislation were the provision of resources for emergency shelter, transitional housing, job training, healthcare, and education.

By the 1990s, efforts to provide services gave way to laws that tried to contain homelessness.

Evaluations of the McKinney Act programs have been very positive. However, the biggest limitation is that Congress has not fully funded the programs under the McKinney Act, making the extent of reach for the programs insufficient to cover the need. Furthermore, the programs focus on emergency measures responding to the symptoms of homelessness, not addressing the causes, such as low wages, lack of affordable housing, and inadequate services for poor, seriously mentally ill people.

By the 1990s, efforts to provide services gave way to laws that tried to contain homelessness, making it a criminal offense to loiter, panhandle, or congregate in public spaces. Antihomeless laws passed during the 1990s and 2000s included the outlawing of sitting on sidewalks, loitering, urban camping, panhandling, and congregating. Additional laws were passed to privatize formerly public spaces such as outdoor malls and some parks. By making these places private, exclusionary policies became easier to enforce than in public spaces. This latest trend in public policy and homelessness reflects a departure from the service-delivery emphasis of the 1980s.

SOLUTIONS TO HOMELESSNESS

There are two ways to respond to homelessness. The first is to provide services that address the immediate situation, the emergency of being without a nighttime residence. The second approach is to focus on the deeper, structural causes of homelessness.

Most experts agree that the biggest obstacle to preventing homelessness is the shortage of affordable housing. Longer-term solutions need to focus on creating more affordable housing and helping people to become employed in living wage-paying jobs. Assistance with housing has proven to be a cost-effective way to

support families. For example, one of the results of broken families is that children often end up in foster care. Nationally, it costs about \$48,000 for a year of foster care compared with about \$9,000 for a permanent housing subsidy. We need to reclaim abandoned and substandard housing to create subsidized housing that is safe and accessible for low-income people.

Other longer-term solutions focus on employment and education as key preventive measures to poverty and homelessness. The efforts of the McKinney Act to create training education programs for adults and education services for children have been successful. Full funding of these programs would help toward preparing people to leave homelessness permanently.

Services that need to be provided include most that are currently under the McKinney Act—shelters, transitional housing programs, healthcare access, and education for homeless people. Healthcare, with an emphasis on substance abuse treatment and mental health services, needs to be targeted to homeless people. While deinstitutionalization represented the worthy goal of allowing people to integrate freely in the mainstream society, the outcome has been otherwise. We need to create programs that provide permanent housing coupled with mental health services. This means developing programs that provide medical care in unconventional ways and places, such as from mobile clinics that visit places where homeless people live or gather. While such programs exist, the numbers are insufficient for the existing need.

Although homelessness has always been a social problem, the extent and composition of the homeless population today present a very serious issue that needs to be addressed. Children who grow up homeless are less likely to be able to break the cycle of poverty in their families. They experience stress that affects their health, their ability to learn, and their behavior. Homelessness splits families apart, contributing to other problems. Alcohol and drug abuse are serious problems in general, and particularly harmful when linked to homelessness. Physical and mental healthcare are also significant areas that need to be addressed in an effort to ameliorate homelessness.

SEE ALSO: Alcohol and Drugs; Begging; Children and Poverty; Crime; Housing Assistance; Shelter; Wages; Women and Poverty.

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Honduras

THE REPUBLIC OF HONDURAS in Central America was originally part of the Mayan civilization but later came under the domination of Spain. In 1821, Honduras won independence, along with many neighboring countries.

From 1957 to 1982, political power remained mostly in the hands of the military. In 1982, a democratic election established civilian rule. For most of the 1980s, Honduras served as host for the anti-Sandinista Contra movement, which was dedicated to ridding neighboring Nicaragua of its Marxist government. Honduras also proved to be an ally of the leftist guerilla forces of El Salvador.

Honduras is subject to frequent but mild earthquakes. The hurricanes and floods that occur along the Caribbean coastline, however, are often destructive. Such was the case with Hurricane Mitch, which hit Honduras in 1998, killing 5,600 people, causing \$2 billion in damage, and devastating the economy.

Because of its status as a Heavily Indebted Poor Country, Honduras has worked with the World Bank and the International Monetary Fund (IMF) to reduce its substantial debt and is making progress toward economic growth. Honduras has also signed a free trade agreement with the United States, a move that is expected to have a significant impact on the Honduran economy. However, high crime rates serve as a deterrent to foreign investors.

Honduras has a vast potential for further development through exploitation of its resources, which include timber, gold, silver, copper, lead, and hydropower. The Honduran economy has become more diverse in recent years, but 34 percent of the labor force are still employed in the agricultural sector. Approximately 45 percent are engaged in services, and 21 percent work in various industries. Unemployment is massive in Honduras, with a current rate of 28.5 percent.

As a result of high unemployment and deteriorating social conditions, around 35,000 citizens leave Honduras each year. Most emigrate to the United States. The Honduran economy is annually boosted by remittances of around \$1 billion that workers send back to their families in Honduras. Some estimates suggest that up to 25 percent of these remittances are sent in ways that are outside the control of the Honduran government, so the total may be much higher.

With a per capita income of \$2,800, Honduras is one of the poorest countries in the western hemisphere, although it is a lower-middle-income nation by world standards. Income is unevenly distributed, with the richest 20 percent claiming 58.9 percent of income and resources while the poorest 20 percent share only 2.7 percent of income and resources. Honduras is ranked 55 percent on the Gini Index of Human Inequality.

The poverty rate in Honduras is currently 53 percent. Poverty is concentrated in rural areas, where poverty rates are estimated as high as 75 percent. Some 44.4 percent of Hondurans live on less than \$2 a day, and 23.8 percent live on less than \$1 a day. Around 21 percent of the population are malnourished. Women and children are among the poorest of Hondurans.

Despite high levels of poverty, social spending has declined by as much as 40 percent in recent years, and social programs are vastly underfunded. In 2004 the government launched a three-year poverty reduction program based on IMF guidelines.

The population (6,975,204) of Honduras is relatively young, with a life expectancy of 65.6 years, but

life expectancy has been steadily rising for the past several decades. The median age is 19.15 years. Nearly 41 percent of the population are under the age of 14, and 3.7 percent are at least 65 years of age. The HIV/AIDS epidemic represents a serious threat to Honduras. With a prevalence rate of 1.8 percent, 63,000 people are living with the disease, which has killed over 4,000 Hondurans.

Access to healthcare is limited in Honduras, and there are only 87 physicians for every 100,000 residents. It is estimated that less than 49 percent of the population have access to affordable essential drugs. About 12 percent of Hondurans lack access to safe drinking water, and one-fourth of the population has no access to improved sanitation.

The Ministry of Health has been charged with overseeing efforts to reduce childhood mortality and making healthcare more accessible to all children. Between 1970 and 2003, infant mortality fell from 116 to 32 infant deaths per 1,000 live births. The mortality rate of all children under 5 plunged from 170 to 41 deaths during that same period. Around 17 percent of all children under the age of 5 are malnourished, and 13 percent of infants are underweight at birth. Approximately 29 percent of under-5s experience moderate to severe stunting. Much has been done to improve immunization rates in Honduras. Among children from birth to 23 months, disease immunization rates are in the 90 percent range.

Fertility rates are also excessively high in Honduras, but they have been declining over the past decades. Between 1970 and 2005, the total fertility rate dropped from seven to four children per woman. The Maternal and Child Department oversees efforts to reduce fertility in Honduras, but the Honduran government no longer promotes sex education. The distribution of reproductive health handbooks in the schools has also been discontinued.

Information on family planning is distributed to teenage mothers in response to rising adolescent fertility rates. In 2003, that rate was 103 out of 1,000 births. Approximately 62 percent of Honduran women use some method of contraception. Trained medical staff attend 56 percent of all births in Honduras, and 83 percent of Honduran women receive professional antenatnal care. According to modeled estimates for 2000, maternal mortality occurs at the high rate of 110 deaths per 100,000 live births.

Among the Honduran population over the age of 15, 76.2 percent can read and write. Females (76.3 percent) are slightly more literate than males (76.1 percent).

Rates of illiteracy have steadily declined since 1980, when 38.1 percent of males and 42 percent of females were illiterate.

About 79 percent of all Honduran children complete primary school, but many students have to repeat grades, with more than 50 percent of students taking over nine years to complete primary school. Girls now outrank boys in primary school attendance. More than half of all students attend private rather than public schools. The quality of education is somewhat higher in these schools, but overall quality of education remains low.

Human Development Index Rank: 116 Human Poverty Index Rank: 39

SEE ALSO: Education; HIV/AIDS; Income Inequality; International Monetary Fund; Women and Poverty; World Bank.

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Hoover, Herbert (Administration)

HERBERT CLARK HOOVER was born in Iowa in 1874, but the death of his father led him to live with his uncle in Oregon. Initially he was a highly successful engineer. He secured a partnership in Bewick, Moreing, and Company in 1901. By 1908 he had worked on mining projects around the world. In 1909 he lectured on mining at Stanford University and these lectures were published as a book. He went into public service during World War I. Hoover became well-known for his work on famine relief. He organized a relief program for Belgium, which had been invaded by Germany.

After the United States entered the war, President Woodrow Wilson appointed Hoover as head of the Federal Food Administration. After the war Hoover organized food shipments to central Europe as head of the American Relief Council. This included food ship-

ments to Bolshevik Russia. Some objected, but Hoover insisted that politics must not interfere with relief.

Hoover was also a member of the Supreme Economic Council. He proposed a reconstruction plan for America, which included construction of public dams, promotion of unions and collective bargaining, regulation of the stock market, a federal home loan bank, and direction of capital by the Federal Reserve Bank. These plans did not go into effect.

President Warren Harding appointed Hoover as secretary of commerce. As commerce secretary he advised Harding to intervene in the depression of 1920. Hoover pushed for public works spending and high wages. The idea behind this policy was that high wages would keep household income high, in turn keeping consumer spending high and helping business conditions. Harding resisted most of Hoover's recommendations, so his policies never went into effect. The Harding administration tended to do the opposite of what Hoover wanted. The depression ended in 1921.

"We in America today are nearer to the final triumph over poverty than ever before ..."

President Calvin Coolidge kept Hoover on as commerce secretary. Hoover played a role in the formation of the Federal Radio Commission (now known as the Federal Communications Commission). Coolidge decided not to run for another term. Hoover ran for president instead, and won.

While the Coolidge administration had presided over widespread prosperity, Hoover's administration would endure perhaps the worst economic period in U.S. history. Upon entering office Hoover declared that "we in America today are nearer to the final triumph over poverty than ever before in the history of any land. The poorhouse is vanishing from among us." Yet the Hoover years were marked by increasing poverty for millions.

Amid this hardship, some prospered as never before. The economy began to slow after Hoover entered office. Few recognized the deterioration of economic conditions until the stock market crash on October 29, 1929. Hoover's initial reaction indicated that he did not appreciate how serious the situation was. On October 25, 1929, he said, "The fundamental business of the country, that is, the production and distribution of commodities, is on a very sound and prosperous basis." Hoover reacted to this crash by organizing conferences

of industrial and labor leaders during November and December 1929. Hoover urged industrial leaders to avoid cutting wage rates and many industrialists pledged to maintain wages. He thought that maintaining wages would spur economic recovery because these wages would also maintain consumer spending. His program did not deliver its intended effect.

This was a period of deflation. The Federal Reserve pulled back on monetary policy in 1929, and this worked to slow the economy. Subsequent bank failures led to a collapse of the money supply and a falling price level. With consumer prices falling, Hoover's program to keep wages from falling meant that real wages, adjusted for deflation, rose dramatically. For example, real wages in the machine tool industry rose four percent in 1930 and eight percent in 1931. However, employment in that industry fell 38 percent in those two years. In the iron and steel industry real wages rose 1.5 percent in 1930 and 7.5 percent in 1931, but employment in this industry fell 68 percent. Other industries that followed Hoover's policies experienced similar results.

Unemployment rose to 15.9 percent in 1931 and 23.6 percent in 1932.

Those workers who retained full-time employment during these early years of the Great Depression benefited from wage increases. In fact, many of those who still had jobs prospered as never before during the Hoover years. Those who lost their jobs endured severe poverty. It was also the case that many workers were only employed part-time.

The overall employment rate skyrocketed during the Hoover administration. Gross National Product (GNP) had been \$203.6 billion in 1929, but it fell to \$183.5 billion in 1930, \$169.3 billion in 1931, and a dismal \$144.2 billion in 1932. Per capita GNP for this period fell from \$103 to \$58. The severity of the poverty caused by this decline in average GNP is even worse when one considers that many industrial workers had increased wage incomes—others with lower wages were even worse off than per capita GNP figures indicate.

The Hoover administration increased federal spending dramatically. He worked to increase federal spending on public works as soon as he entered office, before the onset of the Great Depression. The federal budget was \$2.9 billion in the year before he entered office. In his first year it increased to \$3.1 billion. By 1932 he had increased the federal budget to \$4.7 billion. Much of

this increased spending went into public works projects, including the Boulder, California Valley Central, and Grand Coulee Dams. His Employment Stabilization Act established the Employment Stabilization Board, which pushed for more public works. He did this during a collapse of federal tax revenue, from \$4 billion to \$2 billion. This resulted in massive deficits, whereby over half of federal spending added to public debt. The federal budget ran a deficit of close to \$.5 billion in 1931 and nearly \$3 billion in 1932.

In January 1932 Hoover founded the Reconstruction Finance Corporation. Initially Hoover had encouraged private banks to form the National Credit Corporation (NCC) as a means to support banks in financial difficulty. The NCC began its operations on November 11, 1931. The Federal Reserve pressured Hoover to create a federal agency to perform this task. Congress passed legislation founding the Reconstruction Finance Corporation (RFC) on January 22, 1932, and it began its operations on February 2, 1932.

At first Congress funded the RFC with \$1.5 billion. This organization initially paid out massive loans to banks and railroads and financing was later extended to industry and agribusiness. By July RFC funding had been expanded to \$3.8 billion. Large banks, like J.P. Morgan, benefited heavily from RFC funding. When it came to poverty relief for poor families, Hoover advocated voluntary charity. Ultimately the RFC allocated \$300 million in loans to states for relief to poor families.

Hoover also acted to keep wheat and cotton prices high. These policies did not deliver their intended effect. Instead joblessness rose, poverty deepened, and excess stocks of agricultural produce accumulated. The overall unemployment rate had been 3.2 percent in 1929. It rose to 8.9 percent in 1930, 15.9 percent in 1931, and 23.6 percent in 1932.

Hoover insisted that his policies had worked. In 1932 he said, "We could have done nothing. That would have been utter ruin. Instead, we met the situation with proposals to private business and to Congress of the most gigantic program of economic defense and counterattack ever evolved in the history of the republic. ... For the first time in the history of depressions, dividends, profits, and the cost of living, have been reduced before wages have suffered. ... They were maintained until the cost of living had decreased and the profits had practically vanished. They are now the highest real wages in the world."

The American electorate disagreed with his appraisal of the situation. While some did have higher

wages, about one out of four workers had no wages at all. One interesting thing to note is that while poverty and inequality increased among industrial workers, the percentage of total disposable income received by the top five percent of households fell slightly during the Hoover years. This is likely because of losses in investment income.

The Hoover administration ended with the landslide victory of President Franklin Roosevelt in the election of 1932. This was due in part to the dire economic conditions, and also to an incident in which federal troops led by Douglas MacArthur drove a group of peaceful protestors out of Washington, D.C.

Hoover lived longer after leaving office than any other president—31 years. During this time historians developed a harshly critical and some say well-deserved appraisal of his administration. The Hoover administration has one of the worst records on general economic conditions and poverty in the history of the American presidency. Of course, there are others who share blame for all that went wrong during the Hoover years, especially the Federal Reserve Bank and Congress. Yet there is little doubt that Hoover did attempt to deal with the Depression, and this attempt failed.

SEE ALSO: Coolidge, Calvin (Administration); Depression, Great; Income Inequality; Roosevelt, Franklin (Administration); Unemployment; Wages.

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Household Consumption

THE CONCEPT OF HOUSEHOLD, like its kindred concept of family, is beset with methodological problems and difficulties in cross-cultural comparison. It

survives in anthropological studies of poverty partly on account of researchers' desire to export the concept from industrial societies in attempts to apply existing economic models to small-scale societies. This led to a conceptual manipulation of indigenous forms of economic organization to fit the model of household. The term first came into use in English and referred to a feudal form of organization that remained in later industrial and postindustrial forms of production, consumption, and resource management.

In developed societies, especially in Europe, it has become a key analytical and policy unit for measuring and responding to socioeconomic inequality. The household is perceived as an economic unit of individuals sharing a permanent residence. This definition has been reinforced by the ideological legacy of the nuclear family in Europe and the United States that critics conceive of as politically and morally influenced. Feminist critics first started to question the measure of "head of household's" income to ascertain socioeconomic status in survey methods. This was seen to undermine the input of women into household economies, as head of household was seen as synonymous with the male breadwinner role. This also undermined alternative living arrangements, such as shared flats and people living in homes for the elderly being seen as marginal forms of

Economists became interested in households in the 1960s so as to make predictions from household economic behavior on the behavior of the wider economy. In the modernist rationalist fervor of the time, the household was conceived as a factory with capital goods, raw material, labor, and a manager. The rise of feminist critiques in the 1970s brought the transactional and conflict-ridden nature of household decisions to the fore, undermining the idea that there was one household decision-maker or the notion that households acted as a singular economic entity. More recently the purchasing power of children in market economies has also been recognized.

The importance of noneconomic transactions has also emerged, connected to an interest in social capital. Social capital has drawn attention to reciprocal transactions involving extended kin and nonrelated individuals that can make a contribution to household economies, such as informal childcare. These favors, though not measurable economically, may facilitate economic activity, such as involvement in paid work. This can make a crucial contribution in single-parent households where there is evidence of such reliance on extended kin. This pushes the boundary of household beyond the shared

residence and reflects earlier notions of extended family and gift relationships.

The household's central place in government policies of the West has led some critics to suggest that these policies (especially those related to welfare) have overstated or even artificially maintained the household in a certain outmoded form. Both Margaret Thatcher in the United Kingdom and Ronald Reagan in the United States based welfare reform along the lines of the traditional nuclear family, which underpinned their own moral standpoints.

A preference for traditional male-breadwinner families was undermined by a decline in traditional male employment that provided wages capable of supporting families. One consequence of this was the pushing of women in traditionally structured households into the labor market. Later, so-called third-way social policies recognized the change in family forms, notably those referred to in the United Kingdom government's Supporting Families green paper.

SEE ALSO: Family Budgets; Family Size and Structure; Household Employment; Household Income; United Kingdom; United States.

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Household Employment

IN OUR SOCIETY TODAY, household employment has fluctuated up and down depending on the economy. There are different types of households that vary with the average income.

In many cases the division centers on whether or not the household is a one-income household or a twoincome household. Some of the factors impacting household employment are as follows: region of the country, type of occupation of the person, and education and age of the householder.

One--income households vary by gender of the householder. The average one-income household inearns \$28,500 and the average female one-income household earns \$20,800. Another division of the one-income household is the age of the householder. For example, of the 31.1 million one-income households in the United States, 4.5 million householders are under the age of 25 and 9.9 million are over 65.

The average family income in the United States is currently about \$43,625 a year. This is a household with a two-person income in the United States. Two-person income and quality of life vary by whether or not there are children in the household. If no children are present in the household, the couple will have more discretionary income to purchase luxury items. If there are children in the home, the family income will become very strained by the expenses that occur with children in the household.

Employment in the area of residence is a major factor affecting household income. In 2004, Hawai'i had the lowest jobless rate and Alaska and Oregon had the highest jobless rates. There were 16 other states that had above-national-average unemployment rates of 5.5 percent in 2004. Thus the region of the country will have an impact on household income. Another state that has an unemployment problem is Michigan. Michigan is making a transition from a manufacturing economy to a service economy. On the other hand, the Colorado economy is good because people are moving to Colorado from all parts of the country.

The type of job a person holds in many cases dictates the income of that person. In society today, there are several booming occupations that are listed as paying well. According to the Occupational Prestige Ranking, the top five occupations in the 2000s are as follows: physician, college professor, dentist, architect, and lawyer.

As society changes from an industrial economy to a service economy, degrees and diplomas matter in the job market. It has been indicated that people with a college degree earn more in a lifetime than individuals with a high school diploma. The top five occupations all require education. If a household does not have individuals that have credentials, the income of the household suffers.

As the age of a person goes up, the income goes down because many older individuals are on a fixed income. Social Security remains the number one source of income for individuals over 65. There are other sources of income for the elderly. For example, many individuals over 65 can obtain income in the form of assets, pensions, earnings, and public assistance. Overall the poverty rate for individuals over 65 fell from 25 percent in 1976 to 17 percent in 2000.

SEE ALSO: Family Budgets; Family Size and Structure; Household Consumption; Household Income.

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Household Income

HOUSEHOLD INCOME IS regarded as a critical variable for measuring the economic well-being of families and households and an important indicator of household welfare and poverty status. Increases in income in the long run contribute to an improved quality of life, because income provides the means to obtain nutrition, health, education, and overall socioeconomic status. Household income provides resources for household consumption and provides an indication of potential future consumption. Household debt and credit also have an effect on household consumption patterns and well-being outcomes. Credit may add an immediate effect on cash resources for consumption expenditures, while debt repayment will do the opposite. The consumption and investment pattern of a household is of course subject to a system of separate individual decisions and activities.

Household income generally consists of the combined gross money income of all persons who occupy a single housing unit. Household income can be composed of the gross money income earned by one or more families, one or more unrelated individuals, or a combination of families and unrelated individuals who occupy a single housing unit.

Household income is a flow variable defined within a specified time period, usually one year. It generally consists of the sum of inflows from all sources, including wage income or salary income, net income from entrepreneurial and farming activities, rental income, pension or retirement income, remittances received, government transfers, investment income, and gifts. In practice there is considerable variation in terms of which categories of inflows are included in the measurement of income. Even when comparability of components is consistent across countries, international comparisons require some way to compare the purchasing power of a given income in different countries.

Household income can be very difficult to measure reliably and accurately, and it is commonly understood that income tends to be underreported in survey studies. Because it is made of multiple sources there can be great variation in which components may be included in any one measurement, which makes comparability of data limited (across countries, across studies). Respondents often regard income as personal and confidential information; thus the accuracy of self-reported data is questionable.

Additionally, because of multiple sources of household income, it is necessary to gather information on all the sources and it may not be easy to identify all of them. Formal sources such as wage employment are easier to track than informal sources, such as odd jobs or informal self-employment earnings. Additionally, if one assigns value to in-kind contributions such as food, or if the time of household members is valued, then the imputed value of maintenance activities such as meal preparation, washing clothes, or childcare might be included in a calculation of household income.

Other issues also affect the accuracy, reliability, and comparability of data collected on income. Collecting accurate data on a flow variable is more difficult than collecting data on a stock variable like assets, which can be measured at one point in time. Further complicating the picture are fluctuations in income flows. Income flows may vary widely during a defined period of time. Collecting income over a longer period of time such as a year can help account for the effects of fluctuations. The more frequent and regular the intervals that income data can be collected, the greater the accuracy. The real value of income must also be taken into account. Comparing household income over time must take into account changes in the value over time, such as inflation, and be adjusted accordingly in order to compare household gains or losses over time.

SEE ALSO: Household Consumption; Household Employment; Income; Income Poverty.

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Housing Assistance

HOUSING ASSISTANCE IS provided to the poor and low-income buyers in a variety of ways in the United States. The Housing Assistance Corporation (HAC) is a federally registered nonprofit organization. Its mission is to help families buy homes. If a family is given an HAC grant to purchase a home, the grant does not have to be repaid. In this way dream home ownership can become a reality.

Legally HAC is a federally registered 501(c)(3) corporation. It has a working relationship with other federally registered 501(c)(3) organizations with which it issues home grants. The Home Grant program is a Special Down Payment Assistance Program. In order to purchase a home on credit a down payment is needed and many low-income families cannot muster a down payment. The Special Down Payment Assistance Program gives the down payment to individuals or families across the nation so that they can purchase a home.

Many thousands of low-income individuals and families have been aided by these home grants, which do not have to be repaid. The funds donated for this purpose are used to pay the down payment and the closing costs. A stipulation of the grant is that the individual or the family must accept training in homeowner education.

The many nonprofit organizations that participate in the program are spread across the United States. These supporting organizations are staffed by experienced real estate professionals who are dedicated to the vision of aiding low-income home buyers. Among the services that home grant workers perform are debt counseling, budgeting skills, credit management, and fiscally responsible spending. The Special Down Payment Assistance Program and the people who work in it

are committed to helping low-income or first-time young buyers to achieve the American dream of home ownership. The program allows for home purchases with "little or no money down."

In other areas of housing assistance, the federal government has relief housing available after natural disasters. In 2005 following devastating Hurricanes Katrina, Rita, and Wilma, a program of Emergency Temporary Housing Facility houses was instituted by the Federal Emergency Management Agency. The houses were temporary emergency housing that was very similar to travel trailers.

In order to be eligible for emergency housing people had to register and include some kind of mailing address through the United States Postal Service or a phone number. While people were living in temporary housing, a program of disaster assistance was available. This program would give people assistance with repairing or rebuilding their hurricane-damaged home. The program was designed to help people repair, rebuild, replace lost household items, and pay for other related expenses.

SEE ALSO: Family Size and Structure; Habitat for Humanity; Homelessness; Natural Disasters.

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Hull House

AMERICAN REFORMER Jane Addams founded the Hull House settlement in Chicago in 1889 on Halsted Street, then one of the poorest neighborhoods of the city. Addams and her companion Ellen Starr were inspired by what they had seen in Toynbee Hall in the East End of London, a settlement that was designed for students from Oxford and Cambridge Universities to work among the poor during their vacations.

In the same way, Addams and Starr wanted to provide middle-class women like them the opportunity to be both socially useful and independent, an opportu-

nity that was denied the majority of women at the time. Hull House provided an outlet for the intellectual and practical abilities of the young females who became its directors. Without such an outlet the fate of these young women, Addams writes in her autobiographical volume *Twenty Years at Hull-House* (1910), would be comparable to that of "the other great mass of destitute lives." By 1900 the settlement had flourished as a popular center of political, educational, and social activity. Because of Hull House, Addams became well-known and a nationwide settlement house movement began. In 1897 there were 74 settlements in the United States, and by 1900 there were over 100. In 1911, leaders of the settlement movement founded the National Federation of Settlements.

Most of the people living in the area surrounding Hull House were recent arrivals to America, mostly European immigrants. The neighborhood of Hull House was part of poverty-stricken Chicago's 19th ward. Hull House soon came to include 13 buildings. To the poor immigrants living in the area the center became a meeting place where they could talk about their needs. Although Addams's description of the poor in *Twenty Years at Hull-House* is outdated and patronizing at best, the settlement quickly responded to most pressing requests of the immigrants and acted as a mediator between them and government officials.

The settlement went on to include daycare centers for children of working mothers, opened adult high schools, and provided cooking and sewing classes. An art gallery was also created, and Ellen Starr organized art classes and exhibitions. A coffeehouse, a gymnasium, a clubhouse, and even a theater were added in the 1890s. In its mission to help the poor, Hull House recruited university professors, students, and social reformers such as John Dewey, Clarence Darrow, and Frank Lloyd Wright.

Partly influenced by her small-town background, Addams tried to reconstruct a face-to-face rural community within the expanding urban context. In her article "A Function of the Social Settlement" (1899), Addams defined the function of a settlement as bringing "to life the dreary and isolated" and bringing them "into a fuller participation of the common inheritance," so that residents of the neighborhood could establish meaningful relationships to each other. Immigrants were involved in national evenings where traditional dances, games, and food of their countries of origin were offered. Hull House was first inspired by the values of Christian socialism, also due to the presence of Florence Kelley, a member of the Socialist

Labor Party. Hull House thus also became a center for social reform, with Kelley organizing research into the sweatshop trade in Chicago, which eventually led to the Factory Act (1893) and to her appointment as chief factory inspector for the state of Illinois. These activities were central in the development of social work as a profession.

The settlement was also the founding place for the Women's Trade Union League, which supported workers in their negotiations with industrialists. This, together with Addams's stance against World War I, provoked tensions with some of the donors, who withdrew their financial support. Such support was indispensable to keeping the settlement alive as its expansion to a city block provoked a sharp rise in the costs.

When Addams died in 1935, Louise Bowen became the director of the settlement. Hull House continued in its task to integrate immigrants into American life and to improve living conditions for the poor in Chicago. However, Bowen did not have good relationships with the two head residents that she appointed, first Adena Miller Rich, and later Charlotte Carr. Carr, in particular, shifted Hull House toward the left, encouraging the neighborhood residents to join trade unions. Although attendance at the settlement grew sharply, Carr was fired when she refused to give up its membership of the left-wing Union for Democratic Action.

After Bowen's retirement, the main focus of Hull House and its new resident head, Russell Ballard, became children's welfare. In the 1950s, Hull House was closed as part of the scheme to turn the area of the settlement into a university campus. The bitter dispute that the case engendered arrived in front of the Supreme Court with residents Jessie Binford and Florence Scala appealing against closure. The ruling of the Court went against them. In 1963, Hull House was reopened as a museum.

SEE ALSO: Community-Based Antipoverty Programs; Immigration; Social Work; Socialism.

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Human Capital

WE USUALLY THINK OF CAPITAL as money that is kept in banks, invested in shares or stocks, or concretely represented by material goods such as a car, a house, or industrial infrastructures. However, investing in training courses, education, and healthcare can be equally productive forms of investment to relieve poverty.

The expected returns of such investments can be higher salaries and the improvement of medical care. These, then, are all investments in human capital, usually described as the most valuable yet elusive of assets. Human capital constantly reevaluates itself as knowledge increases with practice. It is also easily transferable across individuals and national boundaries. Chicago School economist and Nobel Prize laureate Gary Becker was one of the first to theorize the existence of human capital in his eponymous 1964 study. Becker compared human capital to "physical means of production," such as factories and machines. Of course human capital cannot completely replace land, labor, or capital, but it can substitute for them to a certain extent.

The exponential growth of Asian economies in the 1980s and 1990s is a clear example of the way human capital can create wealth and fight poverty. Although Japan and Taiwan lack natural resources and import almost all their energy from abroad, these countries grew rapidly by relying on a well-trained, educated, hardworking, and conscientious labor force that made excellent use of modern technologies.

Studies have shown that training and education can substantially improve people's salaries. In addition, in developing countries, these can be means to make their citizens the protagonists of their countries' development. Investments in human capital could be a first step to shifting from a mere "assistentialist" model, where developing countries are dependent on industrialized nations not only for financial help but also for professional know-how, to one that could enable a more independent development.

Healthcare programs also play an important part in human capital investments. Scholars have argued that the health of a population matters greatly. A healthy person not only works more efficiently but can also devote more time to productive activities. Microeconomic evidence suggests that, like education, health can produce variations in wages. Macroeconomic research has pointed out that health capital positively influences aggregate output. David Bloom and Jaypee Sevilla have demonstrated that up to one-third of annual Gross Do-

mestic Product (GDP) growth can be attributed to health capital, and an increase in life expectancy of one year is associated with an increase in the long-run growth rate of up to four percentage points in both developing and industrial countries. Good health also promotes better education.

While Asian countries have reduced poverty through economic growth, African countries have made uneven progress and are still vulnerable to pandemic diseases, including HIV/AIDS. Healthcare projects that can upgrade human capital are imperative. Corruption still plagues the provision of services associated with the improvement of human capital, and policymakers have pointed out that increasing public spending cannot always be the best of solutions if it is not accompanied by increased levels of efficiency and renewed labor policies. For example, human capital investments in education should also be paralleled by an increased demand for skilled labor. Investments in human capital are vital for the development of the poorer regions of sub-Saharan Africa.

SEE ALSO: Capitalism; Corruption; Economic Growth; Growth with Redistribution; HIV/AIDS.

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Human Development

HUMAN DEVELOPMENT IS the gradual process of evolution and differentiation that occurs in the well-being of individuals over their life spans. Such changes may be economic or otherwise. Thus achievement of a higher level of income is only one dimension of development. Other dimensions include better nutrition, health, and education, and general improvements in the prosperity and security of individuals over their life-time.

Human development invariably involves individual choices that are made given the constraints individuals

face. Some of these constraints may be a consequence of their earlier choices (for example, unwillingness to undertake training or work). Other constraints may be beyond their control and due to the conditions faced (for instance, poor genetic endowments, illness, discrimination, or political repression). Articles in specialized journals such as *Human Development* offer insights into development during the human life span.

Naturally, human development necessitates expansion of the choice set available to individuals, which is often facilitated by increases in income. Clearly, many dimensions of human development, such as better nutrition, are often determined by income. At the same time, other dimensions, such as freedom of expression and political rights, are not necessarily income-related.

At a macro level, human development concerns improvements that occur over time in the welfare of the citizens of a country as a whole. Hence human development in a country may be measured through indexes combining various aspects of social development in the country such as health, education, and opportunities for advancement. Two of the best-known indexes are the Human Development Index (HDI) and the Physical Quality of Life Index (PQLI).

The HDI, computed by the United Nations Development Program (UNDP), is based on three aggregate indicators of development: life expectancy at birth, real Gross Domestic Product (GDP) per capita, and educational attainment (as measured by a combination of adult literacy and combined primary, secondary, and tertiary enrollment ratios). The UNDP's annual publication, the *Human Development Report*, ranks countries around the globe, giving their HDI scores. The 2004 report places Norway and Sierra Leone at the top and bottom, respectively, for their levels of human development.

The PQLI, developed by M.D. Morris, utilizes what he regards as more accurate measures of well-being for individuals: infant mortality rate, life expectancy at age 1, and basic literacy. The PQLI scores indicate that poorer countries do not always suffer from low levels of human development. For instance, citizens of poorer countries such as Cuba and Sri Lanka enjoy high quality of life at levels comparable to some rich countries and higher than many rich countries.

These measures do not capture all aspects of human development, such as political rights and freedoms, the level of income inequality, and the status of women. In a step to defray criticism for not focusing on women's development, the UNDP has recently begun publishing a Gender Empowerment Measure, capturing the rela-

tive empowerment of women and men in political and economic spheres of activity—as well as a Gender Related Development Index, which makes a gender-sensitive adjustment to HDI, using the disparity in achievement between women and men. The nonprofit institution Freedom House, on the other hand, provides rankings for countries on the basis of political freedoms and civil liberties enjoyed by their citizens.

It therefore appears that no single index is capable of capturing all aspects of human development. In any case, most researchers agree with the sentiments expressed by T.N. Srinivasan that, since most components of any index are correlated with each other, the choice of what to include in an index is arbitrary.

Various measures of human development in countries worldwide may be found in UNDP's *Human Development Report*, or the World Bank's flagship statistical publication *World Development Indicators*, published annually (also available on CD). A more compact version of the latter is World Bank's *World Development Report*, a publication that provides selected world development indicators.

SEE ALSO: Human Poverty Index; Poverty Rate; United Nations Development Program; World Bank; World Bank Poverty Lines.

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Human Poverty Index

WHILE PER CAPITA INCOME is the most commonly used and most widely accepted measure of a country's economic achievement, it has long been recognized that composite measures of economic progress might better reflect a country's true level of development. Composite measures combine a variety of qual-

ity-of-life variables into a single statistic. While a variety of composite measures exist, probably the most well-known of these statistics is the Human Development Index (HDI), which has been calculated and published by the United Nations Development Program (UNDP) annually since 1990. The HDI is designed to measure human development, defined as the ability "to lead a long, healthy life, to acquire knowledge, and to have access to the resources needed for a decent standard of living." Through a complex formula, the HDI combines a country's Gross Domestic Product (GDP) per capita adjusted for purchasing power, literacy rate, mean years of schooling, and life expectancy into a single statistic ranging numerically from 0 to 1.

While income, educational attainment, and life expectancy are generally closely correlated, the relationship is not exact and many examples exist of relatively poor countries having well-educated populations with long life spans and of rich countries with poor levels of achievement in these areas. For example in 2002, South Africa had an average life expectancy nearly 20 years lower than Vietnam's as well as a lower literacy rate despite a per capita income over four times higher.

In 1997, the UNDP began to publish a similar composite statistic related directly to poverty, known as the Human Poverty Index (HPI). While the HDI measures a country's progress toward a high standard of living, educational attainment, and longevity, the HPI measures a country's level of deprivation of these variables. Composite measures of poverty are known as deprivation Indexes, among which the HPI is probably the most widely recognized. As is the case with the HDI, the HPI provides a broader measure of the overall level of poverty in a country by focusing on statistics beyond simply income.

The UNDP calculates the HPI differently for developing countries and high-income nations. The Human Poverty Index for rich countries, known as the HPI-2, is the weighted average of four variables: the percentage of the population not surviving to age 60, the level of functional illiteracy among adults in the country, the percentage of people living below the income poverty line defined as 50 percent of the median-adjusted disposable household income, and the rate of long-term unemployment exceeding one year in duration.

The Human Poverty Index for developing countries, HPI-1, is the weighted average of three variables: the probability of a person not surviving to age 40, the adult illiteracy rate, and the combined percentage of the population without access to safe water and the prevalence of underweight children. Both the HPI-1 and HPI-

2 are weighted in such a manner as to place a greater emphasis on the components in which there is the highest level of deprivation.

Because of the nature of the variables used in estimating the HDI and HPI, as well as the calculation procedures, there are generally only small differences in the numeric values of the HDI for rich countries, while the values of the HPI can vary widely. For example, in 2002 while less than one-hundredth of a point separated the HDIs of Sweden and the United States, the HPI-2 for Sweden was 6.5 percent compared with a figure of 15.8 percent in the United States. As a rough interpretation this means that an American was about two-and-a-half times more likely than a Swede to suffer from one of the four deprivations measured by the HPI-2.

As might be predicted, the primary criticisms of the HDI and HPI are the choice of variables used to calculate the indexes and the weights placed on each of the variables. In particular, many economists believe that the formula used to convert incomes into the HDI does not fully reflect the higher standard of living enjoyed by the very richest countries. The primary criticism of the HPI is that it stresses the distribution of income too strongly over the average income level in a country. Finally, as with most national measures of poverty, a relatively low overall HPI can disguise pockets of extreme deprivation within certain geographical areas or ethnic groups.

SEE ALSO: Deprivation Index; Economic Definitions of Poverty; Human Development; Indicators of Poverty; United Nations Development Program.

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Human Rights and Poverty

IN THE FIELD OF POLITICAL economy there are several approaches to understanding and remedying poverty. They tend to depend, in part, on the underlying idea of human nature and the conditions of social life that are best suited to human beings. If one begins with the idea that human nature is to make it possible for most people to act creatively and productively, the

most important question about poverty is, what conditions would make productive activity most likely in human communities?

If, however, one begins with the idea that human nature renders most people victims of their circumstances, mostly passive entities who must be moved in order to thrive, that too would invite the question of what conditions of a human community will foster such thriving. If, alternatively, human nature makes most people subject to the will of a deity, whose grace determines the fate and fortunes of people, that too will invite a certain kind of community.

Human beings possess free will and can rationally organize their lives.

These three alternative conceptions of human nature could be designated as free agent, passive patient, and subject of God's will. The political economies these would support, respectively, are classical liberalism, welfare state egalitarianism, and theocracy. Briefly, the first of these ideas suggests that a society that secures the negative right to liberty or freedom for all is most suitable to human beings; the second of these ideas would suggest that a society that secures the positive right to well-being or capability would be best suited to human beings; and the third would suggest that a form of government with leadership and guidance provided by those who best understand such works as the Bible or the Koran would be most fitting for human community life.

PERSONS AS FREE AGENTS

According to this view human beings possess free will and can rationally organize their lives, given their various circumstances. Some, of course, may begin with great disadvantage, yet these persons, as all others, have the capacity to advance themselves through ingenuity and entrepreneurial savvy. If someone is born into poverty, this is not necessarily a severe impediment, not unless the sociolegal conditions make personal advancement by means of creativity, productivity, ingenuity, and entrepreneurship very difficult.

In a community wherein free, voluntary interaction is legally protected from both criminals and the government, the poor are often able, if not always willing, to extricate themselves from poverty. The crucial requirement is a legal infrastructure in which individual human

rights to liberty, private property, entering into binding contracts, and other conditions of agency are given effective protection. No guarantee of success in flourishing, or even in survival, is promised in such a system, but the probability of prospering, it is argued, is greater than in other sorts of systems.

Do human beings fit this viewpoint? If they do, it would have to be the case that they have the capacity to initiate some of their crucial conduct—to put to work their minds and bodies so as to achieve prosperity, to attain their goals, to flourish in careers and family life, and to embark upon trade. One serious objection to seeing people along such lines is the doctrine of determinism: they are merely being moved by forces not under their own control, so there is no personal initiative possible in human affairs.

If, however, a different doctrine is correct, according to which persons grow up to become self-determined, capable of initiating their own actions—if this kind of causation is possible in the world and human beings are capable of it—then this viewpoint is likely to be correct.

This conception of human nature and the resulting idea of community life stress what are commonly referred to as negative or liberty rights. Having such rights amounts to an imperative to all, including governments, to refrain from intruding on persons and from invading their "person and estates," as phrased by John Locke, by securing the "moral space," as described by Robert Nozick, and by respecting their rights to private property. Governments are envisioned as agencies instituted to secure such rights by way of the consent of the governed (who, by instituting government, are exercising their right to self-defense).

PERSONS AS PASSIVE PATIENTS

The central contention of this view of human beings is that they are a variety of matter-in-motion, driven to behave as they do by the various forces that operate in nature, including their instincts, genetic makeup, and the forces of evolutionary biology. In the case of human community affairs, especially economics, this would mean that persons are at the mercy of such factors as their parents' prosperity or lack thereof, the economic conditions in which they find themselves at any particular time, and the natural scarcity or abundance that happens to surround them. Accordingly, in order for those who are in a condition of dire need to make improvements to their lives, it is necessary that they obtain whatever will render them capable of prospering.

They themselves are viewed as largely incapable of bringing about such improvements, given the conditions that have rendered them poor in the first place.

For example, John Rawls has argued that most people inherit even their virtues. The assertion that we "deserve the superior character that enables us to make the effort to cultivate our talents is ... problematic; for such character depends in good part upon fortunate family and social circumstances in early life for which we can claim no credit."

So, Rawls continues, "Those who have been favored by nature, whoever they are, may gain from their good fortune only on terms that improve the situation of those who have lost out."

Serena Olsaretti, suggesting that the thrust of the defense of the free market rests on the belief that all those who own wealth or assets deserve it, extensively develops this idea. Which is to say, the redistribution of wealth is a general moral and public policy imperative. Entrepreneurial efforts cannot reasonably be expected from those who lack "fortunate family and social circumstances in early life."

Rights commonly translate into entitlements that those in need must be provided.

In cases such as those found in countries with large populations of extremely poor people, the central or at least first remedy is to transfer to them the "surplus" from those in wealthier nations. As the philosopher Peter Unger notes, "On pain of living a life that's seriously immoral, a typical well-off person, like you and me, must give away most of her financially valuable assets, and much of her income, directing the funds to lessen efficiently the serious suffering of others." This view has also spawned the international efforts of the Nobel Laureate Amartya Sen, called the "capability ap-

In contrast with the earlier idea of negative or liberty human rights, this conception of human nature and human community life supports the idea of positive or welfare rights, rights to be provided with support that will enable or render one capable of living and flourishing in dignity. In the modern era such rights commonly translate into entitlements that those in need must be provided. Governments are instituted not merely to protect negative or liberty rights, but to protect positive or welfare rights, which requires them to engage in extensive taxation and wealth redistribution, based on the needs of those whose circumstances are seen as preventing them from advancing in life on their own initiative.

PERSONS AS SUBJECTS OF GOD'S WILL

This conception of human nature rests on the view that everyone is a creation of God and subject to God's—or Allah's or some other deity's—will. Thus the central task in life is to obtain accurate directions from God, which is mostly seen as accomplished by the reading and following of the tests that are considered to contain God's words—the Bible, Koran, Torah. Such reading is mostly accomplished by way of entrusting various church leaders, scholars, or theologians with the task of translating the texts into usable guides for public policy.

This approach to government has an ancient pedigree and extends to the modern era, for example, in Islamic countries, although others, too, are accustomed to this approach—Israel, for example, has a state that rests many of its policies on certain religious ideas and some of the countries of western Europe continue to maintain at least a ceremonial connection between church and state (England, Sweden, Norway, Holland).

Is there any distinctive relationship between such theocratic systems and some doctrine of human rights? Of course, there was the doctrine of the divine rights of kings but this is not, properly speaking, a theory of human rights, which are generally understood to be the rights of all human individuals, not only of the monarch.

CHRISTIAN POLITICAL THEORY

Within the Christian theological tradition, however, the latter, individualist theory of human rights gains support from the view that every individual human being is a child of God and thus possesses dignity. The natural rights doctrine of John Locke owes something to this view, as does the earlier natural rights position of William of Ockham. Because within Christianity each person possesses free will and must choose to follow Jesus as a matter of his or her choice, not because coerced to do so, there is a close affinity between the political (natural law) theories of at least post-Thomist (yet also Augustinian) Christians and the modern theory of individual human rights.

It is arguable, as well, that the Christian position on politics is troubled by the strong obligation to follow Jesus coming into conflict with the freedom of everyone to embark on such a life. Some argue that the Holy Inquisition was itself a result of this conflict, leading to the torture of those who would not accept Jesus freely but who would, once tortured, accept the Lord on their own accord. Others dispute that the Roman Catholic Church conducted a monolithic Inquisition.

The religious conception of human nature suggests mixed views about human rights.

Still, if one takes a more deterministic view of the idea of "God's will," it is difficult to combine this with the classical liberal—that is, Locke's—notion of individual rights. That is because the classical liberal idea of human agency ascribes to every normal individual the capacity to initiate action, especially in the economic realm (that is, vis-à-vis entrepreneurship). One way to escape this problem is to embrace Immanuel Kant's position that although our phenomenal selves are fully determined—that is to say, as far as how our bodies behave, there is no freedom from universal mechanical causation—in the noumenal realm of the mind or spirit each person is free and morally responsible. This gives rise to individual human rights once again, since, as Immanuel Kant noted, "ought" implies "can," so every person requires a realm of liberty so as to be able to act in morally significant ways. Thus the religious conception of human nature suggests mixed views about human rights, with some religions making ample room for this concept, and others none at all.

ISLAMIC POLITICAL THEORY

Muslims are divided into two communities, the Sunni majority and Shii minority, and they adhere to different ideas as to political rule. They are known as the Sunni caliphate and the Shii Imamate.

At Muhammad's death, most Muslims, since they thought that Muhammad did not name a successor, relied upon the decision of a group of his cohorts, the caliphate; each member was chosen by way of consultation (*shura*) and agreement (*ijma*) and took an oath of loyalty (*baya*) that is sworn by those who elect him, and the compact (*ahd*) with the people to govern by Islamic law (*Sharia*) developed into what is widely regarded as legitimate government for Sunni Islam.

However, the Shii rejected the Sunni caliphs and regarded them as subverting Islamic law. They adhered to the idea that Muhammad had selected Ali, who was reported to be his cousin and son-in-law, to be the ruler

(*Imam*) of Muslims. They held that the oldest (male) descendant (*Ahl al-Bait*) must be the divinely anointed, religious, and political chief. Abbasid rule (750–1250) formed Islamic political theory as theocratic, with theologians as the legal authorities who had royal privilege and professed to uphold the divine goal for the Muslim community under Abbasid edicts. As matters now stand, there is no unified Muslim political theory that enjoys widespread acceptance.

Yet it is a well-known aspect of contemporary Islamic politics that human rights are not respected universally. Most notably, women are not taken to have the sort of self-governing authority men tend to possess in Muslim societies. So it is fair to say that this religious political tradition does not embrace the idea of individual equal human rights for all.

JEWISH POLITICAL THEORY

Jews, as such, do not adhere to a firm political creed, unlike many Muslims, but tend to embrace varieties of democratic, even liberal, institutions while also encouraging some socialist economic practices and certain mild forms of theocracies, depending on the version of Judaism they embrace. Thus they embrace some variety of human rights theory, mostly a combination of negative and positive individual rights.

Jewish political ideas derive mainly from the belief that Jews are a separate, unique—chosen—people, not merely adherents to a different religion or a system of moral principles that emerge from such a religion. (Of course this idea is shared by nearly all traditional and organized religious groups.) Jewish political ideas pertain to how the Jews, as a unified people, have held on to a political community throughout the centuries, without becoming amalgamated into communities wherein they live as exiles, and how they shaped these by giving clear expressions of their own culture and forms of political conduct.

HUMAN RIGHTS IN PRACTICE

In the contemporary world, being treated as free agents to carry on with life on our own initiative plays the most important role in the realm of civil, religious, and journalistic affairs. In the United States, which is commonly linked to this tradition of rights theory, the First Amendment provides legal protection against negative human rights: coercive treatment in legal proceedings, censorship, and religious intolerance. At the same time, positive human rights are widely protected in the realm

of economic affairs, where those in dire need are entitled to various provisions (minimum wages, unemployment compensation, consumer protection, and affirmative action mandates).

Sometimes the public policy efforts to protect both of these types of human rights lead to problems since the negative right to, for example, associate only with those one chooses conflicts with affirmative action mandates to hire members of minorities whether they are chosen as employees or not. If one has the positive right to healthcare while healthcare providers have the negative right to refrain from offering their services, this too can lead to conflicts such that the protection of the former will appear to lead to involuntary servitude by the latter.

On the international front, where poverty is a great concern in many regions of the globe, the doctrine of positive rights is often deployed to urge governments to engage in substantial wealth redistribution, although often a less legalistic approach is taken via NGOs (nongovernmental organizations), closely associated with the World Bank and the International Monetary Fund. The United Nations may be regarded as an organization with legal standing but without legal power, so its efforts to promote wealth redistribution are usually a matter of imploring governments of various developed countries to provide extensive foreign aid. Major figures in the discipline of international economics, such as Jeffrey Sachs, and political economy, such as Amartya Sen and Martha Nussbaum, are active in urging such governments to heed the United Nations' call.

Critics of this approach argue that one way poverty has been widely encouraged is by making it a policy to treat it as a kind of disease rather than a temporary malady that individuals throughout the globe need to learn how to escape by means of voluntary organizations and, especially, their own economic initiative. To provide help in other than draconian circumstances—such as when a tsunami occurs—leads to repeated reliance on such help, instead of self-development.

As we have already seen, this debate ultimately takes us back to the discussion of human nature. As things stand, most of the officials involved in working to abate poverty embrace some combination of views, seeing people as both casualties of their harsh circumstances and capable of overcoming such circumstances, if political and legal infrastructures do not hamper them.

Perhaps the most novel approach in political theory is that of the communitarians, such as Charles Taylor, whose analysis makes it difficult to involve any strong conception of human rights. Taylor insists that we belong to our communities and thus the lives we have are not actually ours—we do not, thus, have the right to life, let alone to liberty and property. He speaks approvingly of "a principle which states our obligation as men to belong to or sustain society, or a society of a certain type, or to obey authority or an authority of a certain type."

According to this view there is not just a moral responsibility to be generous and charitable toward those who are poor. There is an actual, enforceable legal obligation to contribute to the community of which the poor are members, thus alleviating their poverty not only within one's own region of the world but in the human community as such, globally.

The classical liberal or libertarian tradition of human rights theorizing, especially that which emerges from Locke and, more recently, Nozick, Ayn Rand, and some neo-Aristotelians (such as Eric Mack, Douglas B. Rasmussen, and Douglas J. Den Uyl), would take issue with this approach and reaffirm, based on various philosophical arguments, the vital importance of negative individual human rights. It would hold that respecting and protecting these would serve most effectively to counter poverty, although never guarantee against all of it since individuals can, even when they have the right to work, neglect to exercise this right wisely or prudently, and because nature is often simply merciless.

SEE ALSO: Catholic Church; Darwinism; Islam and Poverty; Judaism and Poverty; Locke, John; Moral Poverty; Rawls, John; Redistribution.

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Hungary

THE CENTRAL EUROPEAN NATION of Hungary was part of the pre-World War I Austro-Hungarian Empire. After World War II, Hungary was incorporated into the Soviet bloc. An attempt to withdraw from this alliance in 1956 was quashed by Soviet military might. Despite this, Hungary developed a more liberal brand of communism that became known as "Goulash Communism." The Republic of Hungary was established after the collapse of the Soviet Union, ushering in the transition to a market economy. Hungary joined the North Atlantic Treaty Organization in 1999 and became a member of the European Union in 2004.

Hungary's diversified economy is heavily dominated by services, which employs 66.7 percent of the labor force. Approximately 80 percent of Hungary's Gross Domestic Product (GDP) comes from the private sector. Hungary has shown strong economic growth, partly because of billions of dollars from foreign investors that have poured into Hungary during the post-transition period. While unemployment remains a concern, the unemployment rate has been reduced to 5.9 percent.

In the late 1980s, Hungary instituted a program of social assistance in which approximately one-third of the GDP was spent on social programs, mostly on cash benefits. From 1987 to 1989, the rate of poverty in Hungary increased from 20 to 26 percent. Yet it is clear that more people would have been living in poverty without government aid. By 1989 four out of every 10 persons receiving benefits were no longer poor. In the 21st century, Hungary is an upper-middle-income na-

tion with a per capita income of \$14,900. Some 17.3 percent of the population live in poverty, and 2.5 percent of Hungarians are malnourished. After the transition to a market economy, poor people were likely to be unemployed, receiving social support, elderly, female, or very young.

The Hungarian government initiated the National Action Plan for Social Inclusion to address the problem of poverty, and additional antipoverty measures were adopted after entry into the European Union. While inequality is at a low level in Hungary, it continues to exist. The country is ranked 24.4 percent on the Gini Index of Human Inequality. The poorest 20 percent possess only 7.7 percent of resources while the richest 20 percent claim 37.5 percent of resources.

The Hungarian population of 10,006,835 experiences a life expectancy of 72.4 years, and life expectancy has been steadily increasing over the last several decades. With a life span of 76.89 years, females outlive males (68.18) by almost nine years. The median age in Hungary is 38.57 years. Nearly 16 percent of the population are under the age of 14, and over 15 percent have reached the age of 65. Only one percent of the population lack access to safe drinking water and improved sanitation. There are 355 physicians per 100,000 residents, and 95 to 100 percent of Hungarians have access to affordable essential drugs.

Infant mortality is relatively low in Hungary at a rate of eight deaths per 1,000 live births, a decline from 36 per 1,000 in the 1970s. Females (7.83 deaths per 1,000 live births) have an advantage over males (9.27 deaths per 1,000 live births). Between 1970 and 2003, the mortality rate of children under the age of 5 fell from 39 to seven deaths per 1,000. Nine percent of Hungarian infants are underweight at birth, and 2.2 percent of under-5s are malnourished. Three percent of under-5s experience moderate to severe stunting, and two percent suffer from moderate to severe wasting. Among children from birth to 23 months, 99 percent receive necessary immunizations.

The Hungarian government has instituted sex education in the schools to promote family planning and to teach safe sex. Condom-dispensing machines and informational pamphlets about the risks of pregnancy and sexually transmitted diseases are widely available. As a result, approximately 73 percent of all Hungarian women use some method of birth control. The fertility rate for teenage mothers is 27 per 1,000 births, and the total fertility rate is 1.2 children per woman. Maternal mortality occurs at a rate of 16 deaths per 100,000 live births.

Less than one percent of the Hungarian population over the age of 15 are unable to read and write. Gender differences in this ability are negligible. Hungarian students are expected to attend school for at least 15 years. In 1999, 89.5 percent of all Hungarians in the relevant age group were enrolled in primary schools, and 86.9 percent were enrolled in secondary schools. All children enrolled in primary school complete the program.

Human Development Index Rank: 35 Human Poverty Index Rank: Not included.

SEE ALSO: Communism; European Relative-Income Standard of Poverty; European Union Definition of Poverty; Social Assistance.

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Hunger

THE GREAT MAJORITY OF the hungry live in rural areas in Latin America, Asia, and Africa. Most of the world's underfed teenagers and most of the underfed mothers and fathers of hungry children help to grow and harvest the world's food. Nevertheless they go hungry day after day, year after year. Every year some 14 million children under the age of 5, according to the United Nations' UNICEF and the World Health Organization, die from a combination of malnutrition and common illnesses, most of which can be prevented by relatively simple, low-cost methods.

Famine from the effects of war or other causes remains part of the world hunger problem. The lives blighted and brought to death by chronic hunger, however, number hundreds of millions. Africa is the region

where hunger is growing most rapidly, but Asia is still home to 57 percent of the world's chronically hungry people and 83 percent of its malnourished children, concentrated especially in the seven countries of south Asia. Most victims of hunger in any region will be found in households dependent for their income on microenterprises or casual day labor, households with poor land to farm or none at all, and especially households headed by women, which tend everywhere to be the poorest of all. The percentage of woman-headed households is growing as men migrate to cities in search of higher income. Women manage alone in 40 percent of the households now in some parts of rural Africa. In other regions, the percentage of woman-headed households ranges from 10 percent to 30 percent.

Some 15 million of the world's hungry do not survive their fifth birthday.

Even in the same household, the extent of hunger often differs from one person to another. For example, nutritional ignorance commonly leads to neglect of the extra needs of small children and of women who are pregnant or breastfeeding. In many poor households, survival for everyone dictates a strategy that protects the strength and energy of male income earners. Men and older boys eat, therefore, even when others go hungry. In a situation where a culture traditionally grants low status to the female gender (as in India, Bangladesh, or Pakistan), women and girls typically suffer much more severe malnutrition than men and male children, a fact reflected in far higher female death rates.

Each year about 14 or 15 million of the world's chronically hungry people do not survive their fifth birthday. Most of those who do survive early child-hood eventually establish their own households. In rural areas, they are families of landless day laborers and subsistence farmers, along with poorer sharecroppers, tenant farmers, herdsmen, and nomads. In urban areas, they are families without steady income or those that earn very little at the most menial tasks or working in many kinds of microenterprises, from cottage industry to street vending.

The hunger that is their daily companion is not only the physical and psychological discomfort the well-fed call hunger. This hunger means having too little to eat to obtain the minimum food energy and protein needed for an active life. When eaten in sufficient quantity, rice, wheat, and other staple foods will supply not only enough energy and protein but also many essential vitamins and minerals, especially if eaten together with beans, nuts, or vegetables. Underfed people, by definition, do not get that quantity. They are undernourished. Lacking food enough for calories and proteins, they almost always also lack critical vitamins and minerals. Anemia is very common. Vitamin A deficiency is also common, damaging vision and lowering resistance to every kind of infection and infectious disease. The chronically undernourished sicken often, age early, and die too soon.

CAUSES OF HUNGER

The major conventional factors behind food shortages are overpopulation, rising affluence, ignorance, weather disturbances, and a shortage of resources such as land, water, energy, and fertilizer. However, the primary cause of hunger and malnutrition is poverty. There are also varieties of middle- and upper-class malnutrition. Widespread malnutrition generally comes from not having enough money to obtain adequate food.

The amount of food produced and the number of people are generally treated as the two basic variables that determine the world food situation, with changes in the growth rates of either of them causing or ending hunger. The most influential thinker on the subject is Thomas Robert Malthus, who believed that the number of people grows in a geometrical fashion, whereas the amount of food available to feed them progresses but at an arithmetical rate. Malthus has been proven wrong over the last 200 years: food production more than managed to follow population growth, and the heavy discrepancies between the two that the theory predicted did not materialize. Yet this theory remains popular even today.

Most thinking about hunger on the international level is characterized by a (neo-) Malthusian principle of hunger as the outcome of the competitive relation between two essentially biological and/or economic variables, or more concretely the conflict between the food production variable and the population growth variable. This neo-Malthusian principle is the central element of the international hunger regime: the causal link between hunger on the one hand, and excessive population growth or insufficient food production growth is constantly made. The same principle, in a simplified form, is also propagated by the popular media, who usually present hunger as an unavoidable catastrophe hitting countries with too low food production and too high population growth rates.

A second, competing principle of the cause of hunger, which to a large extent contradicts the first one, is that hunger is caused by poverty. People are malnourished not because of a physical lack of food, but because they lack the means to purchase sufficient food to avoid hunger. In international documents, both principles coexist on an almost equal footing. Hence, the international hunger regime is quite ambiguous, referring to two basic principles that have opposite implications.

HUNGER AND POLITICS

Hunger is primarily a political phenomenon since the aggregate availability of food in this world is at present largely sufficient to feed everybody. Even during the years of the world food crisis of the 1970s, when famines ravaged parts of the Third World, food prices quadrupled. Moreover the potential production of food in the world is much larger than the actual production. It is now generally agreed that the world can feed many more people than it really does. Estimates vary considerably, with the world being able to increase production 2.5 times, three times, five times, and much more. If hunger continues to exist, then, it is not a matter of some unavoidable necessity, but of choice about the allocation of scarce resources, a societal choice that is essentially political.

In light of the different uses societies make of the resources at their disposal, the amount needed to try seriously to end hunger is high but not prohibitively high. Hunger is a matter of distribution, preference, power, and choice—and not one of technical necessity or unavoidable doom.

Willful withholding or destruction of food has been used as a weapon.

Another link between hunger and politics resides in the fact that acute starvation often occurs in countries that are at war. People in Ethiopia, Afghanistan, Sudan, Liberia, Mozambique, and Somalia suffer from starvation while their country is engaged in either domestic or international wars. In these and other cases, willful withholding or destruction of food has been used as a weapon.

Another way of pointing to the political nature of hunger is to disaggregate the figures on food consumption, looking at which individuals are malnourished and what their socioeconomic position is. They show there is no direct link between food production and hunger: neither for countries nor for people. Even within low-income food deficit countries, not everyone suffers from hunger: many people actually have diets quite like those common in the rich countries. They are neither the rich nor the poor. But also within food-surplus countries, not all residents have enough food: often large proportions of the population are undernourished.

The most famous case is Brazil: its average food availability is 108 percent of all needs, and it is a large food exporter; yet the majority of the people suffer from hunger. The same situation characterizes much of Latin America, but also countries such as Zimbabwe and India. Poverty, then, and not failing food availability, explains the incidence of malnutrition. Poverty itself is the outcome of the interaction among different social, economic, and political processes.

POLICIES AND HUNGER

Different norms and solutions follow from different principles. The "hunger is caused by poverty" principle gives rise to norms and solutions that stress equality, income transfers, and redistribution in the short term, and increasing the income of the poor in the long term, whereas the "hunger is caused by lack of food" principle leads to norms that give priority to increasing food production and decreasing birthrates.

At the international level, the norms that are linked to the latter principle are much more dominant than the others. The principle that hunger is fundamentally caused by poverty somehow gets lost when it comes to its operation, while the neo-Malthusian principle gets translated much easier into standards of behavior. Reference to the need for policies that favor greater equality is regularly made, especially during the second half of the 1970s, at the time of basic needs—but no real norm or international standard of behavior exists that places equality or the rapid eradication of poverty above increasing production, especially not during the 1980s.

This means that at the international level, the following solutions dominate the hunger regime: first, reduce population growth rates so that there are less mouths to be fed; second, increase food availabilities so as to be able to nourish more people. Both are usually advocated together. The latter, it is usually held, can be done in two main ways: by increasing local food production or, if a country has no comparative advantage therein, by importing food. Food aid can constitute a temporary third way. International assistance to any of these issue areas—family planning or food production—can be, and often is, justified along the lines of this regime as leading to the eradication of hunger.

The most globally advocated among these four solutions is to increase food production. One way of doing this, according to the corporate sector, is with genetically engineered foods. This argument has strong opponents and genetic foods have yet to gain the full trust of the public, especially in the Third World. Second to the desirability of increasing food production comes increasing food trade.

Third, the need for reducing population growth rates is advocated—and often implemented—by the governments of almost all countries on the globe, while a large variety of public and private international organizations are active in it. Finally food aid is almost without exception favored at present, despite the fact that it is also very much the subject of criticism because of its potentially negative impact. It is thus usually seen as a temporary remedy, not a part of the solution.

SEE ALSO: Agriculture; Agriculture-Nutrition Advantage; Child Malnutrition; Disease and Poverty; Famine; Malnutrition; Malthus, Thomas; Nutrition; Redistribution.

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WORLD POVERTY

I

Iceland

THE REPUBLIC OF ICELAND is an island located in northern Europe between the Greenland Sea and the north Atlantic Ocean. At different points in its history, Iceland has been ruled by Norway, Scotland, Ireland, and Denmark. In 1875 the Icelandic economy was devastated by the eruption of the Askja volcano, which resulted in one-fifth of the population immigrating to the United States and Canada. Iceland achieved independence in 1944.

By the 21st century, Iceland has developed into a high-income nation with a per capita income of \$31,900 and a high quality of life. While Iceland operates on the basis of a market economy, the country has an extensive welfare system that includes a national health plan, generous housing subsidies, training, and education. Inequality is minimal in Iceland, and poverty as it is usually defined does not exist.

The Icelandic economy is heavily determined by its location, and most exports come from marine products. Iceland also exports aluminum, ferro-silicon alloys, pharmaceuticals, and fishing-related products. Financial services, information technology, and life sciences and related services have become increasingly im-

portant to the Icelandic economy. Tourism is rapidly expanding, and whale watching has become a popular activity. The United States is the largest foreign investor in Iceland. The small agricultural sector depends on government subsidies and protection for survival. While the unemployment rate of 3.1 percent is relatively low in comparison with most countries, it is considered high in Iceland.

The national government finances 85 percent of health services, while individuals pay the remaining 15 percent. There are 352 physicians for every 100,000 residents, and 95 to 100 percent of Icelanders have access to affordable drugs. The entire population has access to safe drinking water and improved sanitation. As a result of the high quality of life and accessible healthcare, citizens' life expectancy is one of the highest in the world at 80.19 years. At 82.34 years, females have a four-year advantage over males (78.13). Among the population of 296,737, the median age is 34 years. Over 22 percent of the population are under the age of 14, and almost eight percent have seen a 65 birthday.

With an infant mortality rate of 3.31 deaths per 1,000 live births, Iceland ranks among the lowest in the world in infant mortality. The infant mortality rate in the 1970s was 13 deaths per 1,000 live births. The mor-

tality rate of children under the age of five fell from 14 in 1970 to four per 1,000 in 2003. Four percent of Icelandic infants are underweight at birth. Childhood immunizations among children from birth to 23 months are generally in the low to high 90s. However, the rate of infant immunizations against measles dropped from 99 to 88 percent between 1990 and 2002, and infant immunizations against DPT fell from 99 to 92 percent during that same period.

Between 1970 and 2005, the fertility rate of Icelanders dropped from 2.8 children per woman to 1.92 children per woman. The fertility rate for adolescents occurs at a rate of 22 births per 1,000. With universal healthcare and excellent postnatal and antenatal care, Iceland has virtually abolished maternal mortality. According to modeled estimates for 1995, the maternal mortality rate was 16 deaths per 100,000 live births. At present, not a single maternal death occurs out of 100,000 live births.

Literacy is virtually universal in Iceland among both males and females, and primary school completion rates are 100 percent. Data for 2000 reveal that 54 percent of all students in upper senior school programs are female. At the tertiary level, women outnumber men in all fields except math and computer science.

Human Development Index Rank: 2 Human Poverty Index Rank: Not included.

SEE ALSO: Definitions of Poverty; Economic Growth; Equality; Welfare State.

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Immigration

ESTIMATES FROM THE Global Commission of International Migration (GCIM) suggest that there were 200 million migrants worldwide in 2005. The numbers

of migrants are increasing yearly. In 1970, there were 82 million international migrants. By 2000 the number had increased to 175 million. With the degree of geopolitical unrest seen in the Middle East and southwest Asia and the continued degradation of land areas in the arid regions of the world, there is every indication that international migration will continue to grow over the next decades.

Over 40 percent of the world's migrants are found in only five countries. These include the United States with 35 million, the Russian Federation with 14 million, Germany with seven million, Ukraine with seven million, and India with six million. Migrants leave their home countries for a number of reasons. Among the most dominant are unemployment and low wages in the home country and the prospect of finding higher paying jobs elsewhere; deplorable living conditions in developing countries where life expectancy is far below more affluent countries; displacement from the land because of drought and desertification; and the extraordinary poverty levels, especially in sub-Saharan Africa, coupled with the lowest education levels in the world.

Immigration to countries in both Asia and Africa has declined since 1970 while that in North America and countries in the former Soviet Union has increased. In 2000, it was estimated that over 22 percent of the world's migrants chose North America as their region to live in. Not surprisingly, immigration in the developed world in the decade of the 1990s accounted for nearly 60 percent of population growth. The increase in the population of developing countries through immigration during that same decade was only three percent.

For Europe during the 1990s, immigration accounted for nearly 90 percent of population growth. The explanation for this high percentage is that the rate of natural increase in the European countries is close to or below zero. Had it not been for immigration in Europe during that decade, total population would have declined. Europe is the sole world region to have completed the demographic transition where birthrates and death rates are both low and comparable in number.

Sociologists point to two factors in explaining migration: push factors and pull factors. If conditions in the homeland become intolerable, an individual or family may compelled to leave. This illustrates a push factor. The individual or family "pushed" from their homeland will choose a place to relocate that has some redeeming value and is judged to be superior to the original homeland.

This indicates a pull factor—something positive is expected in the new location. Virtually all migrations

involve both push and pull factors. Further, three types of push and pull factors have been identified. They are economic, cultural, and environmental. The economic factors are easy to understand. Moving to a region where there is the prospect of employment and a better way of life has occurred for centuries. The economic incentive, in particular, explains the seemingly unending stream of immigrants into the United States and some European countries in recent decades.

Also, the aging of the Japanese population has resulted in a shortage of workers in that country. Japan is now considering allowing immigrants to enter the country on a permanent basis in order to make up the growing worker shortfall. In the past, the Japanese have allowed only guest workers to come into the country for temporary stays. The racial and cultural makeup of the Japanese population could radically change depending on the number of permanent immigrants allowed into the country. Homogeneity in both the racial and cultural categories has marked the country all through its history.

Cultural push and pull factors can be equally compelling. Perhaps the most tragic large-scale example in the cultural realm occurred during the era of slavery in the 18th and 19th centuries. Millions of people were taken from their homelands before this insidious practice was ended. However, even in modern times episodes of internal political strife within a country may force people to leave their homes to become immigrants in a new land.

In some cases, people are forced to leave their homeland and are fearful of returning later because of reprisal. These people are considered to be refugees, a special category of migrants who are uprooted from their home but are unable to be legally accepted into another country. Of the estimated 200 million migrants worldwide in 2005, over nine million (4.5 percent) were refugees.

Environmental push factors are especially evident in Sub-Saharan Africa because of perennial land degradation resulting from decades of desertification. Millions of people from the Sahel region have relocated to places where opportunities for a better life are possible. For example, people from Sudan became immigrants to African countries to the south following the loss of their agricultural land. The host countries for the Sudanese immigrants are Ethiopia, the Central African Republic, Uganda, Kenya, and Rwanda.

Patterns of immigration have changed over time. From the 1820s through 1935, the great European migration to North America occurred. Millions of people

made their way to North America, primarily induced by the search for favorable economic possibilities. In addition the immigrants arrived at the time that the great agricultural, industrial, and urban expansions were under way in both the United States and Canada. Their presence satisfied the demand for workers during this period of vast economic growth. Immigration in the United States and Canada slowed dramatically during the 1930s with the economic slowdown brought on by the Great Depression.

For example, the total number of immigrants from all European regions was approximately 500,000 in 1920. Fifteen years later, in the depths of the Depression, only about 50,000 thousand immigrants arrived from Europe. The pull of economic gain clearly was not present in North America during the decade of the 1930s.

As many as one million Latin Americans illegally enter the United States each year.

In the years following the end of World War II, the number of immigrants in North America again increased. However, the source regions had changed. In 1950, approximately 200,000 immigrants arrived in the United States. Over two-thirds of them arrived from European countries. In the 1960s and 1970s, European immigrants were far outnumbered by those from Africa and Asia.

By 2000 over 900,000 immigrants arrived in the United States and 75 percent of them were from countries in Latin America and Asia. The Asian influx during the last three decades of the 20th century represented people primarily from three countries: China, Vietnam, and the Philippines.

The greatest number of Latin American immigrants come from Mexico. In addition to those legally entering the United States from Latin America, it is estimated that as many as one million Latin Americans, mainly from Mexico, illegally enter the United States each year. Immigrants in this category are officially referred to as "irregular migrants."

GCIM estimates indicate that more than 10 million immigrants live in the United States in an irregular migrant status. Further, the GCIM reports that approximately half of the 4.8 million Mexican-born people living in the United States have irregular migrant status. Another category of migrant is identified as "trafficked."

These migrants have been kidnapped and forced to go to another country for illicit reasons. One of the most insidious of these human smuggling operations brings young girls from Lithuania to western European countries to serve as prostitutes. GCIM estimates that human traffickers realize at least \$10 billion annually from these illicit practices.

IMMIGRATION AND POVERTY

Views on the relationship between immigration and poverty vary regionally. In the poorest regions of the world, migration from one country to another will, of course, not change the poverty picture in either country. Should the numbers be extremely high, as has occurred in the massive movements of people out of Sudan and Ethiopia following severe droughts or political upheavals, then the consequences for the host countries can be very demanding. Some regions of the world are devastatingly poor.

It is estimated that more than half of the world's population lives on less than \$2 per day (2002 estimate). In both sub-Saharan Africa and south-central Asia, 75 percent of the population live at that level. In China, a country with a very high rate of industrialization and a seemingly unquenchable thirst for crude oil to keep its economic engine going, 47 percent of the population live on less than \$2 per day.

When immigrants from poorer countries enter a rich country, the impact on poverty levels is not as straightforward. For example, if poor families migrate to the United States, it is clear that they add to the cohort of poor already living in the country. This is one of the most frequently raised cautions by politicians and others about the influx of irregular immigrants from Latin America.

However, studies indicate that the poverty rates of the newly arrived poor decline over time much faster than the rate for all persons. For example, between 1994 and 2000 the poverty rate in the United States for all people declined from approximately 14 percent to 11 percent. The decline for all immigrants during that period was 26 percent to 18 percent. The greatest drop in poverty percentage came from the more recent immigrants during that six-year period: 34 percent to 23 percent. It is clear that declines in poverty rates, whether data on immigration are considered or not, will occur more readily in times of both high economic growth and job availability. The 1990s exemplified this. The post-September 11, 2001, economic picture, complete with wars in Afghanistan and Iraq and the very real

threat of international terrorism, is not yet in clear focus.

SEE ALSO: Drought; Economic Distance; Famine; Human Capital; Hunger; War and Poverty.

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Imperialism

IN A GENERAL SENSE, imperialism is defined as the extension of a country's power over another territory. The inhabitants of the occupied territory are subjected to the rule of the occupier, by force if necessary. This generalized definition of imperialism would apply to conquerors reaching back to the time of the Roman Empire and the Mongols. This is pure imperialism wherein the goal of the invading force was to extend its territory and take the riches of the occupied land. The form of imperialism related to 19th-century European territorial usurpation has a more restrictive focus and a set of specific theories and models attached to it. The "new" imperialism got its start in England as part of an effort led by Joseph Chamberlain to expand British influence beyond the confines of its island empire and to acquire territories in Africa and Asia. Those in England objecting to this expansionist thrust were labeled "Little Englanders" by the imperialists.

A competition soon started, involving England and other European countries, to determine which of them would gain spheres of influence and establish colonies in Africa and Asia. The period from the 1880s to the

onset of World War I became known as the Age of Imperialism. The Berlin Conference convened in 1884 to determine which European countries would occupy and colonize which regions of Africa. The eventual "carving up of Africa" was under way with the avowed justification of bringing "civilization" to the nonwhite races. By 1900, 90 percent of the African continent had been colonized by European powers. Polynesia was 99 percent occupied, Asia 57 percent occupied, and Australia entirely occupied. Great Britain gained the greatest amount of colonized territory followed by France, Belgium, and the Netherlands. Germany, a late entry in the race, came into the colonizing picture in 1914.

In his 1902 book, *Imperialism*, the British scholar J. A. Hobson categorized imperialism as an economic action. He put forward the "accumulation theory" of capital, contending that the surplus capital deriving from the production processes in England was flowing out of the country because the impoverished working class was too poor to purchase goods in any significant volume.

Hobson's work influenced Vladimir Lenin, whose book Imperialism: The Highest Stage of Capitalism later became the basis for a neo-Marxist interpretation of imperialism. In his book, Lenin argued that imperialism and its attendant colonizing activities represented a natural progression in the evolution of capitalism. In his thesis, Lenin concluded that the European capitalist countries needed overseas territories to provide raw materials for their production processes and ways to invest the capital that was accumulating. In addition, the colonies became markets for the high value-added goods made from the raw materials taken from these same colonies. Lenin also concluded that capitalism was not a necessary economic stage to go through before reaching socialism. In this regard, he departed from the views of Marx.

The guiding paradigm of capitalist imperialism, the form exhibited following the "Scramble for Africa," was the accumulation of capital through the exploitation of the materials and laborers in the occupied colonies. In every occupation, the sole purpose was to invest only as much in the colony as necessary in order to ensure the uninterrupted acquisition and delivery of the identified goods to the production facilities in Europe. Full regional development of the colony was never the goal.

For instance, northern Nigeria has extensive areas of fertile land ideally suited to agriculture. However, this resource was not developed during the British occupation of the colony. In the case of Nigeria, agricul-

tural products were not the main targets of the colonial process. Following independence in the 1960s, Nigeria proceeded to open this valuable land to agricultural activity. The record of European activities within their colonies points to the creation of an economic system intimately tied to Europe and the transformation of the internal culture groups and their integration within the system (but not ownership in it).

A basic necessity of capitalism is growth. If the capitalistic system stagnates or slows, it runs the risk of collapsing. Capitalist operations must expand. In the 19th century in Europe, these principles provided the basis for the rise of imperialism. When overseas territories were occupied, little attention was paid to the settlement forms of the inhabitants. For instance, major rivers were arbitrarily chosen as the boundaries between European occupiers. However, the indigenous culture groups settled in river basins, with the river within their settlement. Using the river as the boundary resulted in the splitting of the homeland of the indigenous culture group. The colonial period changed the cultural fabric of the indigenous populations.

The new imperialism continues to generate global inequity and the repression of people.

In the 1960s, the era of colonialism essentially ended. Colonies received their independence but not necessarily their complete separation from their colonial masters. Independent or not, these former colonies were now part of a growing and all-inclusive capitalist global system. Expansion and the accumulation of capital remained as the basis for capitalism. In the 1960s, a number of theories centering on "neocapitalism" appeared in the development literature. Among these was a series of essays by Harry Magdoff that contended that the end of colonialism did not signal the end of imperialism. On the contrary, the new imperialism emerged in the form of a global capitalist market. Magdoff contends that the new imperialism continues to generate global inequity and the repression of people in the developing world. He concludes that a basic modification to the framework of capitalism itself would be necessary in order to break the inequity hold.

Paul Baran, an economist at Stanford University in the 1950s, contended that the economic surplus produced in the colonies was sent to the European occupiers and little, if any, of the funds was used for the internal development of the colony. His "concept of the surplus" was articulated in his book *Political Economy of Growth*. Baran also suggested that the form of capitalism that exists in the developing countries is a "dependent" capitalism. Andre Gundar Frank proposed a similar concept in what is called "dependency theory." Frank contended that low levels of economic development in the colonies resulted from the workings of a world capitalist system that used surpluses from production for its own purposes and used little of it in the development of the colony itself. Further, Frank states that poverty in the colonies persists because of their dependent status in the global economy.

Many development scholars have been critical of Walter Rostow's model of economic growth, which implies a dual economy consisting of a traditional sector and a modern sector. Rostow's stages of economic growth assume that a traditional society will eventually discover or obtain the means by which to advance to a higher level of economic growth. When this occurs the society has reached stage two in the model, preconditions for takeoff. With sufficient incentive and investment, the society will achieve the next stage, takeoff, and the economic development process is under way. The next stage is called the drive to maturity, a condition of fully sustained economic growth.

Finally, stage five is marked by an age of mass consumption in which individuals in the society have accumulated capital and can take part fully as consumers of the products they have made. Other development scholars for a number of reasons criticized Rostow's model. One of them was his contention that in every instance societies would progress through the same five stages before reaching full economic development. Also, his notion of mass consumption was deemed to be an unrealistic goal within the developing world.

The work of Immanuel Wallerstein is of great importance in current discussions of the global capitalist system. In his "world-system," Wallerstein contends that all countries in the world are linked within a single global market driven by capitalism. Each country is categorized as belonging to the core, semiperiphery, or periphery.

The core consists of the highly developed countries in which the greatest wealth has accumulated. The periphery is made up of the developing countries, known also as countries of the Third World. Those in the semiperiphery are on the verge of breaking into the core and serve as an incentive to peripheral countries to work harder and rise to a new level. Not unlike the colonial relationship between colony and occupier, Wallerstein states that the relationship between the core

and periphery stresses exploitation. The core countries are the drivers of the global system. The periphery provides necessary materials, labor, and services to maintain the core.

The attribute of core control of the world-system echoes one of John Friedmann's conclusions in his "heartland-hinterland" model. Freidmann points out that the diffusion of innovations from the core controls the economic relationship between the core and periphery. Thus the core determines all global economic activities and wields the power in both the core and the periphery.

As such, the periphery is totally dependent on the core, a situation not unlike the relationship between the occupying country and the colony. Given this relationship it is not surprising that Wallerstein concludes that within the capitalist world-system there will always be a core and a periphery. Further, any gains made by the periphery will be equaled or more likely exceeded by the core. If this proves to be true, then the development gap between the core and the periphery will certainly expand.

SEE ALSO: Colonialism; Dependency Ratio; Dependency School; Economic Inequality; Exploitation.

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Income

ANNUAL PER CAPITA or household income is the most commonly used statistic in measuring poverty. Income is an appealing statistic because it is widely available, lends itself moderately easily to comparisons

across time and between countries, and can be used to measure both the prevalence and the depth of poverty. While the primary criticism of using income as the main indicator of well-being is that it measures only material welfare, income tends to be strongly correlated with nearly every measure of development from life expectancy and child mortality to access to sanitation, healthcare, and education. For example, the simple correlation across countries between income and the literacy rate is 0.55 and between income and life expectancy is 0.67. So while the old adage that "money can't buy happiness" is indeed true, money can buy many of the most important goods and services that lead people to lead long, healthy, productive lives.

MEASURING POVERTY USING INCOME

Income is often used to define thresholds that define whether a household is considered in poverty. These income thresholds are known as poverty lines and can be estimated in two ways. The standard food basket variant determines a poverty line by first calculating the cost for a household of a certain size to meet its basic nutritional requirements and then multiplying this figure by the percentage of household income spent on food to set the poverty threshold. The standard food basket variant is used by many countries, including the United States, to set the official poverty line.

The poverty line can also be set using a relative income standard, which fixes the poverty line as some fraction of the average income of a country or region. For example, in calculating the Human Poverty Index, the United Nations Development Program (UNDP) defines a country's poverty line as 50 percent of the median income level for that country. Similarly, the European Union defines poverty in its member countries as 60 percent of national median income.

Using household income and poverty lines, the prevalence of poverty in a region can be estimated by calculating the percentage of households whose annual income falls below the designated poverty threshold. This percentage is known as the headcount index or the poverty rate. The depth of poverty can be determined by how far below the poverty line the typical poor household falls, a statistic known as the poverty gap or poverty gap index.

Creating comparisons in poverty rates can be tricky because of inflation and international divergences in the cost of living as well as differences in the way in which the poverty line is set in various countries. For example in the United States in 2003, the official poverty

line for a single American was an annual income of roughly \$9,400 while the corresponding figure for Mexico was roughly \$400.

International agencies have attempted to standardize definitions of what constitutes poverty by using the \$1-a-day definition of absolute poverty, which corresponds to an annual income of \$365 adjusted for inflation and international differences in costs of living (also known as purchasing power parity, or PPP). By the \$1-aday threshold, the poverty rate for the developing world was 20.6 percent in 2001, corresponding to just under one billion persons in poverty. These figures represent significant decreases from past numbers largely due to declining poverty rates in India and China. In 1981 and 1990, the headcount indexes for the developing world were 40.7 and 27.9 percent, respectively; however, because of population growth, the total number of persons below the \$1-a-day threshold has declined much less rapidly, falling from 1.40 billion in 1981 to 1.14 billion in 1990.

Any definition of poverty that relies solely on the poverty rate can be subject to criticism. Proponents of "fuzzy" measures of poverty suggest that a strict line defining whether a household is poor or not is inadequate for defining poverty. Others propose that income alone cannot determine poverty if a household has unmet basic needs despite an adequate income. Many poverty statistics combine income along with other measures of impoverishment to create a composite measure of poverty known as a deprivation index or composite index.

MEASURING INCOME

Household income can be measured in many ways. Often income is measured using the Gross Domestic Product (GDP) per capita. GDP is the dollar value of all goods and services produced for final consumption within a country's borders within a set period of time. GDP is an appealing statistic to use since it is widely available for most countries over a long time period. Indeed, for cross-country comparisons of living standards, GDP per capita figures are the most widely used indicators of economic development. As with poverty lines, care must be taken in comparing GDPs over time and between countries because of inflation and international differences in the "cost of living." International comparisons of standards of living must be done using incomes adjusted for PPP.

There are several other theoretical problems with using GDP per capita as a primary welfare measure.

First, basic GDP statistics fail to account for the distribution of income. A relatively high mean income can disguise pockets of extreme deprivation within certain geographical areas or ethnic groups. This problem can be partially rectified by reporting median rather than mean income and by reporting GDP per capita by income quintile or decile. Other more advanced methods for measuring income distribution, such as the GINI coefficient and Lorenz curves, can also be used.

GDP also doesn't account for the composition of production. A country like North Korea may produce many dollars' worth of goods and services, but the production is in the form of nuclear weapons and prestige products that provide little in the way of benefits to a typical citizen of the country.

In addition GDP doesn't account for black market or nonmarket activities. The GDP will, therefore, understate economic development in countries where a significant portion of the economic activity occurs in the underground economy. In particular, since women are more likely than men to work in the house doing domestic chores, the use of GDP statistics tends to undervalue the economic contribution of many women in society.

Finally, GDP does not reflect leisure. For example, in 2002 the GDP per capita in the United States was \$35,750, compared to just \$27,100 in Germany, suggesting that Americans were significantly better off than Germans. The average American worker, however, put in 1,800 hours per year on the job while the average laborer in Germany worked only 1,450 hours. Using GDP alone does not reflect the additional vacation and leisure time enjoyed by German citizens. Similarly, demographics may affect per capita GDP figures. If a significant portion of a country's population is either very young or very old, in other words outside the usual working age, GDP per capita will be lowered. In comparing countries with largely different age profiles, GDP per worker may be a more accurate indicator of development.

A second commonly used way to measure family income is through survey data on individual households. Generally, these surveys ask families to report their cash income or cash income after taxes for a specified period of time. Household income data are most commonly used for determining poverty rates within countries.

The use of cash income data to determine poverty rates can also be problematic. First, noncash income is generally ignored in these surveys, largely because respondents often do not know the dollar value of these benefits. For many workers, up to one-third of their total compensation may come in the form of noncash benefits such as health, life, and disability insurance or pension contributions. Other families may receive large government benefits in the form of subsidized health-care, food, or housing. Welfare payments that take the form of goods or services rather than cash are known as "in-kind transfers" and are not included in most measures of a household's income. Therefore, a household's standard of living may be much higher than indicated solely by its level of cash income.

Next, homeowners receive nonmonetary housing benefits by living in their home. This return to home equity is difficult to measure and generally excluded from income calculations. Finally, unrealized capital gains are also generally not included in this type of income measure. For example, a person whose pension fund or home value rises sharply will experience a large increase in net wealth but will not report this increase as income under most measures of household income.

There is also the important question of whether to include government transfers or welfare payments in household income when estimating poverty. At the very least, poverty statistics must make clear whether incomes include any monetary government assistance received by families. For example, a country with generous welfare benefits may have many persons living below the poverty line before transfers but little or no poverty after welfare payments are included.

SEE ALSO: European Union Definition of Poverty; Head-count Index; Human Poverty Index; Indicators of Poverty; Poverty Gap; Poverty Gap Index.

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Income Distribution Theories

THE DISTRIBUTION OF INCOME has been a central topic of economics since the time of Adam Smith

and the classical economists. How income is distributed in a capitalist market economy is a vast, complex, and highly controversial area of economic analysis. In terms of distribution, the focus of classical economics was the so-called functional distribution of income among the three broad factors of production, namely the suppliers of labor, land, and capital.

Wages represented the return to labor, rents the return to land (that is, natural resource ownership), and profits (including interest) the return to capitalists (that is, the owners of various kinds of business enterprise). A key distinguishing characteristic of alternative theories of distribution is whether there is a surplus to be captured by some group and, if so, who will dominate.

David Ricardo developed the leading and most explicit classical theory of distribution in the early 19th century. According to Ricardo, an "iron law" dictated by Thomas Malthus's theory of population governed wage payments. If wages happened to rise above the level required for subsistence by the worker and his family, workers would be induced to rear more children. The increase in population and labor supply in time would drive wages back down to the subsistence level. On the other hand, the return to landowners (land rent) was determined by the cost of production at the margin of cultivation.

Finally, profits were assumed to depend on the wages needed to be paid to sustain the labor force. If wages rose, profits declined. The basic dynamics of Ricardo's theory are as follows. Given a growing population, the demand for food will rise. Since lands of less and less productivity must be brought into cultivation to increase food supply, food prices must rise to cover the higher costs of food production. Rising food costs in turn would cause a rise in the subsistence wage.

Thus firms would face rising labor costs and a squeeze on profits. Finally, falling profits would cause a decreased rate of accumulation and investment. In the very long run, a stationary state would result as investment ceased, the limits on food production checked population growth, and all surplus value was captured by landlords in the form of land rents. The very long run presented a dismal picture indeed.

THE MARXIAN CHALLENGE

A range of exploitation theories quickly and strongly challenged classical ideas on income distribution and the private ownership of land and capital. The most elaborate and influential of these is the exploitation theory of Karl Marx. Marxian theory fuses Ricardo's eco-

nomic theory with sociological concepts and a grand theory of history.

To begin with, like Ricardo, Marx believed that wages in general would be held down to a subsistence level. The mechanism forcing wages down, however, is not Malthusian population pressure. Marx's thesis was that a capitalistic economy tends to generate a reserve army of unemployed. Moreover Marx built his theory upon a central concept of classical theory, namely the labor theory of value. This theory posits that labor is the fundamental source of all value in the economy. In brief, the value of goods reflects the labor time required to produce such goods.

According to Marx, however, workers did not receive wages equal to the value of their production. Given a reserve army of unemployed, the capitalist need only pay a subsistence wage representing a fraction of the total value of labor. This surplus value was expropriated entirely by the capitalist. Furthermore Marx argued that the laws of motion of capitalism lead to the increasing exploitation of workers and the increasing concentration of industry and wealth in the hands of fewer and fewer capitalists. Finally Marx predicted that workers would rise up and overthrow the capitalist system of exploitation.

NEOCLASSICAL DISTRIBUTION THEORY

In the late 19th century, neoclassical distribution theory emerged in response to the challenge of Marxian exploitation theory. The central ideas of the so-called marginal productivity theory are the following. First, all factors of production, not just labor, are viewed as contributing to producing the economy's output. Second, the demand for a productive factor depends upon the value consumers place upon the product that the factor is producing.

Finally, in long-run competitive equilibrium, there is no surplus value to be captured by any factor. The value of the economy's total output is distributed to each factor in strict accordance with its productive contribution, and this distribution just exhausts the value of the total output. In brief, if labor creates, say, 70 percent of the total value of output, labor will receive 70 percent of the economy's income. Likewise for all other resource inputs, and consequently no surplus emerges.

Strictly speaking, neoclassical distribution theory is a theory of the demand for the factors of production in a perfectly competitive economy. For example, in employing, say, labor, profit-motivated firms will compare two quantities, namely the additional revenue (value of marginal product) expected to be generated by hiring an additional worker relative to the cost of hiring this worker. To maximize profits, a firm will continue to hire workers up to the point where the additional revenue gained just equals the market wage. Consequently workers are paid according to their productive contribution to the firm's output.

The neoclassical or marginal productivity theory has been the mainstream theory of distribution since the late 19th century. As one would predict, the theory has long faced withering criticism from many alternative schools of thought: Marxian, neo-Ricardian, and post-Keynesian, among others. Some of the criticisms focus on narrow technical issues (such as the measurement of capital and the slopes of the factor supply and demand curves). Other criticisms examine more fundamental issues such as the assumption of perfect competition, that the theory is static rather than dynamic, and the cyclical instability of a capitalist economy.

NEOCLASSICAL THEORY EVALUATED

Few would argue that neoclassical distribution theory is perfect. Significant flaws and gaps remain. However, such deficiencies do not necessarily imply that the theory is completely illogical and useless and that an existing alternative is superior. In this respect many critics of neoclassical economics seem to suggest that it should be rejected outright because the theory is not complete and perfect like many theories in the natural and physical sciences. But such thinking represents a lack of understanding of the many fundamental controversies that actually exist in the so-called hard sciences.

One example is the theory of quantum mechanics, the theory that underlies all modern electronics. This theory is often cited as the most successful theory in the history of science. Yet leading physicists are well aware of the many fundamental controversies, gaps, and flaws that remain with respect to this theory.

The validity of alternative theories is also judged on how well key predictions of the theory conform to real-world experience. Key predictions of neoclassical theory tend to be well supported by real-world evidence. One important piece of historical evidence is found in the large relative income changes caused by the outbreak of the bubonic plague—the Black Death—in 14th-century Europe. Within a few years the population of Europe was reduced by about one-third. This sharp decrease in labor supply raised the marginal product of labor and resulted in a dramatic increase in wages, doubling, by some estimates. In addition, neoclassical the-



How income is distributed in a capitalist market economy is a vast, complex, and highly controversial area of economic analysis.

ory predicts that the marginal productivity of land would fall since fewer workers were now available to work the land. Indeed economic historians estimate that land rents declined 50 percent or more.

Neoclassical theory also seems well supported for modern market economies, at least in cases where careful statistical analysis is made. For example, in the United States in recent decades many have challenged the alleged link between labor productivity and wages. Such critics point to data showing that wages have been stagnant or declining, whereas labor productivity has risen sharply.

For example, by one estimate, between 1982 and 1995, inflation-adjusted wages rose only 7.4 percent while productivity rose 21.4 percent. Such data sharply

contradict marginal productivity theory. However, one must note the numerous measurement errors that are generally made with respect to such comparisons. First, inflation-adjusted wages can only be measured correctly if one uses an unbiased price index. Second, in modern economies wages and total labor compensation are significantly different. In the United States in recent years, fringe benefits have comprised almost 30 percent of total labor compensation.

Finally it is important to measure the trend in labor compensation over several decades, not just a few years. For example, adjusting U.S. data for the above measurement problems and using the period 1950–95, inflationadjusted labor compensation increased 144.2 percent and labor productivity increased 144.9 percent, surely an insignificant difference.

In contrast, the central prediction of Marxian theory is that a capitalist economy functions to generate a reserve army of unemployed that continually serves to force wages down to a subsistence level. Workers will only be exploited under capitalism. Yet by the late 19th century it was absolutely clear that workers in England and the United States were experiencing a rising standard of living, albeit along a rather unstable growth path, especially before World War II.

Indeed, per capita income in high-income countries today is generally 10 to 20 times higher than a century ago. Moreover, empirical studies suggest that in capitalist economies labor's share of national income is generally some 75 to 85 percent when proprietors' income is included in labor's share. The evidence also indicates that the long-run trend has been a fairly stable share for labor, or in some cases, a slightly increasing share. Finally, real-world experience in the latter half of the 20th century demonstrated conclusively that modern capitalist economies—including the capitalist welfare states (such as Sweden)—with strong incentives for saving, physical and human capital investment, and entrepreneurship have superior records of economic performance relative to socialist planning systems.

SEE ALSO: Distribution; Income Inequality; Income Poverty; Marx, Karl; Neoclassical Thought; Redistribution; Ricardo, David; Socialism.

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Income Inequality

INCOME INEQUALITY IS THE uneven distribution of earnings among the population of a country, region, or entity resulting in an inequality of access to commodities. Income inequality may also stem from lack of access to some goods and services. For instance, lack of opportunity to receive education and training leads to lower earnings for a subset of the population. The causation may proceed in both directions simultaneously, suggesting the existence of a self-perpetuating circular flow.

In asserting that there is income inequality, one may be stating a fact (that is, using positive economics, which is free from value judgments) or declaring that a different group occupies a more or less advantageous position. The latter uses normative economics, which involves value judgments. Using social judgments, some of the factors that are likely to impact upon the size of income inequality are resources in relation to needs, opportunity and outcome, and tastes and choices of individuals.

One of the best-known theories of differences and changes in income inequality is Simon Kuznets's Inverted-U hypothesis. Kuznets suggests that as per capita income rises, inequality may initially rise, reaching a peak at some medium level of income, but then de-

clines as the country evolves to a richer, more industrialized status. Cross-section data (that is, data for a number of different countries in the same time period) provide mixed support for this hypothesis. There is even less support for the hypothesis when time-series data (data at different time periods for the same country) are utilized.

Income inequality does not necessarily imply the prevalence of consumption inequality.

In most societies, the existence of income inequality is not necessarily viewed as undesirable, since with equality of opportunity it is not unreasonable to permit inequality in earnings in order to provide sufficient entrepreneurship and effort among individuals. In any case, the existence of income inequality does not necessarily imply the prevalence of consumption inequality, which may be more disconcerting for societies. In that sense, poverty in a country or region may be more closely linked to consumption—rather than income—inequality.

Various measures of income inequality exist. A Rawlsian-type measure would gauge inequality simply in terms of the position of the poorest members of the society. Obversely, one could measure inequality in terms of the stance of the society's richest citizens. Other measures take into account the incomes of both the rich and poor. One popular measure, the 20/20 ratio, is the ratio of the income of the top quintile of the income distribution to that of the bottom quintile.

Another is the Lorenz curve, which after ordering the population by income, plots the cumulative percentage of a country's income received by the poorest x percent of families against x. Complete income equality would of course result if the poorest y percent of families received exactly y percent of the income—resulting in the line of perfect equality. The distribution of income shows greater inequality as the Lorenz curve bows toward the bottom right corner.

A problem in using Lorenz curves to compare income inequality across countries or for a country across time is that the curves may cross. Using the Gini coefficient overcomes this problem since it measures how far a Lorenz curve lies from the line of perfect equality. The coefficient is equal to the area between the line of perfect equality and the Lorenz curve divided by the area under the line of perfect equality. A coefficient of zero suggests full equality and one suggests complete

inequality. Gini coefficients are reported in the official publications of some countries, and in the World Bank's annual publications World Development Report and World Development Indicators.

SEE ALSO: Consumption-Based Measures of Poverty; Gini Coefficient; Income Distribution Theories; Income Poverty; Rawls, John; World Bank Poverty Lines.

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Income Poverty

DESPITE THE LACK OF international consensus regarding definitions of poverty, a focus on income poverty clearly restricts the discussion to economic well-being or the command over economic resources. In the narrower sense, then, income poverty refers to economic deprivation. The typical measures of income poverty (hereafter referred to as "poverty") specify some minimum standard below which various family types are considered poor, that is, lacking adequate resources to meet basic needs. Most analytic definitions usually begin with food, clothing, and shelter as core components of basic needs. Some include a variety of other purchases, such as transportation, childcare, and reading materials. A major difficulty, therefore, involves what constitutes a meaningful definition of basic needs, which inevitably will be linked to certain value judg-

Another important distinction concerns the difference between absolute poverty (or extreme poverty) and relative poverty. According to the Copenhagen Declaration of the World Summit for Social Development, *absolute poverty* refers to "a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education, and information."

The World Bank has developed poverty thresholds equivalent to a few dollars a day in its research on developing nations in Africa and Asia. The approach reflects an absolute minimum standard of poverty below which human survival would be compromised.

While the above approach makes sense in studies of the developing world, there are obvious limitations as applied in other contexts. More specifically, what one considers basic needs can only be meaningfully defined relative to the standards of the society being studied. Someone reasonably well-off in terms of the prevailing standards of a developing country might be considered desperately poor in advanced industrial countries. As the socioeconomic and cultural contexts differ, the definitions of poverty will vary as well. Hence much comparative research relies upon the concept of relative poverty, meaning that those classified as poor achieve that status only if they fall below certain thresholds as compared with others in their society. Relative standards of poverty usually include measures such as income inequality or family income as a proportion of society's median income.

The measurement of poverty clearly depends upon how one conceptualizes poverty. Some analysts have set their poverty thresholds at relatively low levels by considering only the most basic physical needs necessary for short-term survival in their definitions. Others have set the bar much higher in pointing out that the long-term well-being of families implies much more than merely meeting their barest necessities, for there must be sufficient resources available to participate meaningfully in the relationships and customary behaviors typical of a particular society. In assessing poverty in developing countries, the dominant strategy has been to draw upon nationally representative surveys to calculate standardized household income or consumption, normalized for household size.

One of the best measures, which accounts for currency exchange rates and has been adjusted for inflation, is the Purchasing Power Parity (PPP) estimate for consumption that the World Bank's Data Group has produced. The commonly used figure of \$1 per day represents a measure of extreme poverty in developing countries. Researchers using the measure have estimated that roughly 21 percent of the populations living in developing countries lived in extreme poverty in 2001, reflecting a significant decline as compared with two decades earlier. Converting the percentage to population figures reveals an absolute decline from 1.5 billion individuals living in extreme poverty in 1981 to 1.1 billion in 2001. In global population terms, one-third of the world's population lived in extreme poverty in 1981 as compared with roughly 18 percent 20 years later. Over the time span, sub-Saharan Africa has emerged as the world region with the highest incidence of extreme poverty (46.9 percent), which further accounts for 29 percent of the global population living in extreme poverty.

On the other hand, a doubling of the poverty threshold to \$2.15 per day at the 1993 PPP levels reveals that more than half of the world's population living in developing countries continues to experience a high level of deprivation. In fact, converted to population figures, these data indicate that more than 2.7 billion individuals lived below that poverty threshold in 2001—or nearly 300 million more than in 1981. More than half of the impoverished live in either India (826 million) or China (almost 600 million).

In the developed world, standards of living are dramatically higher and income poverty tends to be studied in a different fashion. Poverty studies in rich countries typically focus on disposable income, or monies from all sources of market income plus public transfers, less income taxes and social security payments. The poverty measures used may be either absolute standards, or relative measures based on the more general distribution of income across family types.

One must always consider local contexts and the normative standards that prevail.

One common absolute poverty measure involves a basic market-priced bundle of the costs associated with food, clothing, and shelter plus a small additional amount for other living costs. These data derive from national surveys of household spending patterns, which are adjusted over time to determine the income necessary for families to achieve a minimum standard of living in a particular societal context. The United States's official poverty rate and the Canadian low income cutoffs, or LICOs, establish minimum standards for various family sizes, although their formulas differ in terms of what comprises the market bundle and the multipliers used to establish the final thresholds. For example, although the U.S. poverty rate was 12.1 percent in 2002 and 9.5 percent of Canada's population were living in low-income situations that year, these figures cannot be compared directly.

Instead one must always consider local contexts and the normative standards that prevail to understand more fully the different usages and measurements of poverty. Analysts often prefer to work with relative measures of poverty, which usually involve defining the poverty line as some fraction of either the mean or median annual income levels for particular social units such as families. The most commonly used relative measure of poverty for a developed nation defines individuals and families as poor if their annual income falls below 50 percent of the disposable median income for comparable units. That measure has been especially popular in analyzing the comparative data gathered under the auspices of the Luxembourg Income Study (LIS).

Although the data available in the LIS vary by year, the data permit standardized comparison of relative rates of income poverty based on household income surveys across 25 developed nations. Over time the evidence indicates that the Nordic countries generally have lower poverty rates than continental Europe (usually less than 10 percent), while Anglo-American countries tend to have relative poverty rates somewhat higher, or ranging from 12 percent in Canada to 17 percent in the United States. Yet such a measure does not provide any information about shifts in average income levels over time or absolute standards of living, which can be vastly different across national contexts.

In conclusion, income poverty measures continue to be a hotbed of social-scientific controversy, primarily because of the conceptual difficulties and subjective judgments involved in deciding what constitutes basic needs and an adequate standard of living. Moreover income-based measures of income poverty exclude measures of property and wealth, as well as other sources of nonmarket income and services not readily captured in cross-national surveys.

Such research ignores entirely the degree of resource sharing that occurs across households and generations, not to mention other issues such as the subjective well-being of individuals and families, the extent to which they experience social exclusion, and the depth of poverty and inequality experienced across societal contexts. Those interested in pursuing the study of income poverty must be especially attentive to the nature of the datasets involved and the aforementioned methodological issues to arrive at meaningful conclusions.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Definitions of Poverty; European Relative-Income Standard of Poverty; Poverty Rate; World Bank.

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India

POVERTY AND A LOW standard of living have been the bane of Indian society. Famines, natural calamities, infant mortality, and illiteracy have been the fate of the majority of Indians for centuries. During the colonial period, the Indian National Congress outlined a poverty eradication program. After independence, on August 15, 1947, the constitution of the Republic of India clearly spelled out the concept of a welfare state. Indian political leaders have tried to alleviate poverty through various programs, and Prime Minister Indira Gandhi even coined the term *garibi hatao* ("abolish poverty"). Eradicating poverty, maintaining steady economic growth, and fighting overpopulation have remained India's major goals.

India, with a population of about 1.05 billion, has a population growth rate of 1.55 percent. It belonged to the category of Low Human Development, with an Human Development Index (HDI) of 0.416, 0.443, and 0.481 in the years 1975, 1970, and 1985, respectively. From 1990 onward, it surged to more than 0.500, and it was categorized as a Medium Human Development group with an HDI of 0.519, 0.553, and 0.590 in the years 1990, 1995, and 2001, respectively. The largest number of poor people live in India with a per capita



Eradicating poverty, maintaining steady economic growth, and fighting overpopulation have remained India's major goals. In urban areas in India, the amenities of modern life coexist with the unmet necessities of those living in poverty.

income below \$400. About 15 million children are bonded to labor in India. Substantial portions of the population are deprived of the bare necessities of life such as drinking water, healthcare, food, and shelter. India presents a land of contradictions, with skyscrapers and large slum areas in the metropolitan areas. The life expectancy was 62.86 years and the infant mortality rate was 63.19 deaths per 1,000 live births per a 2001 estimate.

A slow growth rate until the 1980s did not help government efforts to combat poverty; the increased growth rates of the past decades did not lead to a dramatic decrease in poverty, either. For the first time, assurance of basic minimum needs found an explicit and prominent place in the Fifth Plan. The concept included not only an assurance of purchasing power sufficient to procure a collection of basic items of consumption but also elementary education of all children up to 14 years of age; minimum public health facilities integrated with

family planning and nutrition for children; protected water supply; amenities for landless labor; and slum improvement in larger towns, rural roads, and rural electrification. The idea of a direct, targeted poverty alleviation program quickly took root and gained widespread acceptance across the entire political spectrum. Governments at the center and in the states have since vied with each other in increasing allocations and devising new schemes (or the same schemes with different names) under this rubric.

The Planning Commission of the government established a committee in 1993 that recommended the following measures for a wholesome picture of living conditions and well-being of the poor: the composition of the poor population in terms of dominant characteristics, that is, their distribution by region, social group, family characteristics (such as size, education, age, sex of household head, dependency ratio), and the way it is changing over time. Much of this can be done by appro-

priate tabulation of employment and consumption survey data.

The second measure affects the nutritional status of the population: levels of intake of principal nutrients, incidence of malnourishment, anthropometrics measurements and activity patterns by age, sex and socioeconomic categories. This can be done by the National Institute of Nutrition.

The third measure affects health status: mortality (overall, infant and child, maternal), access to and use of health services (public and private), and castes. The quinquennial surveys of public consumption as well as mortality indicators based on the Sample Registration System and the morbidity surveys need to be put on a systematic and continuing basis.

It is certainly true that outlays on targeted poverty alleviation programs have increased.

The fourth measure affects educational status: school enrollment by region, sex, and age group and by economic social class and reach and quality of public education services and costs. Here again information from social consumption inquiries and the all-India Education Survey, suitably restructured, would provide the basic data.

The fifth measure affects living environment: distribution by density as settlement, living space per head, type of house, access to safe drinking water and sanitation, and access to amenities like post, telephones, railways, good roads, and markets. The committee further suggested the preparation of a "State of Poverty" report every five years covering the above aspects and highlighting the condition of the poorest 28.6 percent of the country's population.

It is indisputably clear that a large proportion of the country's population cannot afford the bundle of goods and services, including food, education, and health that constitutes the currently accepted norms of a minimum living standard. The deficiencies in both absolute and relative terms are considerably larger in rural India than in urban areas.

Scheduled caste/tribe households, being disadvantaged on all these counts, have a considerably higher incidence of poverty than other groups. Overall poverty incidence in rural areas is seen to be largely a reflection of differences in mean per capita incomes across states and less as inequalities within states. More detailed analysis using household-level data from the National

Council of Applied Economic Research (NCAER) survey suggests that the livelihood of a household, or being poor, is influenced by the social and economic infrastructure of the village lived in, some characteristics of agricultural technology, and the demographic and other features of the household. The effect of agricultural technology is the largest, followed by household characteristics. Both are seen to have more market influence on poverty incidence among cultivator households than other categories. The relative importance of factors varies among different groups.

Poverty studies deal mostly with rural areas. Urban poverty has received comparatively less attention even at a descriptive level. Available surveys show urban areas to have a higher level of mean per capita consumption as well as higher inequality. Mean per capita consumption in urban areas is higher and more unequally distributed than in rural India. Regional variations in both respects are marked, poverty incidence being higher than average in Bihar, Madhya Pradesh, and Orissa and less than average in Assam, Punjab, Haryana, and West Bengal. In nine of the 15 major states, namely Bihar, Gujrat, Haryana, Karnatak, Kerala, Maharastra, Punjab, Rajastan, and Uttar-Pradesh, and in the 15 states taken as a group, the performance in terms of poverty reduction was better during the 1990s on all the indicators such as the Head Count Ratio (HCR), Poverty Gap Ratio (PGR), and Squared Poverty Gap (FGT).

Additionally in Assam, with a slower annualized increase in headcount ratio and the number of poor, the situation was better in the 1990s on other indicators. In four states (Andhra Pradesh, Madhya Pradesh, Orissa, and West Bengal) the poverty performance was worse during the 1990s on all the indicators. Additionally Tamil Nadu, where there was a decline in poverty on all the indicators during the 1990s, the pace of decline was slower during the 1990s in some of the indicators. In urban areas, in eight states (Andhra Pradesh, Gujrat, Karnatak, Madhya Pradesh, Maharastra, Rajastan, Tamil Nadu, and West Bengal) and in 15 states taken as a whole, the 1990s performance was better on all the indicators.

Additionally Punjab recorded a better performance during the 1990s. Six states (Assam, Bihar, Haryana, Karnatak, Orissa, and Uttar Pradesh) fared worse in the 1990s in respect to poverty reduction on all the indicators. Considering the total (rural plus urban) population, in 11 out of the 15 states, and in the 15 states taken together, the poverty reduction performance was better during the 1990s on all the indicators. Assam recorded

a reduced rate of increase in respect to Head Count Ratio and the number of poor. In the three remaining states, Madhya Pradesh, Orissa, and West Bengal, there was a clear worsening of poverty reduction performance during the 1990s.

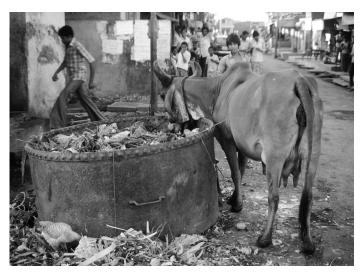
RHETORIC OF POVERTY

The basic needs and minimum living standards figure so prominently not only in the rhetoric of all political parties but also in the sizable public resources committed for this purpose. This is a reflection of both moral and political compulsions. The evolution of policies and programs meant to tackle this problem may be haphazard and in some respects even incoherent. Nevertheless one can see a clear pattern in the way they seek to recognize and address differing needs of backward areas with special problems, and of different segments of the poor and underprivileged. The structures, content, and funding of these programs remain mostly in the hands of the central government.

There is considerable overlap among these schemes, as well as between them and development schemes included under the normal state plans. Typically each program is administered by a separate agency, each with its own line of hierarchy and operating independently. These features, taken together with the rigidity of central guidelines, make for fragmentation and duplication of schemes; coordination is difficult as are monitoring of accomplishments in terms of efficacy of targeting, the quality of works actually completed, and the impact on the beneficiaries.

DISTRIBUTION

The public distribution system (PDS) does not accomplish its ostensible aim of assuring essential consumer goods to the poor at reasonable prices. Large parts of the country (especially states that have the largest concentration of poor) simply do not have a distribution network to reach the supplies where they are most needed. In states (Kerala, West Bengal, Tamil Nadu) that have such networks, the coverage is not limited to the poor, and attempts to ensure better targeting have been thwarted by administrative difficulties and political opposition. The efficiency of PDS as a poverty alleviation measure and the desirability of continuing it in the present form are being questioned. Supporters of PDS, who see it as a measure instrument for ensuring food security for the poor, strongly oppose this prescription even as they recognize the need for restructur-



Basic needs and minimum living standards figure prominently in the rhetoric of all political parties in India.

ing the program. It is certainly true that outlays on targeted poverty alleviation programs have increased rapidly both in absolute terms and relative to total public-sector plan outlay. Prior to 1970, these were limited to special schemes for nutrition, scheduled castes and tribes, social welfare, backward areas, and a minuscule rural works programs during the Fourth Plan (1969–74). Total outlay for these was less than four percent of the public-sector plan.

During the Eighth Plan (1992–97), the outlay on a vastly larger and more varied poverty alleviation program was about 11 percent of the total public-sector plan. Outlays on poverty alleviation programs have grown considerably faster than total plan outlay in a period marked by severe infrastructure shortage and bottlenecks. However large these figures might seem, the fact remains that they account for barely one percent of the Gross Domestic Product.

This is not to deny the need and immense scope for improving the efficacy of poverty alleviation programs by better targeting, reducing waste and corruption, recognizing the relevance of local needs and priorities, and creating institutional conditions for greater accountability. The focus should be on rationalizing the approach, organization, and priorities of the poverty alleviation program rather than on cutting back the outlay. The number of poverty-relief programs should be drastically reduced and streamlined to minimize duplication and fragmentation.

In implementing integrated regional resources planning, it would be perfectly legitimate to earmark allocations, and even provide special extra funds, for use in

regions that rank low in terms of per capita income and employment. The distribution of funds among regions must, however, be based not only on needs, but also on the potential for development of land, water, and livestock resources as part of integrated area development plans.

The passage of the 73rd and 74th constitutional amendments, which provides for a three-tier system of local government, mandatory elections every five years, and devolution development functions with authority and resources from the state to these bodies, has created a space and opportunity for decentralized participatory local development efforts with inbuilt pressure for accountability. Implementation of these provisions is far from complete. Several states have not held local body elections as required by the constitution. Even those that have show a strong unwillingness to hand over to the elected bodies the authority and the resources to decide and implement local development.

The growing economic differentiation of rural society, the rapid diversification of activity, and its commercialization have loosened traditional social structures. The process will lead to a significant realignment of the power structure in a substantial part of rural India, favoring the disadvantaged groups. Such realignments will not occur in all cases spontaneously and in a manner that gives effective voice to the poor and promotes their interests. The process initiated by Panchayat Raj and the potential for changes created by it are much more important than the immediate outcomes. Interventions in the process must therefore focus on creating conditions that will facilitate and encourage the realization of its potential. In this context three aspects deserve special attention.

First, a great deal of knowledge and experience is needed to assess local resources and their potential, different ways of exploiting the potential, the costs involved, and raising resources. The knowledge, much of it technical in nature, is often not available locally. Strong support from state agencies and/or nongovernmental organizations (including educational institutions) is necessary to make it accessible to the communities and their leaders.

A major change in the role of government agencies is also necessary. Instead of planning, deciding, and implementing schemes on their own, as they now do, the agencies will have to play a supportive role by providing expertise, helping elected bodies to make informed decisions, and facilitating coordination between related schemes of different communities and in the larger regional context.

Second, the determination of priorities in the context of limited resources inevitably involves a process of bargaining among different groups. In order for this to work in favor of the poor/vulnerable, the latter have to articulate their needs and actively persuade or pressure the relevant forums to take necessary action to meet their needs. None of this occurs easily or automatically. Conscious measures to encourage and strengthen institutions of civil society are essential.

Third, rising expectations and assertiveness of the people vis-à-vis government and bureaucracy increases pressure on the latter to perform. Panchayat Raj institutions generate demands for a larger devolution of resources from the state and central governments; there is little stake or incentive for them to address the task of efficient use of resources. It is therefore imperative that local bodies be required to mobilize their own resources to meet a significant part of the costs of their programs and given greater control over their staff engaged in various activities.

The five basic services—drinking water, healthcare, public transport, public distribution, and primary school—are analyzed on four dimensions: easy access, extent of use, quality and reliability, and satisfaction with services. A household is considered to have a significant income capability disadvantage (ICD) when it is living in a *kutcha* house (hut), the head of the household is illiterate or has not received formal schooling, and the head of the house is a daily wage earner. In addition to ICD, the study considered scheduled caste and tribe households and households from small villages (with population lower than 1,000) as disadvantaged.

Drinking water is accessible to 55 percent of Indian households within a distance of 100 meters from home. A quarter of all households depend on unprotected sources of drinking water. One-fourth of the users of public sources of water have reported frequent breakdowns in supply. Access to reliable drinking water supply is thus a problem for a significant proportion of households.

Public health facilities are accessible to over 40 percent of the households within a distance of one kilometer. The presence of doctors at public health facilities leaves much to be desired. One-third of the patients do not find a doctor present during their visit.

Approximately 60 percent of all households report absence of public roads in their villages. Government buses are rated quite low on punctuality and frequency in many states of India.

The Public Distribution System (PDS) has wide coverage across the country, with over 80 percent of the

households owning ration cards. But only one-fourth of the households report regular availability of food grains in the shops.

The effectiveness of PDS is greatly hurt by the high degree of unreliability and nontransparency associated with the service. Government-owned or supported primary schools are available to 80 percent of the households within one kilometer of their homes. The dependence on government schools is significantly high, especially in rural areas.

Whether public services are reaching the poor and other disadvantaged groups is a matter of great concern to most policymakers. Here again one sees a mixed picture. Primary education and drinking water are two services that have done reasonably well in terms of access for the poor. The poor are worse off in terms of access with respect to the other three services. Despite the barriers to access, a large proportion of the poor use most of the services rather than other households, the singular exception being public transport. In terms of reliability and satisfaction, the poor give lower ratings to almost all the services across the country compared to nonpoor households.

For about the last 15 years, the country has shown signs of development, and the level of poverty is being reduced. The affirmative action by the government is reducing inequality among different groups. The reserve of jobs for the deprived section of the population, like scheduled castes and tribes, has resulted in many in crossing the poverty line. A sizable number of people in these groups belong to the middle class. The population living under the national poverty line was 36 percent in 1993–94 and it was reduced to 28.6 percent in 1999–2000. The future is not that bleak for the nation.

Human Development Index Rank: 127 Human Poverty Index Rank: 58

SEE ALSO: Class Structure; Inequality; Poverty Assessment; Rural Antipoverty Programs; Rural Deprivation; Urbanization.

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Indicators of Poverty

INDICATORS OF POVERTY ARE quantitative measures used to determine whether individuals and households suffer from poverty at various levels of intensity. The nature of these measures depends on such factors as ability to measure them, ideological understanding of poverty, and changing definitions of poverty itself. The debate about the nature of suitable indicators and the development of capacity to measure them are important aspects to consider.

In recent years, the Millennium Development Goals (MDGs) have been adopted as a global measure of poverty reduction and, hence, represent a coherent set of poverty indicators that may be used to indicate progress toward agreed targets. However, these represent only a subset of all useful poverty indicators. The MDGs are: to eradicate extreme hunger and poverty; to achieve universal primary education; to promote gender equality and empower women; to reduce child mortality; to improve maternal health; to combat HIV/AIDS, malaria, and other diseases; to ensure environmental sustainability; and to develop a global partnership for development. Most of these goals are in fact constructs—that is, they cannot be measured directly but must be considered as combinations of specific

variables that may or may not be possible to measure. Hence the goals rest upon indicators such as access to different types of drugs and medicines, access to hospital treatment and other health services, prevalence of different types of population, and so forth. These may be both objective and subjective in nature, although strictly qualitative data may be difficult to capture with a standardized research instrument and problematic in terms of statistical analysis.

Since new forms of technology enter society and different expectations affect people's understanding of the future, the nature of the portfolio of indicators required to measure poverty needs to be assessed and reassessed as time passes and minor adjustments are required. Different rates of inflation internationally lead to requirements to update income levels and other financial information.

This leads to occasional debate as to the appropriate levels of change to make. Some household income levels are based on "baskets," or combinations of commonly sought consumer goods. As demand for different products changes over time, the composition of the basket should also be amended to reflect those changes. Uncertainty over the nature and extent of changes in cost for important inputs such as oil and heating also makes this process more difficult, especially as there must be some consideration of future levels of cost and revenue.

MEASURING INDICATORS

In order to gather data on poverty indicators, it is necessary to recruit and train a variety of field researchers, supervisors, statisticians, and, in cases where access to the data of local people may be difficult to obtain, local facilitators. Since field researchers in particular will need expenses for travel and accommodation, among other things, the costs of data collection can be high. To this may be added the cost of computers for data analysis and possibly expensive training by foreign technical experts. As a result, since the data collection process does not directly tackle problems of poverty, some sections of the population may challenge the value of the process. Further, equipment and skills necessary for the process also need to be maintained and updated periodically.

The need for methodological rigor when approaching the measurement of indicators is also important in determining the accuracy of the results. Since policies depend or, at least, should depend, on data collected, it is important to make sure that the best quality of re-

search possible is obtained. There is clearly a role for universities and nongovernmental organizations in this case.

ALTERNATIVE MEASURES

Different cultures attach different levels of importance to common environmental situations, and these differences may need to be captured in data collection. For example, familial and social networks are central to village life in a number of countries, and these are important in not just ameliorating poverty but also in determining quality of life. Such factors would not necessarily be captured through employing a more Western development model. Cultural sensitivity is required, therefore, in designing a suitable poverty indicator regime.

Variant understandings of poverty and its implications for behavior and well-being also call for different measurements and indicators of poverty. Zygmunt Bauman's conception of the New Poor, for example, as individuals alienated from the consumption process that now dominates most Western societies, includes them as members of the poor. Understanding the variables that underlie this alienation and then correctly recording them at the individual level would most likely require a considerable reevaluation of current poverty indicator processes.

SEE ALSO: Millennium Development Goals; New Poor; Poverty Assessment; Poverty Research.

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Indigence

INDIGENCE REFERS TO A STATE in which people are unable to obtain basic human needs, especially food, because of poverty. It is also known as primary

poverty. In the Western world, the popular concept of the indigent is of a person who is homeless and almost completely without any possessions. Being homeless causes people to be excluded from receipt of government services in many countries, and makes it very difficult for them to improve their situation by obtaining employment, since many potential employers view the indigent as morally defective in some way, or at least unreliable.

In other countries, people can be indigent but living in their customary home, although that home may be a poorly constructed shack or in some form of slum. Because of a lack of enforceable property rights, the indigent in this category are generally reduced to improvised self-instigated forms of income generation, such as scavenging, which is common, for example in Cairo, Egypt, the barrios of Latin America, and in urban regions of east and southeast Asia. Indigent people are particularly vulnerable to external effects and may be powerless to avoid exploitation and forced into theft, prostitution, or other unsafe activities.

INDIGENCE AND MIGRATION

Historically indigence has driven migration. People seek multiple sources of food because of the possibility of the loss of one source. When environmental change of one sort or another occurs, or when other groups deny access to one or more of those sources of nutrition, then people move to where new sources are available. However, as people have increasingly settled into urban areas and as political laws have created a system in which cross-border travel is problematic, such migration may no longer be possible and instead indigence leads to death.

Throughout history, there are numerous examples of famine or drought leading to the creation of large numbers of refugees who are denied entry to areas where food is available because of fear or resentment. As global climate change and scarcity of water may force many millions of people into indigent refugee status, societies of neighboring countries will be obliged to accept the migrants within their own societies, reluctantly or otherwise, or else accept the consequences of denying them resources.

Changes in economic circumstances, even in modern economies, can very quickly lead to indigence. Large-scale economic collapse resulting from, for example, the problematic International Monetary Fund (IMF) intervention in Russia, or the Asian Financial Crisis of 1997, for example, clearly did dramatically in-

crease the level of indigence in the affected areas. However, even in the most advanced states, inadequate welfare provision or access to charity, company retrenchments of jobs, or personal hardship through illness or death can result in indigence in a very short time. The thousands of children who run away from home every year in just about every industrialized country automatically are classified as indigent, since they are by law forbidden from working and have an incentive to stay away from social services.

Inadequate and inappropriate treatment of ex-offenders and people suffering from mental illness can also increase indigence. Research shows that the numerous homeless, indigent people in Western countries suffer from substance abuse or mental health problems. They too are vulnerable to crime and to becoming involved in unsafe activities.

Providing services to the indigent requires creative use of both governmental and civil service organizations. In states where extended social networks exist, it is possible for indigence to be prevented, or at least deferred through early intervention. In situations where social cohesion is low, for example in impersonal urban environments and where internal and cross-border migration is common, awareness of neighborly need is limited and external intervention is required. This means that access to government services should be not just convenient but also nonthreatening and not perceived to lead to negative outcomes.

In many cases of human trafficking, the reason the predominantly female victims offer for why they did not use their few moments of liberty to escape is that they had been convinced that the state was predatory or would in some other way persecute them. Voluntary organizations such as the Salvation Army, Pratham, and the National Coalition for the Homeless are among those groups that are involved in trying to alleviate indigence.

SEE ALSO: Environmental Degradation; Immigration; Natural Disasters; Primary Poverty; Social Exclusion.

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Indonesia

THE NATION OF INDONESIA is composed of an archipelago of nearly 14,000 islands, approximately half of which are uninhabited. The island chain extends for 3,200 miles from east to west and 1,100 miles from north to south. It has a total land area of some 750,000 square miles, of which the greatest part is concentrated on the three largest islands of Borneo (Kalimantan), most of which belongs to Indonesia, Sumatra, and the western part of New Guinea known as Irian Jaya.

Additional important areas include the capital island of Java, the Celebes, and the Moluccas. Although Java is a comparatively small part of Indonesia, it has for much of known history constituted the central part of a thalassocratic state and also has been known as the spiritual center of the region, control of which provides legitimization for any monarch. The capital city of Jakarta is also located on Java.

The total population of the country is estimated to exceed 240 million and the largest cities include Jakarta (population nearly nine million), Surabaya (population around three million), Bandung (population two million), and Palembang (population approximately 1.5 million). The country has the fifth largest population in the world and, partly for cultural and religious reasons and partly because of government promotion, fertility is high, as too is the proportion of young people in the population. The proportion of the population living below the poverty line is 27 percent and the average annual Gross Domestic Product per capita is approximately \$3,500.

The majority of the people are Muslims, although there are islands with different religious affiliations, such as the Christians of Aceh and the Hindus of Bali. There is also a significant Chinese ethnic minority that has become associated with commercial success. The wide range of ethnicities has resulted in numerous incidents of racially or religiously inspired violence. In the aftermath of the 1997 financial crisis, ethnic Chinese people, particularly women, were targeted for mob violence. The extremist religious group Jemaah Islamiyah (II) is widely believed to have been responsible for bomb attacks on Bali, which killed more than 200 in 2002 and 22 in 2005. However, the government of Indonesia has yet to ban the organization and maintains there is insufficient evidence to do so. The potential for widespread disorder and revolution for religious reasons exists, although it is unlikely.

The numerous islands contain a wide variety of natural resources, including the various spices that inspired the colonization by the Portuguese and subsequently the Dutch. There are also considerable reserves of oil and gas, which are not being fully exploited because of lack of investment. Indonesia has macroeconomic problems, notably unemployment, while the history of authoritarian regimes has stimulated pervasive corruption throughout every level of the economy.

COLONIZATION PERIOD

The islands of Indonesia had been producing cloves, nutmeg, and other spices that had been transported through networks of traders from the Moluccas to the Mediterranean world for thousands of years before Europeans set foot there. Chinese, Cham, Javanese, Persian, Indian, and Arab traders, among others, traveled in a variety of vessels around the known world and established complex, diverse, sophisticated multicultural trading centers. Islamization of the islands occurred at a quite rapid pace for a combination of political, economic, and personal spiritual reasons. Southeast Asians making the Hajj pilgrimage to Mecca were for a long period recognized as the richest Muslims in the world.

It was the years of colonization that created poverty and ignorance.

Early European accounts, whether by the original colonists, the Portuguese, or the Dutch who supplanted them, described Indonesians generally as healthy and strong. There is no mention of them as being in any way smaller or poorer than the Europeans. It was the years of colonization that created poverty, ignorance, and general social and cultural deprivation from which so many millions suffer today.

The early Dutch outpost troops on Java (then called Batavia) cowered inside their fortresses for fear of the constant attack and harassment from the Javanese. Eventually, superior military organization and technology permitted many islands to be brought into full colonial status. The Indonesian people—although until the very modern age there was no real conception of Indonesians as a single people—received generally harsh treatment and were denied promotion or ownership of natural resources or the fruits of investment in those resources.

The colonial economy was organized to maximize profitability of economic activities and the extraction of that profit to benefit a tiny privileged elite and the population of another country. However, there is a belief among some historians that the effects of colonization were quite limited and the political processes of Indonesian islands were not strongly affected. The history is contested, in part, because of the desire to emphasize the role and importance of indigenous people vis-à-vis foreigners that is partly inspired by ideology. In any case, the later years of the empire seem to have been much more efficient in extracting profits than the earlier centuries.

World War II (1939–45) brought the invasion of Indonesia by the Japanese and the defeat of the European colonists who had previously been considered to be invincible. The eventual victory of the Allies was followed by an attempt by the Dutch to restore their empire. This was strongly resisted by the Indonesians, whose confidence had been boosted by the example of the Japanese, no matter how harsh their occupation had been, as well as the empowering communist ideology.

In the ensuing fighting, thousands were killed until finally independence was secured. This was the culmination of several decades of resistance by a variety of groups, both geographically and ideologically distinct from each other. The government of the Netherlands agreed in 1949 to transfer sovereignty of the islands to a newly formed United States of Indonesia, with the exception of the territory of what was to become Irian Jaya, which was to be subject to subsequent negotiations.

MODERN INDONESIA

Following independence, Indonesia entered a period of parliamentary democracy that floundered as a result of the inability of any party or coalition of parties to establish a competent, transparent administration with a sufficiently large base of constituents to be sustainable. Sukarno had established himself as a dominant political force during the revolutionary period, and as he became disillusioned with the value of democracy, he emerged as an interventionist president prepared to institute a period of guided democracy—that is, democratic institutions guided by (or controlled by) the president.

Sukarno ordered the seizure of Dutch-owned assets and indulged in a variety of grandiose projects that were intended, at least in part, to glorify his image. He became embroiled in the *confrontasi*, or confrontation, with Malaysia and other policies that destabilized the country. In 1965 the murder of six army generals was the opportunity for General Suharto to begin to gather

together the reins of power in his own hands in the interests of national unity and security. Indonesia was run as a military dictatorship for the next three decades, albeit a dictatorship that, under the New Order policies, was able to deliver much improved economic performance and the modernization of much of the country. Inward investment was attracted to developing natural resources and some rural poverty was ameliorated through regional development. However, this success could not disguise the systemic corruption riddling the government, much of which originated from Suharto's family and associates.

The possibility of attempted secession is real in several different parts of the country.

Moreover, many development projects had been initiated without regard to environmental sustainability and, as a result, many people lost their ability to continue with their traditional lifestyles. In recent years, especially, some radicalized Muslims have seized upon Western-style development goals as undermining Indonesian society, and this has become linked with anger over perceived injustices in the treatment of Muslims in other parts of the world. Social change certainly resulted in a growing bureaucracy and a burgeoning middle class that rose to prominence in the context of the decline of the aristocracy, which had traditionally governed Indonesian society.

Suharto was deposed in 1998, and since that time several presidents, including Megawati Sukarnoputri, the daughter of Sukarno, have struggled to hold together sufficient coalitions of diverse regional, political, cultural, and religious interests. The possibility of attempted secession is real in several different parts of the country but the central state has always been resolute in taking whatever action has proved necessary to maintain the unity of the state.

TIMOR LESTE

Timor Leste (East Timor) was a Portuguese colony and a remnant of that country's previous imperial holdings among the islands. In the 17th century, Portugal had ceded West Timor to the Dutch but maintained this single colony. In 1975, East Timor declared independence from Portugal and was, nine days later, invaded and occupied by Indonesian troops. In the subsequent years, a relentlessly pursued pacification policy led to

the deaths of thousands of East Timorese—estimates range up to 250,000 people. Opposition to Indonesian rule continued and, in 1999, a United Nations-sponsored referendum resulted in an overwhelming majority of East Timorese opting for independence.

However, West Timorian militias, aided by some Indonesian forces, refused to accept the results and in subsequent violence 1,300 East Timorese were killed, 300,000 were forcibly moved into West Timor refugee camps, and the infrastructure of the country, especially around the capital of Dili, was almost totally destroyed. Many concerns remain for the security of Timor Leste and its economic recovery and ultimate development.

BALI

Bali is an island east of Java that has a long and rich history of cultural and artistic expression. A long-standing practice of Hinduism is responsible for the creation of cultural artifacts that, in combination with the island's location and beaches, make it a significant tourist destination for Western tourists, particularly Australians. The economic development of Bali and its tourist facilities has been challenged by some fundamentalist Muslims and in 2002, Al Qaeda-linked terrorists exploded bombs in various tourist locations and killed more than 200 people from a variety of countries, many of whom were native Balinese. The decline of the tourist industry, particularly after the second bombings in 2005, has seriously damaged the economy of Bali and increased the prevalence of poverty.

1997 FINANCIAL CRISIS

In 1997 a series of speculative financial attacks on the currencies of several southeast Asian nations that were believed to be unsustainably priced led to a massive and disastrous collapse in the value of the Indonesian rupiah. The crisis caused capital flight and numerous bankruptcies, and in turn led to a sharp contraction in the economy, increased unemployment, and social unrest.

The trend of reduction in poverty rates was reversed, although the exact rate is difficult to establish because of contested versions of the poverty statistics. Much of the poverty is concentrated in rural areas, which are particularly affected by the removal of all or part of the government subsidies for vital consumer goods such as cooking oil and gasoline. Significant proportions of children were removed from schools so that they could assist in searching for additional family in-

come. Dropout rates from schools ranged up to 15 percent for junior high schools and universities.

Public health suffered too as loss of revenue led to government cuts in the healthcare budget, which made many treatments suddenly unaffordable. The loss of social cohesion caused by riots and violence aimed at the Chinese ethnic minority, because of the spurious belief that Chinese had somehow caused or benefited from the crisis, will take many years to heal.

THE 2004 TSUNAMI

On December 26, 2004, an earthquake with an epicenter close to Aceh in the western part of Indonesia triggered a series of tsunami waves that directly caused the immediate deaths of some 250,000 people. Approximately 150,000 of these people were living on Aceh. Another 500,000 were made homeless. Exact figures will never be known, as the scale of destruction was so massive. Immediate and subsequent emergency aid was held up to some extent because of the long-term tension between the central government and the Acehnese people. Aceh has for years been home to a particularly vocal independence movement and this has led to considerable levels of fighting and violence in recent years, particularly with respect to clashes between Muslims and Christians.

The long-term implications of the earthquake and tsunami disaster depend on the extent to which the Acehnese authorities can cooperate with the central government and with international donors in establishing and funding long-term development projects that provide income to the Acehnese people. Improved property rights and bureaucratic procedures would also be helpful. More immediately, in addition to emergency relief, there is an urgent need for psychological counseling in a part of the world in which such health needs are rarely appreciated.

Human Development Index Rank: 110 Human Poverty Index Rank: 41

SEE ALSO: Islam and Poverty; Natural Disasters; Power and Poverty; Religion; Social Exclusion; Social Inequality; War and Poverty.

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Industrial Revolution

HISTORIANS CONSIDER the Industrial Revolution to be the beginning of the modern era in the Western world. The revolution is marked by a century-long transition from small-scale domestic craftwork to the extensive use of machinery and mass-production techniques. The revolution began in Great Britain about 1750 and continued to the middle of the 19th century. During this period, major changes occurred in all phases of European life. Industrial processes became more centrally located within fast-growing cities and people were displaced from rural areas and took low-paying jobs in the new factories. Once in the cities, workers and their families lived under crowded conditions in less than adequate housing. Sanitary conditions were extremely bad and disease was rampant.

The revolution was supported by improvements in transportation systems and machinery that was capable of generating enormous amounts of energy. The first industry to take full part in the revolution was textilemaking. Population increases, which began in earnest in the middle of the 18th century, and the relocation of domestic clothmakers to the cities led to increased demand for scarce textile products. Investments by wealthy businessmen provided the initial start-up financing and once the industry was under way, profits from sales generated subsequent growth. Inventions such as the flying shuttle, the spinning jenny, and the water frame greatly increased the ability to process cotton into cloth and, in turn, created increased demand for cotton. Eli Whitney's invention of the cotton gin led to greatly increased production of cotton and the enhancement of the textile industry in the United States.

The Industrial Revolution depended on machines to do the work that people had done in times past. Richard Compton's "mule" required waterpower for its operation, ushering in the era of factory location on rivers. With James Watt's steam engine, the Industrial Revolution reached an even higher plateau in productivity. The steam engine provided virtually unlimited power to industry and transportation. The iron and steel industry was also a prime mover in the Industrial Revolution. In order to produce the high temperatures necessary for the making of steel, charcoal and coking coal were required. In 1740, 17,000 tons of steel were produced in Great Britain. One hundred years later over three million tons of steel were made to ensure the continuance of industrial growth in that country.

The change from decentralized production of goods to the urban-based factory system exemplified and defined the Industrial Revolution more than any other single process. The new steam-powered machinery of industry required the relocation of production facilities to the cities. As a result people moved from the rural areas into the burgeoning urban places. Health conditions in the cities and factories were not ideal. Long work hours in smoky factories and the generally unsanitary situation within the hastily built urban homes led to illnesses and epidemics for thousands of workers and residents. Poverty was widespread within Great Britain and other European countries during the early decades of the Industrial Revolution and socioeconomic improvements came slowly through the latter half of the 19th century.

It is true that poverty was not solely a result of the Industrial Revolution. There had always been some measure of poverty throughout European history. The period of feudalism held peasants in poverty for several centuries before the advent of industrialization. In fact the move of discouraged and unemployed rural dwellers to ill-equipped and unclean cities occurred in significant numbers long before the factory system located in cities.

The Industrial Revolution, however, created its own forms of destitution and poverty. In 1830 the British physician Thomas Southwood Smith published his *Treatise on Fever*, in which he contends that poor people were impoverished by fever resulting from widespread and endemic diseases that robbed them of their energy. Smith's findings would eventually lead to the institution of a countrywide healthcare system.

Another British physician, Charles Turner Thackrah, published a book on industrial hygiene, which included suggestions on the removal of certain chemical agents from the workplace that cause disease. Thackrah concluded that the workplace was generally injurious to health but that little progress had been made in alleviat-

ing the situation because of thoughtlessness or apathy on the part of the factory owners. The literature of the Industrial Revolution is replete with arguments of this type, observations that management was concerned only with the operation of the factory and making profits and paid little if any attention to the plight of workers.

Findings of the Poor Laws Commission study in 1838 linked poverty in Great Britain to disease, poor housing, and inadequate sanitation. The report went on to state that families were engaged in dangerous, unhealthy work for long hours; living in poorly furnished, badly ventilated homes; and eating nonnutritious foods. Children were especially exploited in this period. Since work in the factories was a family affair, it was not uncommon for children and women to work long hours in the factory setting.

A number of laws were passed in Great Britain during the 1830s and 1840s to alleviate the strenuous and degrading conditions under which women and children labored. The Factory Act, established by the Royal Commission on the Employment of Women and Children, limited the hours that a child could work in the factories. In addition, the act set up a program to employ permanent factory inspectors. The prominent 19th-century writer Elizabeth Barrett Browning caught the dimmed spirit and worn body of the child worker in her poem "Cry of the Children" in 1843:

"For oh" say the children "we are weary,
And we cannot run or leap—
If we cared for any meadows, it were merely
To drop down in them and sleep
Our knees trumble sorely in the stooping—
We fall upon our faces, trying to go;
And underneath our heavy eyelids drooping,
The reddest flower would look as pale as snow.
For, all day, we drag our burden tiring,
Through the coal-dark underground—
Or, all day, we drive the wheels of iron
In the factories, round and round. ...

The unsanitary conditions in London led on three occasions to cholera outbreaks, which took the lives of those least resistant to the disease. In 1848 over 62,000 died of cholera in Great Britain. Great Britain was not alone in suffering the ravages of disease. A typhus epidemic in Upper Silesia was attributed to unsanitary conditions; hundreds of millworkers were affected. The German physician Rudolph Virchow draws attention to this outbreak in his "Report on the Typhus Epidemic in



Seeking cooler air during the summer on a rooftop, 19th-century tenement dwellers suffered the consequences of industrialization.

Upper Silesia" and concluded correctly that "medicine is a social science and politics is nothing but medicine on a grand scale. ... Doctors are the natural advocates of the poor, and social problems are largely within their jurisdiction." Virchow is another forward thinker in suggesting that countrywide efforts were needed to address the devastating outcomes of epidemics brought about by unsanitary conditions that could be identified and eradicated before the damage was done.

The famous British novelist Charles Dickens did not withhold his condemnation of conditions in London in the 1850s. In his novel *Bleak House*, Dickens eloquently captures the acrid London air created by the spewing of smoke from hundreds of factories: "Smoke lowered down from the chimney-pots, making a soft black drizzle, with flakes of soot in it as big as full-grown snow flakes—gone into mourning, one might imagine, for the death of the sun."

Smoke was a serious health problem and so was the discarding of refuse of all types into the rivers of Great Britain. Professor Michael Farraday wrote in 1855 on the decrepit condition of the river Thames in London. The entirety of the river, he reported, was an opaque brown fluid flowing through miles of the city and allowed to become a fermenting sewer. Farraday concluded that the condition of the Thames was probably

true of all rivers in Great Britain that were associated with the dumping of factory and city wastes.

Two years later the British Royal Commission on Sewage Disposal began work on efforts to clean the Thames, which became identified as the source of the "Great Stink" from all of the refuse put into it. In 1860, Florence Nightingale wrote, "a large part of London was in the daily habit of using water polluted by the drainage of its sewers and water-closets." It was not until 1876 that the British River Pollution Control Act made it illegal to pour sewage into a river or stream.

In 1867 the Factories and Workshops Act was in place in Great Britain. This legislation expanded protection to workers in a number of industries not previously covered. The legislation also placed additional restrictions on employing women in particularly threatening occupations and set further limits on child factory labor.

The British Health Act in 1875 resulted in the consolidation of authority over regulation of the areas of housing, water pollution, and occupational diseases. After many decades of unfit conditions in the cities the country was taking positive steps to change the situation. In that year, Liverpool was widely regarded as having the most crowded and unsanitary conditions of all British cities. Liverpool's population density was twice that of London and thousands of the living quarters for workers were in dark and damp cellars. In Manchester, a major center of industry, the death rate was approximately 70 per thousand in the population, whereas the measure for the country as a whole was 40 per thousand.

Restrictions on environmental degradation were enacted in the United States as well during the heyday of the Industrial Revolution in that country. In 1881, Chicago, Illinois, became the first city in the United States to regulate smoke emissions. Within a few years, St. Louis, Missouri; Pittsburgh, Pennsylvania; and Cincinnati, Ohio, followed suit.

The famed French author Emile Zola wrote in 1885 about the inhuman working conditions in the mines and factories of France. The English writer Edward Carpenter published his provocatively titled book Civilization: Its Cause and Cure, in which he describes the air in Sheffield as a "vast dense cloud, so thick that I wondered how any human being could support life in it, that went up to heaven like the smoke from a great altar."

The ills of the Industrial Revolution are well documented. In hindsight, however, these seeming insults to humanity were most likely impossible to avoid given the rapidity of change and the zeal for growth and industrial expansion. In time, many of the poor socioeconomic conditions were improved and the industrial growth in Europe spread to North America, Russia, and Japan. The Industrial Revolution in the United States and Canada began in earnest in the late 19th century and resulted in the most productive and expansive economic system the world has ever seen. The case may be made that a form of Industrial Revolution is continuing now in some regions in Asia and Africa, as Europe and North America shift to a more service-oriented economic structure.

SEE ALSO: History of Poverty; Industrialization; Poverty in History; United Kingdom; United States.

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Industrialization

INDUSTRIALIZATION IS THE investment of capital in power-driven machinery with the goal of replacing costly but slower-skilled human labor power with unskilled labor and increasing output. While it sounds simple, industrialization is a complicated process involving social, political, economic, and technological changes that favor and enrich some individuals, social classes, and countries and disfavor and impoverish other people.

Industrialization is never completed: new ways to manufacture, new machines (steam-driven, electric, internal combustion), new sources of power (water, coal, petroleum, nuclear), and new processes (mechanical, chemical, automated) constantly revolutionized the industrial production process. In addition, industrialization has spatial as well as temporal and social components: it began in northwest Europe; spread to North America, central Europe, and Japan by 1880; and moved to much of the rest of the world after 1945. In all cases it fundamentally altered the previous social structure, created new winners and losers, and left many in poverty.

INDUSTRIAL REVOLUTIONS

The first Industrial Revolution occurred in England from around 1750 to 1830 for a variety of reasons. The English landed classes controlled a government that was sympathetic to the interests of private capitalists and industrial development and passed legislation supporting those interests. English agriculture was efficient enough to support a large number of nonfarming workers, land had been consolidated into fewer hands by enclosure acts passed by Parliament that favored large commercial farmers, and population growth had been sharp enough (and the enclosure movements ruthless enough) to create substantial reserves of cheap and impoverished labor.

The wealth of the already wealthy increased, while the wages of the poor declined.

In 1763 England emerged victorious from two centuries of military and naval conflict with its European rivals and gained access to the markets and resources of most of the world from India to the Americas. The key to English industrialization was cotton. The English cotton industry, which unquestionably benefited from technological inventions like the flying shuttle (1733), steam engine (1769), and water frame (1769) that revolutionized and sped up the production of cotton cloth, grew with the English conquest of India, the slave trade, the cotton plantations of the Caribbean and the Americas (whose work regimens some historians argue were the models for the later steam-powered industrial factories in England), and the huge market of its colonies.

Between 1750 and 1769, British cotton exports increased over tenfold and once the British destroyed the cotton handicraft production of their Indian colony, their major competitor in the global cotton textile business after 1800, India became a net importer of British

textiles and its handicraft producers were reduced to unemployment and poverty. Cotton, integrated with world empire, was one industry where goods could be produced cheaply on a massive scale, creating enormous profits and benefiting from slight improvements in technology.

During the first decades of this first Industrial Revolution, the technological capacity of society and the wealth of the already wealthy increased considerably, while the wages of the poor declined. Handloom weavers, who were displaced by factory production, were especially hard hit, but the real wages of factory workers declined as well. Poverty amid affluence, low wages, unorganized workers, and diseased slums in every manufacturing city were hallmarks of capitalist industrialization and were repeated in every subsequent industrial revolution. It was not until 1880 that average real wages reached their preindustrial levels in England and the second Industrial Revolution, this time powered by coal and steel industries, was well under way.

The United States and Germany industrialized during this period with strong government direction, state subsidies, and the erection of huge tariff barriers to keep out cheap English cloth and steel and protect fledgling industries. The Industrial Revolution in these countries originated in the 1840s but increased in the 1870s and was led by heavy industry and the production of capital goods (trains, ships) rather than by light industry and consumer goods like textiles.

The governments of both countries actively promoted industrialization as well as monopolies and cartels in railroad, steel, petroleum, and other heavy industries. It was the golden era of the industrial robber barons, tenements, and slums. Both countries relied on the massive influx of cheap labor from dispossessed and impoverished central and eastern European farmers to meet labor shortages and help keep wages down. Industrial wages were higher than farm-labor wages because of labor shortages, but the work was hazardous and the slums bred and spread disease.

German and British workers unionized more quickly and effectively than American workers to fight the impoverishing and debilitating effects of industrial labor, partly because many workers in the American workforce could speak little or no English, which made organizing more difficult, and the government declared unions and strikes illegal. However, industrialization allowed for the modernization of armed forces, increased national wealth and Gross National Product, and slowly raised standards of living and literacy. Other world powers like Japan, Russia, France, and Italy embarked

on government-sponsored industrialization programs to catch up with their rivals, especially in the militarily critical industries of coal, iron, and steel.

SUBSEQUENT INDUSTRIALIZATIONS

The next Industrial Revolution involved a return to the production of consumer goods like cars, refrigerators, stoves, and other durable appliances. This industrial age was typified by Henry Ford's assembly-line production of cheap cars starting around 1910 in the United States. Industrial workers made good wages, mass strikes won unions legal recognition, and mass industrial production made goods cheaper for consumers. Poverty, while not eliminated, became more localized and class differences, while not reduced, became more muted. Consumer durables led industrialization in the core capitalist countries, while the new Soviet Union embarked on forced, state-directed capital goods industrialization beginning in 1928 with its first Five-Year Plan and lasting through World War II.

In Asian, African, and Latin American countries after 1945, wealth was concentrated in the hands of a small elite group (typically one to two percent of the population controlled 70 to 80 percent of a country's productive assets) and the overwhelming majority of the people were very poor, a situation reminiscent of England in 1750.

Leftist parties agitated among the poor peasantry and, concerned about peasant discontent and uprisings, elites looked to industrialization to create a bigger economic pie, some of which would eventually trickle down to the poor and leave elite economic interests intact. Industrialization held out the promise of increased national and personal wealth, economic independence, and a way out of trading in cheap primary agricultural commodities (for example, bananas, coffee, and tea).

Many large Third World countries that embarked on industrialization in the 1950s, especially in Latin America, followed the North American or German model rather than the British one. That is, they followed a path of import substitution (ISI) to encourage domestic production for domestic markets. India and Brazil were the best examples of this strategy, which developed local products to replace imported commodities, put up high tariff walls on those commodities, provided state subsidies to domestic industries producing them, and lowered tariffs on raw materials needed for their production. The idea was to produce highly demanded consumer products and improve the nation's export position and balance of payments.

By the late 1970s, Brazil was able to supply the bulk of domestic demand for steel, textiles, transportation equipment, and pharmaceuticals. India was an important exception to this focus on consumer industries because India already had a strong consumer-goods industry sponsored by the British before they left in 1947. India emphasized capital goods production in the 1950s and 1960s, notably energy, iron and steel, and cement, but by the 1970s most import-substitution production was in consumer goods.

Urban income rose much faster than rural income, causing a large migration to cities.

ISI worked best in countries with a large potential consumer market, like India and Brazil; however, ISI had little effect in reducing imports and in many cases increased imports of certain commodities. It also did not reduce social and regional inequalities. A relatively small but highly influential group of workers and their families benefited from working in ISI factories and the higher wages paid there. The other principal beneficiaries were factory owners. The poorest groups in society had a declining share of income, whereas the middle income groups increased their share, much like the British, North American, French, German and previous industrial revolutions. As in previous industrializations, the urban/rural divide worsened, since urban income rose much faster than rural income, causing a large migration to cities and their slums.

The second major strategy followed by first-time industrializing countries after World War II was called an export-oriented strategy (EOI). Hong Kong, Taiwan, Singapore, and South Korea pursued this route. They developed a capital goods sector that emphasized sales in foreign markets, their domestic markets being unable to absorb rising industrial production. EOI attempted to achieve industrial growth through successful competition in international markets, and in all cases of successful EOI, the state played an active role in achieving comparative advantage.

In Taiwan and South Korea in particular, state-run and state-subsidized economic development, combined with extreme export orientation, led to a new system of monopolies (called *chaebols* in Korean). The state intervened to keep labor costs low by controlling and suppressing unions and stabilizing (subsidizing) food prices. Over the long term, the standard of living in these countries has risen for the majority of people, but there

are signs that poverty is increasing as international markets become saturated and new competitors like China have appeared.

A form of EOI that follows a more free-market model was pursued by other nations, including China, southeast Asia, Mexico, and Central America. This involved building factories employing large numbers of unskilled workers to produce labor-intensive products (for example, textiles) or to carry out a stage of production that is labor-intensive (for example, the assembly of computers) with the purpose of exporting the product.

The firm, most often foreign-owned, located a labor-intensive production process in a place where suppression of unions and workers' political parties kept wages low and provided a comparative economic advantage. These factories were located in export processing zones (called *maquiladoras* in Mexico) and they exploited and reinforced a low-wage economy. The workers in these factories had little hope of increasing wages and buying any of the products they manufactured. They remained poor and lived in makeshift shanty-towns and slums near the factories.

CONCLUSION

Since its inception, industrialization has held out the promise of cheap but uniformly produced commodities whose consumption, along with rising wages, would improve living standards for the mass of workers engaged in manufacturing. The promise has not always been kept. While living standards did rise in the early or core industrializing countries of Europe, North America, and Japan, income differentials did not close and most of the popular benefit derived from industrialization was due to the struggles of workers to unionize and strike. The strength of socialist and social democratic political parties rose to ensure that the benefits and wealth created by industrialization reached those who actually produced the commodities. Where workers were legally disenfranchised, unions were outlawed, and government and military repression of workers' political voice was strong, workers reaped few benefits from the long hours and monotonous labor of factory work and remained impoverished.

SEE ALSO: Capitalism; Colonialism; Communism; Imperialism; Income Distribution Theories; Income Inequality; Industrial Revolution; Social Exclusion.

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Inflation

INFLATION IS AN ECONOMIC situation in which the average price level of all goods and/or salaries rises steeply, which affects most severely those with fixed or relatively unresponsive incomes, such as pensioners. Inflation decreases consumer purchasing power and lowers national savings rates. When inflation comes during a time of high unemployment, it means a crushing burden on those whose income is already decreased. It favors the debtor at the expense of the creditor, since repayment will be made in depreciated money. The decline of real wages and real savings exacerbates many economic and political conflicts. If inflation results in the rise of prices by a few percentage points per year, then it is only a social irritant.

German inflation in the early 1920s had a significant impact on the poverty level in the country, as the rate of price inflation reached several hundred percent per year. The level of prices often doubled in a day, or even an hour. In 1923, one U.S. dollar was worth 4.2 billion German marks. In the United States, inflation was observed in all periods of business cycle expansion. After every war, countries experienced inflation: the Revolutionary War, the War of 1812, the Civil War, World Wars I and II, the Korean War, and the Vietnam War.

From 1900 to 1958 consumer price levels in the United States quadrupled, and they doubled between 1938 and 1958. Starting from 1945 wholesale prices increased by 52.6 percent, and consumer prices rose 33.7 percent. After the Vietnam War, inflation became progressively worse. This shocked workers, as real takehome pay had been rising steadily.

A new disturbance in the world economy began with a fresh surge of inflation in industrial countries at the beginning of 1979. In the first four months of 1979, wholesale prices in the major industrial countries rose at an annual rate of 11 to 13 percent, compared with five percent in 1978. Price rises in the United States were a result of the sharp depreciation of the U.S. dollar from late 1977 to the end of 1978. The oil crisis was

to some extent brought on by this renewed inflation and the depreciation of the U.S. dollar. In 1975 the official U.S. government statistics show that 25.9 million Americans were living below the government-defined poverty level (\$5,500 annual income).

Inflation declined sharply during Ronald Reagan administration's term from 1980 to 1989. There were two reasons for this: the high value of the dollar reduced the cost of imports and forced high-wage production in the United States (for example, automobiles and steel), and high interest rates brought about recession. However, the common effect of inflation and depression brought lower real salaries to the largest portion of American workers in the period from 1965 to 1981. Each extra percentage point of unemployment was accompanied by decline of at least two percent in real output, or \$700 per household.

During the same period, the inflation rate was accelerated in many developing countries. In 1983 Brazil's annual rate of inflation was nearly 300 percent. Argentina's inflation rate was even higher than Brazil's. However, Mexico, through strong efforts, had reduced inflation from nearly 100 percent in 1982 to 55 percent in 1983. Such events just confirmed that the countries that had been dependent on foreign borrowing must be careful in monetary policy implementation. Borrowing abroad, rather than increasing domestic savings, produced the kind of debt crisis that occurred later in Argentina.

Rapid liberalization in the former Soviet Union and other central and eastern European countries led to economically and politically unmanageable inflation. Authorities of those countries weren't prepared to effectively control inflation with a tight monetary policy, and the banking system didn't function properly. Because of inflation, much of the domestic production went into bankruptcy, which increased unemployment and poverty. Such increased poverty levels can be compared only with the decline experienced during the deep economic depression of the 1930s.

The history of the last 30 years teaches us that each time inflation took place, the average level of unemployment rose. Higher inflation, followed by higher unemployment, equals a higher poverty level.

SEE ALSO: Depression, Great; Economic Liberalization; International Monetary Fund; Unemployment; War and Poverty.

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JAROSLAV DVORAK KLAIPEDA UNIVERSITY

Institute for Research on Poverty

THE INSTITUTE FOR Research on Poverty (IRP) is a nonprofit, nonpartisan, university-based research center that aims to investigate the causes and consequences of poverty and social inequality in the United States. It was established in 1966 at the University of Wisconsin, Madison, by the U.S. Office of Economic Opportunity, which was the body charged with reducing poverty in the country. The IRP is one of three area-based poverty research centers that are now managed by the Office of the Assistant Secretary for Planning and Evaluation (ASPE) of the U.S. Department of Health and Human Services. Faculty at the university conduct research at the IRP together with teaching, while external faculty can also conduct research through the center. Grants for specific projects are made through the center.

The IRP has a record of solid development in the 40 years since its inception and has been instrumental in designing and evaluating some of the major public policies and programs to reduce poverty. A particular competency has been developed in the center for the quantitative analysis of large data sets. The research agenda and source of sponsorship have varied over the years in line with differing ideologies of prevailing presidential administrations.

The IRP has sought to maintain academic levels of rigor over the years, irrespective of the stated or unstated opinions of governmental figures. The research agenda also changed in line with alterations in the demographics of the U.S. economy, for example by explicitly including a number of ethnic minority people who previously were not considered individually. A national competition in 1995 resulted in the receipt of a core grant from the ASPE and designation as a National

Center, and this has provided more stability over the last decade. In 2004, Maria Cancian was appointed director of the center and has subsequently added to the range of research activities.

Activities currently include outreach work, provision of training, and sharing of information, in addition to core research work. The research agenda includes low-wage labor welfare, methodological issues in poverty research, regional analyses, child and family well-being, and welfare reform. Publications include research reports, books, policy briefs, and newsletters and similar items for a more general public.

At their best, university research centers are able to use their intimate local knowledge and contacts to obtain high-quality data that may then be set in the context of the most current thinking. The implications and lessons of the research may then be communicated with policymakers and other stakeholders, most notably the members of the local community. To achieve this, universities have had to overcome the occasionally justified prejudice about them that they are too remote from real life, and also have had to learn how to work with modern technology to provide information in a variety of the most useful formats, from peer-reviewed journals to broad audience media stories.

SEE ALSO: National Poverty Center; Poverty Research; Rural Poverty Research Center; University of Kentucky Center for Poverty Research.

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John Walsh Shinawatra University

Institute for the Study of Homelessness and Poverty

THE INSTITUTE FOR THE Study of Homelessness and Poverty (ISHP) is a nonprofit, nonpartisan research organization that is based at the Weingart Center, described as being "in the heart of downtown Los Ange-

les' Skid Row." There were estimated to be more than 82,000 homeless people in Los Angeles County in 2003, out of a total of up to 3.5 million homeless people in the United States as a whole. The 2000 U.S. census indicated that more than 1.6 million people were suffering from some level of poverty in Los Angeles County, with the proportion highest for single people, at more than 22 percent.

The ISHP works in this context to provide reliable data and analysis to public-sector officials, individuals, and academic institutions, with a view to creating collaborative relationships and new policies and programs to address the problems of homelessness and poverty. The ISHP is governed by an advisory council and is part of the Inter-University Consortium on Homelessness and Poverty, which brings together academics and researchers from universities and other institutions in the United States and, also, the University of São Paulo, Brazil. The Weingart Center Association aims to deliver high-quality services in Los Angeles to help people break the cycle of homelessness and poverty.

The ISHP's programs include research and publication, provision of customized information, and research assistance. Publications include the *Just the Facts* series, which is aimed at a broad range of audiences, as well as more scholarly articles and reports and regular newsletters and updates. Institute staff present new research findings and recommendations at colloquia and also provide personal research assistance to community organizations and other interested parties.

The ISHP provides extensive resources and recommended links online and publishes new findings and information. Interns and volunteers are recruited to assist academic staff in providing these services. Commissioned research is also offered. The institute believes there is a need to increase the public's awareness of homelessness and poverty issues, as these problems have continued to afflict modern America, increasing inequality.

SEE ALSO: Homelessness; Housing Assistance; Nongovernmental Organizations; Poverty Research; Shelter.

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John Walsh Shinawatra University

Institute on Race and Poverty

THE INSTITUTE ON Race and Poverty (IRP) is a research institute based at the University of Minnesota, which has the aim of investigating "the ways that policies and practices disproportionately affect people of color and the disadvantaged." The IRP has a staff of 10 and is led by the Fesler-Lampert Chair in Urban and Regional Affairs. Its goals include ensuring that people have access to opportunity and helping the places where people live develop economically to provide opportunities while maintaining social stability. Issues investigated include metropolitan equity, concentrated poverty, and urban sprawl.

The IRP was founded in 1993 by legal scholar Professor John A. Powell, who had personal experience of the research agenda as a young person. Powell's research has shown him that the causes of racial segregation, of clustered poverty, and of disparities in treatment of people of different races are structural in nature, that is, "What these disparities have in common is that they are rooted in laws and policies that disadvantage people of color and over-advantage whites. They simply cannot be explained by racial animosity on the part of whites nor by bad choices made by people of color."

In other words, only legal change will make any significant difference in the level of inequality and, therefore, charity and kindness, though it is to be valued in its own right, should not be confused with genuine solutions to problems, but might even work to obscure real causes and hence be counterproductive. Powell is prepared to make his case in the national media and to apportion blame for what he believes are ills in American society, and this has, inevitably, caused him to become a target for some of those who do not share his views. Powell left to join the Kirwan Institute and his position was filled by Myron Orfield.

The IRP now organizes a variety of research projects thematically linked to its core goals and is also involved with conference management and information dissemination. In 2005 the IRP jointly authored a report entitled "Segregation of Opportunities," which helped to demonstrate in the Chicago area that housing location has a distinct impact upon access to opportunities and that housing location is affected by ethnicity.

SEE ALSO: African Americans and Poverty; Antidiscrimination; Racial Discrimination; Structural Dependency.

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John Walsh Shinawatra University

InterAction

INTERACTION IS THE American Council for Voluntary International Action. It describes itself as "the largest alliance of U.S.-based international development and humanitarian non-governmental organizations." More than 160 such organizations are part of the network and together they seek "to overcome poverty, exclusion and suffering by advancing social justice and basic dignity for all."

The organization is based in Washington, D.C., and its CEO as of 2005 was Mohammad Akhter, who heads a board drawn from individuals representing leading secular and faith-based charity and development organizations. Akhter became well-known in the United States in the weeks following the terrorist attacks on September 11, 2001, when he appeared on media sources in his previous role as executive director of the American Public Health Association. In this role, he helped develop numerous interagency relationships and networks, which proved to be a precursor to his leadership of InterAction.

InterAction currently has four program committees that are charged with organizing and coordinating research, policy formulation, and information dissemination activities within their mandated areas. These committees work on the basis that the many members of the network in combination operate as more than the sum of their parts and that the power of their voice is, therefore, multiplied. The Development Policy and Practice Committee has priority areas of USAID reform, multilateral development institution reform, capacity strengthening, and development effectiveness.

The Humanitarian Policy and Practice Committee has priority themes of operations in disaster response, protection and rights of displaced persons, durable solutions, security, nongovernmental organizations and military relations, transition, peace and conflict, professionalization of humanitarian workers; and improvement in humanitarian performance of the international community and the U.S. government. The Public Policy Committee has priority themes of building consensus and improving effectiveness, foreign assistance budgets, millennium change accounts, and other issues. The final committee is the Commission on the Advancement of Women, which has priority themes of building organizational capacity for gender-sensitive development, documenting "best practices" for gender and development for particular sectors and regions, advancing women in leadership, and advocating for gender mainstreaming in bi- and multilateral donors.

In addition, the Diversity Challenge is an InterAction campaign designed to encourage organizational development in the particular area of diversity awareness. Organizations wishing to take this challenge, which is rewarded by recognition and by enhanced awareness by stakeholders of commitment to progressive goals, work through the Organizational Stocktaking Matrix to determine their current state of awareness of diversity issues and the necessary steps to take to improve it. InterAction members can challenge one another to evaluate and improve their performance.

Inevitably, in the context of early 21st-century American politics, all individuals and organizations calling for change and reform within the rest of the world are subject to comment and criticism in the popular media and in society at large. However, the prestigious nature of many of InterAction's members has so far shielded it from the worst types of attacks.

SEE ALSO: Antipoverty Organizations; Gender Discrimination; Human Development; Nongovernmental Organizations.

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John Walsh Shinawatra University

Inter-American Development Bank

THE INTER-AMERICAN Development Bank (IDB) was founded in 1959 to have, according to its charter, a mission to "contribute to the acceleration of the process

of economic and social development of the regional developing member countries, individually and collectively." The IDB has been successful in its aims, and its lending and technical cooperation programs exceeded what was customary for banks at the time.

The IDB has proved to be an attractive model for the creation of other regional development banks internationally. The original bank members were Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela, and the United States. Other countries to join as regional members are Barbados (1969), Jamaica (1969), Canada (1972), Guyana (1976), Bahamas (1977), and Suriname (1980). Countries must have prior membership in the Organization of the American States (OAS) to become regional members.

Nonregional members may also join, so long as they are members of the International Monetary Fund (IMF) and, like regional members, subscribe to both Ordinary Capital and the Fund for Special Operations. A total of 17 European countries have joined the bank as nonregional members, as have Israel, Japan, and South Korea.

Despite its apparent success in achieving its aims, the IDB has attracted controversy.

Bank operations include not just arranging loans, borrowing funds, and making investments, but also providing technical cooperation, research and advocacy, publications, and organizing seminars and training. The IDB organized the Third Inter-American Conference on Corporate Social Responsibility in Chile, which drew more than 400 experts from 22 countries. The IDB also acts as a focal point and repository of knowledge and information about development projects in Latin America and the Caribbean. Just like the World Bank's, IDB publications help to frame the international debate on development issues in the region and provide the vocabulary for it.

In 2004, the IDB borrowed \$4.7 billion in a diversified variety of currencies and instruments. It continued to receive AAA ratings by major agencies. It approved 56 loans amounting to approximately \$5.3 billion. To date, it has not yet been required to write off any of its loan projects. There are three classifications of lending areas, which are competitiveness, social-sector reform, and reform and modernization of the state. From 1961

to 2004, a total of nearly \$136 billion has been provided in loans, of which 13.8 percent was devoted to energy, 12.1 percent to social investment, and 11.2 percent to transportation and communication. Social investment received more than 42 percent of all loans in 2004.

The IDB has taken a leading role in attempting to meet the targets for the Millennium Development Goals in the region in which it is interested. As President Enrique V. Iglesias noted: "The mandate of the Inter-American Development Bank of promoting economic growth and reducing poverty and inequality is fully compatible with the agenda prompted by the Millennium Development Goals. We have developed a farreaching institutional response ... and we stand ready to continue to support our borrowing member countries in their efforts to achieve the Goals." Progress has been mixed to date, as it has been around most of the world. Consequently the IDB is pressing ahead more urgently with policies that are aimed more at social inclusion and public participation than was previously the case.

Despite its apparent success in achieving its stated aims, the IDB has attracted controversy as a result of the ideology underpinning its operations. Just like the New Economic Partnership for African Development (NEPAD), the IDB reflects an agenda based on World Bank and IMF priorities, which are criticized for both the inappropriateness of many of the economic and social conditionalities attached to its loans and its usurpation of indigenous understanding of and desire for development and environmental management.

For example, the IDB has been instrumental in creating water privatization plans for Latin American countries despite the concerns derived from international experience that privatization leads to increased water prices and the spread of disease and deprivation. In addition the IDB has been linked with the kind of structural adjustment programs (now renamed poverty reduction strategies) that have led to unemployment, impoverishment, and transfer of state resources to international investors, most notably Enron.

Whether these claims are valid or not, it is true that the IDB has focused on projects based on maximizing economic gains within donor countries, with much less if any attention placed on social or ethical considerations. Consequently human development may not benefit from loans to the same extent and may in fact be reduced. In any case, the accountability of the IDB, together with other international finance institutions, is limited and a greater level would both increase transparency of operations and promote civic ownership of sponsored projects.

SEE ALSO: International Monetary Fund; Millennium Development Goals; New Partnership for Africa's Development; Privatization; World Bank.

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International Development Cooperation Forum

THE INTERNATIONAL Development Cooperation Forum is part of the Carter Center's Global Development Initiative and was established by former President Jimmy Carter. The Carter Center is located in Atlanta, Georgia, and is operated in partnership with Emory University. Carter and his wife Rosalynn established it in 1982, with a mission to advance human rights and alleviate unnecessary human suffering and poverty. It has provided assistance to people in more than 65 countries, working alongside both the poor and disadvantaged and also high-ranking officials.

The center is a not-for-profit nongovernmental organization that is managed by an independent board of trustees and relies upon donations from individuals, organizations, and countries. Among its successes are mediation in international conflicts, strengthening of democracy, and the near eradication of Guinea worm disease. It has a staff of some 150 people and deploys an annual budget of around \$35 million.

As part of the center's peace programs, the Global Development Initiative (GDI) aims to provide a new model of international cooperation that has three core principles: greater country ownership of development strategies, increased participation of civil society in governance and policymaking, and effective international partnership and cooperation.

The GDI works on a bilateral basis with four countries: Albania, Mali, Guyana, and Mozambique. It also convenes international development forums at which high-level officials meet to discuss, analyze, and search for solutions to issues arising from the impact of global forces on poor countries and people. Carter Center facilitators aim to maintain a neutral stance and enable various members of poor countries to fashion National Development Strategies, which aim to outline the transformations necessary within the country not only to withstand the pressures of globalization but also to benefit from them.

The first Development Cooperation Forum was held in December 1992 and was chaired by Carter and former United Nations Secretary-General Boutros Boutros-Ghali. This forum considered development prospects in a generally optimistic atmosphere resulting from the end of the Cold War. The second forum was held in June 1996 and focused on the developmental process in Guyana. This meeting was designed to review the attempts to create a National Development Strategy for Guyana and involved many different members of Guyanese society.

The third forum was held in February 2002 and was aimed at considering the impact of 10 years of development strategies and changes in the four partner nations of the center. Carter then forwarded the findings of the forum to the subsequent International Conference on Financing for Development, which was held in Monterey, Mexico. The findings included the conclusion, "Duplication of efforts by donors and a lack of accountability among recipient countries continued to perpetuate donor fatigue and developing country disillusionment."

The findings further called for greater generosity from developed countries in helping others meet their Millennium Development Goals obligations, as well as greater cooperation among the trade, investment, and overseas development policies of the developed countries, which are frequently contradictory and result in negative outcomes overall.

Carter was awarded the Nobel Peace Prize in 2002 as a result of his international conflict-mediation work and other activities. The fourth forum was scheduled for late 2005 to consider international progress toward meeting the Millennium Development Goals.

SEE ALSO: Carter, James (Administration); Disease and Poverty; Guyana; Millennium Development Goals; Nongovernmental Organizations.

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International Food Policy Research Institute

THE INTERNATIONAL FOOD Policy Research Institute (IFPRI) is a multinational nongovernmental organization with a vision of a world free of hunger and malnutrition. This vision is based on the belief that there is a human right to adequate food and nutrition and recognition of the inherent dignity of all members of the human family. The IFPRI is involved with both policy formulation and research and information dissemination in support of its vision.

Its mission involves, therefore, "identifying and analyzing alternative international, national, and local policies for improved food security and nutrition, with an emphasis on low-income countries and poor people and on the sound management of the natural resources base that supports agriculture; contributing to capacity strengthening of people and institutions in developing countries conducting research on food policies; and actively engaging in policy communication, making research results available to all those in a position to apply or use them, and carrying out dialogues with those users to link research and policy action."

The IFPRI is supported by numerous donors, including many national governments and international organizations such as UNICEF, the United Nations Development Program, and the Asian Development Bank. The IFPRI is governed by a board of trustees composed of a multinational selection of distinguished academics and public servants, chaired by Isher Judge Ahluwalia in 2005. It works in collaboration with many partners at the national and international levels to conduct research into beneficial food policy for the poor, to determine impact of policies and policy changes, and to

establish networks uniting developing countries, research institutes, and agricultural industry bodies. The IFPRI responds to changes in the international political and economic environment by adjusting its own structure to reflect better-evolving situations, for example, the increased focus placed by the World Trade Organization on domestic distortions and standards in trade negotiations. It was decided that the previous distinction between national and international trade issues was no longer valid and, hence, those aspects of research were placed under the newly constituted Markets, Trade, and Institutions Division. This is one of a number of divisions in which leading researchers and their assistants and administrative support conduct activities.

As of 2005, IFPRI strategy was focused on 15 main themes under four distinct headings. The four areas under Global Food System Functioning were global food situation and scenarios of policy risks and opportunities; globalization, retail food industries, and trade negotiations related to food and agriculture; managing natural resources of particular importance to food, nutrition, and agriculture; and food systems in disaster prevention and relief and rebuilding after crises. The five themes under Global and National Food System Governance were "governance structures and policy processes in food and agriculture, the role of the state, the private sector, and civil society; food and water safety policies; policies addressing hidden hunger, enhanced food and diet quality for poor people, and the nutrition transition in developing countries; policies and interventions for sustainable poverty reduction and nutrition improvement; and crosscutting research on country and regional food, nutrition, and agricultural strategies.

The four themes under Food System Innovations were food- and nutrition-related science and technology policy serving poor people; the future of smallholder farming in efficient and equitable food systems; urban-rural linkages and nonfarm rural development in efficient and equitable food systems; and knowledge systems and innovation. Two other themes covered two-way communications between the IFPRI and its stakeholders and capacity development.

SEE ALSO: Food Shortages; Food-Ratio Poverty Line; Malnutrition; Nutrition.

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International Fund for Agricultural Development

THE INTERNATIONAL FUND for Agricultural Development (IFAD) is an international organization of the United Nations (UN) established in 1977 as an outcome of the 1974 World Food Conference and has as its mission statement "Enabling the rural poor to overcome poverty." IFAD is governed by an Executive Board of 18 members and 18 alternates drawn from representatives of member states and other organizations and which elects a president to oversee operations. As a part of the UN, IFAD has a democratic structure with many efforts to introduce into its governance. Its headquarters are in Rome, Italy, and its approach to development is bound by a specific ideology that food production is limited not just by technical or technological issues but also by social and political ones.

IFAD's operations include offering grants for projects, strengthening capacity, conducting research, formulating policies, and disseminating information. IFAD helps to create Country Strategic Opportunities Papers (COSOPs) for individual states and these papers are used as the basis for identifying subsequent development projects. Proposed projects are strictly appraised and monitored to ensure that they are appropriately targeted toward relevant constituencies and have achievable goals.

An independent evaluation unit subsequently ensures that projects have been completed. Projects are informed by its ideology and so feature technical attempts to increase food production, employ poor and landless farmers, and reduce hunger.

Activities conducted by IFAD include the implementation of its rural finance scheme. IFAD estimates that one billion people do not have access to the financial services necessary for them to organize their lives. Providing financial services to them, in an environment in which functioning markets exist, enables the rural poor to enjoy enhanced asset formation, food security, and productivity. Approximately \$2.7 billion was distributed to states as part of IFAD's project portfolio as

of September 2003. In cases of destitution or states without functioning markets, direct transfers are required as financial services are inadequate to address the problems.

Gender issues are also central to IFAD's operations. It observes that without gender sensitivity, many projects can lead to increases in women's workload since they are considered to be in addition to women's traditional labor within the house and as caregivers. It notes that women "are the most significant suppliers of family labor and efficient managers of household food security." As a consequence, IFAD's projects are intended to have a transformative effect in societies in which it works by providing equal opportunities for women. This is not welcomed by all in traditional and conservative societies. Nevertheless, empowering women has an immediate and lasting impact.

Numerous other projects are organized around the world focusing specifically on the very poor and most disadvantaged. The impact of macroeconomic policies and practices on such people is also of central importance to IFAD's work.

SEE ALSO: Agriculture; Agriculture-Nutrition Advantage; Rural Antipoverty Programs; Rural Deprivation.

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International Labor Organization

THE INTERNATIONAL LABOR Organization (ILO) was founded in 1919 as part of the Treaty of Versailles, which marked the creation of the League of Nations and it is the only surviving institution dating from that agreement. It was originally conceived as a humanitarian response to the plight of many millions of workers around the world and had been envisaged by the eminent industrialists Robert Owen (1771–1853) and Daniel Legrand (1783–1859). Its fundamental precepts are enshrined in the preamble to its constitution: "Whereas universal and lasting peace can be established only if it is based upon social justice. ... Whereas also

the failure of any nation to adopt humane conditions of labor is an obstacle in the way of other nations which desire to improve the conditions in their own countries." Specific objectives and principles of the ILO include these beliefs: "(a) labour is not a commodity; (b) freedom of expression and of association are essential to sustained progress; (c) poverty anywhere constitutes a danger to prosperity everywhere; (d) the war against want requires to be carried on with unrelenting vigor within each nation, and by continuous and concerted international effort in which the representatives of workers and employers, enjoying equal status with those of governments, join with them in free discussion and democratic decision with a view to the promotion of the common welfare." These four values were part of the Philadelphia Declaration of 1944 and this became part of the charter for the ILO.

In 1969 the ILO was awarded the Nobel Peace Prize for its work.

In 1946 it became the first specialist institution to be affiliated with the then recently founded United Nations (UN). Its headquarters are in Geneva, which hosts the annual International Labor Conference. Major publications include the *International Labor Review* and the Year Book of Labor Statistics.

The ILO was initially involved primarily with codifying international labor standards in the Western world and, during the 1930s, trying to combat the effects of the Great Depression. However, its scope of operations broadened after World War II when the breakup of Western empires and the improved ability to address the issues facing developing nations allowed it to become a truly global organization. The ILO now has more than 200 members, and nearly all but the smallest or most obtuse states have joined. In 1969 the ILO was awarded the Nobel Peace Prize for its work.

The main activities of the ILO include creating and promulgating international labor standards, providing technical expertise, promoting good workplace governance, and research and publication. Conventions and recommendations include provisions on minimum labor rights in the areas of freedom of association, the right to organize, collective bargaining, abolition of forced labor, equality of opportunity, and treatment. Technical expertise is provided in the areas of vocational training and rehabilitation, labor law and industrial relations, labor statistics, and occupational safety

and health. The ILO provides services to both workers and employers and maintains a tripartite structure in negotiations uniting workers, employers, and government.

Convention No. 182, issued in 2002, called for an end to the worst abuses of child labor and was very rapidly ratified by more than 100 members. Public education and awareness of child labor and other abuses have helped to raise consciousness of the conditions facing many millions of workers in the 21st century, even though they may have disappeared almost entirely from the West.

Other high-profile issues include forced labor or slavery, human trafficking, and continued discrimination. Alone, the ILO finds it difficult to ensure that states abide by their commitments or to require non-members to improve their rights. However, working in partnership with nongovernmental organizations and government agencies or others, it is possible to enforce change. Nevertheless the standards imposed by the ILO occasionally exceed the capacity of government agencies to comply with them, and the very great range of development across borders sometimes means that standards possible in some parts of the world are not yet feasible in others.

Inability to comply seems to be best dealt with through poverty reduction and capacity strengthening rather than punitive action. Further, there is a need for the ILO continually to refine its activities and policies because of the increasing sophistication of international business organizations and the changes wrought by globalization. "Fair Globalization—Safe Workplace" was the theme of the ILO-supported conference held in Dusseldorf, Germany, in October 2005, representing one of the main themes being explored by the ILO.

The ILO is divided into a number of functional divisions relating to core areas such as standards and fundamental principles and rights at work, employment, social protection, and social dialogue. It also maintains regional offices to cover all areas of the world: Africa, Latin America and the Caribbean, Arab states, Asia and the Pacific, and Europe and central Asia.

SEE ALSO: Employment; International Nongovernmental Organizations; Labor Market; Subemployment; Wage Slavery; Working Poor.

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International Monetary Fund

IN JULY 1944, WHEN the Allies had clearly turned the tide of war against the Germans and Japanese, representatives of the United Nations (UN) met at Bretton Woods, New Hampshire, for a conference on postwar monetary and financial issues. The participating nations were concerned that several factors might combine to cause another catastrophic economic depression, which might then sow the seeds for another terrible conflict.

In particular, they wished to offset some of the effects of the unprecedented destruction caused by the war, as well as the problems caused by discharging millions of combatants into the labor pool while shifting from military- to consumer-oriented production. More than anything else, the participating nations wished to avoid the economic protectionism that had been seen during the Great Depression as a brake on economic decline, but had actually accelerated the decline. An emphasis on the salutary effects of increasing international trade defined the atmosphere at the Bretton Woods conference. The conference resulted in the creation of two institutions that would continue to shape the world's economies long beyond the immediate aftermath of the conflict's end: the International Bank for Reconstruction and Development and the International Monetary Fund (IMF).

The primary architects of the institutions that emerged from the Bretton Woods conference were the British economist John Maynard Keynes and the American Harry Dexter White. The IMF formally came into existence on March 1, 1947. Initially established with \$8.8 billion in contributions from participating nations, the International Monetary Fund was framed to aid nations whose currencies did not trade well internationally. Those nations could contribute their own currencies to the fund and draw out an equivalent amount in more

flexible currencies such as the U.S. dollar or the British pound.

The key to managing the fund would be to maintain a balance between the weak and strong currencies, and a number of regulations were put in place to ensure that such a balance could be maintained. First, if possible, nations wishing to "borrow" from the fund, had to "trade" gold reserves or currencies convertible to gold equivalent to 25 percent of what they wished to borrow, though no nation would be required to "trade" more than 10 percent of its total gold reserves or convertible currencies.

Second, borrowing nations had to pay a service fee of .75 percent of what they were borrowing. In addition, they would pay interest of .5 percent at six months, of one percent at one year, of 1.5 percent at two years, and of two percent at three years. If their borrowing exceeded 25 percent of their original contributions to the fund, the interest rates would increase by .5 percent at each stage, and if it exceeded 50 percent of their contribution, the interest would increase by still another .5 percent at each stage.

If the interest rate reached four percent, the IMF would put the borrower on notice that its borrowing privileges were in danger of being revoked. If the interest rate reached five percent, the International Monetary Fund could impose whatever sanctions it deemed appropriate to expedite its recovery of as much of the borrowed funds as possible.

Third, in any year in which a nation's gold reserves or convertible currencies increased, the nation was obligated to apply 50 percent of that increase to its outstanding balance with the IMF. Fourth, for every \$400,000 originally contributed to the fund, a nation received a vote, but for every \$400,000 subsequently borrowed from the fund, a nation lost one of those votes, with the votes being transferred to the nations whose contributions were being borrowed.

Last, if a nation was discovered to be using borrowings from the fund for any purpose other than facilitating its international trade, its privileges could be revoked and sanctions imposed against it. Such terms were clearly meant to discourage long-term and reckless borrowing from the fund. Indeed the fund could not hope to cover anything approaching the immediate postwar needs of nations whose economies had been devastated by World War II. Instead it was intended to forestall deepening economic crises until those nations' economies could be reestablished and until sustained economic growth would reduce the demands on the fund.

Initially, 29 nations contributed to the IMF. The 15 largest contributors to the fund were the United States, which contributed \$2.75 billion; the United Kingdom, \$1.3 billion; the Soviet Union, \$1.2 billion; China, \$550 million; France, \$450 million; India, \$400 million; Canada, \$300 million; the Netherlands, \$275 million; Belgium, \$225 million; Australia, \$200 million; Brazil, \$150 million; Czechoslovakia, \$125 million; Poland, \$125 million; South Africa, \$100 million; and Mexico, \$90 million. The smallest contributions were from Liberia and Panama, which contributed some \$500,000 each.

Therefore, without incurring extra charges, France could borrow up to \$112.5 million, and the United Kingdom could borrow up to \$425 million. Given that France was facing a postwar annual trade deficit of about \$2 billion and that the United Kingdom was facing a postwar annual trade deficit of about \$5 billion, neither nation could come anywhere near to covering those deficits by borrowing from the IMF. But both nations could use the available funds in a very targeted way to accelerate their economic recovery from the war.

THE MODERN IMF

The basic principles that defined the IMF's operations at its beginnings have continued to define its operations as it enters its sixth decade. By the late 1960s, the independence movements in the Caribbean, Africa, Asia, and Oceania had increased membership in the IMF to 107 nations.

By the late 1990s, the independence of most of the remaining colonial possessions, the dissolution of the former Soviet Union and the fragmentation of several European states, and the inescapable reach of the new "global" economy combined to increase IMF membership to 186 nations. Of UN member states, only Cuba and North Korea, along with several very small states including Andorra, Liechtenstein, Monaco, Nauru, and Tuvalu, are not also members of the IMF.

The unprecedented economic growth and increases in standard of living in First World nations, along with the dramatic economic recoveries of nations devastated in World War II, in particular the former Axis states of Germany and Japan, are the most dramatic successes that can be attributed in part to the IMF. Supporters of the IMF also argue that the organization has shown a great deal of flexibility in adapting to postcolonial and post-Soviet realities. They argue that the IMF should be credited with several major and continuing contributions to international economic stability.

The rapid dissolution of the former Soviet Union and of its strict political and economic control over the Warsaw Pact nations of eastern Europe could have had dire consequences beyond the region. But the former communist nations have been making the transition to capitalist economies more quickly and more smoothly than most forecasters predicted, despite the deepening evidence of just how moribund the formerly state-controlled economies had become.

Likewise, despite severe impediments to economic growth—including rapid population growth, environmental degradation, and political repression and corruption—much of the Third World has experienced economic growth that has ameliorated the effects of conditions well beyond the control of the IMF or any other outside agency. Supporters of the IMF argue that, without the IMF, the bad conditions in many Third World nations would certainly be much worse. Indeed the best evidence of the benefits of the IMF is that the world has not had a prolonged economic downturn—certainly nothing approaching the Great Depression—since it and the World Bank were created.

CRITICS OF THE IMF

Despite these seeming successes, critics of the IMF, the World Bank, and globalization have been diverse and very vocal. Each international meeting of the World Bank's and IMF's major creditor nations is an occasion for mass demonstrations against the institutions' policies. In the late 1990s these demonstrations became increasingly violent, with the widespread rioting surrounding the meeting in Seattle, Washington, receiving a great deal of press attention throughout the United States.

The IMF's critics have charged that it is designed to benefit the richest nations at the expense of the poorest nations. It ensures that economic problems in Third World nations do not disrupt the economic growth of First World nations, but it has not succeeded in truly developing the economies of Third World nations. If anything, the gap between most of the Third World and the First World has continued to widen, and much of the Third World has been forced to accede to their economic exploitation, which in some ways is more pernicious than the depredations of direct colonization.

The IMF's Structural Adjustment Policies (SAPs), the "strings attached" to IMF loans, have, in effect, reduced nations' control over their own economies and have greatly benefited international conglomerates at the expense of local and nascent industries. The IMF's

worst critics have compared its tactics to those of loan sharks. According to these critics, the IMF has not typically improved the economies of impoverished nations but has, instead, offered the chimeric possibility of such improvement to entice the governments of those nations into even deeper economic crises.

Worse, the IMF's policies have often sustained the regimes of Third World tyrants whose "kleptocracies" have looted both IMF funds intended for economic development and whatever national wealth has remained after IMF obligations have been met. The "proof" for these charges is the deepening debt of the world's poorest nations, many of which have been ruled by some of the most brutally oppressive political regimes in recent history.

Ranging from Haiti to the Congo to Bangladesh, the world's most impoverished nations have become so hopelessly indebted that the creditor nations have begun to advocate debt forgiveness rather than debt relief. Indeed advocates for these "poorest of the poor" among nations have argued that even debt forgiveness is not enough, since it simply leaves the nations economically destitute and simply clears the balance sheet to permit renewed dependence on international loans.

SEE ALSO: Economic Growth; Economic Growth and Poverty Reduction Strategy; Economic Liberalization; Poverty Reduction and Growth Facility; World Bank.

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International Nongovernmental Organizations

WHILE INTERNATIONAL governmental organizations (IGOs) have emerged as decisive in structuring political relations and shaping the behavior of state actors, international nongovernmental organizations (INGOs) do not occupy formal positions of power. Instead, INGOs collectively function as an important cultural force, socializing the global citizenry with world society principles. And unlike IGOs, whose members are typically nation-states, INGOs connect individuals and private groups from different countries who share a common set of goals or interests. Despite the difference in formal power between IGOs and INGOs, the latter nevertheless serve as important mechanisms for transmitting world culture, and have proven instrumental in the area of development and poverty relief.

TRANSMITTING WORLD CULTURE

Sociologists have recently detected the presence of a world culture that acts as an autonomous force on nation-states. These sociologists suggest that culture is organized at the global level, noting the isomorphism that countries exhibit across a wide range of organizational features.

These organizational models include the widespread adoption of universalistic welfare systems, a universal rise in state authority and organizational activity, the expansion of women's suffrage, a growing concern for democracy and human rights, a growing conception of individualism, liberalized same-sex policies, environmentalism, the spread of science and models that privilege scientific authority, as well as the expansion of mass education along with a standardized curriculum. One important mechanism that triggers the spread of these models is a state's linkage to international organizations. Cultural models are more likely to, and will more quickly, penetrate countries with a large number of membership ties to international organizations. Ultimately, countries that are embedded in world society are "socialized" to adopt organizational models that adhere to world cultural principles.

INGOs, in particular, are important enactors and carriers of world culture. The rapid increase in INGO membership suggests that a world culture is indeed forming through these organizations. INGOs have expanded dramatically, from approximately 200 active INGOs in 1900 to almost 4,000 in 1980, to over 5,000 by 1995, with the vast majority of this rapid expansion occurring during the post-World War II era.

DIFFUSING A LOGIC OF PRIVATIZATION

INGOs have become well-known for taking on a humanitarian character and spreading progressive values across the world. INGOs often serve as transnational bodies that set global standards and principles, and broadly represent all of humanity vis-à-vis states and other actors of transnational prominence. Many tackle social problems and are characterized as encompassing a grassroots, or social movement, quality.

Amnesty International (AI) and the League of Red Cross and Red Crescent Societies (Red Cross) represent two of the world's most prominent INGOs. Founded in 1961 and headquartered in London, AI's organizational goal is to secure the release of political prisoners (those nonviolent individuals who are imprisoned simply for their beliefs and/or demographic characteristics) as well as call an end to the torture and execution of all prisoners. The Red Cross, currently headquartered in Geneva, Switzerland, was founded in 1919 and coordinates humanitarian activities with the goal of preventing and alleviating human suffering.

However, with no formal authority, INGOs cannot impose their respective goals or principles on global actors. Rather the diffusion of these norms and cultural models must occur more informally, through gradual socialization that stems from contact with, or membership in, these INGOs. Quite often, INGOs enjoy great success in coopting transnational governing bodies and state machineries to formally adopt their cultural models. However, these models are often loosely coupled compared to the way they are actually implemented. For example, INGOs were involved in the United Nations' (UN) General Assembly adoption of the Univer-

sal Declaration of Human Rights in 1948. However, many of the articles are repeatedly violated by member states without any formal consequences. Also, while the UN General Assembly unanimously adopted the Declaration on the Protection of All Persons from Being Subjected to Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment in 1975, this declaration has been largely ignored by some UN member states where violent practices have continued.

Nevertheless, INGOs have dramatically expanded their role in the world and have become more powerful in their ability to promote global welfare. While many sociologists have noticed the diffusion of cultural principles by INGOs, INGOs are also responsible for the diffusion of material resources. INGOs have provided clean water, housing for the poor, job training, social services, and vaccinations for children. They also have constructed schools, health clinics, and other medical facilities, and have started health and education programs for children. INGOs have been able to penetrate weak states that are unable and/or unwilling to adequately provide these important needs for its citizens.

INGOs promote democratic principles whose models are loosely adopted by nation-states.

Thus INGOs have had mixed success in their ability to achieve their progressive and humanitarian goals. While the political and human rights models that INGOs diffuse are loosely coupled with their implementation, INGOs have had greater success penetrating states economically to provide on-the-ground aid and services. In short, while INGOs promote democratic principles whose models are loosely adopted by nation-states, they fulfill economic welfare needs for collapsed governments by providing developmental assistance. In diffusing a logic of privatization, these INGO efforts result in institutionalizing the removal of state control over both political and economic outcomes.

PROMOTING DEMOCRATIC PRINCIPLES

Of course most INGOs do not actually promote a humanitarian agenda as an organizational goal. Of the 13 INGO sectors, those comprising a science and technology megasector make up over one-third of all INGOs. These include INGOs whose areas include medicine, healthcare, the sciences, mathematics, space, technical standards, infrastructure, and communications. INGOs

in the economic megasector (which includes industry, trade, industrial groups, the service economy, finance, and tourism) comprise almost one-quarter of all INGOs. Together these two megasectors form the core of world culture, and typify world culture's technical-rational foundation. The next largest megasector is the progressive set of INGOs (which includes individual rights and welfare) and comprises one-eighth of the total. Thus, while these progressive INGOs occupy an important megasector, most INGOs do not actually substantively represent humanitarian or social welfare causes.

However, the diffusion of world culture through INGOs does not only refer to organizational content, but also to organizational structure and process. INGOs promote voluntary action by individual members, and their organizational structures obey norms of open membership and democratic decision-making. AI's internal governance structure is highly democratic. The International Council Meeting (ICM) that meets every few years governs AI. Individual members either directly elect delegates to the ICM or elect a national section board that, in turn, elects ICM delegates. The ICM delegates debate and vote upon various issues, including the scope of AI's mission, AI's policies, campaigns, and membership actions, as well as organizational and financial matters. The ICM also elects nine members to a governing board, the International Executive Committee, which runs the organization between congresses and appoints the secretary-general who functions as Al's top spokesperson, as well as the top senior manager of the International Secretariat in London.

Regardless of the substantive goals that INGOs promote, INGOs structurally promote five basic world cultural principles: 1) universalism (INGO goals and activities transcend boundaries to encompass the world); 2) individualism (INGO members are mostly individual people, and INGOs utilize the one-person/one-vote democratic principle in their decision-making); 3) rational voluntaristic authority (emphasizing a decentralized formal structure and collective action that represents consent rather than coercion); 4) human purposes of rationalizing progress (this principle stresses adherence to rationalism as a goal, relying on scientific methods, formal expertise, and professionalism); and 5) world citizenship (individuals are world citizens, above and beyond other salient identities, who are entitled to certain rights and protections, and these are applied equally to everyone). Thus it is not only through the pursuit of its substantive goals that INGOs are able to promote world cultural values but through its international membership base, democratic organizational structure, and rationalized procedural norms that particular models are disseminated across the globe.

However, the democratic models that INGOs diffuse are loosely created from the forms that are actually implemented by nation-states, resulting in a distorted democracy as it is actually experienced. It is democracy in the sense that the diffused political model calls for mass participation in the election of state leaders. It is distorted, however, in the sense that the choices available to the population are narrowly defined. Moreover, elections focus on the selection of representatives rather than, or in addition to, referendum items to allow the citizenry to become directly involved in the decision-making process.

Transnational corporate entities are able to influence the structure of political regimes.

Democratic models that include the INGO norms of universality, individualism, and (world) citizenship all promote the idea of formal political equality through mass participation in free elections. Most importantly, though, the principles of rational voluntaristic authority and human purposes of rationalizing progress legitimate the idea that election results reflect a rational process that expresses the consent of the governed, thereby moving away from dictatorial regimes that rule by coercion.

Thus not only does the diffusion of these models bring about increases in formal political participation (voting for representatives), without necessarily any corresponding increases in direct participation (voting for policies), but this system of governance also forces the citizenry to accept the decisions made by political elites since they were elected voluntarily, regardless of how narrow the range of choices are. This, of course, results in a more orderly and stable political environment for governing elites, as states achieve legitimacy by adopting democratic models.

Additionally this privatization of the political process shifts the production of ideology over to the "invisible hand" of the market, thereby opening the door for corporate messengers. Instead of state elites monopolizing the production and distribution of cultural and political messages, the market controls this process by shaping public discourse and subsidizing political campaigns. In this way, transnational corporate

entities, and their local subsidiaries, are able to influence the structure of political regimes and the policies that they choose to implement.

In short, both local/political elites and global/economic elites benefit from distorted democracy, the favored political system of the world capitalist economy.

FULFILLING ECONOMIC DEVELOPMENT

Groups like AI and Human Rights Watch (HRW) are prominent Western INGO leaders in the fight for political freedom. However, within the INGO community, and the world community more generally, there is a noticeable lack of equity with respect to supporting both political and economic rights. The UN's Universal Declaration of Human Rights mentions the rights to social security, employment, fair remuneration, and a decent standard of living, including food, clothing, housing, and medical care.

However, only six articles of the declaration involve economic rights, while 19 articles are devoted to political rights. In 1966 these human rights were codified into international law through two treaties, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social, and Cultural Rights. However, the two treaties are not on equal footing, as the political rights covenant is stronger in terms of monitoring compliance and providing additional protocols. More generally, within the human rights community, violations against political rights and civil liberties that result in imprisonment and torture are deemed unacceptable, while violations of economic and social rights that result in poverty and starvation are considered merely misfortunes.

The fact that many political INGOs have shown great reluctance to give economic and social rights equal status in their formal platforms has not gone by unnoticed within the human rights community. FoodFirst Information and Action Network (FIAN), founded in Heidelberg, Germany, in 1986, was essentially a splinter movement from within AI as a reaction to AI's refusal to incorporate economic, social, and cultural rights into its mandate. FIAN's activities include human rights education and public relations work, monitoring, and lobbying of governments and international organizations, all in the effort to apply pressure on governance structures to enforce economic rights.

However, most INGOs that are concerned with economic and social rights focus their activities on development and humanitarian assistance. INGOs such as OXFAM and Cooperative for Assistance and Relief

Everywhere (CARE) are development-oriented groups whose objectives are to free societies from poverty, hunger, and famine. Thus perhaps the most important difference between "political" INGOs and "economic" INGOs are the different roles they play.

While INGOs promote democratic principles whose models are loosely adopted by nation-states, they fulfill economic welfare needs for collapsed governments by providing developmental assistance. Both sets of activities involve diffusing a logic of privatization, resulting in the removal of state control over political and economic outcomes. This reflects not only the ability of economic INGOs to penetrate deeper into states, but also the relative failure of political INGOs to fully implement the models they widely diffuse.

What explains the relative success of economic INGOs is their ability to penetrate weak states in ways that core states or transnational corporations cannot. During the past several decades, there has been tremendous growth in using NGOs to channel financial transfers from the industrialized to the developing world. In 1970, NGO activities represented only 0.2 percent of official development assistance. In 1994, though, over 10 percent of public development aid was channeled through NGOs. In 1992 the Organization for Economic Cooperation and Development (OECD) estimated the total flow to be \$8.3 billion, or 13 percent of all development assistance.

The proportion of World Bank-funded development projects that involved NGO or community-based organizations (CBOs) increased from 20 percent in 1989 to 46 percent in 1997. Between 1973 and 1997, provision for NGO/CBO involvement was highest in projects whose primary objectives were to improve gender equality (80 percent), improve the environment (54 percent), and reduce poverty (48 percent).

And not only have nongovernmental groups become more important for the diffusion of official governmental assistance, but governmental assistance has become more important to NGOs. Whereas previously, nongovernmentals had relied almost exclusively on voluntary donations from individuals for fundraising, now they have increasingly taken public funds. In 1970, public grants represented only 1.5 percent of NGO income, whereas that percentage had grown to 35 percent by 1988.

Many INGOs have established formal relationships with the UN, serving in participatory roles or gaining access to its resources. Formally UN Charter article 71 allows the Economic and Social Council (ESOSOC) to consult with nongovernmental organizations. While

this is the only mention of NGOs in the charter, it marks a break from previous world gatherings. NGOs were completely excluded from the Hague conferences in 1899 and 1907, and were only informally integrated with the League of Nations.

The Committee on Nongovernmental Organizations, elected each year by ESOSOC, supervises process of the admission nongovernmental groups to consultative status. NGOs can be granted consultative status in one of three categories: I, II, and "the roster." NGOs in category I have broad economic and social interests and broad geographic scope, while those in category II are more specialized. The remainder of accepted applicants are placed on the roster and make infrequent contributions. Whereas governments have greater rights of participation in the UN system, the nongovernmental groups remain largely under ESOSOC control. Category I groups have the broadest access to the ESOSOC and may propose agenda items to the Committee on Nongovernmental Organizations, which may ask the ESOSOC to include these items on a provisional list. Both category I and II groups may send observers to all meetings and may submit written statements on their subject matter, and the ESOSOC may ask for written statements from any of the consultative NGOs.

INGOs are consequential for the operations of the world political economy.

Nongovernmental access to the UN through the ESOSOC has grown significantly during the post-Wold War II era. Category I admissions have grown from seven in 1948 to 41 in 1991, while category II admissions have grown from 32 to 354 during the same period, and even faster expansion has taken place on "the roster," such that over 900 INGOs now have consultative status with the ESOSOC.

However, the growing linkage between governments and INGOs has drawn considerable criticism in recent years. Some scholars suggest that while colonial powers were previously able to cloak their geographic accumulation with the "face" of Christian missionary work and the salvation promised by such interventions, today's core powers now use INGOs as a normative force to serve as their "face" for introducing other penetrative forms.

Other scholars argue that NGOs have increasingly become involved in what they refer to as the international development industry, altering the way in which NGOs operate and bringing into question their ability to preserve their independence from northern core powers.

No longer supported only by voluntary donations from individual contributors, NGOs have increasingly become subsidized by public institutions. During the 1980s, the rate of growth of official development aid to NGOs increased significantly.

In addition they suggest that multilateral agencies, such as the World Bank, are increasingly relying on NGOs for the implementation of their projects. In order to put a more acceptable face on assistance, the development industry is integrating NGOs into its infrastructure, allowing development projects to penetrate deeper into the global south. Thus, through nongovernmental entities, northern funders have discovered another avenue on which they are able to exercise control and decision-making powers over southern localities.

Over the past several decades, the major INGOs that focus on relief efforts have expanded their previous emphasis of just saving lives to now also integrating developmental interventions into their work, focusing on the implementation of projects. In many cases, instead of protecting the local community's indigenous practices involving agriculture, health, and resource management, the NGOs actually serve the interests of the wider market by integrating the penetrated community in ways that meet the imperatives of global capitalism. Foreign NGOs oftentimes help proletarianize the local population, transforming environments featuring subsistence-based production into ones that obey market logic dependent upon external linkages where production volume is regulated by foreign businesses.

CONCLUSION

In short the diffusion that INGOs have undertaken generally results in one of two ways. The models that these organizations propagate either are only ceremonially adopted by states in order to obtain legitimacy (for example, democratic models, human rights instruments), which are then loosely implemented from actual practice, thereby distorting the initial diffusion, or are adopted and fully implemented, but in ways that simultaneously benefit wealthy, core states and harm weaker states in the periphery (for example, neoliberal policies that facilitate capital penetration into, and surplus extraction from, developing countries).

Thus INGOs are consequential for the operations of the world political economy in two ways. First, when

working alone, INGOs diffuse progressive models supporting democratic/egalitarian principles that are loosely coupled with how these models are actually implemented. These distorted models provide legitimacy and stability for state regime, while simultaneously facilitating corporate penetration into the political sphere, thereby securing influential relationships with state actors.

Second, when functioning as intermediaries for government or corporate entities, INGOs diffuse economic development models that are forced upon peripheral targets. INGOs can more easily penetrate local communities, establish ties, and provide assistance that increasingly involves development projects that necessarily imply the adoption of core economic models. In both instances, the practical result is to loosen the economic, political, and social grip of state regimes over nations, thus opening the door for transnational corporate infiltration into these spheres.

Ultimately INGOs diffuse a logic of political and economic privatization, moving states away from authoritarian models of governance.

SEE ALSO: CARE; Food First; Globalization; Human Rights and Poverty; Imperialism; OXFAM; Privatization; United Nations Development Program; World Bank.

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International Poverty Rates (\$1 and \$2 a Day)

POVERTY CAN BE defined as the inability to achieve a certain level of well-being. Well-being is the level of command over resources an individual has or, alternatively, is the general ability to function in society; poverty is a failure to achieve sufficient levels of either of these attributes. In economics the focus is usually on whether individuals have a minimum level of monetary resources. These monetary resources, in turn, are linked to a certain level of consumption that is thought to be sufficient to maintain a minimum level of well-being—valuing in terms of money gives a measurable proxy to the diverse goods and services that lead to well-being that are really being measured.

The monetary resources needed to achieve the minimum level of well-being define the poverty line. Individuals who do not have these monetary resources necessary to meet the most basic needs of food, clothing, health, and shelter are considered to be poor, while those who are above this level are not considered to be poor. Defining this minimum level of well-being and hence the poverty line is quite subjective and somewhat arbitrary.

It should also be noted that using a one-dimensional (that is, money) measure of poverty, although convenient and more easily measurable, glosses over many aspects of poverty. The United Nations, for example, has developed a multidimensional Human Poverty Index that takes into account illiteracy, malnutrition, early death, and poor healthcare. A monetary standard uses money as a proxy for these less quantifiable factors.

One way of setting a poverty line is by comparing individuals within a country to each other: how well off is each person relative to others in the country? A relative poverty line would then be set, tailoring each one to the contingent factors within a country. Thus a relative poverty line for a poor country such as Sudan would be much lower than one for a rich country like the United States. This would also mean that comparisons between

countries of the percentage of the population living in poverty would be invalid, as a person considered poor in the United States would quite likely be considered middle-class in Sudan.

This leads to a second way of setting a poverty line: using an absolute standard (in monetary terms) that is invariant across countries. Anyone, in any country, whose consumption is valued (in equivalent monetary terms, adjusting for price and currency differences) below this standard would be considered poor. This method of determining a poverty line allows for comparisons across countries of the percentage of the population living in poverty. It also allows for judging the impact of anti-poverty programs over time.

The most widely used absolute poverty line for world comparisons is the World Bank's consumption expenditures of \$1 (or \$2), at purchasing power parity, per day. A person whose average consumption expenditures are less than \$1 per day would be considered poor, in whatever country he or she lives. This standard is set to reflect conditions in the poor developing countries, as it represents an extremely low level of consumption. In contrast the official Census Bureau poverty line for a family of four in the United States is \$18,500, or about \$12 per day per person, implying that virtually no one in the United States is poor by the international \$1 (or \$2) per day standard.

At \$2 per day, most of the people in south Asia and Sub-Saharan Africa live in poverty.

Developed in 1990, the \$1-per-day poverty line adjusts for purchasing power parity at 1985 prices. Adjusting for differences in currencies and prices among the different countries allows the data to be converted to a common, standard measure. Thus the \$1 represents the same purchasing power among countries, that is, it represents an equivalent consumption bundle across the world.

The extreme poverty line of \$1 per day was chosen to be representative of the national poverty lines of low-income countries—it is the median of the lowest 10 poverty lines of a set of poor countries chosen by the World Bank. The poverty line of \$2 per day represents nationally defined poverty lines of a second, somewhat higher-income set of low-income countries that may be called lower-middle-income countries.

The lower poverty line has since been updated to \$1.08 at 1993 purchasing power parity, while the \$2-per-

day poverty line has been updated to \$2.15 at 1993 purchasing power parity. While convenient and useful, choosing the poverty line in this way is necessarily arbitrary. It does, however, establish a common standard for worldwide comparisons that is particularly useful for low-income countries. Whether measuring with the old \$1 (\$2) or the new \$1.08 (\$2.15) level, this widely adopted standard has proven quite useful in measuring the extent of poverty worldwide.

Currently poverty is most extreme in sub-Saharan Africa, with 47 percent of its entire population living below the \$1-a-day standard of extreme poverty. All 11 of the countries that have more than 50 percent of their population with consumption expenditures lower than \$1 per day are located in sub-Saharan Africa, including Uganda, the country with the most extensive poverty in the world (84 percent of its population live in extreme poverty).

Of the 20 countries where more than one-third of the population is living in extreme poverty, 17 are in sub-Saharan Africa. If the \$2-per-day standard is used, the situation appears even worse, with over 75 percent of the population in both south Asia and sub-Saharan Africa living in poverty, and over half of the total population of all these regions living in poverty.

If we look at the numbers of people these percentages represent, we can see that this is an economic problem on a massive scale. The total number of people who subsist on less than \$1 a day (21 percent of the population) is about 1.1 billion, while the corresponding figure for the less than \$2-a-day standard (53 percent of the population) is 2.7 billion. That billions of people live in such abysmal material conditions is certainly one of the most pressing economic and political problems of our day.

The trends in poverty show mixed results since 1981. Overall the proportion of the world's poorest populations living in poverty has declined, from 40 percent (or 67 percent at \$2 a day) in 1981 to 21 percent (or 53 percent at \$2 a day) in 2003. This masks, however, significant differences by region and nation. East Asia (including China) has experienced a large drop in both the number and percentage of its population living in poverty. South Asia (including India) has also experienced a (somewhat smaller) decline in poverty. The Middle East and north Africa, as well as Latin America and the Caribbean, have seen a slight decrease in the percentage of their populations living in poverty. Eastern Europe and central Asia, and even more so sub-Saharan Africa, have experienced increases in poverty, with the number of extremely poor people living in sub-Saharan Africa (below the \$1-a-day level) nearly doubling.

In 2000, 189 states of the United Nations, in making a commitment to reducing poverty and fostering economic and social development, adopted the Millennium Development Goals. One of these eight goals is to "eradicate extreme poverty and hunger," or more specifically to reduce by half the proportion of people who suffer from hunger, and to reduce by half the proportion of people living on less than \$1 a day by 2015. Efforts to reduce world poverty in the aggregate have been successful, with the caveat that the situation is getting worse in sub-Saharan Africa. It will take a concerted worldwide collaborative effort in order to achieve the Millennium Development Goals by 2015.

The \$1- and \$2-a-day poverty levels are widely used for measuring poverty in low-income countries. As such, they essentially define world poverty in a quantifiable and comparable manner. Other standards are used (for example, most countries define their own national poverty levels), and should be used, in addition to the \$1- and \$2-a-day standards. However, as absolute poverty lines, the \$1- and \$2-a-day levels have proven their usefulness in describing world poverty.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Direct and Indirect Measures of Poverty; Extreme Poverty; Human Poverty Index; Millennium Development Goals; World Bank.

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International Red Cross and Red Crescent Societies

POVERTY WOULD NOT immediately seem to be the focus of the International Red Cross. However, addressing poverty's causes is directly linked to the Red Cross's

mission of responding to natural or human-made calamity. Human need in time of catastrophe is the primary focus of the 183 national Red Cross organizations within the International Federation of Red Cross and Red Crescent Societies, which claims to be the world's largest humanitarian organization. The only larger worldwide organizations of national entities are the United Nations, with 191 member nations, and the Federation Internationale de Football Association (FIFA), the international soccer governing body, with 207 national member societies.

"This is the front line of the struggle against poverty and all affronts to human dignity."

The Red Cross was started in 1864 by an urgent need to treat battlefield wounded. The focus of the various international Red Cross societies worldwide has expanded over the years, and some of the locally autonomous national member societies have diversified more than others. For example, the American Red Cross provides relief in time of disaster, but also offers first aid and water safety education and is a key administrator of human blood supplies for medical needs—as well as empowerment of the impoverished.

Juan M. Suarez del Toro, president of the International Federation of Red Cross and Red Crescent Societies, speaking to the United Nations Economic and Social Council in Geneva on July 1, 2003, stated: "Many of the world's poverty priorities concern crises of direct interest and concern to the International Federation and to over 180 National Red Cross and Red Crescent Societies in almost every country in the world. They will be central issues for National Red Cross and Red Crescent Societies when they conduct their own dialogues with governments and other national partners.

"These issues will be at the heart of the December 2003 International Conference of the Red Cross and Red Crescent, which will also address the vital issue of community involvement and local capacity-building. This is the front line of the struggle against poverty and all affronts to human dignity. It is here that the most effective partnerships are formed, most frequently with Red Cross and Red Crescent Societies at the national or local level."

The founding idea behind the Red Cross was treating wartime wounded as well as protecting those coming to their aid. Prior to that time, armed forces' medical services deployed on the battlefield were not

entitled to any form of legal protection. Doctors and nurses, just like the soldiers they cared for, were the direct targets of attack. It was not until 1864, at the instigation of the nations then forming the International Red Cross, that the first Geneva Convention was signed and a universal protective emblem—a red cross on a white background—began to signify noncombatant relief workers on the battlefield.

The international Red Cross movement began when Gustave Moynier, the president Geneva Society for Public Utility (GSPU), received in the mail a book, A Memory of Solferino, by Henri Dunant. As president of the prestigious GSPU, Moynier was accustomed to receiving appeals for various causes, but the graphic depictions of suffering on the battlefields held his attention. Dunant described the bloody carnage at the Battle of Solferino, Italy, in 1859. There, French and Sardinian allies under Napoleon III had fought the Austrian armies of Emperor Francis Joseph. Dunant described young soldiers wounded and abandoned to agonizing death because their armies lacked doctors, nurses, dressings, or field hospitals to stay behind and care for casualties. Dunant appealed for the formation of voluntary aid societies that could furnish supplies and trained medical workers to attend to this humanitarian need.

Moynier met with Dunant, inquiring what efforts he had made to bring such relief work into being. Dunant described having his book printed at his own expense and sending it throughout Europe to influential decision-makers. Beyond that, he had not attempted to organize anything, instead hoping his book would "attract the attention of the humane and philanthropically inclined."

A Committee of Five was formed with Guillaume-Henri Dufour, a retired Swiss general serving during the first year as committee president, then as honorary president thereafter. The other four members were Moynier, Dunant, and two Geneva physicians, Louis Appia and Théodore Maunoir. Soon afterward the members of the committee changed the name to the International Committee for Relief to the Wounded, and in 1876 adopted its current name, the International Committee of the Red Cross (ICRC).

Directly following the establishment of the Geneva Convention, the first national societies were founded in Belgium, Denmark, France, Spain, Prussia, Württemberg, and another state now part of Germany, Oldenburg. In 1864, original Committee of Five member Dr. Louis Appia and Charles Van de Velde, a captain in the Dutch army, became the first independent and neutral



The Red Cross and Red Crescent at work in a refugee camp near the Ethiopia and Somalia border in Africa.

delegates to work under the symbol of the Red Cross in an armed conflict.

RED CRESCENT

In 1876 the red crescent emblem was adopted instead of the red cross by the Ottoman Empire during its war with Russia, because the red cross symbol was offensive to Muslim soldiers. The red crescent was recognized by the 1929 Geneva Convention along with the Persian red lion and sun, which was abandoned in 1980 by the Iranian government in favor of the crescent.

Today national societies may use only one emblem and it must be the same as that used by their country's armed forces medical services. In 1949 the Magen David Adom, or the Red Star of David, the Israeli national society, applied for membership and was rejected since surrender of its emblem was stated as a require-

ment of membership. The Israeli society's membership has never been approved. However, a new symbol, the red crystal, which is diamond-shaped, has been proposed for use by nations that find either the cross or crescent offensive; in 2005, 150 of the 192 member nations were using the red cross as their official emblem.

AMERICAN RED CROSS

The American Red Cross was founded by Clara Barton. In 1861 she had been living in Washington, D.C., working at the U.S. Patent Office. At the outbreak of the Civil War, she learned that many of the wounded from the First Battle of Bull Run had suffered the need for medical attention. She advertised for donations and began an independent organization to distribute medical goods. In 1862, U.S. Surgeon General William A. Hammond granted her a general pass to travel with army ambulances "for the purpose of distributing comforts for the sick and wounded, and nursing them."

For three years she followed medical workers, attracting national notice. She also expanded her outreach by organizing a program for locating those missing in action. By quizzing Union soldiers released from southern prisons, she determined the status of thousands of missing and notified their families.

By 1869, Barton had worked herself into exhaustion. On doctor's orders, she traveled to Europe to rest. There she learned about the ICRC and was particularly alarmed that the United States had refused to sign the Geneva Convention. She returned to America in 1873 and began to crusade on behalf of the movement. As a result the American Red Cross was formed in 1881 with Barton as the first president, and the United States signed the convention in 1882.

Several years later, she wrote an amendment to the Red Cross constitution that provided for disaster relief during peacetime as well as war. She remained Red Cross president, expanding the organization's outreach to include relief work for disasters such as famines, floods, pestilence, and earthquakes in the United States and throughout the world. The last operation she personally directed was relief for victims of the 1900 Galveston, Texas, hurricane.

In 1906 the 1864 Geneva Convention was revised for the first time. One year later, the Hague Convention X, adopted at the second International Peace Conference in the Netherlands, extended the scope of the Geneva Convention to naval warfare.

At the outbreak of World War I, there were 45 national societies throughout the world. The movement

had grown beyond Europe and North America (the United States, Mexico, and Canada) to Central and South America (Argentina, Brazil, Chile, Cuba, Mexico, Peru, El Salvador, Uruguay, and Venezuela), Asia (China, Japan, Korea, and Thailand), and Africa (the Republic of South Africa). At the onset of the war, the ICRC set up an International Prisoners-of-War Agency with about 1,200 mostly volunteer staff members. During hostilities the agency transferred about 20 million letters and messages and 1.9 million parcels. About 200,000 prisoners of war were exchanged and repatriated to their home countries.

The war confronted the ICRC with enormous challenges, requiring it to work closely with national Red Cross societies. Red Cross nurses from around the world, including the then-neutral nations of the United States, Canada, and Japan, were brought in to serve the armed forces of the European combatants.

The ICRC received the 1917 Nobel Peace Prize for its wartime work.

The ICRC also monitored compliance with the Geneva Conventions and forwarded complaints about violations to the offending country. When chemical weapons were used for the first time in history, the ICRC vigorously protested. The ICRC also began attempting to assist suffering civilian populations in occupied territories, and 41 ICRC delegates conducted inspection visits to 524 POW camps.

The ICRC received the 1917 Nobel Peace Prize for its wartime work. It was the only Nobel Peace Prize awarded in the period from 1914 to 1918.

During World War II, 179 delegates conducted 12,750 visits to prisoner-of-war (POW) camps in 41 countries, and 120 million messages were exchanged. The Central Information Agency on Prisoners-of-War had a staff of 3,000, and a card index that tracked prisoners contained 45 million names. A complication of World War II was that two major combatants, the Soviet Union and Japan, were not party to the Geneva Conventions and were not legally required to follow those rules. Nor were other countries bound to follow the conventions regarding Soviet or Japanese prisoners. Germany was a signatory, but the Nazi-controlled German Red Cross refused to answer inquiries concerning reports of deportations of Jews to death camps. The ICRC did obtain permission to send parcels to concentration camp detainees with known names and locations. Because the notices of receipt for these parcels were often signed by other inmates, the ICRC managed to register the identities of about 105,000 Jewish detainees and delivered about 1.1 million parcels to the Dachau, Buchenwald, Ravensbrück, and Sachsenhausen concentration camps.

Fearful that its work with German-held POWs was at risk, the ICRC backed off applying pressure concerning the Jewish camps. Today the ICRC cites its inability to prevent the genocide as its greatest failure in history. On March 12, 1945, ICRC president Jacob Burckhardt received a message from German SS General Ernst Kaltenbrunner accepting the ICRC's demand to allow delegates to visit the Jewish concentration camps. This agreement was bound by a condition that Red Cross delegates would have to stay in the camps until the end of the war. Ten Red Cross workers accepted the assignment and visited the camps, remaining there as permanent guests. Delegate Louis Haefliger is credited with saving about 60,000 inmates at Mauthausen-Gusen from execution by evacuating Nazi guards, when he alerted advancing American troops. His actions were condemned by the ICRC because they risked Red Cross neutrality, but in 1990 the ICRC condemnation was reversed by ICRC president Cornelio Sommaruga.

In 1944 the ICRC received its second Nobel Peace Prize. On August 12, 1949, further revisions to the existing Geneva Conventions were adopted. Additional protocols of June 8, 1977, were adopted, and today the conventions contain more than 600 articles compared to the 10 articles in the first 1864 convention.

On October 16, 1990, the UN General Assembly granted the ICRC observer status for its assembly sessions and subcommittee meetings, the first observer status given to a private organization. The resolution was jointly proposed by 138 member states and introduced by the Italian ambassador Vieri Traxler in memory of the organization's origins in the Battle of Solferino on Italian soil.

Today the international body consists of three entities, the International Committee of the Red Cross (ICRC), the locally autonomous national societies, and the International Federation of Red Cross and Red Crescent Societies.

The ICRC remains a private, independent group of 25 Swiss citizens who can serve an unlimited number of four-year terms. As official guardian of the Geneva Conventions and of Red Cross principles, it promotes their acceptance by governments, suggests their revision, works for further development of international humanitarian law, and recognizes new national societies.

It also sends its Swiss delegates into prisoner-of-war camps, supervises repatriation, attempts to trace members of the military who are missing in action, and supplies material relief as needed. The ICRC mission statement proclaims that "the International Committee of the Red Cross is an impartial, neutral and independent organization whose exclusively humanitarian mission is to protect the lives and dignity of victims of war and internal violence and to provide them with assistance. It directs and coordinates the international relief activities conducted by the Movement in situations of conflict. It also endeavors to prevent suffering by promoting and strengthening humanitarian law and universal humanitarian principles."

The locally autonomous national societies of the Red Cross or Red Crescent each operate on national and international levels through their volunteer members. Each must be recognized by the International Committee and all have Junior Red Cross or Red Crescent Societies. Most have disaster relief programs and carry on social welfare programs, such as community health and safety instruction. Many have also established refugee services.

The International Federation of Red Cross and Red Crescent Societies is a coordinating world federation of these societies. It was established in 1919 and maintains contacts among the societies, acts as a clearinghouse for information, assists the societies in setting up new programs and in improving or expanding old ones, and coordinates international disaster operations.

This move, led by the American Red Cross, expanded the international activities of the Red Cross to include relief assistance in response to emergency situations that were not caused by war, such as man-made or natural disasters. The American Red Cross already had great disaster-relief mission experience extending back to its foundation. The first relief assistance mission organized by the federation, then called the League of Red Cross Societies, was an aid mission for the victims of a famine and subsequent typhus epidemic in Poland. Within five years the league launched 47 missions to 34 countries, bringing emergency supplies to famine victims in Russia, Germany, and Albania; earthquake survivors in Chile, Persia, Japan, Colombia, Ecuador, Costa Rica, and Turkey; and refugees in Greece and Turkey. The first large-scale disaster mission came after the 1923 earthquake in Japan, which killed about 200,000 and left more than one million hurt and homeless. As a result the Red Cross Society of Japan received goods from societies around the world worth about \$100 million.

Today the international federation's programs are grouped into four main core areas: promoting humanitarian principles and values, disaster response, disaster preparedness, and health and care in the community. Guiding and supporting the development of its member national societies is one of the federation's fundamental tasks. Creating the opportunity for national societies to network and work together is another of the federation's key challenges.

SEE ALSO: International Nongovernmental Organizations; Natural Disasters; War and Poverty; World War I; World War II.

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International Trade

GENERALLY, TRADE REFERS to the exchange of goods and services for money. International trade refers to sales that cross juridical borders. Thus, international trade can be defined as the exchange of goods and services across international boundaries. In most countries, it represents a significant share of Gross Domestic Product (GDP). International trade has been present throughout much of history (for example, the Silk Road and Amber Road).

However, the emergence of capitalism and accompanying industrialization and advanced transportation greatly increased the economic, social, and political importance of international trade.

There are many reasons why trade occurs between countries, among which are differences in technology, resource endowments, internal demand for goods and services, and existence of economies of scale in production. In sum the exchange takes place because of the differences in costs of production between the countries, and because it increases the economic well-being of each country.

Similarly there are several principal theories that attempt to explain international trade. Mercantilist theory, or mercantilism, asserted that a country should try to achieve a favorable balance of trade (export more than it imports), since this would increase the amount of gold in the surplus country. In order to achieve that, mercantilists advocated strict government control of all economic activity and economic nationalism. Classical economists, such as Adam Smith and David Ricardo, condemned mercantilism for its advocacy of government control over trade in order to achieve export surpluses.

Smith developed the theory of absolute advantage, according to which countries engage in trade since each of them has an absolute advantage in producing selected goods. Smith advanced the argument that when one nation is more efficient than another in production of one commodity, but less efficient than the other nation in producing a second commodity, then both nations can gain by specializing in the production of the commodity of its absolute advantage and exchanging part of its output for the other country's commodity.

Ricardo argued that even if one nation is less efficient than the other nation in the production of both commodities, there is still a basis for mutually beneficial trade. The countries should specialize in the production of the commodity in which the absolute advantage is the greatest, while it should import the commodity in which the absolute disadvantage is the greatest. The Ricardian model serves as an explanation for the existence and pattern of international trade based on relative (opportunity) cost advantages among different countries producing different commodities. The law, however, does not explain the very root of these advantages.

This question has been addressed by another principal theory of international trade, known as factor endowments theory, or the Heckscher-Ohlin theory. Different countries are differently endowed with economic resources that are used in the process of production. Countries differ as to the type and quantity of raw materials, their climate, the skill and size of their labor force, their stock of capital, and their institutions. According to the Heckscher-Ohlin theory, countries will tend to export those commodities whose production requires relatively more than other commodities of those resources of which it has the most.

Other theories deal more with the patterns of production and trade. The international product cycle theory states that products will be first produced in the countries in which they were researched and developed (industrialized countries). Over the product's life cycle, production will shift to foreign locations, in particular to developing and emerging economies, as the product reaches the stages of maturity and decline. Country similarity theory states that most of the modern-era trade occurs among industrial countries because of their similarity and compatibility of their economies and institutions.

Regardless of the specific assumptions of the particular theory, they all advocated the concept that international trade should be free from restrictions. Thus international trade became the engine of economic growth in the 19th century. Countries dropped their restrictions on free trade, and the gold standard was used worldwide to measure the value of goods and currencies, providing a universal currency. With the rise of a global trading system at the time of European colonial expansion, a colonial division of labor emerged in which developing countries exported primary products, agriculture and minerals, while Europe and North America exported manufactured goods.

The outbreak of World War I, the redistribution of the colonies among the Great Powers, the collapse of the gold standard, and the economic depression of the 1930s gave rise to economic nationalism and protectionism. Free trade gave way to government intervention and tariffs; quotas and other protectionist measures became dominant features in international trade.

The end of World War II brought about the revival of the free trade philosophy. The General Agreement on Tariffs and Trade (GATT) was formally established in January 1948. This international organization was instrumental in organizing negotiations among contracting parties, aimed at the reduction of tariffs, from the first meeting in Geneva in 1947 up to the so-called Uruguay Round of trade negotiations, which began in 1986 and concluded in 1993.

The trade negotiations led toward the elimination of quotas, substantial reduction of tariffs, and limiting almost all other forms of protectionism. The Uruguay Round focused on agricultural export subsidies, restrictions on trade in banking and insurance, and restrictions on foreign direct investment.

Following the conclusion of the Uruguay Round, GATT was replaced by the World Trade Organization (WTO). The WTO is charged with the further develop-



Global trade and the resulting exchange of currencies seem to help developed countries more than developing ones.

ment and policing of the multilateral trading system along the principles followed by the eight rounds of trade negotiations.

In addition to the expansion of free trade, the structure of world trade has begun to change since World War II and particularly in the last three decades. Important characteristics of current global trade patterns are that 75 percent of the world's exports are from developed countries, while only 25 percent are from developing ones; developed countries export mainly manufactured goods: 83 percent of their total and 62 percent of all world exports.

Developing countries also export more manufactured goods than primary products: 56 percent of their total and 14 percent of world exports; and more primary products are exported by developed countries than by developing countries: 14 percent of world exports, compared with 11 percent.

However, despite the overall increase in economic welfare generated by international trade, the expansion of international trade raises many questions. In particular, what is the true connection between trade globalization and economic growth and poverty reduction, and who benefits more from increased trade?

The basic statistics on international trade provide mixed answers at best. From 1950 to 1970, developed countries gained in the share of total world exports, and developing countries lost; developing countries in east Asia significantly increased their manufactured exports, and this increased their share of the world trade during the 1980s. Latin America's share fell substantially from 1950 through 1990, and then began to increase slightly; exports from west Asia and north Africa fell since 1980. In addition, there has been a historic decline in the exports of the sub-Saharan countries. Their share of the world total has dropped from over three percent in 1950 to barely one percent in 1996.

These results prompted free-trade advocates to proclaim that the real losers from increased liberalization of international trade (globalization) are those developing countries that have not been able to seize the opportunities to participate in this process.

However, it has been contended that the presence of uneven liberalization is the principal cause of industrial countries being the primary beneficiaries of globalization. In addition to the drastic reduction of protectionism of developed economies regarding developing countries, the multilateral trading system warrants redesign in order to address the needs of the world's poor.

International trade can play a powerful role in reducing poverty in developing countries. However, the current approach overemphasizes the direct impact of trade liberalization on poverty, rather than the indirect impact on poverty caused by countries' level and pattern of trade and the long-term dynamics of change.

Thus policies focused on poverty reduction need to shift from analyzing trade liberalization and poverty to examining objectively the links of trade and poverty. This constitutes a new developmental approach. The core of this approach is that poverty reduction occurs through the efficient development and utilization of productive capacities in a manner in which the labor force becomes fully employed.

The best trade policy would be the one that would facilitate and not hinder this process: trade performance has to be adequate to enable sustained economic growth and poverty reduction, the link between trade and growth has to be strong, and the export expansion

needs to lead to domestic resource mobilization and consequent poverty reduction.

SEE ALSO: Economic Liberalization; Globalization; Ricardo, David; Smith, Adam; World Trade Organization.

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Intrahousehold Transfers

AN INTRAHOUSEHOLD transfer is one in which items are passed among members of a household, either formally or informally. It includes money paid by working adults to grandparents to offset childcare costs, rent or lodging fees, allowances made to children and young people, and contributions to family income arising from child labor.

Government transfers such as those intended for child benefit are also a form of intrahousehold transfer, because they are necessarily paid to someone who is not the intended recipient and it would be very difficult to try to ensure that the benefit is effectively transferred to the one it is intended to reach. In a harmonious and rational household, transfers will take place to ensure that all members receive according to their needs. However, households are not always such happy places and, in any case, information asymmetries dictate that not all household members will be aware of the most equitable distribution of resources.

There are also, of course, many examples of abusive or predatory household members who cause transfers of resources to themselves that are wholly unjustified by genuine need. Generally, then, it would be wrong to treat a household as having a unitary set of goals in the way that economics supposes that individuals have. In many societies, work and access to household resources are both affected by gender; most commonly, women are restricted wholly or in part to work inside the house, while men work outside. This may not be the most efficient arrangement of resources and, in any case, there is sufficient evidence to believe that men and women have different priorities in terms of household resource allocation. Since, globally, women receive less pay than men for the same work, men will generally have more power in the household to determine the extent to which intrahousehold transfers take place.

Resolving the extent to which this takes place is likely to require negotiation and debate and, again, this may not be the most efficient use of time. One result of these arrangements is that development efforts are often focused on providing resources to women to overcome such inefficient distributions. Examples include the Grameen Bank and similar microfinancing institutions. In many parts of the developed world, too, domestic work is frequently considered to be part of a woman's domain and to be properly valued at a very low rate. This perception further skews the distribution of resources in terms of rewards within the household.

Gender and age factors also affect the distribution of inheritance resources to children. Some societies frequently favor boys over girls with respect to inheritance and, also the older is favored compared to the younger. In such cases, the less privileged child may face a much lower standard of living, while, if property is distributed equally among a large number of children, all may face the same fate.

In the wake of the 1997 Asian Financial Crisis, many of the poorest people who suffered job losses were those who had migrated from rural to urban areas for factory work or similar jobs. Once jobless, they returned to their rural households and were supported by intrahousehold transfers, to which they could contribute some labor. Most such people became underemployed rather than unemployed as a result.

SEE ALSO: Family Budgets; Family Size and Structure; Household Consumption; Household Employment; Household Income.

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Iran

A MULTIETHNIC STATE of over 70 million people, Iran is a Middle Eastern country under an Islamic system of government. Largely because of the complexities involving the Islamic Revolution, regime change, and the war with Iraq, economic growth was below two percent per year in the 1980s and recovered to around four percent in the 1990s, according to the International Labor Organization in 2001.

Despite Iran's massive supply of natural gas and oil, poverty and unemployment have been critical issues in recent years among a large segment of the population. Accurate estimates of employment levels have been difficult partly because of the state's inability or unwillingness to maintain labor data based on international standards. The 1991 census determined that over 25 percent of the population were economically active and 11 percent of the workforce were unemployed.

A recent International Monetary Fund (IMF) report estimates that Iran's overwhelmingly young demographic profile has led the workforce to grow by 3.5 percent, bringing 600,000 new job seekers to the labor market each year. Job creation, however, has lagged at some 450,000 new positions. Official data for 2001–02 put the unemployment rate at 16 percent, though the Economic Intelligence Unit put the actual figure closer to 20–25 percent. Another estimate, from Jane's Publications, puts the unemployment rate among 15- to 29-year-olds in 2004 at 31 percent. The percentage of the population living in poverty is estimated at 15 percent—with poverty defined as households making less than \$89 a month in urban areas and \$60 in rural areas.

A sign of inadequate economic opportunities is the continuing emigration of thousands of young and skilled Iranians, many to Europe and North America. Iranian Azeris, who constitute the largest ethnic minority, are in an economically better position as compared to the rest of Iran's population. Iranian Azerbaijan, formed of three northwestern provinces, has the largest concentration of industry outside of the capital city, Tehran. Because of its large population and a severe drought over the past several years, Iran became one of

the world's biggest buyers of wheat during 1999–2001, importing an average of six million tons per year. Some of the effects of the drought, combined with the increasing price of oil, are likely to be long-lasting. Many small agricultural producers, for example, are thought to have abandoned their holdings and moved to towns seeking alternate employment. Furthermore poverty, combined with political repression and a highly restrictive and patriarchal culture, has led to social ills.

Among other things, organized crime has been on the rise, with drug trafficking, prostitution, and corruption being widespread. Despite the Islamic republic's ban on the growth, production, and distribution of drugs, a relatively large segment of the Iranian population (over two percent) is addicted to opium and heroine. The high rate of dissatisfaction and depression among the population—especially the youth—brought about by strict idiosyncratic Islamic social laws, in conjunction with lack of sufficient economic opportunities, is a likely reason behind the surge in drug addiction. Iran is also the world leader in drug seizures, with much of the interdiction taking place along the border with Afghanistan and Pakistan.

Prostitution has also been on the rise. According to the government, there are hundreds of thousands of (largely female) prostitutes in Tehran alone. The surge in prostitution is due to the ongoing economic crisis and the lower status of women in Iranian society. Women constitute de facto second-class citizens in Iran with significantly less political power and social and economic clout as compared to their counterparts in the West and male citizens in Iran—though they wield more power as compared to their cohorts in many other Muslim-majority states. The government has even sanctioned a sort of Shia Islamic arrangement whereby temporary marriage (sigheh)—or quasi-prostitution—is legal. Prostitution is largely unregulated, however. As a result, the spread of AIDS and sexually transmitted diseases is thought to be on the rise.

Corruption is also widespread. Despite his somewhat fundamentalist political and religious views, the election and appeal of the new Iranian president, Mahmoud Ahmadinejad, were largely due to his apparent commitment to fighting corruption. According to a 2005 Transparency International survey, Iran was placed 87th out of 145 countries in terms of degree of corruption. In addition to bribe-taking, the 1979 Islamic Revolution instituted several wealthy Islamic foundations, with an estimated worth exceeding \$15 billion, which acquired much of their assets by illegally confiscating the property of individuals and organiza-

tions suspected of being opposed to the Islamic regime. Still, among the positive developments in today's Iran is the marked reduction in fertility rate—estimated at two births per childbearing female—the relatively high and growing female literacy rate, and the rise in global oil prices, all of which directly and indirectly contribute to the fight against poverty.

Furthermore Iran is an overwhelmingly young nation, with over 35 percent of its population under 15 years of age. Its population will thus continue to grow, but will likely stabilize at 100 million people by the mid-21st century. These factors are thought to significantly contribute to an eventual and significant reduction of poverty and to improve the socioeconomic status of the population.

Human Development Index Rank: 99 Human Poverty Index Rank: 36

SEE ALSO: Alcohol and Drugs; Corruption; Gender Discrimination; Islam and Poverty.

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Iraq

THE ISSUE OF POVERTY in Iraq has become an intensely contested and controversial one. The controversy is rendered more opaque by a lack of credible data in many cases, and the intensity of the political debate concerning the invasion and occupation of the country by U.S. military forces. The invasion was backed by a small number of allies, ostensibly in the search for weapons of mass destruction that did not exist. In the aftermath of the invasion, significant loss of life continued with bombings and shootings on an almost daily basis. This was created by opposition to the occupation and by internecine religious and ethnic con-

flict. The long, porous borders of the country meant that many extremists had been able to enter Iraq to participate in and stimulate further violence. Much of the infrastructure, destroyed by the invasion, had yet to be repaired by 2006 and suffering, hunger, and lack of medical services and sanitation was prevalent across the country. Deposed dictator Saddam Hussein presided over a brutal, murderous regime that benefited various sections of society, while oil incomes sustained a subsidized lifestyle for preferred elites.

Historically, Iraq has been one of the most civilized and prosperous parts of the world. The invasion of the Mongols led to the destruction of the Middle East and its agricultural and social systems to the extent that the population of the region today is, according to some estimates, even lower than it was then. The geographic area of Iraq was always integrated into larger or at least different territorial units and did not exist as an independent, separate nation until the division of the Ottoman Empire by the Western powers following the end of World War I.

The Ottoman Empire had long run out of the vigor that had characterized it as one of the most vibrant cultures of the Western world and, by the 20th century, Baghdad was no longer one of the great shining beacons of world civilization but had become something of a backwater. As a separate, autonomous country, Iraq was created under British influence and set in a context of other, neighboring states with the same genesis. It is bordered by Iran to the east, Kuwait and Saudi Arabia to the south, Jordan and Syria to the west, and Turkey to the north.

Much of the northern region is dominated by the Kurdish people, who are part of the most numerous people in the world not to have a home state of their own. To the southeast there is a narrow entrance to the Persian Gulf, which is the principal route by which Iraq has been able to export oil extracted from its significant amount of reserves. Iraq has a population of just over 26 million. Gross Domestic Product (GDP) per capita has been estimated at around \$2,100 in 2004, although unemployment is very high and may exceed 30 percent in some areas. Excess deaths caused by the invasion have been estimated at 100,000, and are still rising by some sources. This may be added to the number of people who died or who suffered extensively as a result of the sanctions enforced on Iraq in the wake of the first Gulf War. These are estimated as including the preventable deaths of 170,000 children under the age of 5, the creation of nearly two million refugees, and the reduction of GDP to 0.5 percent of its prewar level.

A survey for the World Food Program found that 21 percent of the population of Iraq's southern and central region lived in chronic poverty; this figure is equivalent to some 4.6 million people. In addition, approximately 60 percent of the total population were entirely reliant on monthly food rations provided as emergency aid. Continued violence, poverty, and repression are likely to inspire hatred and resentment in the future.

Human Development Index Rank: Not included. Human Poverty Index Rank: Not included.

SEE ALSO: Iran; Islam and Poverty; Kuwait; United States; War and Poverty.

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Ireland

THE COUNTRY OF IRELAND is composed of fivesixths of the island of Ireland. The remaining portion of the island has become known as Northern Ireland. The Irish people have spent much of their history trying to rid themselves of English rule. After centuries of fighting and repression, 26 counties in predominantly Catholic southern Ireland became independent of the United Kingdom in 1921.

Six northern (Ulster) counties continued to be part of the United Kingdom. Ireland withdrew from the British Commonwealth of Nations in 1948. Repeated efforts to reunite Ireland have been unsuccessful. In 1998 the Good Friday Agreement halted the bitter fighting within the country, but tensions have remained high.

Despite the years of political turmoil, in the summer of 2005, Ireland became the second richest country in the European Union (EU). Ireland's per capita income of \$31,900 is outranked in the EU only by Luxembourg, with a per capita income of \$58,900. Ireland's journey to prosperity began with the implementation of free secondary education in the 1960s. As a result of free education through the secondary level, only two percent of the population over the age of 15 are unable to read and write. All students complete primary school, and nearly all complete secondary school.

In the 1980s, Ireland experienced an economic slump because of declining exports and years of protectionism and mismanagement. The economy revived only when the major trade unions, farmers, and industrialists banded together to pressure the government to institute fiscal austerity by cutting corporate taxes and promoting foreign investment. The government also made college education basically free. The result has been phenomenal. Nearly one million people were added to the workforce between 1990 and 2005, and increased levels of education have led to a well-trained workforce that attracts a host of investors from all over the world. In 2005, unemployment stood at 4.3 percent.

Agriculture has declined in importance in Ireland and the agricultural sector now employs only eight percent of the workforce. Services dominate the Irish economy, engaging 63 percent of the workforce. Approximately 29 percent of the labor force are involved in industries, accounting for 46 percent of the total Gross Domestic Product (GDP) and 80 percent of all exports. Ireland's abundant resources include natural gas, peat, copper, lead, zinc, silver, barite, gypsum, limestone, and dolomite.

Even though Ireland has prospered economically, poverty has continued to be a persistent problem. The Irish government defines the poverty line as those earning less than 70 percent of the median income. From 1990 to 2001, the number of those living in poverty according to this definition fell from 15.1 percent to 5.2 percent as unemployment declined and social assistance increased.

When poverty is determined according to the number of individuals earning less than 60 percent of the median income, data for 2002 indicate that 4.7 percent of women and 3.5 percent of men fell into this category. On the other hand, when poverty is defined according to those who earn less than 50 percent of the median income, the poverty level increases to 12.3 percent. This is the figure generally accepted as the most accurate assessment of poverty in Ireland. The poorest 20

percent of the population live on 7.1 percent of resources, while the richest 20 percent hold 43.3 percent of resources. Ireland ranks 35.7 on the Gini Index of Human Inequality.

Individuals who face the greatest risk of poverty in Ireland are those under the age of 16, women, the elderly, the disabled, migrants, ethnic minorities, prisoners and ex-prisoners, and the rural and urban poor. Antipoverty measures established in the National Action Plan Against Poverty and Social Exclusion includes the promotion of income adequacy, employment, education, health, and housing. In practice, this has meant that Ireland has increased assistance chiefly to children and the elderly. Government grants are awarded to help individuals learn new skills and receive education and training that will allow them to reenter the workforce.

Healthcare is widely accessible in Ireland, and there are 239 physicians for every 100,000 residents. From 90 to 100 percent of the Irish have access to affordable essential drugs. Life expectancy in Ireland is 77.56 years and has steadily increased for several decades. With a projected life span of 80.34 years, females outlive males (74.95) by more than five years. The population of 4,015,676 experiences a median age of 33.7 years. Nearly 21 percent of the population are under the age of 14, and over 11 percent have reached the age of 65.

Between 1970 and 2005, infant mortality in Ireland declined from 20 deaths per 1,000 live births to 5.39 deaths per 1,000 live births. From the 1970s to 2005, the mortality rate of children under the age of 5 dropped from 27 deaths per 1,000 to seven deaths per 1,000. Six percent of all Irish children are underweight at birth. Childhood immunization rates have ranged from percetages in the mid-60s to the low 90s over the past decades. Infant immunizations against measles dropped from 78 to 73 percent between 1990 and 2002. On the other hand, infant immunizations against DPT rose from 65 to 84 percent. About 90 percent of infants have been immunized against tuberculosis, but only 84 percent have been immunized against polio. Approximately 78 percent of children between the ages of 12 and 23 months have been immunized against measles, and 85 percent have been immunized against DPT3.

In the 1970s, Irish women bore an average of 3.8 children each. By 2005 the fertility rate had declined to 1.87 children per woman. The fertility rate for adolescents is currently 15 out of 1,000 births. Around 60 percent of all women use some method of contraception. The Irish have made prenatal and antenatal care top priorities, and trained medical staff attend all births. The Maternity and Infant Care Scheme provides

infant and maternal care free of charge. Ireland has promoted natural childbirth to such an extent that it has one of the highest rates of natural childbirth in the developed world. In response to accessible healthcare, maternal mortality has declined. Based on modeled estimates for 2000, maternal mortality occurred at a rate of five deaths per 100,000 live births. Within three years, maternal mortality had dropped to zero.

Human Development Index Rank: 8 Human Poverty Index Rank: 16 (HPI-2)

SEE ALSO: Education; European Union Definition of Poverty; Irish Famine; Luxembourg.

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Irish Famine

DURING THE CENTURY and a half preceding the Great Famine, Ireland's population had dramatically increased to about eight million people. The widespread cultivation of the potato, imported to Europe from the western hemisphere, had provided an unprecedented source of nutrition for Ireland's poor, the bulk of the island's population. Despite the crowding that was created by the population growth and that was exacerbated by the shift from tenant farming to grain planting and sheep grazing on the estates of many absentee landowners, the potato had sustained increases in birthrates and longevity.

On even an acre or two, tight rows of plants treated with simple and readily available fertilizers (such as seaweed that could be gathered after each tide and mounded around the seed potatoes) produced fairly bountiful harvests. In the century and a quarter preceding the Great Famine, there had been some 20 instances in which blight had regionally or seasonally ruined harvests, but no one seems to have anticipated the possibility of widespread and sustained blight.

During the Great Famine, blight ruined the potato crop from one end of Ireland to the other for five consecutive years. One and a half million of the eight million Irish people died of starvation or of disease that was a consequence of malnutrition or the ever-worsening living conditions. More than one million Irish emigrated to other nations—in the greatest concentrations to the United States, Canada, Argentina, Australia, and, ironically, England.

In the United States, they were initially treated with great disdain because of their impoverishment and because of the perception that they were not simply more subject to disease but virulent carriers of disease. Still, despite their initial mistreatment, the Irish arrived in such great numbers that they doubled the populations of eastern cities such as New York and Boston in less than or little more than a decade, and they learned to marshal their numbers to great local and regional political advantage.

The Great Famine had a major impact on historical conditions in the United States.

Later groups of immigrants of other nationalities would arrive in greater numbers in the last two decades of the 19th century. But no other group would come to constitute a majority of the population of major American cities and accrue the same sort of political power that the Irish were able to acquire and then sustain in those cities. Thus the Great Famine had a major impact on subsequent historical conditions in the United States and other nations, as well as in Ireland.

Among the survivors of the Great Famine, the indigenous hatred of the English was compounded by the deep belief that the English had welcomed the reduction of the Irish population and had done very little to mitigate the famine. Although millions of Irish were starving in public view, record grain shipments were being produced on the great Irish estates and shipped through Irish ports to English cities.

Reflecting the prevailing belief that the poor suffered because they had not properly learned the hard lessons of self-reliance, the British government was slow to offer relief. Although it eventually earmarked the unprecedented sum of 8 million pounds sterling to famine relief, it required the relief to be delivered by private entrepreneurs, who typically were more concerned with maximizing profits than with the urgency of alleviating the famine.

In his classic, dark satire, "A Modest Proposal," Jonathan Swift punctures the then-commonplace and now seemingly incomprehensible concern that alleviating the famine in the short-term might create long-term moral problems among the survivors. The great British historian A.J.P. Taylor has argued that the English failure to act aggressively to alleviate the famine was tantamount to genocide, but more recent scholars such as Cecil Woodham-Smith have viewed that failure as more the result of cultural rigidity than of malicious intention.

SEE ALSO: Agriculture; Famine; Immigration; Ireland; Poverty in History; Starvation; United Kingdom; United States.

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Islam and Poverty

MUSLIM PERCEPTIONS of human development differ within and among the various traditions and Islamic religions. As well, Islam has often held the potential for conflict, one of the most crucial impediments to development, and on the rise in relation to the shape of fundamentalism. This major world religion constructively shares immense values grounded in a genuine concern for the supports of human flourishing. While poverty is considered a complicated phenomenon, an effect of lack of growth and inequality, Islam has today come to make decisive contributions toward poverty reduction and social advancement.

Nonetheless an evolving revitalization of Islam in almost all Muslims countries worldwide has generated the necessity for a harmonious scenario of the schemes that Islam has to offer for relying upon a universal notion of well-being, and to counter diverse hurdles currently coping with humanity, especially in the realm of economics.

Of specific importance is a strategic action that could help to decrease the large external imbalances that most nations throughout the globe are now indeed experiencing, and could empower them to secure full employment, alleviate poverty, meet basic human needs, and curtail inequalities of income and wealth. Against this context, the following questions tend to fairly appear regularly. Could the Muslim countries implement such a policy within the setting of the secularist worldview of capitalism, socialism, and the welfare state? How could they rely on Islam to help solve problems and achieve their visions? What kind of a strategy package do Islamic lessons suggest?

This article portrays the Islamic approach to the issues of poverty as well as the role played by the built-in institutions of the Islamic system in this regard. The following sections explore how a number of Islamic economic institutions play a significant role in eradicating poverty and enhancing income distribution for the establishment of a just socioeconomic order. Drawing from the cardinal challenges facing Islam at present, the study concludes with some forward-looking remarks that efficacious Islamic policies require empirical and technical understandings of poverty that are connected with dynamic institutional arrangements and a favorable process of societal values.

POVERTY REDUCTION

The poverty reduction strategies of Muslims cannot be alienated from their ethical moorings. The Islamic way of life is a constitutional requirement of any Muslim; yet they look for secular solutions to the socioeconomic dilemma of poverty like every other problem. Hence the epistemological importance of poverty needs is to be understood as defined in Islam. Regarding the Islamic ethos as an ideal through which socioeconomic strategies deal with poverty reduction, the following fundamental tenets of the Islamic ethical framework may be identified.

First, Islam views society as a unified entity in which individual freedom and human dignity are supreme, though subject to the axiom of responsibility. Second, these ideological tenets show that strategies must not cultivate dependency, amoral activities, or lead to the institutionalization of poverty. Third, strategies based on changes that do not lift the poor from their de-

pendency status should be avoided, except in cases where such a shift is not feasible. To be more comprehensive, the predominant principles of Qur'anic economics include "purification," giving up a portion of wealth as alms, and the "return" of property. Just as Allah (God) distributed his "surplus" as a gift that can never be reciprocated, so were Muslims expected to give freely and unstintingly. The Qur'anic community indeed consists of those for whose wealth there is a recognized right for the beggar and the deprived. Thus it is apparent that Islamic ethics support the poverty alleviation policy based on the norm of promoting economic growth with productive equity.

An Islamic state is bound to provide sustenance to its citizens.

In Islam there are two basic categorizations of the poor: *faqir* (poorest of the poor) and *miskin* (whose legitimate needs exceed their capacity). In contrast to the interest-based cosmetic approach, the Islamic way of poverty elimination intrinsically focuses on strengthening human resources and providing relevant job opportunities.

Islam, through the actions of *zakat* (poor-due), *sadaqah* (charitable action), and *kifalah* (assistance) by the nearest kith and kin, emphasizes the duty of charity for the sake of the poor and indebted, and also for orphans, travelers in difficulty, and those involved in the collection and distribution of *zakat*. *Zakat*, which comes from the Arabic verb "to purify," is one of the five pillars of Islam, and requires a person to make an annual alms payment of 2.5 percent of his or her excess wealth accumulated over one year. This ensures that wealth continues to circulate through society. A Muslim is always encouraged to perform charitable action.

The Prophet Muhammad ("peace be upon him,"—a prayer that is read after the name of a prophet is mentioned) said, "Even a smile is charity." However, a particular form of charity is waqf (pious endowment). An asset (for example, a business, houses for rent, etc.) is bought or donated, and the return on the asset is then used to sustain charitable projects, for example, schools, hospitals, or social welfare programs. In this interrelation, it can be enumerated that an Islamic state is bound to provide sustenance to its citizens irrespective of their religion.

The state fulfills this responsibility by the collection of *zakat*, encouraging other emergent charities, and rais-

ing taxes. The enormity of such relief to the poor under Islam cannot be disputed. Instead of taking religion out of public life, if the citizens of any Muslim nation stress integrating Islamic principles in their day-to-day life, the social response to poverty, irrespective of the involvement of the state, will be far more supportive than all the donated funds together. Zakat and bait-ulmal (public treasury) are the two institutions that, if used properly, can address the crux of poverty to a great extent. The institution of bait-ul-mal has enormous prospects for reaching the poor and helping them to escape the poverty trap without engaging in the "curse" of microcredit. Accordingly an evaluation of both zakat and bait-ul-mal, in terms of their proper utilization and rehabilitative contribution, is urgently required.

DEBT AND INTEREST

Debt, which is exacerbated by interest payments, is often central to the obstacles faced by the poor. The response of a Muslim to the taking or giving of loans is further governed by the Islamic prohibition on the taking or paying out of usury or *riba* (interest). Interest is seen as destabilizing for society from the Islamic perspective, as money is made from money, without any productive activity, to be paid irrespective of the success or failure of the venture.

Islam requires the borrower and the lender to share equally the risk of success or failure.

As poor individuals and nations are trapped into borrowing their way out of poverty, the burden of debt can become swollen by interest, resulting in the widening of the gulf between rich and poor. In contrast Islam requires the borrower and the lender to share equally the risk of success or failure, and so loans are organized on a profit-share basis. This is crucial in encouraging responsible lending by creditors. If the debtor meets with straitened circumstances, relaxing repayment conditions or even the forgiveness of the debt is recommended as a gesture that will earn the creditor spiritual reward.

According to the Al-Qur'an (Sura 2:280): "If the debtor is in a difficulty, grant him time till it is easy for him to repay. But if ye remit it by way of charity, that is best for you if ye only knew." The significance of Islamic arrangements for poverty alleviation lies in the

fact that the poor cannot afford loans at a 20 to 25 percent interest rate, which makes them defaulters, or the staff of concerned organizations get involved in corruption by using funds reserved for other purposes as recovery of the microcredit.

So instead of purely relying on interest-based loans, we should look into Islamic ways, like *mudariba* (interest free), *musharika* (profit and loss sharing), and *khumus* (of the booty), for supporting the needy, irrespective of color, creed or clan. Nevertheless, while each of these Islamic institutions can make an exemplary contribution toward the goal of poverty alleviation, the integrated consequences of all will be greater than their respective impacts.

It may be questioned why Muslims should be called on to play a part, and what they are to do. The irrefutable fact is that the global Muslim community has the following necessary roles to play in order to address the injustice of world poverty.

First, "Charity begins at home," so Muslims as individuals must be rational about poverty issues in their own countries. The majority of Muslims in the world still live under conditions of abject poverty, which has not adequately been taken care of, given that some of the Muslim countries possess vast natural resources that can be put to better use.

Second, Muslims constitute over a fifth of humanity, and so have tremendous capability to bring to bear. Muslim countries, through diverse regional blocs and organizations, will have to play a more far-sighted diplomatic role in boosting formation of internationalism based on consensus and the common well-being of all nations. As their own well-being is dependent on the well-being of other countries, they ought to be very interested in reinforcing the creation of global public goods.

Since a number of Muslim nations have huge resources, they could contribute funds toward such an endeavor. Finally millions of those who suffer from poverty are themselves Muslims. Above all, Islam has historically made a vibrant contribution to civilization, and Muslims believe their faith has much to offer in helping to face the barriers to modernity.

There is a unique responsibility for Muslims who are to be regarded as the diaspora to advocate good courses in their own country. Muslim charitable organizations have an obligation to seek innovative ways to effectively deal with the poverty challenges in their own nation. Moreover many Muslims who occupy influential positions can influence the direction of their government's policies.

ISLAMIC FINANCIAL INSTITUTIONS

With one-fifth of the world's population living on less than \$1 per day, something is certainly wrong. The ongoing poverty reduction measures indicate that regardless of the truth that markets do not alleviate poverty, as they tend to move new wealth away from the poor communities, most of the governments and the nongovernmental organizations (NGOs) follow capitalist market doctrines. By concentrating investments in comparatively favorable environments, they attempt to obtain dividends.

As a result, the poorest people in the poorest places have practically disappeared from government programs and NGO networks, almost as obviously as they dispersed from business plans and private marketing surveys. Consequently, without coming back to Islam for getting resolutions to these challenges, the lofty missions, whether they are in the domain of poverty eradication or any other domain of our collective and individual lives, might never be attained.

Islam is not just confined to rituals but is a complete code of life that encompasses overall spectra, including the economy and banking. The Islamic financial industry, which began about three decades ago, has made substantial growth that has attracted attention from bankers and investors. Growing at an estimated 15 percent annually, the Islamic finance market is by now estimated to be worth more than \$300 billion, with more than 200 Islamic finance institutions in operation. Hundreds of investment companies and conventional banks, including Western ones, have already established special units to deal in products compliant with *Shari'ah* (Islamic law).

The main differences between Islamic and conventional banks have been dealt with thoroughly. Moreover Islamic banking has been helping to alleviate poverty in many Muslim countries around the world in recent years. For example, in 2003, the Muttahida Majlis-e-Amal government introduced interest-free Islamic banking, named Khyber Bank, that has taken root; and experiments are being done in Islamic banking not only in Pakistan but all over the world to replace the prevalent banking system. People are showing an interest in Islamic banking, and deposits in the Khyber Bank have increased manifold.

Notwithstanding, while it is hoped that the Islamic banks worldwide will play a bigger role in the fight to eradicate world poverty, and it is suggested that the Islamic endowments in finance could solve the problem of poverty, the Islamic finance industry is repeatedly accused of doing little on the matter. Some attribute the poor performance to the fact that the Islamic banks do not offer beneficial loans without interest and do not play a pivotal role in addressing social ills. Besides, the issue of *tawarooq* (securitization) has sparked hot debate in recent times.

Militant Islam is not a product or by-product of poverty.

For instance, the Islamic Fiqh Academy, which is affiliated with the Islamic World League, ruled in 1998 that *tawarooq* transactions are *halal* (lawful or permitted). Five years later, it redebated the issue and forbade the transactions, run by banks, which sell a commodity to a customer with a higher price in installments, then sell the same commodity on behalf of the customer with a lower price in cash, and then give the customer the low price, and finally require him or her to pay the higher price. Therefore it would be admirable if it were regarded as permissible in case of necessity in line with the well-known tenet "necessities relax prohibitions."

Concerning Islamic aid agencies, it is true that they see some victories every day in the battle to overcome poverty. But they should seek to make more immediate and lasting improvements to the lives of people affected by poverty, war, and disaster. Islamic experts agree that they must expand and replicate successful projects, which include both emergency relief and long-term solutions to poverty, and should support projects that provide those most basic and immediate needs like clean water and healthcare.

While partnership requires understanding and trust among partners, it is sad that lack of interaction, and prevailing ignorance, prejudice, and social tensions often hinder partnerships among different communities and faith groups. Since the faith-based groups play a very important part in working toward the Millennium Development Goals (MDGs), as well as when an emergency like the 2004 tsunami happens, it is also vitally essential that Islamic aid organizations build a cohesive partnership with other international donor agencies. Finally concerned people could cherish a great mission by heightening their knowledge of Islamic economics to establish a welfare society, combating the challenges of the new era.

Conceding that the events of September 11, 2001, have intensified a long-standing debate over whether poverty causes militant Islam, many analysts have con-

cluded that militant Islam is not a product or by-product of poverty. In essence Islam, a religion of peace and harmony and a liberal and pluralistic spirit, endeavors to promote interfaith dialogue and freedom. It truly intends to stimulate people to reflect upon their individual and universal responsibilities and commitments.

By sharing this vision, championed by Islam and aspired to by millions of Muslims across the globe, a significant as well as a startling fact must emerge, that is, that the values of Muslims and of those millions of non-Muslims who work tirelessly for social justice are identical in practice on a wider array of issues. In respecting this mutual ground and facing ignorance and prejudice, broad-based partnerships among communities could definitely be a possibility for mankind. When this vision has become a reality, one-fifth of the world population will have a means to escape the poverty trap and debt.

SEE ALSO: Charity; Debt; Debt Relief; Debt Swap; Economic Dependence; International Monetary Fund; Religion; Third World; World Bank.

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Israel

THE MODERN STATE of Israel occupies much of the Fertile Crescent land bridge between Africa and Asia. The country was established by a United Nations resolution (181) on November 29, 1947. Resolution 181 par-

titioned Palestine into two states—one Jewish and one Arab. The new state of Israel ended the historic diaspora created by the Romans at the end of the Jewish Wars in 70 C.E. A Palestinian state has not been created.

Since its establishment the people in Israel have been able to create a modern technological society that is a sophisticated producer of goods and services. Despite the high-level modernization, poverty exists in the country for several reasons. But how much poverty may be open to debate.

According to the Israeli newspaper *Haaretz*, Dr. Daniel Gottlieb, a senior adviser to the Bank of Israel, four different methods of measuring poverty yielded four different results: "He found that on the basis used in the United States, the rate of poor families in Israel reaches 28 percent; according to the Canadian standard, the rate drops to 24 percent; the method proposed by the National Research Council in the United States lowers the rate further to 23 percent; and the Israeli method calculates the rate of poverty in Israel at 18 percent" of the population.

Nevertheless, poverty does exist in modern Israeli society because of war and civil conflicts, high birthrates, and an economy unable to absorb large numbers of new immigrants.

The virtual state of war that has existed between Israel and the Arab League countries since the first Arab-Israeli War (1948) has forced enormous sums to be spent on arms. Currently most of the Arab portion of the land that is controlled by Israel is an area of deep poverty. The Arab population in both Israel and Israeli-controlled territory has a high birthrate, which has added to the poverty rate. It has been reported by the World Bank that in the West Bank and Gaza occupied territories, 60 percent of Palestinians live on less than \$60 a month.

The enormous hostility hampers economic development. Extremist groups willing to use violence against the people, economy, and state of Israel abound. This means that war and the Intifada (Palestinian uprisings) have led to a failure to address the root causes of poverty among Palestinians, which is an issue that goes beyond Israel proper.

The poverty levels are demographically concentrated. Jewish immigrants to Israel have come from all over the world. One poverty factor has been the immigration of Sephardic Jews from north Africa or from Middle Eastern countries. Many of these arrivals were from impoverished backgrounds. They have a high birthrate, which means that poor people are producing numerous poor children. The Jewish immigrants from

Europe tended to be Ashkenazim with a lower birthrate, better education, and much less poverty.

Many Haredi Jews (ultra-Orthodox) spend their time in religious studies and do not enter the job market. They also have high birthrates. These Jewish groups and the Arabs make up much of the poverty-stricken population.

Since the country's inception, there have been repeated waves of immigrants to Israel from around the world. Many of the immigrants to Israel, even when well-educated, have been placed in rural or unsettled areas with frail economies. Many of the immigrants, economically stable or prosperous at home, were forced to leave much of their wealth behind.

The most recent immigrant wave has been from the old Soviet Union. While often well educated, they were ignorant of Hebrew and came in such great numbers that absorbing them into the economy has been very difficult. The unemployment rate in 2005 was 15 percent and often has been higher.

Estimates are that a third of the children (600,000) in Israel live in poverty. It has been reported that 400,000 families experience conditions of hunger. Hunger is usually reported as "nutritional insecurity," which is a way of saying that people eat insufficient portions, skip a meal, or do not eat some days. The poor in Israel are 60 percent Jewish, 20 percent Arab, and 20 percent recent immigrants. The poverty line has dropped in the last 20 years and is not improving; the poverty line for a family of four in 2000 was the equivalent of \$937.50 per month for an Israeli family of four. The severity of poverty is demonstrated by the existence of soup kitchens in Jerusalem visited by approximately 1,000 people each day.

Human Development Index Rank: 23 Human Poverty Index Rank: Not included.

SEE ALSO: Immigration; International Poverty Rates; Religion; War and Poverty.

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Italy

ECONOMICALLY AS WELL as culturally, Italy is a country sharply divided between north and south. The industrially developed regions of northern Italy enjoy higher living standards, while southern Italy is still predominantly agricultural and industrially underdeveloped. According to the National Italian Institute for Statistics (ISTAT), in 2004, 13.2 percent of the Italian population lived under the poverty line, an increase of over one percent in comparison to the previous year.

Such a line is calculated in relative terms by considering poor those people whose monthly expenditure is equal to or below the national average. The large majority of Italian poor are concentrated in the south. Of the 20.7 million people (36.1 percent of Italians) living in southern Italy, 7.3 million (35.4 percent) are poor, living on less than 521 euros per month. Some 4.6 million of these people (63.3 percent) are extremely poor, living on less than 435 euros per month.

With such an economic profile, if southern Italy were an independent European country, it would be the European country with the highest poverty rate, weighted for national income. The proportion of people at risk of poverty, redistributed based on a value of one as the European Union average, ranges from a minimum of 0.3 in Slovakia and a maximum of 1.4 in Ireland. Italy's average value is 0.6, but is 0.4 in the north, 0.9 in the center, and 2.3 in the south. If we considered the south of Italy as an independent state, it would be the one with the highest poverty risk. Yet in recent years, warnings from national and international institutions that poverty may represent a problem for the whole country have become increasingly frequent.

The south of Italy has historically been less economically and financially developed than the north. The unification of Italy in the second half of the 19th century did not efficiently tackle the social problems left behind by the backward Spanish administration of the Kingdom of the Two Sicilies. The economic structure of the Kingdom of the Two Sicilies retained a predominantly feudal basis. In addition, the Italian south was far from the main European markets and poor in raw materials and resources. The historical process of unification in Italy was the result of the alliance between the northern industrial bourgeoisie and southern aristocrats who, to limit the social upheavals of the unification, supported the Piedmontese in exchange for the preservation of their privileges and status.

Neither the totalitarian Fascist regime nor the many democratically elected governments before and after



Poverty can be found even in southern Italian quaint villages such as Cetara, above. The industrially developed regions of northern Italy enjoy higher living standards, while southern Italy is still predominantly agricultural and industrially underdeveloped.

Benito Mussolini could or wanted to find solutions for the sharp north-south divide. Throughout the 20th century, there were difficult periods for the whole country (such as the 1920s and the postwar years after the fall of Italian Fascism), which prompted many Italians to emigrate either to the United States or to more developed European countries.

Yet the southern regions were also excluded from the massive industrial and technological advancements of the 1960s. Even in the years of the so-called economic miracle, the south remained cut off from the rest of the nation and its inhabitants started a massive process of migration toward the north. Unemployment is still one of the major causes of poverty and social marginalization in the south of Italy, particularly on the outskirts of big urban centers. Not surprisingly it is in these areas that the Mafia thrives, exploiting social and economic deprivation and discouraging, through its system of intimidation and blackmail, the opening of new

businesses. The situation of the Italian south has been worsened by the economic policies of cuts to local councils that have been a characteristic feature of the right-wing coalition governing Italy since 2001. Such cuts, together with the federalist state model sponsored by the Northern League, a political party whose agenda includes the recognition of the north's major contribution to the national economy, have endangered equal access to public welfare for all Italian citizens.

Over the last 15 years the number of poor families in the north has remained stable, while in the south this number has increased considerably. Paradoxically for an area that has witnessed governments' apparent inability to solve its problems, the south of Italy has always been an electoral reserve for the ruling parties. As Judith Chubb has pointed out, disadvantaged economic conditions have favored the persistence of traditional forms of political behavior—a politics based primarily on personal ties and patronage rather than on ideology.

Yet according to the Eurispes survey on Italy for 2004, the problem of poverty is no longer limited to southern Italy. The results of the survey point out that the purchasing power of the middle classes has declined by 20 percent within a year because of the failure to adjust salaries to the level of inflation. In addition, Italians showed little hope that the country would recover from the economic stagnation that has affected the nation for several years.

In addition to those citizens living below the poverty line, there are another 10 percent of Italian families that are at risk. The widening gap between prices and salaries has modified the purchasing habits of the nation, which according to the survey, are increasingly oriented toward low-quality goods. An astonishing 48.2 percent of Italians judged the economic situation as having worsened in comparison to the previous year.

Only seven percent of Italians perceived improvements in the economic situation, while 14.4 percent noticed no significant difference from 2003 to 2004. The majority of Italians (56.4 percent) thought it was unlikely that they could be able to save considerable

amounts of money. With the recent price rises and the corresponding lack in pay arises, margins for saving become extremely limited. Only 5.5 percent of Italians stated that they were sure to be able to put some money aside for the future.

Human Development Index Rank: 18 Human Poverty Index Rank: 18 (HPI-2)

SEE ALSO: European Relative-Income Standard of Poverty; European Union Definition of Poverty; Rural Deprivation; World War II.

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WORLD POVERTY

J

Jackson, Andrew (Administration)

ANDREW JACKSON WAS SEEN as the first U.S. president of the "common man." Despite the fact that he was a wealthy slave-owning planter, he came from relatively humble origins and lived in the west, and this appealed to many people. Although he was a lawyer and had held many political offices (as congressman, senator, and governor), he was best known as a military general. His years as a tough Native American fighter and especially his victory against the British at New Orleans in 1814 made him a hero.

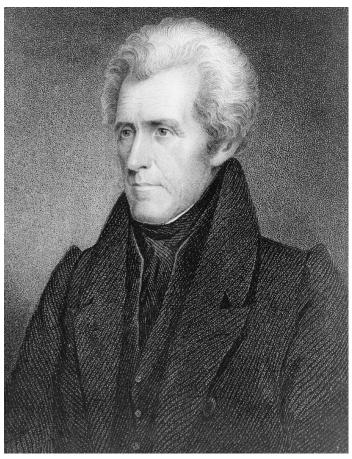
In 1824 Jackson received the most votes for president, but for the only time in American history, no candidate received a majority of electoral votes. The House of Representatives selected second-place candidate John Quincy Adams to be president. Jackson supporters saw this as a corrupt deal, as Adams immediately appointed House Speaker Henry Clay to be his secretary of state, the traditional stepping-stone to the presidency. Four years later, Jackson easily won the White House.

Although previous administrations had used patronage jobs to benefit their supporters, Jackson did this on an unprecedented scale. Jackson claimed to be getting rid of corrupt officials and purging northeastern

arrogance, but opponents saw it as an abusive political maneuver to help friends and hurt enemies. Although previous presidents considered it appropriate to veto only in cases in which they deemed the legislation in question to be unconstitutional, Jackson regularly used the presidential veto to shape policy—a practice in use to this day.

Like most westerners, Jackson believed that the frontier must be open to settlement. Native Americans who did not assimilate into American society—despite often being "civilized" and politically advanced—would be forced to move west. Tribes in Georgia, Alabama, and Mississippi objected to treaty violations that forced them to submit to state law. The U.S. Supreme Court agreed and found for the tribes in several cases. Jackson ignored the Court's opinions, famously exclaiming, "[Chief Justice] Marshall has made his decision, now let him enforce it." Jackson's policies resulted in the forcible expulsion of these tribes—many at gunpoint on what is known as the Trail of Tears. Without their traditional hunting grounds, many Native American tribes were left to survive in poverty in their new environments.

The greatest issue dividing north and south during the Jackson administration was not slavery but tariffs.



Andrew Jackson's attempts to destroy the Second Bank of the United States eventually led to the Panic of 1837.

High tariffs on imports made many items more expensive for most southerners, while northern industries benefited from the protectionism. Much of the money raised was used for internal improvements, such as canals, which again primarily benefited northern business interests. While in the Senate, he had supported federal projects to build canals and other infrastructure that were sorely missed during military campaigns. However, he came to see such projects as corrupt projects benefiting the wealthy. He also began to support significant tariff reductions.

Most southerners thought the reductions did not go far enough. South Carolina sought to block collections of federal tariffs at its ports. It also began to discuss secession. Jackson threatened to find the leader guilty of treason if they went through with their threats. That, combined with further tariff reductions, ended such talk.

The Second Bank of the United States was seen as an institution critical to the national economy. It supplied a stable currency and maintained all government revenues, as well as acting as a private bank. The federal government, however, controlled only 20 percent of the bank. The rest was owned by wealthy businessmen and companies, many of them in foreign countries. Jackson was hostile to the bank but most people were shocked when he vetoed its charter renewal. Jackson saw the attempt at early renewal just before the 1832 elections as an attempt to intimidate him. He responded by deciding to destroy the bank.

Jackson removed all federal funds from the bank before its charter expired. He fired and replaced his secretary of the treasury for refusing to go along. The bank reacted by limiting the money supply and reducing loans, expecting that the credit crunch would show the bank's necessity and force renewal. Instead, it backfired. Seen as financial manipulation for its own benefit, public support for Jackson's position grew and the charter was not renewed. Federal money was deposited in various state banks that lent money much more aggressively, creating a speculative boom in western lands that eventually led to the Panic of 1837 and years of recession, thus creating more poverty in the United States.

SEE ALSO: Poverty in History; Recession; United States.

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Jamaica

SINCE GAINING independence from Great Britain in 1962, the Caribbean island of Jamaica has experienced decades of deteriorating economic conditions and political violence that have resulted in a poverty rate of 19.7 percent and an unemployment rate of 15 percent. Tourism is a major revenue source for Jamaica, but tourists have been frightened away in recent years by the growing unrest. Other government revenue resources include the production of bauxite/alumina and regular remittances from Jamaicans who work abroad. Just over one-fifth of the labor force is engaged in agri-

culture. In this lower-middle-income country, Jamaicans have an average annual income of \$2,690. Nevertheless 13.3 percent of the population live on less than \$2 a day. The poorest 20 percent of the population subsist on 6.7 percent of the country's resources, while the richest 20 percent share 46 percent. Jamaica is ranked 37.9 on the Gini Index of Human Inequality.

Among Jamaica's population of 2,731,832, life expectancy is 76.29 years, with females outliving males an average of four years. The median age is 27.25 years. Almost 28 percent of the population are under the age of 14, and 6.9 percent have reached the age of 65. Jamaicans generally enjoy easy access to healthcare. There are 85 physicians for every 100,000 residents, and only around five percent of the people are unable to afford essential drugs. However, eight percent of Jamaicans lack access to safe water and proper sanitation.

With an HIV/AIDS prevalence rate of 1.6 percent, Jamaica has reported more HIV/AIDS cases than any other country in the Latin American/Caribbean region. Eight percent of the infected are under the age of 10. Many of these children contracted the disease from their mothers at birth. At least four-fifths of these children come from poor families. One in every four children with HIV/AIDS is abandoned. Since 1995, adolescent infection rates have doubled every year, and girls are three times more likely than boys to contract the disease. Overall, some 22,000 Jamaicans have HIV/AIDS, and 900 people have died from the disease and its complications.

Infant mortality is relatively low in Jamaica, with 12.36 deaths occurring out of every 1,000 live births. That number had declined significantly since the 49-per-1,000 infant mortality rate recorded in 1970. Between that time and 2003, the mortality rate of children under the age of five dropped from 64 to 20 deaths per 1,000. Four percent of all children under the age of five are malnourished, and rates of wasting and stunting are low. Ranging from a percentage in the mid-80s to the high 90s, childhood immunizations have improved over the last few decades but are still below the level to keep all children healthy.

Fertility rates have dropped considerably in Jamaica over the last decades. Between 1970 and 2005, total fertility declined from five children per woman to 1.95 children per woman. Adolescent fertility is currently estimated at 81 births per 1,000. Some 65 percent of Jamaican women use contraceptives of some sort. Trained medical staff attend 94.6 percent of all births in Jamaica. According to modeled estimates, maternal mortality dropped from 120 deaths per 100,000 live

births in 1975 to 87 deaths per 100,000 in 2000. Jamaica bases its definition of literacy on the percentage of those over 15 who have attended school. By this definition, 87.9 percent of the relevant age group is literate. Literacy among females is higher at 91.6 percent than among males at 84.1 percent. While children are more likely to attend school than in the past, some 30 percent of students, mostly boys, are still believed to be functionally illiterate when they finish primary school. Primary school completion rates have dropped in recent years.

Between 1999 and 2003, the number of males completing primary school fell from 89 to 85 percent while the number of females completing school at this level decreased from 91 percent to 85 percent. As a Jamaican student ages, patterns of low attendance and withdrawals become more common. These patterns are usually a result of the increasing numbers of children who work or who live on the streets.

Human Development Index Rank: 98 Human Poverty Index Rank: 21

SEE ALSO: Begging; Children and Poverty; Endemic Poverty; HIV/AIDS.

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Japan

JAPAN IS A COUNTRY located on an island chain in east Asia between the north Pacific Ocean and the Sea of Japan. It is east of both the Korean peninsula and the coast of China. It has four main islands and is slightly smaller than California. The islands contain numerous volcanoes, some active and some dormant. The islands also suffer from recurring earthquakes. Its current population is around 128 million people. The northern islands were originally settled by immigrants from the

Asian mainland. In the southern islands, many came from islands to the south. Minorities of Koreans and other people are present almost everywhere. Japan is a homogeneous nation and yet has enormous diversity because of its historical developments and geographic isolation.

Japan's long history reached a low point of defeat and devastation at the end of World War II, when it surrendered to the Allied powers. Since 1945 it has rebuilt both its industry and infrastructure. It has been able to rise from the poverty of the postwar era to become a prosperous nation with a democratic government and an industry that promotes a strong work ethic. The unemployment rate in 2005 was 4.5 percent. However, there were no official figures available for those below the poverty line.

Japan has been generous with its wealth in eliminating poverty in foreign lands.

In 1945 most Japanese were living in poverty. Today only a few do. In postwar Japan the Japanese government was able to develop policies that promoted equality and economic achievement. These policies required social compromise from the old elite. The compromises were accepted because of national need, the growing wealth of the old elites who went into business, and the obvious benefits that came to both the Japanese people and to the Japanese state.

RELIEVING POVERTY ABROAD

Japan's government has been very active in promoting antipoverty programs. It has been generous with its national wealth, which has been used for many projects to eliminate poverty in foreign lands.

The Japan Fund for Poverty Reduction (JFPR) was established in May 2000 by the Japanese government. The fund in 2005 had \$326 million available for relieving the economic consequences of the 1997–99 global economic and financial troubles. The JFPR provides not only immediate relief but also long-term development funds for projects.

Another form of assistance is the Japan Social Development Fund (JSDF). It was established in June 2000 by the government of Japan and by the World Bank. Its goal is to provide direct assistance for the poorest among the eligible member countries of the World Bank Group. It seeks to support innovative programs

that respond directly to the needs of the poor with programs that build participation by both the civil society and participating nongovernmental organizations. By 2005 the JSDF had provided over \$250 million in assistance.

An additional important fund is the Japan Women in Development Fund (JWIDF). It was established in 1995 in order to support programs for promoting the betterment of women through their empowerment and especially with the establishment of gender equality. The goal is to aid the social, political, and economic power of women through a number of innovative projects that can act as catalytic change agents. The program cooperates with the United Nations Development Fund on projects such as developing girls' education in Guatemala.

Japan has adopted as part of its international policies the United Nations Millennium Project goals to end extreme poverty. The Japanese government in support of the Millennium Development Goals has partnered with the African Village Research Project. The project will work in eight cluster villages around Africa. The villages were chosen for their locations in a range of agro-ecological zones. They each represent distinct challenges to poverty reduction. It is also an aim of the project to provide useful knowledge for increasing human security and environmental protection in ways that create healthy and economically productive livelihoods and lifestyles.

Japan has also been active in international debt forgiveness. In November 2005, it forgave \$444 million in debt owed by the Central American country of Honduras. The money had originally been loaned by Japan to Honduras to help with Honduran antipoverty programs. Japan is a member of the Paris Club, a group of creditor nations. In forgiving the debt, it was acting to recognize the devastation caused in Honduras by hurricanes in the last several years. These have only worsened conditions in Honduras, which is one of the poorest countries in the western hemisphere.

In publishing its foreign policy, the Japanese government has promised that it will cancel a small portion of the debt of developing countries. It has done this in part to facilitate changes in the international monetary system. Until at least 2000, the goal of the nation's debt-relief program was not to cancel international debts, but to restructure or reschedule them. At times grants-in-aid were given to debtor nation, so that the cost of the restructuring was low.

A feature of Japan's debt-forgiveness programs is the fact that most of the debt relief has been for Asian countries. Some critics of Japanese foreign policies have claimed that Japan is not doing good with its good works. The view that it is acting selflessly is not correct, the critics argue—Japan, they claim, is doing good works in order to further its own interests.

POVERTY AT HOME

Despite its wealth and prosperity Japan has in recent decades experienced growing problems with poverty. The problem of poverty is hidden in Japan in part because it is a relatively rich country. The stagnation of the Japanese economy, along with the "baby bust" that has led to an aging population that will have to be supported by a smaller number of workers has created hidden problems that the Japanese have not yet addressed.

Among these problems is underemployment. Some people, especially women, have only part-time jobs. Many college-educated young people have had difficulty finding jobs. Unemployment is often hidden from view, but it exists.

The number of children growing up without fathers has grown to over 1.25 million. The figure represents a massive social problem. It is the highest figure ever recorded in Japan, representing a 28.3 percent increase in five years. The statistic represents more than numbers; it declares that Japan is in danger of creating a massive underclass of impoverished families.

A survey taken in 2003 found that there were many children living below the poverty line. The survey from the new Health, Labor and Welfare Ministry displayed a failure of Japan's government.

Historically Japan has had a very strong group consciousness. People in Japan were members of groups in such a way that the bonds of the group—whether family, military, business, social, or religious—were so strong that to be expelled from the group was virtually a death sentence. It meant a total loss of place in society and not infrequently starvation or enormous social degradation. For this reason, not only manners but also extreme service and loyalty were values and behaviors cultivated by the Japanese.

The enormous stress on the Japanese economy in recent decades has moved into mainstream society with enough power to dissolve old loyalties. Divorce is on the rise. The consequences of the new larger number of divorces are the great new number of families with children but without a father present. The weakening of the traditional Japanese family is forcing major changes in the way that poverty is calculated in Japan. Moreover the economic downturns have forced many elderly

Japanese into poverty. Elderly Japanese and large numbers of children who are living within a household that has too little money now account for most of the poverty numbers. The problem of Japanese extreme poverty has reached the point where there have been cases of single mothers or their children dying of starvation. There have also been incidents of single mothers freezing to death from want of fuel.

Some countries have programs to care for the poor through tax credits, free childcare, or other similar services, but Japan has not adopted these poverty-fighting policies. The reason lies in the sufficiency of its system in prior decades, especially during the most prosperous of times.

Japan has a social services system, but it no longer works well for all of the elderly.

Another factor of the growing poverty in Japan has been the relative decline in wages. Japan has one of the highest rates of employment among single mothers of any country in the world. However, the prolonged problem of Japan is its economic recession, which lasted for much of the last quarter of the 20th century. It has pushed wages into a large gender gap situation. Women, especially poor single mothers, are often pushed into low-paying occasional work that further marginalizes them. They are not only affected by recessions, jobs that are unstable employment, but also by the low pay.

These and other factors are acting to keep single mothers from the mainstream of economic life; they become trapped in poverty with no way to escape. The women in this condition also include elderly women, homeless women, and migrant women. To this list could be added foreign women residents in Japan, such as Korean, Chinese, and other Asian women.

There are also women who have been victimized by one of Japan's natural disasters—cyclones, earthquakes, tsunamis, fires, or floods. Japan has a social services system, but it no longer works well for all of the elderly, nor does it work adequately well in caring for women and children.

Japan's child welfare system is weak and its system of enforcement of child-support payments by absent fathers is extremely weak. Many single mothers are forced into divorces in which child-support payments are not required. The absence of an enforcement system for delinquent payment collections makes the

problem hard to address. Japan's legal system is not efficiently organized to deal with these kinds of issues. The court costs are often much higher than the acceptance of partial childcare payments. The system, in effect, leaves the abandoned family at the mercy of the absent father.

Japan's social policies are still based upon the assumption that all families have both parents with one parent (the father) the sole breadwinner. The assumption that the family can take care of social needs (as was done in the past) is being challenged by changing social facts.

Because of these problems, the government has been forced to make some hard choices involving welfare payments. Unfortunately the choices were hard on children, whose welfare payments were cut or shifted to the elderly. The reasons for cutting children from the welfare rolls may lie in the political reality that the elderly vote and children do not.

Homelessness is on the rise in Japan. This was never seen during the boom years of several decades ago. It has given rise to cardboard box villages of people in the rare empty spaces of Tokyo. One cause of homelessness is the high cost of housing and heating, especially for the elderly on fixed incomes. Another cause is the sheer lack of jobs for the young. Alcohol and drug abuse are also notable contributors to homelessness and poverty.

Human Development Index Rank: 11 Human Poverty Index Rank: 12 (HPI-2)

SEE ALSO: Alcohol and Drugs; Children and Poverty; Family Desertion; Family Size and Structure; Women and Poverty.

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Jefferson, Thomas (Administration)

WHEN THOMAS Jefferson became the third president of the United States in 1801, the nation could not have looked more different than the superpower that it has since become. But Jefferson's administration produced three major accomplishments without which the geographical and economic expansion of the nation would simply not have been possible. Ironically, all three of these accomplishments are now at least indirectly at the center of the debates over the erosion of American prosperity and of the standard of living of the average American.

The Louisiana Purchase not only opened the way for American expansion to the Pacific coast, but it also allowed the United States to absorb the great wave of European immigration that occurred in the second half of the 19th century. Without the availability of homesteads on the central and Great Plains, the near-anarchic expansion of American cities would have become absolutely untenable. The opening of the vast breadbasket also sustained the expansion of the railroads, which then made possible the rapid industrial expansion during the Gilded Age.

The embargo's negative effects had rippled through the American economy.

Indeed, agricultural produce became America's first great export, and the Jefferson administration secured the rights of American commercial interests throughout the world with two major efforts.

First, it successfully prosecuted a war against the Barbary states of north Africa that essentially sponsored piracy. Second, it responded to continued British and French predations on American shipping by imposing the Embargo Acts of 1807. For several years, all trade between the United States and those contending European powers and their allies was curtailed. Jefferson hoped that the economic effects of such an embargo would force the British and French to recognize American rights as a neutral state to trade freely with both nations. After several years, however, it became clear that the embargo had failed in this goal and that it had, in fact, harmed American shipping interests much more than their European counterparts.

In addition, the embargo's negative effects had rippled through the American economy, creating massive unemployment in ports that depended on shipping and

shipbuilding and severely constraining the profits of both farmers and shippers within the interior of the nation itself. On the positive side, however, nascent American industries expanded rapidly to compensate for the prohibited imports of European manufactured goods. The economic potential of these industries became so apparent that the interests of industrialists were subsequently advanced over the interests of shippers through the imposition of stiffer tariffs on foreign goods. This shift in emphasis was also because of the federal government's dependence on tariffs for most of its revenue and the need the revenues lost because of the embargo.

From the beginning, the government's budget crisis has thus been intertwined with economic and trade policies. Indeed, the most pressing current issues related to American economic performance have included the demise of family farming, the decreasing importance of manufacturing within the American domestic economy, and the increasing trade imbalance between America and states such as China, India, South Korea, and Mexico for whom global free-trade policies have been a boon. And all of these issues can be traced back through the events set in motion by the accomplishments of the Jefferson administration.

SEE ALSO: Education; Poverty in History; United States.

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Jesuits

FORMALLY ESTABLISHED under Pope Paul III in 1540, the Society of Jesus, popularly known as the Jesuits, is a religious order of Roman Catholic priests and brothers. They trace their origins to the insight and vision of their founder, St. Ignatius of Loyola who, along with six like-minded companions, bound themselves not only to the traditional religious vows of poverty and chastity, but also to apostolic labors in the Holy Land or any other apostolic activity commissioned by the pope. Today the Jesuits boast a membership of

more than 20,000 men, making them the largest religious order in the Roman Catholic Church.

The purpose of the society is the salvation and perfection of both the members of the order and all those who are touched by their diverse ministries. These works include communications, education, missionary activity, pastoral assignments, spiritual direction, and social ministry, with particular concern for the poorest members of society. While not often showcased, the commitment to confront poverty has been key to Jesuit ministry from its inception, realizing that one cannot achieve spiritual perfection without a basic degree of temporal welfare. Accordingly members of the society demonstrated commendable courage and determination in their efforts to attend to the sick, plaguestricken, and their ministry to the poor. Frequently the earliest Jesuits volunteered for chaplaincies in galleys, prisons, as well as other forums where the poor represent the majority of the population. Additionally the society established orphanages, women's asylums, and other institutions of social assistance.

The Jesuits have committed themselves to the fight against poverty in 112 countries.

During the 32nd General Congregation of the Society of Jesus in the mid-1970s, the Jesuits were trying to rediscover their roots and their mission. While noting their commitment to the poor and marginalized throughout their 400-year history, especially in light of the Second Vatican Council's summons to all members of the church to address the griefs and anxieties associated with these groups, they also acknowledged their failures.

They acknowledged the need to establish a clear connection among identity, creed, and ministry. This renewed understanding of their mission was being expressed in decrees three and four, which advocate "the service of the faith and the promotion of justice," noting in particular that "since evangelization is proclamation of that faith which is made operative in love of others, the promotion of justice is indispensable to it."

As part of that mission, there was a greater awareness of the need to engage people directly who were living on the margins, and this gave rise to an increased emphasis on the importance of "inserted communities," namely groups of Jesuits living with those who were poor. This ministry of presence led to a genuine experience of solidarity incarnated by an authentic

"preferential option for the poor" on the part of the society. In the decades that followed, the Jesuits have committed themselves to the fight against poverty in 112 countries, where they serve by addressing the basic human needs of the poor, educating and enabling the poor to become productive and respected members of the economy, and advocating for specific policies that would ensure that the poor would become part of the economic mainstream.

Of paramount importance in the Jesuit ministry to eradicate poverty is a letter addressed to the leaders of the countries of the G-8 summit, drafted by the Social Justice Secretariat of the Society of Jesus on July 1, 2005. In this missive, the Jesuits call upon these leaders and their member nations to "adopt the means necessary so that, once and for all, the poverty in which a great part of Humanity lives might pass into history."

They note many of the destructive consequences of poverty, including premature death, illness, illiteracy, discrimination, violence, and the inability to participate in the public arena, to name but a few. Additionally they identify the normative economic climate of the First World as a breeding ground for world poverty. Accordingly, they propose a five-measure policy that would lead to the eventual eradication of world poverty.

First, the letter calls for an increase and improvement in the quality of international developmental aid. Second, it calls for the discovery of a "definitive and just solution" to the ever-increasing problem of external debt in developing and Third World countries. Third, the society advocates the promotion of a system of international trade with a clear focus upon authentic human development. Fourth, the letter encourages the development of international institutions that represent the poor, encourage their development, and work to redistribute global resources in an equitable fashion. Fifth, the society asks member countries of the G-8 to serve as models of sustainable development through the promotion of solidarity, responsible consumption of goods, and environmental respect.

In addition to active lobbying, the Jesuit commitment to the eradication of world poverty continues to be a part of its mission of higher education. Through programming such as "education for justice," Jesuit colleges and universities across the globe promote poverty awareness and advocate personal active response on the part of students. Jesuit academic settings also often introduce students to the Jesuit Volunteer Corps. Since 1956 this national and international program has allowed more than 12,000 men and women to live and

work with the poorest and most marginalized of society to aid in their authentic human development.

SEE ALSO: Catholic Church; Christian Antipoverty Campaigns; G-8; Human Development; Religion.

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Johnson, Andrew (Administration)

ANDREW JOHNSON HAD one of the strangest career paths to the U.S. presidency. As a senator for Tennessee, he was the only southern senator to refuse to accept his state's vote of secession and remained in the U.S. Senate. When Union troops took control of most of Tennessee in 1862, Lincoln appointed him military governor of the state. In 1864, Republican President Abraham Lincoln selected him as vice president, primarily to reach out to southerners and bring them back into the Union.

As a southern Democrat, most of the Republican Congress was already quite hostile to the new vice president. He did not help matters at his inauguration. He was given whiskey to help with a cold. His inaugural address came across as drunken and incoherent. The man who rarely touched alcohol got an instant reputation in Washington as an incompetent drunkard.

On April 15, 1865, Lincoln died from an assassin's bullet, only a few weeks into his second term. There has probably never been a more hostile relationship between Congress and a president from the outset, than when Johnson ascended to the presidency.

Johnson generally shared Lincoln's view that southerners should not be punished for the war. Rather the government should reach out to southerners to rebuild the Union and rekindle southern loyalty. Lincoln might have been able to convince the Radical Republican Congress to do this. Because he had led the nation through the war, he had an established reputation for being tough when necessary. As the leader of the Republican Party, he was in a good position to convince

his fellow Republicans to follow his policies. By contrast, Johnson was a southern Democrat. His efforts for southern conciliation were viewed at best as a form of surrender in the face of victory. Others viewed his actions as an outright betrayal of those who had fought for the Union. Further, Lincoln's assassination had only increased congressional hostility and a demand for retribution against the south.

Johnson had always been a strict constructionist who believed in limited government. Although he had accepted emancipation, he wanted to leave it up to the states to decide how to treat the new freedmen. He saw military occupation of the south as a temporary measure and wanted to return to democratic government as soon as possible. Although southerners, both black and white, faced great poverty, Johnson believed that local solutions once government was restored were the best way to resolve the problems.

Johnson's critics pointed out that his policies left the new freedmen at the mercy of a hostile white majority, and that quick removal of the military would turn these states back to people who had been traitors just a few years earlier. The Radical Republicans who dominated both houses of Congress sought to maintain military dictatorship over the southern states, as both punishment for the war and to protect the newly freed slaves from mistreatment.

Johnson opposed almost all congressional measures designed to protect the rights of blacks, including the proposed Fourteenth Amendment, which guaranteed equal rights to the newly freed slaves. He also opposed extended military occupation. The Congress overruled most of his vetoes and the relationship between Congress and the White House remained hostile. In 1867 Congress also passed laws, over Johnson's veto, disbanding the civilian governments that Johnson had established in the south, thus retaining military authority over the region.

The Radical Republican Congress also tried to limit Johnson's power as president. In 1867, Congress passed the Tenure in Office Act over Johnson's veto, taking away his right to fire his cabinet members without Senate approval. Since Lincoln had selected the cabinet, this left Johnson with a hostile cabinet. Many members made it quite clear that their loyalties were to Congress rather than the president.

When Johnson fired his secretary of war, the House voted to impeach him. After a lengthy trial, the Senate failed by a single vote to reach the two-thirds majority necessary to convict him. Johnson finished his final year in office and returned to Tennessee. He remained

relatively popular in Tennessee. In 1874 he was reelected to the Senate but died only a few months after taking office.

SEE ALSO: African Americans and Poverty; Lincoln, Abraham (Administration); War and Poverty.

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Johnson, Lyndon (Administration)

WHEN AN ASSASSIN'S bullet struck down President John Kennedy on November 22, 1963, few knew what to expect from Lyndon Johnson. Johnson came to Congress a liberal supporter of Franklin Roosevelt's New Deal in 1937, yet he had usually sided with the conservative block of southern Democrats who controlled the Senate. Many saw him as a pragmatist with little ideology who was added to the ticket largely to help Kennedy win Texas.

Johnson, however, quickly set one of the most aggressive agendas ever proposed by any president. His domestic policy, called the Great Society, is one of the great experiments in modern American liberalism. Less than two months after taking office, Johnson laid out much of what would later become known as his Great Society agenda. He declared an "all-out war on human poverty and unemployment." The Great Society would come to promote greater federal involvement in aid to the poor, urban renewal, civil rights, education, healthcare, safety, and environmental protection. The next few years saw an unprecedented level of congressional activity. Hundreds of bills became law.

WAR ON POVERTY

Before the antipoverty programs got off the ground, Johnson shepherded through Congress the tax cut proposed by Kennedy. The Revenue Act of 1964 was designed to help spur a faltering economy; the taxes cut amounted to about 10 percent of the federal budget



To galvanize public support for his War on Poverty, President Lyndon B. Johnson (center) conducted a "Poverty Tour" in 1964. Here he shakes the hand of one of the residents of Appalachia, one of the poorest regions in the United States.

and, because of stimulated growth, led to an increase in revenues of about 20 percent from 1963 to 1966, when the cuts were fully implemented.

The central pillar of Johnson's War on Poverty was the Economic Opportunity Act of 1964. This act created the Office of Economic Opportunity (OEO), instituted in order to break away from the existing bureaucracies, thus allowing a single administrator to manage and coordinate all antipoverty initiatives. The OEO managed a whole range of new antipoverty programs, including VISTA (Volunteers In Service To America), the Job Corps, the Neighborhood Youth Corps, Head Start, adult basic education, family planning, community health centers, congregate meal preparation, economic development, foster grandparents;

legal services, neighborhood centers, summer youth programs, and senior centers. Although the act received strong congressional support, the OEO remained controversial from the outset. Especially controversial was its use of Community Action Agencies (CAAs) that bypassed state and local governments and tried to avoid a centralized management system run from Washington, D.C. The idea was that poor people would form committees that would decide how best to attack poverty in their neighborhoods by giving them federal assistance with limited oversight.

The plan did not live up to the ideal. Many local CAAs were filled with politically connected people who worked as appendages of state or local agencies. Others siphoned off money through high salaries, pa-

tronage jobs, or insider contracts. Still others took over the local committees in an attempt to leverage the resources toward bringing about social revolution. They organized rent strikes, sit-ins, and rallies, and used other disruptive tactics to take on perceived injustices.

Criticisms that the federal government was subsidizing political movements, many of which were considered socialist or communist, led to even greater opposition. Johnson considered shutting down the OEO. However, fearing a political backlash from the left, he continued to support it and worked toward improving the problems. One significant early change gave most local CAA authority to state and local officials rather than directly to poor people. President Richard Nixon greatly weakened the OEO after taking office and finally closed it in 1974.

Throughout the 1960s, race riots across America left many inner cities devastated.

In addition to the Economic Opportunity Act, numerous smaller programs were created or enlarged for direct aid to the poor. The Food Stamp Act of 1964 made permanent an earlier pilot program, and in 1966 the administration got Congress to amend the minimum wage laws to cover many more workers and increase the minimum wage to \$1.60 per hour over five years.

URBAN RENEWAL

A central component of the War on Poverty was the elimination of centers of poverty in large cities. Following World War II, the middle class had largely left the cities for the suburbs, leaving large poor groups, mostly minorities, with few resources. Throughout the 1960s, race riots across America left many inner cities devastated.

The Urban Mass Transportation Act of 1964 provided federal matching funds to develop rail systems in cities. The plan was criticized for supporting only capital expenditures rather than operating costs, but subsequent administrations greatly expanded this program to provide far more support. The Housing and Urban Development Act of 1965 provided federal funds for better housing for the poor. It also provided for urban renewal programs and improvement of public housing. Congress established the Department of Housing and Urban Development to oversee these programs.

In 1966 the Model Cities program coordinated federal and local efforts to contain urban blight, rehabilitate urban slums, and develop better central planning for future development. Legislation in 1968 focused attention on home ownership by providing government guarantees for mortgages.

CIVIL RIGHTS

A major focus of the Great Society was ending racial segregation, which kept many minorities poor and marginalized. The Civil Rights Act of 1964 was the most sweeping civil rights legislation since Reconstruction. It outlawed discrimination based on race or sex in places of public accommodation such as restaurants, hotels, and stores (Title II); in employment (Title VII); or by any entity that received federal funds (Title VI). While highly controversial at the time of passage, this legislation has been nearly universally accepted as helping women and minorities gain protections in the workplace and marketplace.

Also in early 1964, the Twenty-Fourth Amendment outlawed poll taxes for federal elections. Poll taxes required citizens to pay for the privilege of voting, which discouraged many poor people, particularly southern African Americans, from voting. Johnson strongly supported the amendment and the Supreme Court soon held that such taxes were also unconstitutional for state and local elections.

In 1965 the Voting Rights Act removed further barriers to voting by putting an end to literacy tests, used to keep many southern African Americans from voting. It also established federal oversight of voter registration and redistricting, particularly in the south where such functions had been used systematically to disenfranchise or dilute the voting power of African Americans.

That same year, Johnson issued Executive Order 11246, which required government agencies to develop programs to ensure that applicants and employees did not suffer discrimination based on "race, creed, color, or national origin." It also directed that all government contractors "take affirmative action" to ensure that applicants and employees did not suffer from such discrimination. In 1967 he amended his order to include sex discrimination. Presidents Franklin Roosevelt, Harry Truman, and Kennedy had already issued orders banning discrimination by the government and government contractors. Johnson's order did not set numeric goals or timetables, as did orders by subsequent presidents. However, it was seen as a major step in the affirmative action movement.

EDUCATION

Education was considered a major component of the Great Society. In 1965 the Elementary and Secondary Education Act (ESEA) led to the first major federal funding involvement in early education. It provided over \$1 billion for public schools and additional assistance to provide basic services at private schools. The main focus was to help poor students who attended substandard schools. It has been revised and expanded several times since its passage and remains a significant federal program.

The Higher Education Act of 1965 complemented ESEA by providing support to colleges and universities. Like ESEA, the act focused on disadvantaged children, providing financial aid and support to underfunded African-American colleges. It has also been expanded over time, providing much more federal financial support to higher education.

The Great Society legislation did not stop with traditional schools. The National Endowments for the Arts and the Humanities began in 1965 to provide federal funds to raise public awareness about the arts and humanities. The Public Broadcasting Act of 1967 created the Corporation for Public Broadcasting, whose goal was to provide educationally valuable television broadcasts for the general public.

HEALTHCARE

The Social Security Act of 1965 created Medicare for the elderly and Medicaid for the poor. These were the first major federally funded healthcare programs. Payment of the program came through a tax on wages paid by employees and employers. Medicare and Medicaid have remained major government programs. However, increased medical costs have resulted in significant tax increases on wages over the years.

SAFETY AND ENVIRONMENT

The Great Society also encompassed plans to make sure the public was better protected from pollutants and other hazards. It also attempted to protect natural beauty for future generations. The Wilderness Preservation Act of 1964 protected more than nine million acres of federal land from development, logging, or mining. The Water Quality Act and Motor Vehicle Pollution Control Act, both of 1965, made efforts to reduce pollution. The Highway Safety Act and the National Traffic and Motor Vehicle Safety Act, both passed in 1966,

authorized the first federal safety standards for motor vehicles and highways. Congress also authorized the creation of the Department of Transportation.

VIETNAM WAR

Johnson's declared domestic agenda soon began to give way to the Vietnam War. The Cold War with the communist Soviet Union during the Johnson years saw no major direct confrontations, such as the Berlin Wall and Cuban Missile Crisis. But the communist threat remained a real concern. Determined not to allow the communists to expand their influence by taking over South Vietnam, Johnson committed hundreds of thousands of troops and millions of dollars to stop them.

The escalating costs of the Vietnam War took needed dollars from the Great Society. As more American soldiers died, it cost Johnson much of his popular support. This undercut his ability to get congressional support for his domestic programs. It also turned much of the core constituency for the Great Society against his presidency. The president also had less time to focus on domestic matters.

ELECTIONS AND LEGACY

In 1964, Johnson faced a Republican challenge from Senator Barry Goldwater of Arizona. Goldwater had opposed Johnson's Great Society legislation and supported a much more aggressive action against the communists, and suggested potential use of nuclear weapons. The result was a landslide victory for Johnson, which also expanded into Congress. The 89th Congress gave the president a House and Senate where more than two-thirds of each were Democrats. Only a few Congresses during the Great Depression exceeded the large Democratic majority that assisted Johnson. However, a large number of the Democrats were southerners who opposed much of the Great Society. By the 1966 elections, voters began to turn on the Democrats, the House lost 48 seats, and the Senate lost four. Most of the losses were liberal northern Democrats who had supported the Great Society. Finally, by 1968, it became clear that several Democrats would challenge Johnson in the presidential primaries, running on an anti-Vietnam War platform. In response Johnson decided not to run for another term in office.

The American public initially seemed enthusiastic about the Great Society programs. However, after only a few years, support quickly faded. Southerners had always opposed them. They disliked a more powerful federal government and saw most of the programs as a way to force racial desegregation on them, as federal funds going to schools, hospitals, or any other program carried a requirement that the programs be desegregated.

Northern resistance grew over time. Race riots in northern cities grew in size and levels of violence rose throughout the 1960s. Even as more resources were provided to inner-city African Americans, violence continued to grow. Many worried that additional resources would be seen as rewarding the rioters. In other cases, young idealists affiliated with the Great Society through the Legal Services Corporation, or even programs such as Head Start, tried to use their positions to stir up unrest among the poor. Many of them encouraged social and political protests to help the poor. The resulting controversies led to even more opposition.

The most powerful enemy of the Great Society was money.

In addition, many were worried about whether the poverty programs were having the right effect on society. Studies showing a breakdown of poor families, primarily among minorities, led many to believe that welfare requirements that "punished" work or having a father living with the family were contributing to this.

Welfare rolls soared during the mid-1960s, partly because of government policies, but also because of the work of activist organizations like the National Welfare Rights Organizations, which hoped that, by encouraging more people to go on welfare and overloading the system, the federal government would move toward a policy of guaranteed income for the poor. Many working-class families also objected to well-publicized welfare protests demanding higher aid. Many found repugnant the idea that the poor would angrily demand more of their tax dollars as a matter of right.

But the most powerful enemy of the Great Society was money. The federal budget grew from around \$102 billion in 1965 to \$158 billion in 1969. While the Vietnam War accounted for much of the new spending, Congress was reluctant to provide requested funds for domestic programs at a time when it had more competing financial demands. Johnson went to his grave arguing that much of the Great Society did not succeed only because Congress failed to provide sufficient funds.

The chaotic 1968 Democratic Convention in Chicago, Illinois, showed the country the deep divisions within the Democratic Party, and the public turned to Nixon in the November elections. The Nixon administration did not kill the Great Society outright, but continued to reduce funding for many of its programs, many of which ultimately were discontinued in the Ronald Reagan administration. Other programs, including Medicare, Medicaid, and Head Start, have continued to grow and thrive over the years. Much of the legislation concerning civil rights, education, the environment, and safety has changed over time but remains today.

SUCCESS OR FAILURE

However, the fact that a program remains does not necessarily mean it was a success, nor does the end of a program signify failure. Assessments of the Johnson initiatives often depend on one's views on government in general. Advocates of limited government have alternately cited an alleged success in the War on Poverty as grounds for discontinuing programs that are targeted at no-longer-existing social problems, but also have argued that the alleged failure of the War on Poverty proves government programs are ineffectual and wasteful. Similarly, proponents of liberal policies point to a perceived success in the War on Poverty as proof of the effectiveness of government programs, yet elsewhere claim that the continuing high poverty rates must be seen as a call for action to increase government involvement in providing support.

Part of the dispute relates to how one measures poverty. Government calculations consider pretax cash income related to average expenses for food and other necessities, but do not consider noncash benefits such as food stamps, housing assistance, or Medicaid. Thus, under this measure, a family who received such assistance would not be considered any better off than a family receiving that assistance.

Most measures show that poverty rates decreased throughout the 1940s, 1950s, and 1960s while the country moved from a more agriculturally based economy to more of an industrial base. Experts dispute whether government programs helped, hindered, or did not affect this trend. By most measures, poverty rates fell during the period of implementation, but then seemed to rise in the 1970s, as inflation and a sagging economy contributed to problems. Conservatives argue that the Great Society programs caused many of the subsequent economic problems, while liberals argue that killing those programs caused the resurgence in poverty.

Success or failure, the Great Society represented the last real attempt to apply the New Deal-style, big gov-

ernment approach to resolving social issues. While the federal government has certainly continued to grow since that time, no president has attempted to press forward with so many initiatives to take on fundamental domestic problems.

SEE ALSO: Antidiscrimination; Community-Based Antipoverty Programs; Democratic Party; Great Society Programs; Kennedy, John (Administration); Nixon, Richard (Administration); United States; Urban Antipoverty Programs; War on Poverty.

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Joint Center for Poverty Research

THE JOINT CENTER for Poverty Research (JCPR) is a project of Northwestern University and the University of Chicago. Officially the Joint Center is called the Northwestern University/University of Chicago Joint Center for Poverty Research. The JCPR began with a grant issued in July 1996 by the Office of the Assistant Secretary for Planning and Evaluation (ASPE) of the U.S. Department of Health and Human Services. The grant (\$7.5 million) was awarded to Northwestern University and the University of Chicago to pay for the establishment of a research center that could advise on issues of poverty.

The Poverty Center is jointly administered by the Institute for Policy Research at Northwestern Univer-

sity and the Harris Graduate School of Public Policy Studies at the University of Chicago. An Executive Committee composed of members from both institutions and a senior Policy Center staff member oversees operations. In addition an External Advisory Board composed of leading experts in poverty research and policies meets biannually with the Executive Committee to give advice. Faculty members from both institutions have been engaged to produce research into the questions of poverty. In addition, doctoral graduate students at both schools are provided opportunities for research as emerging scholars.

The JCPR supports academic studies of poverty in America. There are two sides to its research agenda. First, it seeks to identify the human and social causes of poverty. This means that it is especially concerned with research that seeks to show what it means to be poor and live in America. It does research to find the social, economic, and behavioral factors that cause poverty. The second side of the JCPR research agenda is to examine the policy process in American poverty law. The center seeks to identify the problems of poverty and to understand issues involved with the adoption, implementation, and evaluation of poverty research. The center also examines labor markets and how they change and the causes of inequalities in these labor markets. Moreover, it is concerned with the impact that urban poverty has on the function of families and upon the well-being of children. It seeks to identify the impact that the dynamics of the policy process and the development of new programs have upon people.

The mission statement of the JCPR says that its "mission is to advance our understanding of the causes and consequences of poverty and the effect of policies designed to reduce poverty. By social science research, JCPR seeks to influence the discussion and formation of policy, and the behavior and beliefs on individuals and organizations. The research activities of this Center should be useful to those whose goal is a long-term reduction in poverty in the United States."

In order to carry out its mission the JCPR encourages and aids research on poverty. It also promotes intellectual exchanges among scholars, researchers, and policymakers in all disciplines and policy areas. It provides training in the scope, methods, tools, and techniques used to address issues of poverty. Finally, the center promotes communications about and among policy analysts, policymakers, the media, and other interested parties about both research results and emerging research questions on poverty. The JCPR regularly issues the products of its research in the form of books,

articles, policy briefs, reports, research summaries, and other pertinent documents. In addition it publishes a regular newsletter (*Poverty Research News*) on its work. The JCPR promotes academic conferences, research seminars, congressional briefings, and research briefings.

SEE ALSO: Poverty Laws; Poverty Research; Social Poverty; United States.

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Jordan

THE WORLD BANK estimated the poverty rate in Jordan in 1992 at 15 percent. More recent figures from the Economic and Social Commission of Western Asia indicated that in 1995 as much as 23 percent of the Jordanian population were considered poor. This poverty measure included a wide range of indicators, such as income, health, nutritional status, as well as school enrollment figures. Based on a 1997 Household Expenditure and Income Survey, the number of Jordanians living below the poverty line amounted to 523,000 in 1999.

A profile of the poor in Jordan during the 1990s and beginning of 2000 yielded the following characteristics. There is a high incidence of poverty among female-headed households, which is attributed to the generally low education level among females, and in many cases the lack of a male provider. The risk of being poor is significantly higher for households where the head has no education than for households that have more than a secondary education. This is irrespective of whether the main provider in the household is employed or not.

Unemployed Jordanians constituted less than six percent of the poor, which highlights the fact that poverty is a problem of low family income rather than unemployment. When considering the marital status of the household head, being divorced is associated with a high risk of being poor. Divorcing often means that persons are disassociated from relatives as well as the immediate family. Households in the capital city of Amman

generally have higher income levels than households in other regions.

Especially affected by the risk of poverty are camp refugees. Camp refugees and the displaced, groups made up mainly of Palestinians, have had to carry a burden of being poorer that is twice as high as for non-refugees, irrespective of education and employment status. That results from the fact that they have less wealth in the forms of savings and durable capital goods, and are more affected by economic recession since they work in the construction sectors that are very vulnerable to economic recession.

Jordan's economy has proven to be extremely vulnerable to external shocks. This was manifested on a number of occasions during the 1980s and 1990s. Jordan experienced an economic crisis in the late 1980s, leading to an overall decline in average incomes, a substantial increase in poverty, and worsening inequality. The Jordanian government responded to the economic crisis by implementing a structural reform program in order to enhance economic growth, reduce trade and fiscal imbalances, and protect the poor. A subset of the reform policies included the gradual elimination of general food subsidies such as bread, rice, and sugar. Despite the simultaneous adoption of some compensatory measures (target cash assistance), especially to protect the poor, the removal of food subsidies was widely believed to have caused greater hardship and to have increased poverty even further. Violent riots ensued in various cities and the police had to intervene in order to establish order.

Potential foreign investors remain extremely cautious of Jordan's geopolitical position because of its proximity to Iraq, the Palestinian territories, and Israel, and it is seen as a major liability. The imposition of sanctions on Iraq in 1990 severely constricted bilateral trade since, up to that point, Iraq had been Jordan's main trade partner. The Gulf War induced a large number of workers and their families to return from Kuwait to Jordan, along with repatriation of their financial assets. Growing demand for skilled workers in the Gulf attracted thousands of Jordanians to the benefit of Jordan through the receipt of remittances by families or savings accounts. Remittances from expatriate workers in the Gulf worth \$1.3 billion in 1989 were drastically curtailed, and in the case of those in Kuwait (80 percent of the overseas workforce), stopped completely.

Economic performance in 2003 was badly affected by the Iraq War. The Iraq War meant the temporary shutdown of one of Jordan's most important trade partners, while the important tourism sector was also badly affected. The downfall of the Iraqi regime also meant the loss of heavily subsidized oil from its neighbor. The collapse in domestic revenue was only offset by foreign grants. To a large extent, several of these shocks can account for the increase in poverty witnessed during these years.

Human Development Index Rank: 90 Human Poverty Index Rank: 11

SEE ALSO: Household Income; Iraq; Islam and Poverty; War and Poverty.

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Jubilee 2000

ENTITLED THE Jubilee 2000 Coalition, a vision of Martin Dent and cofounder Bill Peters, this campaign to "Drop the Debt" was first launched in the United Kingdom (UK) under the direction of Ann Pettifor and the assistance of many individuals and organizations. Over a period of five years, this collective effort brought together over 20 million people in 155 countries from diverse aid groups and religious agencies.

They signed a petition supporting the world's poorest countries in 100 percent cancellation of their debts to creditors (a collective amount of over \$2.4 trillion) by 2000, the Jubilee year. In camaraderie, 60 other countries conducted Jubilee 2000 campaigns based on the UK model.

The word *jubilee* originates from the Old Testament in Leviticus 25:8-55. Of symbolic relevance to the Jubilee 2000 cause are the passages where Yahweh speaks to Moses about the freedom of the Israelite slaves (47-55) and the return of property to its original owner (13). However, the UK movement differed from the religious faith-renewing program of preparation for the Great Ju-

bilee in the Year 2000, as proposed by Pope John Paul II to the Roman Catholic Church, in the document "Tertio Millennio Adveniente" (November 10, 1994).

This grassroots response was part of an ongoing struggle against Third World debt that was putting pressure on the World Bank and the International Monetary Fund (IMF). In 1996 these two international organizations published a list of 41 Heavily Indebted and Poor Countries (HIPC). The politics and events surrounding this document fueled further activist involvement that culminated in the Jubilee 2000 movement.

CAMPAIGN PLATFORM

At the local, regional, national, and international levels, the most explicit goals of this nonviolent campaign were to persuade the G-8 (the eight wealthiest countries of the world) to offer their unconditional participation in debt cancellation, signifying their solidarity with the Third World; to empower First World audiences with information about the debt crisis and expose them to the kinds of structural injustice resulting from a country's debt—a population's widespread suffering due to poverty; to inspire involvement in the international financial process; to advocate for a new, democratically influenced, transparent financial order, one that could support justice and human rights, free Third World countries from the burden of debt, and create the legal means to assure a country adequate time and tools for proper restructuring and development of economic credibility (a form of international bankruptcy protection); to lobby against and eliminate harsh, unfair, unfavorable, and/or corrupt policies and politics (visible and invisible) imposed by the IMF, the World Bank, international creditors, and political leaders; and to gain the support of the United Nations and other international organizations that would help to ensure the pursuit of international law and international human rights for all.

THE CAMPAIGN'S IMPACT

Advocating their case to the world with its professional research teams, Jubilee 2000 UK succeeded in creating a sense of global awareness of debt issues. The campaign effort achieved international mass media attention that attracted the support of well-known scholars, international figures, celebrities (Youssou N'Dour, U2's Bono, Muhammad Ali, the Spice Girls), and religious figures (Pope John Paul II). The sentiment of Jubilee 2000 continues today as the Jubilee Movement International (JMI), which includes Jubilee South, Jubilee USA, and

Jubilee Australia, and Jubilee UK. Each organization collaborates in research efforts to fight for social economic change and contributes to the achievement of the United Nations Millennium Development Goals (MDGs). Jubilee Research and JMI have supported campaigns like Make Poverty History and have brought the issue of Third World debt to the fore of the G-8 and media agenda, evidence that Jubilee networks are successfully creating a mainstream space for radical global resistance against international public debt and the poverty it creates.

SEE ALSO: Debt Relief; Economic Growth and Poverty Reduction Strategy; G-8; International Monetary Fund; Third World; World Bank.

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Judaism and Poverty

JUDAISM is a major, historically significant, monotheistic world religion, with its spiritual and ethical principles embodied chiefly in the Bible and the Talmud. Moses played a significant role in the long history of Judaism, leading his people in the 13th century B.C.E. out of bondage in Egypt to the edge of Canaan.

Poverty means the state of being poor, of lacking or being deficient in money, material possessions, or means of subsistence. It is necessarily a relative concept: poverty in one country or culture may not be considered so in another place or setting. Social justice has been a strong component of Judaism throughout its long history. The Hebrew word for charity is tsedakah, which derives from the root for "justice," and means "righteousness" or "justice." In contrast the Latin word caritas translates as "love," which has a particular historical meaning for Christianity. In Christianity, by defin-

ing charity as *caritas*, one person helps another as an expression of love. In Judaism the emphasis on justice prevails. This hardly means that Judaism is devoid of love, or Christianity is devoid of justice. In Judaism, *tsedakah* is balanced by *chesed*, which is loving kindness. Social welfare and charity must ideally include both justice and charity in both Judaism and Christianity (and in a number of other world religions as well). In this respect, St. Augustine once stated that charity "is no substitute for justice withheld." Judaism could surely be conjoined with this statement.

HISTORY OF JUDAISM AND POVERTY

One of the strongest declarations about the importance of charity can be found in early Judaism. Amos, the oldest prophetic book in the Bible and the name of a prophet who prophesied during the reign of Jeroboam II (775–750 B.C.E.), called on the Jewish people to embrace charity. This emphasis on social justice and on charity was present in a long line of Hebraic prophets—Micah, Hosea, Isaiah, Jeremiah, to name only a few.

In the Bible one can find established rules for tsedakah by use of the rule of peah, whereby corners of the fields were left unharvested. Leviticus (23:22) stated, "when you reap the harvest of your land, you shall not finish off the corner of your field in your harvesting and the gleanings of your harvest you shall not take." Here, landowners provided opportunities for the poor to gather food from land they simply could not afford to own. Also, this provided an opportunity for the poor to work for their food. In other words, this was not a welfare-like entitlement or benefit per se.

This important principle was later to be demonstrated well in the noted work of Moses Maimonides (1135–1204 C.E.). Maimonides (known as Rambam) is most remembered for his detailed philosophical integration of Greek philosophy into Judaism. It might be said in this respect that what Maimonides did for Judaism, Thomas Aquinas did for Christianity.

Maimonides adapted and developed the basic concepts of *peah* into eight levels of giving in his Laws of Gifts to the Poor. Maimonides wanted to provide for the needy, while at the same time maintaining the dignity of the individual.

The bottom level of charity for Maimonides was to simply give alms to the poor when asked. Intermediate levels of charity might be giving without being asked, and giving anonymously. Finally the highest level of charity consists of providing a person with the dignity and independence of employment. This would compare with the old dictum of teaching a person how to fish instead of simply giving a person fish that had already been caught.

In the Pentateuch, or Torah, there appears to be something of a contradiction regarding the poor. Deuteronomy (15:4) states that there "shall be no needy among you." However, Deuteronomy (15:11) also states that there "will never cease to be needy ones in your land." There have been various interpretations of this. Indeed there have been at times seemingly contradictory views on poverty by various biblical and rabbinic writers over the centuries.

Throughout Jewish history, the obligation to aid the poor was pervasive.

Sometimes poverty was regarded as a real misfortune, while at other times a view of poverty as building character would emerge. An example would be Isaiah 48:10, "I will test you in the furnace of affliction." However, these views never predominated. As so often is the case with Judaism, a balanced, middle perspective prevailed. It was thought that some kind of general mean between poverty and wealth would be preferred.

Throughout Jewish history, the obligation to aid the poor was pervasive. The Talmud defines a poor person entitled to receive charitable assistance as one with total assets not exceeding 200 zuz (ancient Hebrew silver coins).

The amount that one ought to give to charity is onetenth of one's initial capital and one-tenth of all subsequent earnings. However, the Talmud does caution here that one should not give in excess of one-fifth of one's earnings, because by doing so one might become destitute and require assistance oneself.

So strong is the obligation to support the poor throughout the history of Judaism that *tsedakah* obligated each individual to give to the poor, even obligating the poor themselves to do so. Funds collected for the poor were kept in a *kuppah*, or community fund. Contributing to the *kuppah* was the responsibility of everyone in the community, including the recipient. Some communities had an additional fund, the *tambui*, which would collect food from various householders and distribute enough for two meals each evening to those in need.

The *kuppah* was available only to local residents, but the *tambui* was open to anyone in need and was of assistance to anyone passing through. Deuteronomy (16:20)

states that: "Justice, justice, shall ye pursue." Surely, it has been pursued in Jewish history and in Judaism.

For Max Weber, the historical importance of Judaism as the parent of both Christianity and Islam is only part of the story. It is hard to overemphasize the importance of this numerically small-world religion in respect to views on poverty, social justice, and much else. Weber found two components of Judaism to be of special significance, its rationality and its ethicalism. In respect to its ethicalism, it is difficult to imagine a world religion that has devised a more coherent, comprehensive, and humanistic approach to meeting the needs of the poor and the needy. The impact of its teaching on the other Abrahamic religions (Christianity and Islam) is obvious.

Historically Judaism has looked at charity as being within the context of *mitzvot*, or commandments. Judaism views charity as part of a systematic, organized network of social obligations rather than a voluntary act of kindness. This can perhaps best be seen by examining the sizable and impressive Jewish communal welfare organizations designed to address human needs. There are approximately 200 Jewish federations in the United States that provide a wide variety of services to Jews and non-Jews alike. The Jewish Communal Service Association, founded in 1899, publishes a journal that is concerned with these issues, the *Journal of Jewish Communal Service*.

THE JEWISH POVERTY MYTH

There has been an unfortunate myth that poverty is not a problem in the Jewish community. Naomi Levine and Martin Hochbaum provided a valuable service in this respect by editing a 1974 book, *Poor Jews: An American Awakening*, revealing a different reality. A study done in New York City, which has the largest Jewish population in the United States, found that about 13 percent of all Jewish households in the city fell considerably below the federal poverty standard.

Many Holocaust victims have experienced much trauma and hardship. The Jewish community experiences most of the human and social problems experienced by other groups. The harsh and pervasive experience of anti-Semitism over the centuries has not been an easy burden to deal with. One could say that the experiences of the Jewish people with anti-Semitism and discrimination (with an often hostile larger environment in which the Jewish community lived) have made Jews unusually sensitive to those who have experienced the heavy hand of inequality and hardship.

One can see throughout the history of the American civil rights movement a strong Jewish presence (to name only two examples, Andy Goodman and Michael Schwerner gave their lives in civil rights efforts in Mississippi). The commitment to social reform among so many Jews is matched only by Jewish philanthropic and charitable contributions to address the needs of the poor and to meet the needs of many people, Jewish and non-Jewish alike.

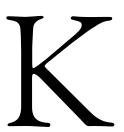
SEE ALSO: Catholic Church; Charity; Faith-Based Antipoverty Programs; Islam and Poverty; Religion.

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WORLD POVERTY



Kazakhstan

SITUATED IN CENTRAL Asia and bordering Russia, China, Uzbekistan, Kyrgyzstan, Turkmenistan, and the Caspian Sea, Kazakhstan is the ninth largest country in the world. Its territory is four times the state of Texas and five times the territory of France. Part of the former Soviet Union, and having gained its independence in 1991, Kazakhstan in the 2000s has an estimated population of 15.5 million.

Postcommunist transition has exacerbated poverty for some segments of the population, while others have gained economically. Even during the Soviet era, some level of inequality existed in Kazakhstan, especially as perceived by the ethnic Kazakh population regarding their level of socioeconomic status and political influence, when compared to the ethnic Russian population of Kazakhstan. There have always been interregional income disparities in Kazakhstan as well.

For example, the estimated per capita real income ratio between the former capital city of Almaty and the Zhambyl region was six to one in 1999, according to K. Anderson and R. Pomfret. Still, overall poverty is known to have declined rapidly in recent years because of the trickle-down effects caused by the rapid growth

in Gross Domestic Product (GDP), itself growing because of the burgeoning oil and gas sector of the country.

The share of the population living below the poverty line (\$35 per capita per month) was estimated at 24 percent in 2002, compared with 34 percent in 1998, and the Ministry of Economy estimates this share to have fallen further in 2003, to 19 percent. In 2003, Kazakhstan had an estimated per capita income of about \$2,000 per year, ranking it 14th among the 27 postcommunist states and the richest among the Commonwealth of Independent States (CIS) outside Russia.

Annual average unemployment, estimated at 8.8 percent of the workforce in 2003, largely improved as compared to the estimated 13.5 percent figure in 1999. One indication of relative prosperity is the large number of illegal immigrants flowing into Kazakhstan from neighboring central Asian republics, especially Uzbekistan and Tajikistan. Jobs in Kazakhstan pay salaries at least five times higher than those in the neighboring central Asian states.

But not all sections of the population have shared in the benefits of economic growth and foreign investment. Rural poverty is still deeply entrenched, with ethnic Kazakhs in the southern part of the country known to be among the poorest among the population. There is also a lag in the tangible outcomes of economic growth. Potable or safe drinking water in rural areas, for example, is not readily available to all. Furthermore, because of slow structural reforms, there is considerable hardship in the largely ethnic Russian industrial cities in northern Kazakhstan.

Many have unofficial jobs, and the shadow economy is estimated to constitute as much as 30 percent of GDP, according to the Economic Intelligence Unit. The presence of oil as a natural resource is thought by some to have been more of a curse than a blessing. Among other things, oil extraction is known on the local level to have polluted the air, soil, and water and food supply of some of the local communities. The oil and gas industry has also engendered a culture of corruption.

According to Transparency Kazakhstan, corruption is systematic and rampant, and particularly widespread in the oil and gas industry. Kazakhstan has not ratified any of the existing international conventions against corruption, and effective domestic anticorruption legislation is lacking. A corruption scandal surrounding oil deals in the mid-1990s has dogged the government and in 2003 resulted in the jailing of an American businessman in the United States accused of having paid \$78 million in bribes to the Kazakh president, Nursultan Nazarbayev, and a former prime minister, Nurlan Balgimbayev. Nazarbayev in turn has denied all connection to the bribery allegations, describing it as "a set-up."

Human Development Index Rank: 80 Human Poverty Index Rank: Not included.

SEE ALSO: Communism; Corruption; Rural Deprivation; Russia.

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Kennedy, John (Administration)

WHEN JOHN FITZGERALD Kennedy was inaugurated as the country's 35th president, the United States was entangled in a struggle of epic proportions with the Soviet Union. Just three years before Kennedy took office the Soviets had taken the lead in the space race with the launch and orbit of satellite Sputnik. The early years of the Cold War gripped the world with concern as the two superpowers and their respective allies positioned themselves to confront the terror of nuclear holocaust and hopefully to avoid it. There is no question that Kennedy inherited a host of international problems when he took office. Indeed his presidency is noted primarily for the many international situations that occurred during his nearly three years in office. Among them were the Cuban Missile Crisis, the Bay of Pigs debacle, and the successful nuclear test ban treaty with the Soviets.

Despite the need for Kennedy to continually stay on top of international concerns, he was a president who spoke passionately about domestic issues and the rights of man, which he believed should come not from the generosity of the state but from the hand of God. In his inaugural address, he made it clear that his generation of Americans was "unwilling to witness or permit the slow undoing of those human rights to which this nation has always been committed, and to which we are committed today at home and around the world."

Kennedy made it clear in his inaugural address that his concern for freedom and an end to poverty was not just a domestic issue but global in reach: "To those people in the huts and villages of half the globe struggling to break the bonds of mass misery, we pledge our best efforts to help them help themselves, for whatever period is required ... because it is right. If a free society cannot help the many who are poor, it cannot save the few who are rich."

Kennedy continued his address with an introduction to a planned initiative in Latin America "to assist free men and free governments in casting off the chains of poverty... and to join with them to oppose aggression or subversion anywhere in the Americas." This pronouncement was an overture to what eventually became the Alliance for Progress, a very successful joint effort involving the United States and the Latin American countries.

Although he did not mention the Soviets by name in his address, he did refer to "both sides" in his invitation to work together to eradicate disease, conquer the deserts, encourage the arts and commerce, and "heed in all corners of the earth the command of Isaiah—to 'undo the heavy burden [and] let the oppressed go free." He called for a united struggle against the common enemies of man: tyranny, poverty, disease, and war.

The most remembered statement in Kennedy's inaugural address is, of course, a call to Americans to ask not what your country can do for you but what you can do for your country. Not as well remembered, perhaps, is his next sentence: "My fellow citizens of the world: ask not what America can do for you but what together we can do for the freedom of man."

Kennedy's interest in public life and in serving in government solidified following the end of World War II. He returned from serving in the navy, and his father, Joseph Kennedy, convinced him that it would be honorable to run for the House of Representatives. Kennedy did so and was elected in 1946 and went on to serve three terms in that office. This service was followed by election to the Senate in 1952.

In 1956 he was close to being picked as the vice presidential nominee of the Democratic Party. Although he was not selected, Kennedy decided then to seek the nomination for president in 1960. He was nominated for that position in July 1960, and he selected Lyndon B. Johnson as his running mate. On November 8, 1960, Kennedy was elected in a very close race, defeating Richard M. Nixon, President Dwight Eisenhower's vice president. The new president created the New Frontier and described it as being a way of thinking and acting. Kennedy envisioned nothing less than freedom for the entire world brought about by new discoveries in science, enhancement of education systems, and the expansion of employment.

One of Kennedy's first accomplishments was the establishment of the Peace Corps, a program that brought Americans to all corners of the earth to help in healthcare, sanitation efforts, education, and construction. This program has been in place since its inception.

The most serious domestic problem faced by his new administration was racial discrimination. In 1952 the Supreme Court ruled that the notion of "separate but equal" was unconstitutional, thus overturning its earlier ruling in *Plessey v. Ferguson*, and segregation in public schools would no longer be legal.

The situation in Topeka, Kansas, brought about this monumental change and it stemmed from an incident in which a man named Oliver Brown complained that his daughter walked past a white elementary school on her way to catch a bus to her black school. A lower court threw out Brown's challenge on the grounds that

the schools were separate but equal. The Supreme Court overturned the lower court's ruling. The new law stemming from *Brown v. Board of Education* was ignored by a number of schools in the south, where discrimination was widespread not only in schools but in movie theaters, on buses, and in restaurants, hotels, and other business places.

Martin Luther King, Jr., and other civil rights leaders demanded that the federal government step in with legislation to guarantee the rights of disenfranchised citizens. Kennedy delayed at first believing that to hold public protests and to legislate for African Americans in the south would convince members of Congress who were not civil rights enthusiasts to vote against this legislation. However, in June 1963, following violent uprisings and confrontations in the south, Kennedy proposed a new civil rights bill to Congress.

He went on television to explain to the American public that African Americans in the south were not really free, although it had been over 100 years since President Abraham Lincoln declared them emancipated. Kennedy reminded everyone that the country was founded by people from many nations and backgrounds on the principle that all men are created equal. Kennedy insisted that all Americans, regardless of skin color, had the right to a happy and productive life in the United States.

Kennedy believed that the world had the capacity to eradicate hunger and poverty everywhere. All that was needed was the concerted and collective effort of all countries capable of addressing the issues. In an August 1960 speech at Hyde Park, New York, on the 25th anniversary of the signing of the Social Security Act, then-Senator Kennedy stated that the job that President Franklin Roosevelt set out to do in 1935 was not yet complete. He pointed out that 60 percent of Americans over 65 years of age must struggle on an income of less than \$1,000 a year and that Social Security recipients get a monthly check of only \$72 a month, which he considered to be wholly inadequate. Kennedy believed that such substandard incomes lead to and solidify poverty and hardship, which can lead to despair and illness. He pointed out that Americans 65 years or older suffer twice the rate of chronic diseases as do younger citizens.

In his Hyde Park speech, Kennedy proposed that the government enact a comprehensive plan to enable older citizens to receive the medical care they need and without a means-testing provision. Although Kennedy was not able to bring this about during his presidency, it was enacted by his successor, President Lyndon John-



John Kennedy called for a united struggle against the common enemies of man: tyranny, poverty, disease, and war.

son, in the epic legislation authorizing Medicare and Medicaid. When Johnson became president following Kennedy's assassination, he promised to fulfill the goals and plans of the fallen leader. The Medicare and Medicaid programs are proof of his pledge.

Kennedy also called for the expansion of Social Security benefits in his Hyde Park speech. In addition he called for raising the amount of money that a Social Security recipient could earn. Further, he wanted to ensure that a retired person could go back to work if he or she chose to do so. In line with that initiative, Kennedy called for training for older Americans to go along with new job opportunities. He called for the provision of adequate housing for the aged within their home communities and to provide incentives for builders to construct homes to meet this special need.

SEE ALSO: Great Society Programs; Johnson, Lyndon (Administration); Medicaid; Medicare; United States.

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Kenya

BORDERING ON THE Indian Ocean, the sub-Saharan African nation of Kenya straddles the equator. Historically the Republic of Kenya has been beset with problems that range from charges of human rights abuses and government corruption to severe droughts and extreme poverty. Charges of human rights abuses stem from Amnesty International's reports that Kenyan police have killed more than 100 people and engaged in widespread torture. Government corruption has been so extensive that the International Monetary Fund (IMF) withdrew development funds from Kenya in 1997.

In this country, in which 75 percent of the population are engaged in subsistence agriculture, a yearlong drought that began in 1999 was so devastating that water and energy were rationed, further reducing the food supply through ensuing reductions in agricultural output. Even though the IMF granted aid to Kenya throughout the drought, funds were again withdrawn in 2001 for the same reasons as before. After the drought, sporadic rains produced some relief, but the Kenyan economy has recovered slowly.

By 2004, moderate growth and anticorruption measures began restoring confidence in the shaky economy. Nevertheless problems associated with a poverty rate of 52 percent, an unemployment rate of 40 percent, increased infant mortality and death rates, the high prevalence of HIV/AIDS cases, and disappointing population and growth rates threatened Kenya's economic stability.

Kenyans live on an average annual income of \$360, with 58.2 percent of the people living on less than \$2 a day and 23 percent surviving on less than \$1 per day. Kenyans are also subject to drastic inequalities in income and landownership. The richest 20 percent of the population share 51.2 percent of the wealth, while the poorest 20 percent claim only 5.6 percent. The poorest

70 percent of the population hold only 43 percent of all land. Kenya is ranked 44.5 on the Gini Index of Human Inequality.

Among Kenya's population of 33,829,590, the median age is 18.19 years, and life expectancy are 47.99 years. Some 42.5 percent of the population are under the age of 14, and a mere 2.3 percent are over the age of 65. Kenyans have less than a 50 percent chance of living to the age of 40. The devastating 6.7 percent HIV/AIDS prevalence rate in Kenya is a major reason for high mortality rates. Approximately 1.2 million Kenyans live with HIV/AIDS, which had resulted in 150,000 deaths by 2003.

Some 43 percent of Kenyans lack access to safe water. Approximately 21 percent obtain water from boreholes and another 28.3 percent derive water directly from lakes and rivers. The lack of adequate sanitation is also a major problem in this country where 72.8 percent of the population use pit latrines to dispose of human waste. Only 7.1 percent have access to main sewers, and a scant 2.5 percent use septic tanks and cesspools.

As a result of unsafe water and poor sanitation practices, Kenyans face a very high risk of contracting food- and waterborne diseases such as bacterial and protozoal diarrhea, hepatitis A, and typhoid fever. Water contact diseases such as schistosomiasis and vectorborne diseases are also common. A tough strain of malaria has surfaced that has proved resistant to the "malaria cocktail" used to treat the disease. There are only 44 physicians for every 100,000 Kenyans, and almost half of the people lack access to affordable lifesaving drugs.

As in many societies, Kenyan children are most vulnerable to the effects of poverty. By 2005 estimates, the infant mortality rate is 58.62 deaths per 1,000 live births. In 2003, mortality rates for infants and for those under the age of 5 were reported at 79 and 123 (of 1,000) respectively.

One-fifth of all Kenyan children under 5 are malnourished, and four percent are classified as severely underweight. Some six percent of this age group suffer from moderate to severe wasting, and 31 percent experience moderate to severe stunting. In 2003, measles immunization rates for children aged 12 to 23 months was 72 percent, and the DPT3 immunization rate were 73 percent. Approximately 72 percent of all Kenyan infants are immunized for measles, but this is a four percent decrease since 1999. Less than one-third of all infants receive lifesaving rehydration therapy when it is needed.

Kenya's fertility rate is estimated at 4.96 children per woman, and the fertility rate of women aged 15 to 19 is estimated at 94 per 1,000 births. Fertility rates have begun to decline in response to higher levels of education and wider access to family planning services. Some 38 percent of Kenyan women use contraceptives of some sort. Professional medical staff attend 41 percent of all births in Kenya. However, maternal mortality is unusually high, even among poor African nations, at 1,000 deaths per 100,000 live births.

Poverty affects Kenyan women more than men because of historical inequalities and discriminatory practices. The numbers of women and their dependent children who live in extreme poverty have been steadily growing since the 1990s. A task force was created in 1993 to determine the status of women in Kenya. Four years later, a study conducted by the Kenya Welfare Monitoring System III revealed that the 25 percent of rural families headed by females were those most deeply affected by poverty.

As in many societies, Kenyan children are most vulnerable to the effects of poverty.

In 1999 the Kenyan government established the Poverty Eradication Program, which is in effect until 2015, with the intention of enhancing female education and training and also promoting job opportunities. The women's task force issued its report in 1999 with recommendations that the government eliminate all practices, traditions, laws, and policies that discriminate against women. Specific proposals included the passage of child and domestic violence acts, the creation of a National Gender and Development Council, and the establishment of a family court system.

Over time the quality of education in Kenya declined in response to a cost-sharing system in which parents paid a portion of school fees. The practice forced many poor families to choose between educating their sons and their daughters because they could not afford to educate all their children. The greatest impact of this inequality was on children from poor families who lived in regions susceptible to famine and its accompanying hunger.

The Early Childhood Care Development and Education program was created to address this inequality by promoting readiness for education among children from birth to 6 years old. By 2003, parity within this program was realized with a female enrollment of 49.9

percent. The government also introduced the Education for All policy and passed the Children's Act of 2001, guaranteeing free primary education.

While relative gender equality has been attained at primary and secondary levels, inequality continues in higher education. Women make up only 30.8 and 54.5 percent respectively of those enrolled in public and private universities. Literacy rates have, as might be expected, risen in Kenya since education has become a priority, and Kenya's literacy rate of 85.1 percent is higher than that in many other countries in Africa. However, the 79.6 percent female literacy rate lags behind male literacy (90.6 percent).

Human Development Index Rank: 154 Human Poverty Index Rank: 64

SEE ALSO: Corruption; Drought; Extreme Poverty; Human Rights and Poverty; International Monetary Fund.

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Kiribati

IN 1971, AFTER WINNING the right to autonomy, the Gilbert Islands became the Republic of Kiribati. Eight years later, Britain ceded rights to the neighboring Line and Phoenix Islands to Kiribati in a treaty of friendship. The country, which straddles the equator, is composed of 33 coral atolls in the Pacific Ocean. Kiribati's economy is almost entirely tied up with tourism and the production and export of copra and fish. The phosphate deposits that made the island valuable to the British were exhausted by 1979. Among Kiribati's population of 103,092, approximately 8,000 workers are

economically active. This figure does not include those involved in subsistence farming. There is a severe shortage of skilled workers on Kiribati, and 70 percent of the population are underemployed. Another two percent are unemployed. The islands suffer from a widely fluctuating economy and a weak infrastructure. A combination of foreign aid from Great Britain, Australia, New Zealand, and China and regular remittances received from Kiribati people who work abroad provides the islands with sufficient income to classify it as a lower-middle-income country.

Assessing poverty on Kiribati is difficult because almost no data are available on major social indicators. The United Nations Human Development Report does not rank Kiribati on overall quality of life issues. In comparison to most countries in the region, Kiribati lags behind in healthcare, education, and life expectancy. Death rates are unusually high for the region. However, poverty on Kiribati is not extreme since most families can feed themselves by gardening, fishing, carpentry, or selling handicrafts. Kiribati has a per capita annual income of \$800, but income is unequally distributed, and this pattern has continued for generations as wealth is handed down within families.

Life expectancy on Kiribati is 61.71 years, and females outlive males by approximately six years. Between 1980 and 2000, life expectancy for males increased from 50 to 59 years, and the projected life span for females climbed from 54 to 65 years. The median age is 38.9 years. Just over one-fifth of the population is under the age of 14, and 3.3 percent have seen a 65th birthday. Over half of all islanders lack access to safe drinking water and improved sanitation. There are 30 physicians on the islands, and 50 to 79 percent of the people have access to affordable essential drugs.

Infant mortality on Kiribati is high, but it has improved in recent years. Between 1990 and 2005, the number of infant deaths decreased from 65 per 1,000 live births to 49 per 1,000 live births. With a death rate of 43.16 per 1,000, female infants are likelier to survive than males with a 53.64-per-1,000 death rate. Between 1990 and 2003, the mortality rate of all children under the age of 5 fell from 88 per 1,000 to 66 per 1,000.

Approximately 13 percent of all children under the age of 5 are underweight, and five percent of babies are underweight at birth. Some 28 percent of all under-5s suffer from moderate to severe stunting, and 11 percent experience moderate to severe wasting.

Childhood immunization rates have increased in Kiribati over the past decades, ranging from 88 to 99 percent among children from birth to 23 months. Be-

tween 1980 and 2005, the total fertility of Kiribati women fell from 4.6 children per woman to 4.2. The fertility rate of females between the ages of 15 and 19 is 53 per 1,000 births. Barely one-fifth of the women on the islands use birth control of any sort. The rate of attended births rose from 72 percent in 1995 to 85 percent in 2000. About 88 percent of Kiribati women receive antenatal care. No maternal mortality rate is available.

There is no literacy rate available for Kiribati. Between 1990 and 1995, the percentage of males progressing to the fifth grade declined from 93 to 86. The drop was even greater for females, as fifth grade progression fell from 99 to 86 percent. By 1998 the number of Kiribati children progressing to fifth grade had reached 95 percent.

Human Development Index Rank: Not included. Human Poverty Index Rank: Not included.

SEE ALSO: Agriculture-Nutrition Advantage; Micronesia; New Zealand; Subsistence.

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ELIZABETH PURDY, Ph.D. INDEPENDENT SCHOLAR

Korea, North

IN 1997, ONE YEAR away from the 50th anniversary of formal assumption of power of the communist regime in North Korea, the economic crisis in the extremely reclusive nation became so acute that accounts of mass starvation there became international news. Normally disdaining international assistance, which it regarded as "interference" in North Korean affairs and

as an unwholesome admission of national weakness, the North Korean regime announced that it would now accept international food aid. More than anything else, this signaled that the nation was indeed in the midst of a great crisis.

The Soviet Union installed Kim Il Sung as the leader of North Korea shortly after its forces occupied the northern half of the peninsula as Japanese resistance was collapsing in August 1945. Within two years of the formal establishment of a North Korean state in 1948, Kim Il Sung launched an invasion of South Korea. Armed with Soviet weapons and reinforced by Korean divisions that had been battle-tested in the Chinese civil war, Kim Il Sung's forces succeeded in driving South Korean forces and their American advisers into a small pocket in the southeast corner of the country.

Only Douglas MacArthur's daring landing at Inchon prevented a North Korean victory. Indeed, after cutting off and annihilating most of the North Korean forces in the south, the American and United Nations forces drove northward against diminishing opposition to the North Korean border with China. Only the introduction of hundreds of thousands of Chinese troops into the conflict prevented the elimination of North Korea as a separate state. When the armistice was finally arranged, the border between North and South Korea remained largely where it had been at the beginning of the conflict, though millions of Koreans on each side of the border had perished.

After the close of active hostilities, North Korea was largely in ruins and its population had become widely dispersed. Kim Il Sung took advantage of this grim opportunity to remake his state from top to bottom.

Cities were rebuilt as extensive monuments to the authority of the state and of Kim Il Sung himself. All suspect groups, including practicing Buddhists and Christians, were sent to forced labor camps. The membership of the Communist Party was also purged, with 450,000 of the 600,000 party members being punished for all sorts of violations of party rules.

Even among those in Kim Il Sung's inner circle, many found themselves stripped of influence, sentenced to the forced labor camps, or facing execution. Seeking to make North Korea impervious to outside influences, Kim Il Sung sealed the borders of his country, promoted agricultural and industrial self-sufficiency, and created a million-man military to intimidate both South Korea and his own people. With the help of Soviet investments and subsidies, North Korea was able to maintain the illusion that its collectivized farms were ef-



Kim Il Sung (left), whose totalitarianism caused much poverty in North Korea, presents a gift to Jimmy Carter (right) in 1994.

ficiently meeting its food needs and that its state-controlled heavy industries were producing enough foreign-exchange monies to maintain their technological viability. The central doctrine of *Juche*, or self-reliance, appealed in an extreme and, ultimately, absolutely paranoid way to the long-standing Korean concern about foreign domination, even as North Korea became increasingly dependent on Soviet and, to a lesser extent, Chinese economic and political support.

Over several generations, the determined indoctrination of the population and the creation of a cult of personality around Kim Il Sung and then around his son, Kim Jong Il, seemed to have turned North Korea into the most completely controlled totalitarian state in modern history.

The dissolution of the Soviet Union, however, represented an economic as well as a political collapse of the communist regime, and it spelled the end of the subsidies provided to client states such as North Korea. Almost overnight it became clear that without such subsidies to disguise their inefficiencies, North Korean heavy industries could not compete with those of other nations and, in any case, there was no mechanism for finding new markets for North Korean goods.

Within a short time, many of North Korea's factories simply stopped production, and those that remained open were typically operating at about a quarter of their capacity. Given the tight restrictions on travel in North Korea and the danger in even suggesting that any aspect of life under the regime was less than ideal, most former factory workers had no choice but to wait for some sort of relief as they watched their children, their elderly relations, and their wives starve in the stark apartment blocks in which they lived.

The average height and weight of North Koreans has declined significantly.

The provision of basic utilities, such as electricity and water service, to those apartment blocks became unpredictable and then very intermittent. In addition to the collapse of the industrial sector, state control of agriculture allowed no flexibility in responding to crop failures. In fact Kim Jong II remained more concerned about losing any degree of control over all aspects of North Korean life than about alleviating his people's suffering.

Consequently, in 1996, when by most outside estimates more than one million North Koreans starved to death, his regime outlawed the tilling of private gardens and the sale of produce in farmers' markets. It was telling that even government bureaucrats had their rice rations reduced to six and then three ounces of rice per day.

But many of their less-privileged countrymen were literally reduced to eating grass as a regular part of their diet. In contrast to international trends, over the last two decades of the 20th century, the average height and weight of North Koreans declined significantly. Health scientists have speculated that malnutrition has become such a sustained fact of life that it has likely had a very adverse effect on the average intelligence of North Koreans.

China has now become North Korea's main trading partner, with the value of its trade approaching \$1.5 billion in 2005. But not surprisingly, given the free-market reforms that have stoked economic growth in China, the Chinese seem to have little interest in subsidizing moribund industries in North Korea. Although the Chinese may have once viewed North Korea as a valuable buffer state between it and South Korea, Japan, and American military reach, they now seem to be more concerned about the danger of a sudden collapse of the

North Korean regime than about sustaining the regime indefinitely.

Likewise the South Koreans are less fearful of some planned military aggression by North Korea than of what might follow if the North Korean regime senses that it is on the verge of becoming destabilized. At the beginning of the 21st century, North Korea's bankrupt regime has been reduced to using nuclear blackmail as the basis for its foreign policy. The regime's nascent weapons program provides its only asset of any international significance, but the threat that it might sell such weapons to terrorist groups is very chilling. Indeed, the regime of Kim Jong II seems to believe that the threat provides enough leverage for it to acquire significant economic aid without any preconditions related to its permitting any changes in North Korean economic and political life.

Human Development Index Rank: Not included. Human Poverty Index Rank: Not included.

SEE ALSO: China; Communism; Economic Insecurity; Korea, South; Russia.

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Korea, South

THE REPUBLIC OF KOREA occupies the southern half of the Korean peninsula and shares a border with the Democratic Republic of Korea (North Korea). Prior to 1945, the two Koreas were one entity. However, following the end of World War II, Korea was divided into two regions at the 38th parallel, with the Soviet Union controlling the northern region and the United States occupying the south. The division was intended to last only until the Koreans could hold elections and establish a national government. The plan did not come about.

In July 1950, North Korean military forces invaded the south. A protracted war ensued for the next three years between North Korea, with support from both China and the Soviet Union, and United Nations forces, primarily represented by the United States. When a cease-fire was finally reached in the summer of 1953, the line separating the opposing forces became the boundary between the two countries. Although talks have occurred between the two countries, an adversarial relationship persists and the long-held hope for reunification of the two Koreas has yet to become reality.

The division of Korea initially left both countries severely disadvantaged. North Korea held virtually all the manufacturing operations, heavy industry, and mineral resources, while South Korea had most of the agricultural land. It then became necessary for each of the countries to work steadily to develop those sectors of the economy they lacked because of the territorial split.

The United States provided South Korea with financial and technical assistance and the materials needed to initiate the building of a diversified economic base. In the north, support was forthcoming from the Soviet Union and China. Over the years, South Korea has achieved remarkable economic growth and today its per capita income is about 14 times that of North Korea.

The area of South Korea is heavily mountainous, with extensive coastal plains in the west, near the capital city of Seoul, and in the south adjacent to the im-

portant shipping center of Pusan. South Korea's population is 48.4 million (July 2005) and its rate of natural increase reflects the country's success in achieving complete demographic transition: 0.5 percent. In 2001 it was estimated that only four percent of the South Korean population were living below the poverty line. Not surprisingly, literacy rates in South Korea are exceptionally high. Of the total group of people age 15 and over, 98 percent can read and write (2002 estimates). The male literacy rate was estimated to be 99 percent and the female rate stood at 97 percent.

The composition of South Korea's labor force reflects its rise to economic prominence in east Asia and on the world scene. The service sector is the clear leader with nearly three-quarters of the labor force. Industry is second with 19 percent, and agriculture follows at eight percent. Agricultural products include rice, a mainstay of the Asian diet, barley, a variety of vegetables, and fruit. Animal products include cattle, chickens, dairy items, and fish. South Korea is essentially self-sufficient in food production.

The country's array of industrial products clearly illustrates its level of economic development: telecommunications, electronics, automobiles, chemicals, crude steel, and ships. Its manufactured products have found ready markets throughout the world. If the country has one serious shortfall in the industrial sector, it is energy sources. South Korea is reliant on outside sources for both crude oil and natural gas. In 2004 the country's major export partners were China, the United States, Japan, and Hong Kong. Imports came primarily from Japan, the United States, China, and Saudi Arabia. The latter reflects the country's need for crude oil from foreign providers.

Only four percent of South Koreans were living below the poverty line.

South Korea maintains a strong military. Military service is required of all South Korean males and military expenditures exceeded \$16 billion in 2004. A strong military is a necessity given the ever-present threat from the north. The military Demarcation Line has separated the two countries for over 50 years and the South Koreans are on constant alert against the threat of military action against them. The city of Seoul, located less than 60 miles from the demilitarized zone, is particularly vulnerable to attack, and alert levels are high.

Human Development Index Rank: 28 Human Poverty Index Rank: Not included.

SEE ALSO: Capitalism; China; Economic Liberalization; Korea, North; United States.

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Kuwait

KUWAIT IS A RENTIER state that earns most of its income from its oil exports and from foreign investments. Oil revenues have been used to sustain an extensive infrastructure and industrial development, as well as a welfare system not based on taxation. Some of the benefits allocated by the state to citizens are low-interest loans, subsidies and special prices, social allowances, and gifts for marriage dowries. More than 90 percent of Kuwaiti citizens are employed by the public sector, which has led to an increasingly bureaucratic organization of society.

Kuwait has seen significant improvements in infant mortality, life expectancy, and other social indicators. Official government statistics indicate relatively low levels of absolute poverty and income inequality. However, if one is to extend the definition of poverty to include power relations and social as well as political exclusion mechanisms, then a slightly different picture emerges.

Although Kuwait is fairly homogenous in terms of its level of urbanization and infrastructure development, there seem to be strong indications that several administrative regions have varying socioeconomic and demographic disparity, which is most clearly illustrated when comparing the capital city (Kuwait City) with AlJahra. This latter district was made up mainly of non-Kuwaitis, who are predominantly temporary migrant workers from east Asia.

Non-Kuwaiti is a status allocated to those who are not citizens of Kuwait and hence the term carries certain disadvantages. Non-Kuwaitis have no legal rights, and cannot secure a working permit or residency without the guarantee of a Kuwaiti national. Furthermore, non-Kuwaitis do not have access to the welfare system to which Kuwaitis are entitled, and Kuwaitis are preferentially recruited, need lower qualifications for the same job, and are preferentially promoted over non-Kuwaitis regardless of qualification.

Even in limited cases when naturalization is granted to non-Kuwaiti citizens, they are considered second-class citizens. They may not vote in elections and may not run for elected office at the subcabinet level or above the executive branch. Moreover they are subject to deportation and their citizenship status is subject to revocation at the discretion of the minister of the interior. Citizenship delineates a crucial distinguishing criterion between those entitled to certain privileges (citizenship and economic security) and those denied those privileges (noncitizenship).

The legal status of tens of thousands of *bidoon* residents remained unresolved. The *bidoon* (an Arabic term meaning "without" as in "without citizenship") are Arabs who have residency ties to the country, some persisting for generations and some for briefer periods, but who either lack or have failed to produce documentation of their nationality. The exact number of *bidoon* residents is unknown, but has been estimated at upward of 100,000.

Since the mid-1980s, the government has actively discriminated against the *bidoon* in areas such as education, medical care, employment, and mobility. Although the government eliminated the *bidoon* from the census rolls and discontinued their access to most government jobs, some *bidoon* work in the armed forces and are now being accepted in the institutions of the Public Authority for Applied Education and Training. The government has denied the *bidoon* official documents such as birth certificates, marriage certificates, civil identification, and drivers' licenses, which made it difficult for many unregistered *bidoon*, particularly younger *bidoon*, to find employment.

Kuwait has experienced economic downturns because of such events as the Iraqi occupation and the ensuing Desert Storm operation, which turned out to be extremely costly because of Kuwait's major financial contribution to covering the cost of the coalition military operations against Iraq. Of equal proportion, with major social and political ramifications, was the 1982 collapse of the Souq al-Manakh stock market, which

came crashing down after massive, speculative stock purchases with postdated checks. All of these economic problems have been overcome. Nonetheless, structural challenges are looming and might cause future economic consequences for the state of Kuwait.

A major problem facing Kuwait has been the large rate of population growth and the age pyramid, which is heavily skewed toward the younger end of the population spectrum; the population under the age of 15 exceeds 44 percent. This will cause growing demands on the already limited social services provided by the government, alienating large portions of the population who have become accustomed to expect extensive welfare benefits as their right as citizens.

Human Development Index Rank: 44 Human Poverty Index Rank: Not included.

SEE ALSO: Immigration; Islam and Poverty; Saudi Arabia; Social Welfare.

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Kyrgyzstan

SITUATED IN CENTRAL Asia and bordering China, Kazakhstan, Uzbekistan, and Tajikistan, Kyrgyzstan has a population of about 5.5 million and a territory nearly the size of South Dakota. Kyrgyzstan was part of the former Soviet Union and gained its independence in 1991. Its estimated real annual per capita income of \$379 in 2003 makes it the third poorest former Soviet republic after Uzbekistan and Tajikistan, according to the Economic Intelligence Unit (EIU).

Agriculture constitutes 35 percent of the country's Gross Domestic Product (GDP) and, alongside services (which account for another 40 percent of GDP), remains a bedrock of the economy. Kyrgyzstan also has

substantial amounts of gold and antimony, with mining of these compounds taking place in remote mountain areas, according to the EIU.

The economy plummeted by 50 percent in the first four years after independence, until growth began again in 1996, driven mainly by agriculture and, to a degree, the development of the Kumtor gold mine, which by itself accounts for about seven percent of GDP. As much as a 25 percent decrease has been achieved since 1998 in the number of people living below the poverty line (considered to be \$42 per month).

Nonmonetary indicators of well-being have also become manifest. Infant mortality, considered one of the key integrated poverty and human development indicators, declined by 1.4 percent in 2003 and amounted to less than 20 percent in 2004, by International Monetary Fund (IMF) measurements. Despite some hopeful signs, about half of the population, or 500,000 families, still lives below poverty. According to the IMF, the majority (70 percent) of the poor live in rural areas. Workers in the healthcare and agricultural sectors earn only half the national average.

Regional income disparities also exist mainly between the primarily agricultural south and the more industrialized north, as measured by the EIU. The IMF estimates that its policies will have reduced poverty from a high of 55 percent to 39 percent in 2005. Many people rely on alternate modes of income generation, aside from their official jobs. As such, the extra income via trade, generated by some teachers and doctors for example, may not necessarily be reflected in official statistics.

Attitudes on the transition from communism is strongly correlated to one's socioeconomic status (SES): a 2001 poll found that those categorized with high SES in Kyrgyzstan are more likely to mention the positive impacts (76 percent) of transition on their lives and those with low SES are more likely to mention negative impacts (72 percent). On the whole, two-thirds of those surveyed felt that their economic situation was either somewhat bad or very bad, with 64 percent of the population being dissatisfied with the overall conditions in the country, economic difficulties being the most often-cited reason for their dissatisfaction.

The higher the perceived financial status of individuals polled, the more positive was their attitude about the economy and the faster the pace desired toward a market economy. Ethnic Russian citizens of Kyrgyzstan were more pessimistic about the economic situation than ethnic Kyrgyz and Uzbek citizens, according to IFES (an agency promoting democracy) in 2002.

After independence, Kyrgyzstan was known as "the most liberal country in the region," according to the United Nations. However, the Organization for Security and Cooperation in Europe (OSCE) heavily criticized the government over alleged vote rigging in the 2000 parliamentary and presidential elections and in the May 2003 parliamentary by-elections. Though the parliament soon after put in place laws guaranteeing greater transparency by giving observers full access to electoral documents, such moves may have been too little, too late; the government has been unable to prevent popular anger over a variety of perceived misdeeds, including widespread corruption and cronyism, as discussed by the EIU.

In March 2005, protests in the capital city and other major towns led to the downfall of the government of President Askar Akayev, who was forced to flee Kyrgyzstan for the safety of Moscow, Russia. Some observers have viewed Kyrgyzstan's 2005 regime change as part of the relatively peaceful "velvet" revolutions in the post-Soviet era that led to similar political transformations in Georgia (2003) and Ukraine (2004). Among other frustrations of the Kyrgyz public was Akayev's third consecutive standing for the position of president, which had raised considerable criticism leading to the February 2005 elections. Though Akayev won a third term in the president's office, many observers considered the vote rigged.

Human Development Index Rank: 109 Human Poverty Index Rank: Not included.

SEE ALSO: Agriculture; Communism; Corruption; Rural Deprivation.

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WORLD POVERTY

Labor Market

THE LABOR MARKET is the main arena in which employers and workers interact, and the institution that determines hiring, firing, wages, benefits, and hence profits. In economic terms, the labor market is composed of all the buyers and sellers of labor and is the market that allocates workers to jobs and coordinates employment decisions. Any understanding of labor markets needs to account for the analysis of labor supply and demand. The demand for labor accounts for employer behavior in renting labor, and the supply of labor describes the behavior of workers in and out of the labor force.

Neoclassical economic theory dictates that, under conditions of perfect competition, perfect mobility, and full information, the equilibrium conditions that result from the interaction of supply and demand result in the allocation of workers into various industries, occupations, and geographic regions as well as working conditions and wages. Labor economists critical of the neoclassical paradigm suggest that such employment outcomes are part of a wider historical-political relationship between workers and employers. The critics also tend to emphasize class and the bargaining power

of workers and employers, in addition to structural demand-side considerations.

The study of labor markets aims to explain the social and individual behavior associated with work, and therefore is important in understanding some of the causes of poverty. Natural questions arise surrounding the existence of labor market discrimination, unemployment, unions, immigration, and a host of other pressing social issues. The analysis of labor markets can also foster the adoption of public policy to address the effects of work-based antipoverty programs, antidiscrimination laws, occupational health and safety standards, and minimum/living wage laws.

CLASSICAL POLITICAL ECONOMY

The contemporary economic analysis of labor markets can be traced back to the intellectual father of the modern capitalist system, Adam Smith. Published in 1776, the same year as the U.S. Declaration of Independence, chapter 10 of Smith's Wealth of Nations, entitled "Of Wages and Profit in the Different Employments of Labour and Stock," remains a seminal contribution to the neoclassical construction of knowledge pertaining to the functioning of labor markets.



Women constitute a high percentage of those facing poverty and also can encounter discrimination when seeking employment.

A major component of labor economics attempts to understand why certain professions are paid more than others. For example, why are some bankers better paid than university professors, who endure much longer and harder training? To answer similar questions facing 18th-century industrial Europe, Smith developed his theory of equalizing differences, encapsulated by the quote: "The whole of the advantages and disadvantages of the different employments of labor and stock must, in the same neighborhood, be either perfectly equal or continually tending to equality."

Hence if two jobs share similar characteristics in terms of advantages and disadvantages, we would expect them to be paid equally. If not, as Smith states, "Every man's interest would prompt him to seek the advantageous, and to shun the disadvantageous employment." As noted by economist Alan B. Krueger in his introduction to Smith's Wealth of Nations, Smith's theory of equalizing differences has become the fundamental equilibrium concept of modern labor economics, encapsulating the theory of compensating differentials for work amenities and the theory of human capital accumulation. Smith proposes five principal circumstances that contribute to the "natural" tendency of the market to equalize differences.

"First, the agreeableness or disagreeableness of the employments themselves; secondly, the easiness and cheapness, or the difficulty and expense of learning them; thirdly, the constancy or inconstancy of employment in them; fourthly, the small or great trust which must be reposed in those who exercise them; and fifthly, the probability or improbability of success in them."

The first, third, fourth, and fifth situations can all be attributed to the theory of compensating wage differentials, which states that, all else being equal, higher wages are paid to compensate workers for undesirable working conditions. The second principal situation is what motivates the theory of human capital accumulation, which examines the investment decisions regarding the knowledge and skills embodied within each worker. For modern applications of Smith's equalizing differences, see Sherwin Rosen's *Theory of Equalizing Differences* (1986).

It is also necessary to note two main features that distinguished labor supply from other commodities. The first primary feature is that labor is a flow; the worker retains her human capital; she only rents it out and cannot sell it. For this reason, the market for human capital is institutionally different from physical capital. The second main component is that the conditions of how labor is used matter to the owner (the worker). This last point is the source of equalizing differences, implying that working conditions matter and that an employer cannot divorce the capital embedded in the worker from the worker.

DEFINITIONS OF KEY LABOR MARKET TERMS

The labor force consists of all those over working age (16 years of age in the United States) who are either employed or actively seeking work. The unemployed population comprises workers in the labor force but not currently employed for pay. The total number of employed and unemployed equals the labor force. A discouraged worker is a person not considered in the labor force because he or she is not actively looking for work. The labor force participation rate equals the labor force divided by the total population. The unemployment rate is the ratio of the unemployed to the total labor force. The nominal wage is what workers get paid per hour in current dollars whereas real wages are nominal wages divided by some measure of prices (adjusted for inflation).

Various terms are also used to distinguish different types of unemployment. In the canonical model of competitive labor markets, the market is said to be in equilibrium when, at the prevailing market wage, the quantity of labor demanded equals the quantity of labor supplied. In this model cyclical unemployment is nonexistent. There could be, however, frictional and structural unemployment. Frictional unemployment occurs when workers are between jobs. Job search frictions such as the nature of job postings and costly interview processes contribute to the level of frictional unemployment.

Structural unemployment is the level of unemployment that occurs when there exists a mismatch between the supply of and demand for workers in a given geographical or occupational area. If wages were perfectly flexible and workers could move freely with no transaction costs, economic theory would predict structural unemployment to be virtually nonexistent.

Yet in reality, moving between industries involves costly and lengthy retraining, and moving freely across geographic locations involves a great cost both materially and psychologically (leaving family, friends). In addition, wages are not completely flexible given the necessity of wages to provide baseline subsistence for workers, legislated through wage floors such as minimum wages or living-wage ordinances.

Both the above types of unemployment can occur when, in the aggregate, labor supply equals labor demand. Demand-deficient unemployment occurs when the aggregate demand for labor declines as a result of the rigidity of wages.

ALTERNATIVE MEASURES

While official unemployment statistics cover a portion of the unemployed population, various other measures have been created to gauge the level of labor underutilization. In addition to the definition of discouraged workers above, workers may also be classified as marginally attached. Marginally attached workers are persons who currently are neither working nor looking for work but indicate that they are available for a job and have looked for work sometime in the recent past. Workers who work part-time for economic reasons are defined as those who want and are available for full-time work but have had to settle for a part-time schedule.

For example, in June 2005 the official U.S. unemployment rate (series U-3) was 5.2 percent. In addition the U.S. Bureau of Labor Statistics publishes monthly information on various forms of labor underutilization. The number of people unemployed 15 weeks or longer, as a percentage of the civilian labor force, totaled 1.5

percent (U-1). Job losers and people who completed temporary jobs, as a percentage are of the civilian labor force, totaled 2.3 percent (U-2).

Total unemployed plus discouraged workers, as a percentage of the civilian labor force, totaled 5.5 percent (U-4). Total unemployed, plus discouraged workers, plus all other marginally attached workers, as a percentage of the civilian labor force, plus all marginally attached workers equaled 6.2 percent (U-5).

Finally, total unemployed, plus all marginally attached workers, plus total employed part-time workers, as a percentage of the civilian labor force, plus all marginally attached workers, equaled 9.3 percent in June 2005.

DISCRIMINATION

A major focus of debate within the public policy arena is labor market discrimination. In the United States, it is a fact that African Americans are twice as likely to be unemployed as Caucasians and earn 25 percent less when they are employed.

As defined by the economist Kenneth Arrow, current labor market discrimination is "the valuation in the labor market of personal characteristics of the worker that are unrelated to productivity." The existence of labor market discrimination has haunted neoclassical labor economists, as it runs contrary to the profit-maximizing behavior of employers, a fundamental assumption of neoclassical economic theory.

While past histories of labor market discrimination are acknowledged in premarket determinants of earnings differentials, the attempt to quantify current labor market discrimination has sparked a debate among labor economists, with one camp suggesting that racial and gender earnings differentials are the result of premarket determinants (education, aspirations). On the other hand, a number of researchers attribute the poor labor market performance of minorities to systematic discrimination in the labor market. Innovative recent research by economists Marianne Bertrand (University of Chicago) and Sendhil Mullainathan (Harvard) suggests that discrimination is a severe problem facing U.S. labor markets, with African Americans receiving 50 percent fewer job callbacks than equally qualified Caucasian applicants.

U.S. FEDERAL UNEMPLOYMENT POLICY

The U.S. government, since the early 1960s, has been involved in policies to reduce structural unemployment

and hence alleviate poverty. From the Manpower Development and Training Act of 1962 (classroom and onthe-job training) and Comprehensive Employment and Training Act of 1973 (job training with emphasis on public sector) to the Job Training Partnership Act of 1982 (public-private training initiatives), the U.S. government has operated job-training programs with a focus on human capital accumulation for unemployed workers.

Recently the Workforce Investment Act (WIA) of 1998 has signaled a shift in emphasis of U.S. unemployment policy. The emphasis of WIA has resulted in a systematic movement away from a human capital accumulation approach of investing in workers toward emphasizing labor force attachment services that facilitate unemployed workers' job search.

U.S. unemployment policy is quite illuminative of the failings of neoclassical labor economics as a whole. At their best, unemployment programs have presumed that unemployed workers lacked the skills required by the labor market; at their worst the active labor market programs "presumed a 'deficit model' of the unemployed: that one of the reasons why they are out of work is that they do not know (or have somehow forgotten) how to work."

Neoclassical labor economics currently fails to examine more structural, demand-side considerations, such as the increasing reliance on low-wage work in our economy, work that has given rise to the working poor. Unemployment programs that focus on human capital accumulation can ensure that better-skilled workers will enjoy labor market success only with structural changes to labor markets that ensure workers' bargaining power in the labor market.

Only then will unemployment programs focused on raising the skills of workers translate into lifting workers out of poverty.

SEE ALSO: Income Inequality; Minimum Wage; Nonworking Poor; Racial Discrimination; Unemployment; Working Poor.

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Laissez-Faire

LAISSEZ-FAIRE IS THE economic doctrine of "leaving alone," or more literally, "letting make" or "letting do." The term arises from the 18th-century French slogan "laissez faire, laissez passer," which was employed as a rallying cry against government intervention in the economy.

Laissez-faire economics emphasizes the need to let market activity occur without interference from governments or similar coercive actors. In the English-speaking world, it is most strongly associated with the thinking of Adam Smith (1723–90) and his claims that competition among trading individuals can prove beneficial for all, so that a harmony of interests can emerge even without it being set in place by a political ruler. To promote prosperity, governments may "leave alone" their subjects within the prescribed sphere of the market. For Smith this is a sphere that is formed by government securing of negative property rights, and is intruded upon by the type of interventions that occur with government-imposed tariffs or mercantilist monetary policies. Smith argues that such interventions generally damage a nation's prosperity.

Notable forerunners of Smith are Richard Cantillon (1680–1734), who gave an account of the beneficial operations of the unguided market, and Anne Robert Jacques Turgot (1727–81), who likewise argued that economic harmony could be achieved by the unguided market.

Unfortunately there is no single, widely accepted standard for what counts as a proper form of economic "leaving alone." Even Smith can be seen to have implied that local government is to have a role in funding education, and Smith very clearly argues that certain long-term projects, such as road-building, are to be funded by the government. Other examples abound: a notable one is found in the person of a leading 20th-century economist, Friedrich Hayek, who is typically associated with *laissez-faire* economics but who nonetheless argues for at least a limited form of the welfare state. Putting these conceptual difficulties aside, we can say that *laissez-faire* economists emphasize the way in which consis-

tent minimization of government interference with individuals' actions can lead to increases in both overall societal prosperity and the material well-being of most individuals in society, and the economic dangers posed by government activity that goes beyond offering protection of negative property rights.

With this understanding in place, we can point to a number of types of challenges to the two key features of *laissez-faire* thought. First, there is the instability thesis, which claims that markets, when left to their own devices, fail to maintain their character as uncoordinated promoters of prosperity. Marxists offer one instability thesis with their claim that capitalism leads inevitably to the proletariat's seizure of the means of production. John Maynard Keynes offers another with his claim that the market may remain stuck on the downward slope of the business cycle unless regulated by appropriate monetary and fiscal stimuli.

The pure laissez-faire approach emphasizes private-sector job creation.

Second, there is the inefficiency thesis, which suggests that prosperity can be more effectively achieved by combining with generally *laissez-faire* policies certain carefully designed, ongoing government interventions. Typically these are interventions deemed necessary to produce requisite levels of so-called public goods (drinking water, electricity, education, clean environment) and, in particular, goods prey to the free-rider problem. Hayek, James Buchanan, and many members of the Chicago School can be seen as offering versions of the inefficiency thesis.

Third, there is the paternalist thesis, which suggests that individuals will not choose what is in their own (true) interest without coercive redirection of their spending toward areas such as domestically produced goods, education, culture, and religion, and away from areas such as foreign goods, drugs, and pornography. Some members of the German Historical School in economics, many post-Hegelian political theorists of nationalism, and some proponents of the Asian way or the sociopolitical addition of Asian characteristics to Western ideas can be seen as offering versions of the paternalist thesis.

Fourth, there is the equality thesis, which is the widely hailed idea that intervention in individuals' action is needed in order to secure greater socioeconomic equality.

The instability and inefficiency theses suggest that unhampered markets are not reliable means to increasing overall societal prosperity, so that markets may be in need of coercive correction lest generalized poverty ensue. In contrast the paternalist and equality theses are not centered on increasing overall societal prosperity, but on providing better and/or more equitable distributions of the stock of available goods among members of society. In practice, of course, challenges to *laissez-faire* tend to involve more than one of the listed theses, so that, for example, the paternalist will argue that both socioeconomic equality and real overall societal prosperity are furthered by some intervention that is also cast as having some more specific social goal, such as maintaining domestic heavy industry.

Marxist formulations of the instability thesis are seen by most economists as untenable, particularly in light of the marginalist revolution that occurred in the 19th century, which cast in doubt labor theories of value such as those employed by Smith and Karl Marx. Keynesian ideas continue to exert a greater influence on economic theory, although the central aspects of Keynesian economics were dealt a seemingly fatal blow by the post-World War II work of Milton Friedman. At the same time, various inefficiency theses are currently central to research in economics, while the validity of the paternalist and equality theses is properly decided through philosophical and political debate that moves well beyond the confines of academic economics.

Contemporary laissez-faire economic theories, such as found in Kenneth Arrow and Gerard Debreu neoclassicism, Friedmanite Chicago School analysis, Austrian-oriented evolutionary and knowledge-dispersion approaches from authors such as Hayek and Israel Kirnzer, and Austrian praxeology propagated by Ludwig von Mises and Murray Rothbard, are all able to offer trenchant critiques of proposals to increase overall societal prosperity through government intervention, particularly when it comes to proposed means such as tariffs and price controls.

What contemporary *laissez-faire* theory has less to offer is showing that losses in the size of society's wealth pie outweigh gains made in offering what is, from the viewpoint of a substantive moral theory or religious worldview, a better or more fairly divided pie. At the same time, the Chicago School, the Virginia School founded by Buchanan, and the Austro-Libertarian School centered on Ludwig von Mises do address some of the more global dangers posed by government intervention. All these schools point to the runaway spending seen as emerging in democracies with large-scale

government intervention into the domestic space. They also point to alleged distortions in social behavior in areas such as marriage, child rearing, and respect for elders and religious traditions.

APPROACHES TO POVERTY

Laissez-faire approaches to the problem of poverty tend to come in two basic varieties. First, there is the supply-side approach, which emphasizes that embracing a more laissez-faire economic approach in the present will lead to greater taxable wealth in the future, so that in the long run there will be both more poverty-ameliorating wealth in the private sector and more revenue available for government antipoverty programs.

Second, there is the pure *laissez-faire* approach, which does not include a focus on government's role in ameliorating poverty. The pure *laissez-faire* approach emphasizes private-sector job creation, alleged market support for traditional social ties needed to provide proper guidance and care to individuals, and charitable giving by relatively wealthy individuals that can allegedly be better targeted to support the deserving poor.

SEE ALSO: Capitalism; Economic Liberalization; Friedman, Milton; Marx, Karl; Smith, Adam.

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Laos

THE LANDLOCKED and multiethnic Lao People's Democratic Republic, with a population of 5.6 million (2001), is one of the least developed countries of the world. Since the establishment of the Lao People's Democratic Republic on December 2, 1975, the country has been beset with problems. The new regime faced a shortage of technician personnel, an abundance of dissident movements, and a deteriorating economic situa-

tion. The country has one of the lowest annual per capita incomes in the world (\$300), with about 31 percent of the population living below the poverty line. The corresponding estimate of poverty incidence in rural regions is a bit higher. About 75 percent of people live on only \$2 per day. Agriculture is the main occupation, with about 70 percent of the population engaged in farm-related activities. The main task of the government was to provide relief from poverty through economic reforms, along with receiving assistance from nongovernmental organizations, regional associations, and international organizations.

The Phak Pasason Pativat Lao (Lao People's Republican Party, LPRP) introduced a series of reforms from 1986 onward, like the removal of trade barriers, relaxation of state economic control, and allowance of a private-market sector. This Chintanakan Mai (New Economic Mechanism) resulted in a free-market system and foreign investment. The country achieved significant macroeconomic performance with annual economic growth of seven percent.

Although Asia's regional economic crisis of 1997 hurt Laos severely, with its currency, the *kip*, dropping and consequent inflation, by the middle of 2000 its economy had stabilized. Laos witnessed moderate economic growth in 2001 because of past economic reforms. At the start of the 21st century, its currency hovered at between 7,500 and 8,000 to \$1. Foreign currency reserves remained steady in 2001. Industry achieved an annual growth rate of nine percent. Laos built industrial zones also to attract foreign investment.

The tourism sector is also growing. Exports increased by about nine percent during the last few years. The reforms in tax structure raised government revenue to about 15 percent of Gross Domestic Product (GDP) in 2003. Investment in the hydropower and mining sectors gives hope for the economic recovery of Laos, and GDP growth has increased steadily from four to six percent. The undernourished percentage of the total population decreased from 29 percent during the 1990s to about 20 percent in 2004–05. There was also women's empowerment, with an increase in the female literacy rate, and women's seats in the legislature increased from about 9.4 to 22.9 percent in seven years.

In the age of globalization, Laos receives help on bilateral, regional, and international levels. On July 23, 1997, it formally joined the Association of Southeast Asian Nations (ASEAN), paving the way for long-term economic benefits. As a member of the Mekong River Commission Council (MRCC) since 2001, Laos boosted rice production. It has achieved self-sufficiency in rice

production with a reserve surplus. Laos is cooperating in the Mekong-Ganga Cooperation Plan, which links India with five countries—Thailand, Vietnam, Laos, Cambodia, and Myanmar.

Under construction in 2005, the Asian Highway Project will join the capital of Vientiane with important cities in south and other parts of southeast Asia. Laos, along with Vietnam and Cambodia, also came under the \$18 million Mekong capital fund of the Asian Development Bank (ADB), which is making investments in private businesses. The International Monetary Fund approved a three-year loan worth \$40 million in April 2001.

The World Bank has taken a major role in poverty-alleviation programs in Laos since 1977, with \$711 million in credits and \$31 million in grants. It had provided technical experts and supported the 1,070-megawatt Nam Theun 2 hydroelectric project with \$270 million in loans. About 100 nongovernmental organizations are active in areas like agriculture, education, health, and rural development of infrastructure. Laos has a target date of 2020 to exit from the status of a least developed country, through governmental welfare programs as well as external supports.

Human Development Index Rank: 133 Human Poverty Index Rank: 172

SEE ALSO: Agriculture; Extreme Poverty; International Monetary Fund; International Nongovernmental Organizations; World Bank.

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Latvia

THE EASTERN EUROPEAN nation of Latvia was conquered by Poland in the mid-16th century. Latvia was occupied by Sweden from 1629 to 1721. For almost

200 years thereafter, Latvia was dominated by Russia. A brief period of independence took place after the Russian Revolution, but by 1940, Latvia had been incorporated into the Soviet Union. During the German occupation of World War II, some 70,000 Latvian Jews were massacred. Latvia again declared independence in 1991 after the collapse of the Soviet Union. Because of the tensions between the Latvian majority (57.7 percent) and the Russian minority (29.6 percent), the government initially limited citizenship to native Latvians and foreigners who had been in the country before 1940. Latvia was subsequently forced to liberalize citizenship laws in order to become a member of the North Atlantic Treaty Organization (NATO). Latvia joined the European Union in 2004.

During the transition to a market economy, Latvia found it necessary to practice economic austerity. As trade dependency on Russia decreased, ties with Western nations increased. Most banks and real-estate holdings are now privatized in Latvia, but the state has maintained control over large enterprises. Services dominate the Latvian economy, employing 60 percent of the labor force. One-fourth of the population is involved in industry, and 15 percent are engaged in agriculture. There has been some concern in recent years about the possibility of Latvian banks taking part in illegal activities. If this is the case, the discovery could damage the financial sector and play havoc with the 7.6 percent growth rate that Latvia is experiencing. Unemployment in 2005 stood at 8.8 percent.

With a per capita annual income of \$11,500, Latvia is an upper-middle-income nation, but it is also severely indebted. Latvians suffer from the "feminization of poverty," in which women and their dependent children become the group that is most vulnerable to poverty. Other groups that have a tendency to be poor are households with three or more children, the elderly, and those who live in rural areas.

In 2003, government data revealed that 39 percent of children lived in the poorest 20 percent of Latvian households. Because women make less than men throughout their lives, pensions for elderly women are lower than those of men, and thus they are more likely to be poor. Government data show that around 45 percent of rural Latvians are poor.

Latvia does not have an official poverty line, but social assistance bases aid on whether or not an individual can afford to buy basic items identified in the Minimum Crisis Basket. This poverty line works out to roughly \$3 a day, and 19.4 percent of the population are poor when using this criterion. Approximately 28 per-

cent of the population survive on less than \$4 a day, and six percent of them are undernourished. Inequality is further demonstrated by the fact that the poorest 20 percent of Latvians share 7.6 percent of available resources, while the richest 20 percent claim 40.3 percent. Latvia is ranked 32.4 on the Gini Index of Human Inequality.

During the posttransition period, Latvia continues to have difficulty in providing the population with safe drinking water and an adequate sanitation system. There are 291 physicians for every 100,000 residents, and 80 to 94 percent of the people have access to affordable essential drugs. Life expectancy in Latvia is 71.05 years. With a projected life span of 76.7 years, females outlive males (65.78 years) by approximately 11 years. Among the population of 2,290,237, the median age is 39.12 years. Over 14 percent of the population are under the age of 14, and just over 16 percent are at least 65 years old.

Childhood mortality rates have declined only slightly over the past decades. The infant mortality rate is 9.55 deaths per 1,000 live births. Among children under the age of 5, the mortality rate is 12 deaths per 1,000. Five percent of infants are underweight at birth. Immunization rates for children between birth and 23 months vary from 97 to 98 percent.

On the average, Latvian women bear 1.26 children each. Teenage mothers give birth at a rate of 32 per 1,000 births. Some 48 percent of all women of child-bearing age use some method of contraception. Trained medical staff attend all births in Latvia. According to modeled estimates for 2000, 42 maternal deaths occur out of 100,000 live births. Over 99 percent of both males and females over the age of 15 can read and write. Primary school completion rates are in the low 90th percentile, but most Latvian students attend school for 15 years.

Human Development Index Rank: 48 Human Poverty Index Rank: Not included.

SEE ALSO: Communism; European Union Definition of Poverty; Feminization of Poverty; Russia; Sanitation; Women and Poverty.

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Lawyers Without Borders

A MID-CAREER TRIAL lawyer from Connecticut, Christina M. Storm, founded Lawyers Without Borders in 2000. She envisioned a global association of lawyers dedicated to the promotion and protection of human justice through the provision of *pro bono* services. In just a short time it has grown to be the largest global organization of its kind. It is composed entirely of volunteer lawyers who offer a wide range of legal services for free to promote and protect human rights, rule of law, and justice.

Lawyers Without Borders links its members to nonprofit and community-based organizations working with low-income, underserved, and disadvantaged communities in need of human rights protection. Lawyers Without Borders is widely supported and highly acclaimed. In 2003 it was granted associative status with the United Nations Department of Public Information (UN-DPI). This status will improve Lawyers Without Borders' growing efforts to participate in UN functions aimed at collaborating with nongovernmental organizations (NGOs). Lawyers Without Borders was placed on the State of Connecticut Pro Bono Honor Roll of 2003 in recognition of its contribution to the *pro bono* community.

In 2004 the Economic and Social Council division of the United Nations (ECOSOC) granted Lawyers Without Borders special consultative status. The approval of consultative status opens additional opportunities for Lawyers Without Borders to meet other NGOs and to collaborate with various international organizations. This status gives Lawyers Without Borders the ability to obtain UN grounds passes, designates authorized representatives to sit as observers at public meetings of the council and its subsidiary bodies, and permits members of Lawyers Without Borders to attend international conferences called by the UN.

Volunteers who donate their time and expertise to the Lawyers Without Borders cause help achieve the goals in several ways: researching rule-of-law issues and human rights; analyzing information and report writing, as well as in-country research; writing reports, newsletters, and concept papers; attending human rights conferences, United Nations conferences and sessions, and educational and training programs; initiating independent and self-funded assessment teams for rapid response and interventions; and issuing neutral observations and reports.

Lawyers Without Borders has several core programs: the Pro Bono Law Link program recruits lawyers to represent nonprofit organizations around the world on a *pro bono* basis. In linking volunteer lawyers with nonprofits, the talents, resources, issues, interests, and needs of both lawyers and nonprofits are given careful consideration. A goal of each linkage is to create a rewarding *pro bono* experience for both lawyers and their nonprofit clients, increasing the potential for a sustained lawyer-client relationship. This initiative gives lawyers a place as key players in global efforts to increase capacity-building of NGOs.

The Lawyers at Risk program provides rapid response and intervention in conflict and turmoil regions, especially to lawyers who, in defending human rights, become targets of criminal prosecution. The Lawyer-to-Lawyer program links lawyers to mentor lawyers in developing nations. The Neutral Observers program provides neutral and independent legal observations of prison detainees, closed courts, and other internal functions. The Creating Legal Accessibility and Resources for Students program links current law students with human rights or international law-research needs of nonprofit organizations.

The Rule of Law ABC project involves rule-of-law assistance, legal resources, and computers—key tools for any system attempting to operate after emerging from years of protracted conflict. A unique feature of each Rule of Law project is to focus on including components to train and/or equip current law students in the region (where there are functioning law schools) who will be the first practitioners to function within the newly emerging system. Recent projects that led to the development of this model include work in northern Iraq and Liberia. In 2005 several African nations were being considered for replicating this project in the months ahead.

SEE ALSO: Conflict; Human Rights and Poverty; International Nongovernmental Organizations; Public Policy.

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Lebanon

ACCORDING TO a report on Lebanon commissioned by the United Nations Economic and Social Commission for West Asia, 28 percent of the population live below the set poverty line of \$2.20 per capita per day. Between 1993 and 2003, the average real growth in Gross Domestic Product (GDP) was only 3.8 percent per year. A review of various studies that have been conducted on the economic conditions in Lebanon has identified some general characteristics of the poor in Lebanon.

First, poverty tends to be more prevalent in rural areas and there are significant discrepancies between different regions, with areas of south Lebanon more impoverished than Mount Lebanon. Second, unemployment has proven to be highly correlated with poverty, with the proportion of the unemployed among the poor being much higher than among the general public. It has been established that low wages and type of employment have been contributing factors in the spread of poverty. The scarcity of employment opportunities and widespread unemployment constitute a striking trend in recent years. Third, the size of a poor family in Lebanon is estimated to be larger than the national average of 4.7 members. Another correlation that stands out is the one between the level of education and poverty. The poor tend to be illiterate or have obtained low educational status.

Three groups are disproportionately represented among the poor. Palestinian refugees residing in various refugee camps have been extremely affected by the poor economic conditions. The status allocated to Palestinians by the Lebanese government prohibits them from taking official employment in skilled professions. The dire situation of Palestinians in Lebanon is exacerbated by the fact that even unskilled Palestinian laborers have to compete with large numbers of Syrian and Asian workers who are not required to obtain work permits, and thus work for considerably lower wages. Many Palestinian refugees who work illegally receive only a

fraction of the salaries and benefits that Lebanese employees enjoy. A second group, namely Lebanese Shiites, has also been subject to economic deprivation. The lack of educational, health, commercial, and industrial facilities in the Shiite strongholds, further aggravated by Israeli raids in southern Lebanon, provides a strong impetus for migration to urban centers. However, even upon migration to Beirut's suburbs, the basic social services and economic and educational opportunities remain absent. Poverty belts, composed principally of Shiites, encircle the greater Beirut area. A third group of people commonly called internally displaced people (IDP), estimated at 500,000, lives in poor conditions, often in crowded areas, lacking essential health and social services.

Government losses resulting from corruption are estimated at over \$1 billion every year.

Between 1975 and 1990, Lebanon was the venue of a costly and protracted civil war that is commonly cited as the predominant cause of poverty in the country in the last 25 years. The war caused significant damage to Lebanon's means of production and its infrastructure, with material losses calculated at over \$25 billion. Moreover the war resulted in the deaths of more than 65,000 people and the displacement of some 500,000 others.

Stunted growth, inflation, and massive destruction also led to a migration of skilled workers to other countries, resulting in a brain-drain, since a high percentage of emigrants are generally well educated. Remittances from Lebanese working abroad have traditionally been a staple source of national income. On average, the remittances from Lebanese workers abroad provided up to 35 percent of Lebanon's Gross National Product (GNP).

However, this rate has been subject to fluctuations in recent years, and the government's hope that expatriate Lebanese might use some of their substantial funds to invest in their country's reconstruction is only slowly being realized. Instability caused by the volatile political situation and the assassination of Lebanese Prime Minister Hariri have further depressed investor confidence.

Corruption is endemic to the Lebanese political and economic system, and factors believed to contribute to this widespread phenomenon are linked to sectarianism, the low salaries of civil servants, and the lack of an independent judiciary. Government losses resulting from corruption are estimated at over \$1 billion every year.

Because of the nature of politics in Lebanon, poverty is a politically charged issue often utilized by various groups to mobilize public opinion against the government. Lebanon has a confessional system by which political representation is awarded by religious groups, each according to its size, whereby the main offices are reserved for different religious sects. Sectarian divisions continue to plague Lebanon and ultimately cause economic inequalities across religious divides.

Human Development Index Rank: 81 Human Poverty Index Rank: 18

SEE ALSO: Deprivation; Economic Inequality; Islam and Poverty; Palestine; Unemployment; War and Poverty.

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Les Misérables

THE NOVEL LES MISÉRABLES by Victor Hugo was published in 1862. But Hugo had worked on this novel, which many regard as his masterpiece, since the 1840s, in a first unpublished version that was called Les Misères. This long period of work reflects the scope of the novel, which embraces many experiences in France during the first part of the so-called long 19th century. The principal story is about Jean Valjean, a longtime prisoner convicted of stealing bread in 1795.

When he finally is liberated in 1815, society blocks any reintegration. Therefore Valjean changes his identity (a new "criminal" act), creates an invention, and becomes a rich and respected industrialist in the city of Montreuil-sur-Mer. He even becomes mayor of that city, but the police-inspector, Javert (the negative protagonist), still haunts him. Valjean has to leave Montreuil and decides to take with him Cosette, a young girl he

had "adopted" from a poor dying mother (Fantine). Valjean and Cosette go to Paris, where he wants to live a peaceful life protected by the anonymity of a big city. When Cosette grows up, she falls in love with Marius, who becomes a revolutionary in the uprisings of 1832. Police-inspector Javert, who still haunts Valjean, falls into the hands of the revolutionaries, but is saved by Valjean. This help from his "enemy" Valjean irritates Javert to such an extent, that he commits suicide.

Valjean is able to save an unconscious Marius from Royalist reprisal after the uprisings fail. Marius and Cosette marry, but only on his deathbed, and a reunion among Marius, Cosette, and Valjean brings the novel to a tragic yet satisfying end.

The ongoing success of Les Misérables as a book, theater piece, movie, and—last, but not least—musical is due to the immense intensity of the characters created by Hugo and his literary achievement in including many aspects of 19th-century social and political practice in a novel of high quality. Whereas Valjean stands for the poverty-stricken suffering of common people during that period, Marius symbolizes the idealistic revolutionary of the first half of the 19th century. He is no longer only a bourgeois revolutionary fighting for representation, but already has a social agenda. Police-inspector Javert, on the other hand, stands for an oppressive state without any social conscience; only immediately before his suicide does he show human emotion.

Hugo was born into the family of a Napoleonic officer on February 26, 1802. He became a conservative romanticist, but transformed himself from a Bonapartist to a modern Republican at the end of his life. He soon established himself as a famous writer and from the 1840s on he held political office.

When he fell out of favor with Louis-Napoléon (the later Emperor Napoléon III), he went into exile in Belgium and on the Channel Isles during the 1850s and 1860s. When the Third French Republic was established in 1870, Hugo returned to France and became an icon of that republic. His death on May 22, 1885, was followed by a lying-in-state beneath the Arc-de-Triomphe in Paris and a burial in the Panthéon. The official adoration of Hugo came from his change from a Catholic Monarchist to a Republican.

Hugo not only was popular in bourgeois circles, but was seen as a fighter for better living conditions for the poorer classes, too. His ongoing popularity is due to the force of his descriptions of social conditions in an entertaining way. At times that entertaining aspect of the work supersedes Hugo's political ambitions. This is particularly true for the musical Les Misérables, by Alain Boublil and Claude-Michel Schoenberg, in which the historical context and setting of Hugo's figures are somewhat neglected.

SEE ALSO: Deprivation; Exclusion; France; Poverty Trap; Social Exclusion.

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Lesotho

FORMERLY KNOWN AS Basutoland, the southern African nation of Lesotho won its independence from the United Kingdom in 1966. After 23 years of military rule, a democratic government was established in 1993. In 1998, however, at the request of the South African Development Community, a brief military mutiny was put down by the intervention of troops from South Africa and Botswana. Lesotho is currently experiencing a period of peaceful stability, but the government is faced with excessively high mortality rates, low life expectancy, low population and growth rates, and a poverty rate of 49 percent. Some 27 percent of the population are malnourished, and 18 percent of all children are underweight. Over half (56.1 percent) the population lives on less than \$2 a day, and 36.4 percent live on less than \$1 a day.

Access to safe drinking water in Lesotho is somewhat dependent on the weather. Some 38 percent of the population draw water from unprotected springs and wells that may contain infected water. Only 35 percent of Basotho who live in rural areas and 65 percent who live in urban areas have access to adequate sanitation. The Basotho people experience significant inequality, with the poorest 20 percent sharing only 1.5 percent of all income and the richest 20 percent claiming 66.5 percent. Lesotho ranks 65.2 on the Gini Index of Human Inequality. With 86 percent of the population involved

in subsistence agriculture and a 45 percent unemployment rate, Lesotho is heavily dependent on remittances from South Africa, where some 35 percent of employed Basotho males work. Lesotho also depends on customs duties from the Southern Africa Customs Union. After completion of a hydropower facility in 1998, Lesotho began selling water to South Africa. The industrial sector has become more important in recent years with increases in the production of garments and farm-related products. Even though Lesotho is still considered a low-income nation, its debt status is now defined as moderate. All economic advances have been undercut, however, by the HIV/AIDS epidemic.

Government officials, including the prime minister, were tested for AIDS.

The Basotho population of 1,867,035 is somewhat older than many of its African neighbors. Life expectancy declined in Lesotho from 52 and 55 years for males and females respectively in 1980 to 36.86 and 36.49 years respectively in 2005. This decline is due in large part to the high prevalence of HIV/AIDS. Some 36.9 percent of the Basotho people are under the age of 14, and 5.5 percent are over 65. The average Basotho resident stands a 68.1 percent probability of not surviving until the age of 40.

Out of a population of 1,867,035, some 30 percent have been infected with HIV/AIDS, ranking Lesotho fourth in the world in the number of HIV/AIDS cases. By 2003 estimates, 320,000 Basotho live with the disease, and 29,000 others have died. Approximately 55 percent of those infected are female, and those between the ages of 15 and 29 make up 75 percent of all HIV/AIDS cases. In the spring of 2004 the government of Lesotho became the first in Africa and the second in the world (after Brazil) to promote universal testing for HIV/AIDS. Through the Know Your Status Campaign, the government encouraged villagers around Lesotho to submit to voluntary AIDS testing. Codes rather than names were used to ensure anonymity. Government officials, including the prime minister, were tested. The lack of safe drinking water and the prevalence of improper sanitation practices have left many Basotho vulnerable to other infectious diseases, such as those spread by infected water or soil. Some areas have also experienced outbreaks of typhus and plague.

The infant mortality rate in Lesotho is high at 84.23 deaths per 1,000 live births, as is the death rate of 99

out of 1,000 for children under the age of 5. Between 1990 and 2001, the infant mortality rate dropped from 102 to 91, and the under-5 mortality rate declined from 120 to 87. In 2000, the government revealed that respiratory infections, diarrheal diseases, and skin infections were responsible for most deaths of children under 5 years of age. The fact that only 29 percent of Basotho children receive oral rehydration therapy indicates that many of these children might have been saved with proper care.

Approximately 18 percent of children under 5 are malnourished, and four percent are severely underweight. Five percent suffer from moderate to severe wasting, and 46 percent suffer from severe to moderate stunting. The United Nations UNICEF maintains that 85,000 Basotho children under the age of 5 need emergency supplementary feeding. Health data reveal that since May 2001, the number of Basotho children who are underweight has increased markedly because of the food shortage. Beginning in May 2002, the number of children with low birth weights also increased markedly. The rate of measles immunizations among children 12 to 23 months old is 70 percent, and the rate of DPT3 immunizations is 79 percent. Among infants, 83 percent are immunized against tuberculosis, 79 percent against DPT3, 78 percent against polio, and 70 percent against measles.

In 2005 the general fertility rate was estimated at 3.35 children per woman, showing a decrease from 2003 when the overall rate was 4.3 births per women and the adolescent fertility rate was 76 out of 1,000 births. Almost one-third of Basotho women employ some method of contraception. By 2003 estimates, maternal mortality is 550 deaths out of 100,000 live births. Professional medical staff now attend almost 60 percent of all births in Lesotho. The country's educational level is more than twice that of the poorest African nations, and most Basotho attend school for at least 11 years. From 1980 to 2000, primary school enrollment for males rose from 55 percent to 80 percent, and female enrollment rose from 79 percent to 87 percent.

Human Development Index Rank: 149 Human Poverty Index Rank: 91

SEE ALSO: Agriculture; Disease and Poverty; HIV/AIDS; Sanitation; South Africa; Subsistence.

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Leviathan

LEVIATHAN IS A SEMINAL work of political philosophy by Thomas Hobbes (1588–1679). Advocating strong government, the first English edition was published in 1651. A Latin edition with significant variations appeared in 1668. Hobbes grew up in politically unstable times. As an adult, he feared religious warfare. These unsettling experiences preoccupied Hobbes and shaped his political theorizing in Leviathan. The title is an image borrowed from the biblical sea-monster in the Book of Job. It communicates his preference for a powerful "common-wealth" or state.

Human beings are roughly equal in ability, according to Hobbes. But human equality immediately causes a problem. In *Leviathan*'s "state of nature," equality leads to destructively ruthless competition, a "warre of all against all" in which "life of man, [is] solitary, poore, nasty, brutish and short." Without Hobbes's commonwealth, there simply is no place for industry, trade, commerce, or agriculture.

Patriarchal institutions stood in the way of Hobbes's proposal. Not evident in the "state of nature," marriage and the family are creations of the commonwealth. As a corollary, custody of children does not automatically revert to the father. Contemporaries like Bishop John Bramhall, William Lucy, and Edward Hyde, the Earl of Clarendon, attacked Hobbes's views on marriage.

Hobbes's *Leviathan* was not the first to use the concept of state of nature. But in contradistinction to later social-contract political theorists like John Locke (1632–1704) and Jean-Jacques Rousseau (1712–78), Leviathan's "commonwealth" does not naturally evolve from the state of nature. Instead it is created. Hobbes's social contract invests authority in a sovereign, and that ruler will guarantee peace and economic prosperity by regulating the otherwise unrestrained quest for power.

This contract creates a limited civil society under a monarch. The "social covenant," however, is an agreement among humans and not a contract between citizens and the sovereign. Thus an individual's property rights may limit the rights of other subjects, but they do not infringe on the sovereign's rights. More importantly, without the social contract, valid business contracts are not possible.

Hobbes's *Leviathan* recommends strenuous government intervention in the economy. The political institutions of his absolute state will protect people from the chaos, poverty, uncertainty, and insecurity that they would experience in a chaotic business environment. In an apparent exception, self-defense of one's own life is acceptable. The sovereign can enforce future performance that is part of the typical business contract. The commonwealth is embodied in the sovereign, and the sovereign is above the law.

Money is the lifeblood that nourishes the commonwealth. Therefore, theft and counterfeiting are outlawed. Export and import trading can increase the commonwealth's power. Moreover a minimum standard of living is promised to all. Well in advance of modern social security systems, private charity was not assumed to be sufficient. Instead the commonwealth should provide welfare for those physically and cognitively unable to hold regular jobs. Others were required to work, and if society's labor supply exceeded the available jobs, transmigration to colonies in North America was an option.

Privately held religious thoughts are tolerated in the commonwealth, but acting on those beliefs in concert with others threatens the social order. For example, biblical doctrines of churches might stimulate these organizations to champion social grievances of the working classes. Less surprisingly, "guilds" or craft unions are proscribed in Hobbes's commonwealth. If Hobbes were consistent, *Leviathan* would be a blueprint for authoritarian state capitalism. However, one's "covenant" with the commonwealth ceases when the sovereign becomes unable to protect its citizens. Deducing a future endorsement of stable democracies from Hobbes's preference for the status quo remains problematic.

SEE ALSO: Equality; Locke, John; Poverty Politics; Religion; Standard of Living.

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Lewis, Arthur (1915-91)

W. ARTHUR LEWIS WAS BORN in Saint Lucia, a British territory in the Caribbean, on January 23, 1915. Having won a St. Lucia government scholarship to a British university, he enrolled at the London School of Economics in 1933, graduating in 1937, and earning a doctorate in industrial economics in 1940. Lewis notes in his Nobel Prize autobiography that he had wanted to be an engineer, but ended up going into economics because "neither the government nor the white firms would employ a black engineer."

Lewis began his career teaching at the London School of Economics, moving to the University of Manchester in 1948. From 1963 until his retirement in 1983, he was a professor at Princeton University. In addition to his academic posts, Lewis worked for the United Nations in different capacities, was president of the University of the West Indies, and also set up the Caribbean Development Bank. He was knighted in 1963.

Lewis is known for his work in two fields: the history of the world economy since 1870 and development economics. In the first, Lewis studied how economic growth in the least developed countries was related to growth in the developed economies. It is in the second field, which can be considered an outgrowth of the first, however, where Lewis made his most lasting contributions.

Based on an article published in 1954 in *The Manchester School* ("Economic Development with Unlimited Supplies of Labour") and a book published in 1955 (*The Theory of Economic Growth*), Lewis can be considered one of the founders of economic development as an economic field in its own right. As part of his life-

long goal of alleviating poverty in developing countries, he recognized that not all economies were like the advanced capitalist economies; some economies, such as those in Africa, Latin America and the Caribbean, and Asia, were of a different nature and should be treated as such. This meant that he had to develop a new way of looking at these economies and their interactions with the developed capitalist world.

His seminal work in this area was his introduction of the concept of a two-sector economy in poor countries in the 1954 article on economic development. In this article, in adopting a classical approach to surplus labor and wages, Lewis discarded the marginal utility approach and the neoclassical framework in an effort to assess "the fundamental forces determining the rate of economic growth." He was interested in explaining the situation as he saw it that existed in developing countries; the model describing capitalist economies simply did not apply. Not surprisingly this approach generated much controversy.

Lewis was deeply concerned about the economic conditions of developing countries.

In this 1954 article, Lewis divided the economy of a developing country into two sectors: a capitalist sector and a subsistence sector. In the subsistence sector he rejected the neoclassical assumption that the quantity of labor is fixed by positing an unlimited (infinitely elastic) supply of labor. Some of this surplus, low-wage labor then migrates to the capitalist sector (where productivity was increasing), thereby driving down wages in this sector. As a result, profits are high and rising in the capitalist sector. As these profits are reinvested, growth occurs, and economic development continues while wages remain low.

Over the last 50 years, *The Manchester School* article has remained a cornerstone in the development economics literature. Virtually every textbook or course in development economics contains a detailed discussion of this seminal article. Although a half-century old, this article still resonates for developing economies in the 21st century.

Based primarily on the 1954 article and his 1955 Theory of Economic Growth, Lewis was awarded (jointly with Theodore Schultz) the Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel (the Nobel Prize in Economics) in 1979. According to the Nobel committee's press release, "Lewis has tackled is-

sues which are basic to the causes of poverty among populations in the developing world and to the unsatisfactory rate of economic development." In accepting this award, the most prestigious in economics, Lewis became the first and only black (out of 57 total laureates) to receive the prize.

Throughout his career Lewis was deeply concerned about the economic conditions of the developing countries and about the pervasiveness of world poverty. While most economists looked at the world from the perspective of the developed capitalist economies, Lewis wanted to add the perspective of the poor, underdeveloped countries to the analysis. It is a tribute to his genius and humanity that his ideas are still discussed and debated today.

SEE ALSO: Economic Growth; Economic Growth and Poverty Reduction Strategy; Third World.

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Liberation Theology

LIBERATION THEOLOGY IS a controversial philosophy held by certain Christian activists, primarily within the Roman Catholic Church, that the teachings of Jesus Christ and the Apostle Paul call for Christians to be involved in a political and military struggle for Third World economic equality and human rights.

Liberation theology takes the view that Jesus Christ's primary role was as a social liberator with a special compassion for the poor. Liberation theologists hold to the traditional view of Jesus as a sacrifice or ran-

som on behalf of the sins of mankind, but also teach that he came to liberate the poor and oppressed from the bondage of earthly slavemasters.

A case can be made that liberation theology has its roots in the populist Latin American politics of the 1950s and 1960s, but it also has historical roots in the tradition of missionaries from the earliest colonial days in Latin America. Many of those questioned the position of the church in the way that indigenous peoples, black slaves, mixed-race mestizos, the poor rural, and the urban masses were being treated.

As early as the 1500s, Friar Bartolomé de Las Casas vehemently defended the rights of indigenous Native Americans forced into slavery by their Spanish conquerors. The Dominican missionary was infuriated by their brutal treatment and wrote a compelling account published in 1552 describing atrocities in the Caribbean, Central America, Mexico, and Peru.

He argued to King Philip II that when he first arrived in the New World he had supported the acts of barbarism, but became convinced the horrendous acts would lead to the judgment of Almighty God and the destruction of Spain. He declared it was the responsibility of the Spanish to convert the natives to Christianity rather than kill them and loot their gold. Largely through his efforts, laws were adopted in 1542 ending native slavery.

His voice was joined by Dominican friar Antonio de Montesinos, who proclaimed in a sermon delivered in 1511, "I am the voice of one crying in the wilderness. This voice declares that you are in mortal sin by reason of the cruelty and tyranny that you practice on these innocent people. Tell me, by what right or justice do you hold these Indians in such cruel and horrible slavery? By what right do you wage such detestable wars on these people who lived mildly and peacefully in their own lands, where you have consumed infinite numbers of them with unheard of murders and desolations?"

Against such a historical backdrop, in the 1960s and 1970s a premise emerged that traditional Christian theology is biased to perpetuate the interests of white, North American/European, capitalist males; that it legitimates a corrupt system (democratic capitalism); and that it is responsible for exploiting and impoverishing the world's poor. In this mindset, modern Christianity must be approached from the perspective of the oppressed.

Liberation theologian and author Gustavo Gutierrez rejected the idea that Christianity is a systematic set of truths unchanging for all generations. Rather he said that it is dynamic and must change with the times. For example, he said the concept of sin can no longer be defined in terms of a set of Ten Commandments. Instead "sin is not considered as an individual, private, or merely interior reality. Sin is regarded as a social, historical fact, the absence of brotherhood and love in relationships among men."

Thus, it is held, capitalist nations are sinful because they have oppressed and exploited poorer nations. Capitalist nations succeed, it is said, at the expense of impoverished nations. That is the basis of dependency theory, which holds that the prosperity of rich countries depends on the poverty of the downtrodden. However, with the rise of such Third World entities as Singapore, Malaysia, South Korea, Hong Kong, and Taiwan (not to mention an increasingly capitalistic People's Republic of China), dependency theory is heard less and less.

INCONSISTENCIES

Liberation theology also holds that those who are oppressed can sin by submitting to such slavery and not fighting back. Instead they must overthrow the exploiters, with violence if necessary. Such an endorsement of violence is in stark contrast to the biblical Jesus who, according to the Gospels, submitted to unfair public punishment and execution, taught his followers to turn the other cheek, and rebuked the Apostle Peter for defending him with a sword. An inconsistency is seen in that liberation theologians regard violence as sinful if committed by an oppressor, but permissible if committed by peasants trying to overthrow the bourgeoisie.

Liberationists argue that traditional Christian dogma understands God as watching mankind from a distance. Not so, according to Gutierrez, who teaches that God is dynamically involved on behalf of the poor and disadvantaged, standing against oppression and exploitation. Thus those who believe in him must take action—that "to know God is to do justice."

Liberation theology arose after the widespread reforms of the Second Vatican Council in the 1960s and is sometimes spoken of as Christian Marxism, refuting the perception that the two philosophies are mutually exclusive. It had particularly widespread influence in Latin America and among the Jesuits after the Second Vatican Council (1962–65) lamented the wide gulf between the rich and poor nations of the world. Church leaders even proclaimed a "preferential option for the poor," and the 1968 Medellin Conference of Latin American Bishops denounced the extreme disparities among social classes.

However, Pope John Paul II largely put an end to official support for liberation theology among the Catholic Church's hierarchy by his statement in January 1979, on a visit to Mexico, that "this conception of Christ as a political figure, a revolutionary, as the subversive of Nazareth, does not tally with the church's teachings."

"When I see a church with a machine gun, I cannot see the crucified Christ ..."

The Sacred Congregation for the Doctrine of the Faith (the Vatican's defender of orthodoxy) in 1984 issued the Instruction on Certain Aspects of the Theology of Liberation, which warned against promoting Marxist principles, terminology, methods, and goals. Then in 1986 the Instruction on Christian Freedom and Liberation cautioned that those who take action by the oppressed must do so "through morally licit means, in order to secure structures and institutions in which their rights will be truly respected."

Since succeeding Pope John Paul II, Benedict XVI has continued his predecessor's opposition. Benedict had long been known as an opponent of liberation theology in his position as prefect of the Congregation for the Doctrine of the Faith from 1981 to 2005.

Among liberation theology's vocal proponents is Jesuit priest Jon Sobrino from the Central American country of El Salvador, who teaches that the poor are a privileged channel of God's grace. "The world lives with a great sin. The needy and oppressed die slowly and violently. Believing in God means being in solidarity with them." Another prominent proponent is Phillip Berryman, who writes that liberation theology is "an interpretation of Christian faith through the poor's suffering, their struggle and hope, and a critique of society and the Catholic faith and Christianity through the eyes of the poor."

On the other hand, in 1985, a leader of the conservative wing of the Roman Catholic Church in Latin America, Bishop Dario Castrillon Hoyos, archbishop emeritus of Bucaramanga, Colombia, and prefect of the Congregation for the Clergy, denounced liberation theology in no uncertain terms, saying: "When I see a church with a machine gun, I cannot see the crucified Christ in that church. We can never use hate as a system of change. The core of being a church is love."

SEE ALSO: Catholic Church; Empowerment of the Poor; Religion; Third World.

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Liberia

THE REPUBLIC OF LIBERIA is located in western Africa along the north Atlantic Ocean. In this nation of 3,482,211 people, 80 percent live on less than \$1 a day and 52 percent live in extreme poverty; 85 percent are unemployed. The economy is largely dependent on subsistence agriculture, in which women provide most of the labor.

Out of all countries in the world, Liberia has the worst record on health and nutritional indicators. That only 10 percent of the population have access to adequate healthcare is largely because of the destruction of most healthcare facilities outside the capital city of Monrovia. In all likelihood, poverty in Liberia is even more extensive than it appears because data on key social and economic indicators are absent.

Throughout the 1990s, Liberia was devastated by a 14-year civil war and a long history of government mismanagement and human rights abuses. In 1991, at the invitation of both sides of the Liberian conflict, the Carter Center of Emory University, known worldwide for its success in negotiating peace and easing human suffering, opened an office in Monrovia.

By 2000, reports of human atrocities had grown so extensive that former president Jimmy Carter elected to close the office. In 2003, with assistance from United Nations peacekeeping forces, 100,000 armed combat-

ants were disarmed. A coalition government, composed of members from both sides of the conflict, was elected and given the challenge of restoring political and economic stability to Liberia. They have been only partially successful. In this low-income, severely indebted nation, annual per capita income is \$140, and one out of every six individuals survives on international food aid.

With a life expectancy of 47.69 years and a median age of 18.06, only 3.7 percent of the population live to reach the age of 65. Individuals have a 47.2 chance of not surviving until the age of 40. Some 43.6 percent of all Liberians are under the age of 14. Poverty and a malfunctioning infrastructure continue to be a way of life, and excessive death and mortality rates drain the government of needed resources. These high rates, which are consequences of poverty and high incidences of preventable diseases, have placed Liberia 43 out of 46 sub-Saharan nations in death rates.

Liberia's HIV/AIDS prevalence rate of 5.9 has resulted in the deaths of some 7,200 people. Unofficial estimates place the prevalence rate at 20 percent in some areas. By 2003 some 100,000 Liberians were living with HIV/AIDS, and tens of thousands of others had been affected by the epidemic. Efforts to educate the public about prevention have been threatened by the low literacy rate. The Liberian population is also susceptible to a number of food- and waterborne diseases such as bacterial and protozoal diarrhea, hepatitis A, and typhoid fever. In some areas, malaria and yellow fever have also taken a toll. Schistosomiasis, caused by contact with infected water, and Lassa fever, caused by contact with aerosolized dust or soil, are also common, particularly among the poorest people.

In Liberia, 128.87 infants die out of every 1,000 who are born. In 2003 the rate was even higher at 157, and mortality of those under the age of 5 was reported at 235. Some 27 percent of all children under the age of 5 are malnourished, and eight percent are severely underweight.

Some 39 percent of this group suffer from moderate to severe stunting, and six percent suffer from moderate to severe wasting. In 2003, immunization rates for children between the ages of 12 and 23 months were documented at 53 and 38 percent against measles and DPT3 respectively. Rates for infants were reported at 43 percent against tuberculosis, 38 percent against DPT3, 39 percent against polio, and 53 percent against measles. Immunization efforts have been severely hampered by the fact that between 350 and 400 of 500 immunization sites no longer operate.

Among the total female population, Liberian women bear an average of 6.09 children each. Adolescent fertility, according to 2003 estimates, was high at 192 out of every 1,000 births. Only 10 percent of all women use contraceptives of any sort, and the government has not provided free condoms or successfully disseminated family planning information. Before the intense fighting of 2003, Liberia's maternal death rate was the highest in the world at 578 deaths out of 100,000 live births. In that same year, trained medical staff attended only 50.9 percent of all births in Liberia. These deaths were due in large part to a lack of antenatal and emergency care and the fact that 63 percent of all births took place at home.

In 1998, yielding to pressure from international human and women's rights groups, Liberia passed a bill to end all legal discrimination against women. The government also established the National Women NGOs Secretariat to oversee collection and distribution of data and to lead the effort of incorporating women into the mainstream. Antipoverty efforts were focused on improving the standard of living through increasing education on family planning, curbing violence against women, ending the practice of childhood marriages and female genital mutilation (FGM), improving literacy rates, and creating and extending social institutions designed to help women and children. Despite these lofty goals, only efforts to gender-sensitize policymakers were carried out because government resources were redirected toward the ongoing civil war.

Literacy rates illustrate the sexual inequality that exists in Liberia. Less than half of all females over the age of 15 can read and write (41.6 percent), but 73.3 percent of males in this group can do so. The drop in female literacy is particularly telling when the current rate is compared to the rate of 86.5 percent in 1980 before the war created obstacles to female education. In 1999 only 21 percent of males and 10 percent of females completed primary school. The drop in school attendance has been a direct consequence of poverty and war. Even those students who remained in school have been disadvantaged by the scarcity of trained teachers. Somewhat belatedly, in 2003 the government pledged its support for providing free and compulsory education at both preschool and primary levels.

Human Development Index Rank: Not included. Human Poverty Index Rank: Not included.

SEE ALSO: Child Mortality; HIV/AIDS; Subsistence; War and Poverty; Women and Poverty.

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Libya

THE SOCIALIST PEOPLE'S Libyan Arab Jamahiriya (Libya) is a country in north Africa located on the coast of the Mediterranean Sea and borders Egypt, Sudan, Niger, Chad, Algeria, and Tunisia. It has a territory of nearly 700,000 square miles, but the great majority of this is part of the almost uninhabitable Sahara Desert, and the population of some 5.8 million is almost entirely located along the coastal region.

The discovery of oil in 1959 completely changed the economy of the country from one entirely dependent on transfers from outside to a welfare state where government services are newly provided. A wealthy monarchy was established, only to be broken up 10 years later by a coup, which saw the installation of Colonel Muammar Gaddafi. The long-standing leader Gaddafi has supported various anti-Western policies and groups, and thus Libya has had less opportunity to benefit from economic growth stimulated by cross-border business investment than other countries.

However, ties with the former colonial power of Italy have been more productive and there are signs that Gaddafi has moderated his stance in any case. The U.S. government instituted a trade boycott in 1982 and the United Nations enforced an international boycott in 1992 as a result of Libya's alleged complicity in the Lockerbie (airplane) bombing. These boycotts were lifted at the end of 2004 after the state renounced the intention to acquire and use weapons of mass destruction.

Statistics describing quality of life show that Libya compares favorably with other north African and Arab countries. Mortality and life expectancy rates are better



The Sahara Desert dominates the majority of the Libyan landscape, forcing most of the population to live in the coastal region.

than those of its neighbors. As an Islamic state, Libya's women have fewer opportunities to access education and to have a career, but with an overall adult literacy rate of 81.7 percent, it is a more socially liberal regime than most in the region. Libya is one of only three African nations to have ratified the Protocol on the Rights of Women in Africa, which seeks to eradicate female genital mutilation.

Oil dominates the Libyan economy, representing 99 percent of the value of all exports while employing only 10 percent of the domestic workforce. Lack of human resources has meant the presence of large numbers of foreign workers in Libya to service the oil industry, although these are now being repatriated because of the extreme drain of foreign reserves owing to remittances. The government has acted as the principal means of redistribution of revenues so that all Libyans can benefit from health and education services. As a self-proclaimed socialist state under its guide, Gaddafi, who has no formal position in government, Libya's political system is unclear and its policies and decisions difficult to challenge. Committees run various aspects of the state but it is believed that in reality, Gaddafi rules unopposed.

Libyan agriculture is very limited, hampered by low levels of technology and investment and vulnerable to external shocks, such as plagues of locusts. Libya has been working with the Food and Agriculture Organization of the United Nations to improve its agriculture and that of its southern neighbors, and to search for ways to help control locusts. The famine in Libya's southern neighbor, Niger, in 2005 demonstrates the

suddenness with which food insecurity can strike. Libya recognizes its responsibility in assisting neighbors both for ethical reasons and also because of the potential for instability if large numbers of refugees seek to enter Libyan territory. Much of the state's charitable international work is organized through the Gaddafi Foundation.

Human Development Index Rank: 58 Human Poverty Index Rank: 33

SEE ALSO: Famine; Islam and Poverty; Niger; Socialism; Women and Poverty.

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Liechtenstein

IN 1719 THE PRINCIPALITY of Liechtenstein was founded as part of the Holy Roman Empire. The name of the country is derived from the Liechtenstein dynasty. The principality joined the German Confederation in 1815, but opted for independence in 1866. Two years later, Liechtenstein abolished its army, thereafter maintaining a position of neutrality in international affairs. Nevertheless, close ties with Austria led to economic devastation for Liechtenstein during World War I. After the war, Liechtenstein established an ongoing customs and monetary relationship with Switzerland. The principality was able to remain neutral during World War II.

Much of Liechtenstein's current prosperity is due to its low taxes. There is a 20 percent maximum tax on businesses. Almost one-third of Liechtenstein's revenues are derived from high-profile businesses that have taken advantage of the low tax base to establish nominal offices in the principality. In the midst of strong economic growth, Liechtenstein was faced with an international scandal when concerns surfaced concerning the likelihood that its financial institutions were engaged in

money laundering. As a result, the country was internationally blacklisted. Subsequent reforms led to Liechtenstein and the United States signing a Mutual Legal Assistance Treaty.

Liechtenstein's monarch, Prince Hans-Adam II, is considered to have more real power than any other European ruler. The prince uses his personal fortune to support himself, even paying for some state functions out of his own pocket. His family worth is estimated at several billion dollars. Under Liechtenstein's constitution, the monarch has broad emergency powers and exercises a veto right over all legislation. In 1990, Liechtenstein joined the United Nations and quickly articulated an agenda directed toward expanding the rights of women and children around the world.

Almost half of Liechtenstein's labor force is made up of foreigners, including some 13,000 workers who commute from Austria, Switzerland, and Germany on a daily basis. Current unemployment is 1.3 percent. Liechtenstein's only resources are a potential for developing hydroelectricity and the arable land. Currently the country imports over 90 percent of all energy requirements. Liechtenstein has been a member of the European Free Trade Association since 1995.

Liechtenstein's highly industrialized and diversified market economy has produced a per capita income of \$25,000. Consequently the standard of living is comfortable for most residents, and housing loans are interest-free. The Liechtenstein government has developed a comprehensive network of social programs that include social security and financial assistance for those who are in need. Data on major social indicators for Liechtenstein are unavailable, and this makes it difficult to accurately analyze poverty.

The government has developed a large network of social programs.

Life expectancy in Liechtenstein is high at 79.55 years. With a projected life span of 83.16 years, females generally outlive men by approximately seven years. Among the population of 33,717, the median age is 39.22 years. Over 17 percent of the population is under the age of 14, and 12 percent have seen a 65th birthday.

Infant mortality occurs at a rate of 10 deaths per 1,000 live births. Male infants (6.34 deaths per 1,000 live births) are more than twice as likely to die as female infants (3.05 deaths per 1,000). Among children under the age of five, the mortality rate is 11 deaths per 1,000.

All children over the age of 10 in Liechtenstein can read and write. The low fertility rate, which was estimated at 1.51 children per woman in 2005, helps to raise the quality of life for the children of Liechtenstein.

Human Development Index Rank: Not included. Human Poverty Index Rank: Not included.

SEE ALSO: Corruption; European Relative-Income Standard of Poverty; European Union Definition of Poverty.

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Lincoln, Abraham (Administration)

THE PRESIDENCY OF ABRAHAM Lincoln is inescapably linked with the crisis and devastation of the American Civil War, but this crisis also helped to shape and define modern America. From his inauguration in March 1861 until his assassination in April 1865, Lincoln presided over an economy and a society that were not only torn apart by unparalleled and appalling hostilities, but that in the long-term influenced national identity and public policies.

Violence and warfare invariably disrupt production and economic exchange and increase the prevalence of poverty. Given that the Civil War was the most disruptive conflict in American history, the Lincoln administration witnessed extraordinary economic distress. This was a widespread economic anguish that was pervasive and disproportionate enough, compared to earlier economic crises, that it necessitated some corresponding response.

Over the course of the 19th century, the United States was becoming more industrialized and more economically integrated, and the Civil War hastened the emergence of national markets and helped to foster a meaningful sense of the United States as an entity rather than as a compilation of discrete states. Given

the threatening degree to which the Civil War gripped the lives of individuals and institutions across the nation, it is not surprising that the 1860s saw the appearance of some national public policies. Many social scientists look upon the mid- to late 19th century in both the United States and England as the heyday of laissez-faire capitalism, in the sense that as much as any time since the advent of the Industrial Revolution it was an era in which public policies and attitudes extolled the efficiencies of competitive forces along with individual liberties, and where there was minimal public-sector interference in commercial activities.

Then, as now, the issue for those who champion the free enterprise system was essentially summarized in the dictum that if private citizens can provide for themselves, then public intervention is not justified. Yet drastic circumstances often necessitate changes in attitudes and public policies. The degree of public intervention in mid-19th-century social and economic activities remains a matter of some debate, and it is likely that social scientists tend to underestimate the extent of interventionist policies in the economic and social life of people and firms throughout this time period. Nonetheless, in the Victorian Age in England, under the reign of Queen Victoria (1837–1901), as well as in Lincoln's America, there were fewer attempts to enact rules and regulations about poverty, income, and commerce than would become apparent in later years.

During Lincoln's years in office, federal government spending and federal involvement in the national economy noticeably increased. Measured as a ratio of federal government spending to the nation's Gross Domestic Product (GDP), the relative size of the federal government rose from around 1.4 percent in 1861 to the then-unprecedented level of 14.2 percent of GDP in 1865. However, the expanded size of the federal government was due to the demands of wartime expenditures and not because of a large commitment of financial resources to social welfare or other relief programs. Within just a few years after the war, this ratio dropped back into the range of two to three percent of GDP, which while somewhat larger than it had historically been in the antebellum period, was more in line with the gradual long-term growth of federal spending over the course of the 19th century.

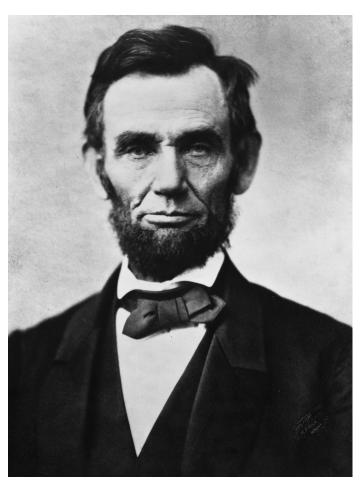
Traditionally, social and economic issues were often seen as dependent on and responsive to individuals, local conditions, and institutions. Limited provisions were modestly allocated as needed for some disabled and elderly workers under the influence of local poor laws, but not as a coordinated general policy. Consequently the treatment of the poor and remedies to poverty during much of the 19th century were more likely to be considered short-lived issues and local and private charitable activities rather than requiring consistent public policy initiatives. This can be an essential distinction, since adopting a public policy designed to lessen the injurious effects of poverty not only involves a different mindset from a private, charitable response but also requires an alternative commitment of resources.

The magnitude and breadth of economic, social, and human destruction and disruption from the American Civil War forced an alternative response. Even with the enormity of the economic and social crisis associated with the Civil War, it would still require another pervasive crisis in the form of the Great Depression, several generations after 1865, in the 1930s, for the adoption of such notable national antipoverty relief programs as the Social Security Act of 1935, the Fair Labor Standards Act of 1938, and various federal housing legislation.

Public opinion about the appropriateness of establishing a national pension program was generally positive, although support for these programs was plainly stronger among those directly affected, and was normally more intense in larger towns and cities. Monetary benefits to Civil War veterans and their families were offered by the federal government as well as by state and local governments, and thus in the postbellum period the organization of pension and disability insurance programs began to be more national rather than merely local or regional.

Moreover nationally based programs would prove to have elementary, although perhaps less evident, effects on persistent levels of poverty. Typically, 19th-century poor laws and programs, when present, were concentrated in more urban and industrial centers, leaving rural and agricultural communities cut off from relief programs, and these locations had early on begun to lag behind with regard to sustaining income levels. Inconsistent and insufficient income levels often have a number of dire short-term and long-term consequences, not the least of which is the ability of a community to foster future economic growth that in turn would generate future economic opportunities and incomes.

The pension program set up during the Civil War compensated not only disabled soldiers and sailors but also the widows, orphans, and dependent mothers of those killed or maimed in the war's hostilities. The death and or injury of a husband, father, or son re-



Born into poverty in 1809, Abraham Lincoln had views on the poor that were swayed by the circumstances in which he lived.

duced a family's income and heightened the risk of indebtedness and poverty. Studies indicate that the proportion of female inmates in poorhouses increased during the Civil War, but declined in relative terms immediately after the war, so there is reason to believe that initially the intent of the pension program as a relief program was at least partially fulfilled. Other studies have questioned how the pressures of late 19th-century political pressures and patronage affected the administration and effectiveness of the pension program.

Lincoln has become such an iconic figure in American history that it is not surprising that politicians and social theorists with varying ideological positions have interpreted his words and writings on contentious issues in alternative ways.

Born into poverty in 1809, Lincoln had views on the poor and poverty that were swayed by the circumstances in which he lived. In his first annual message to Congress in December 1861, he expressed his belief that a free, hired laborer provides hope and not only im-

proves economic conditions in general but in particular improves the conditions of those battered by poverty and missing opportunities. Moreover the poor and those with limited economic opportunities were willing and able to assume a productive position in an expanding economy and society. Lincoln openly thought of himself as a man of the people and he largely adopted economic policies that were consistent with prevailing economic writings of his day, such as the idea that labor was the principal basis from which human wants are supplied. Honest and fairly compensated labor provides new and expanded opportunities in both economic and political terms, and Lincoln held that society could rely upon those rising from unprivileged conditions, indeed that "no men living are more worthy to be trusted than those who toil up from poverty."

Since the occurrence of women and children living in poverty is often disproportionate to their numbers in the general population, some attention ought to be paid to the cause and duration of their poverty. Economic opportunities can be limited by any number of policies that either restrict ownership or access to or participation in market activities. The widows and orphans of Civil War veterans remain a prominent feature in the legacy of the Lincoln administration's policies on social welfare (the last surviving widow of a Civil War veteran died in May 2004, 139 years after Robert E. Lee's surrender at Appomattox, leaving a handful of surviving children of Civil War veterans on the benefit rolls of the Veterans Administration even into the 21st century). It is worth considering the role of gender in the history of American social policies. With respect to both the origins and the duration of poverty there are a number of interesting issues relative to gender, family structure, childcare, and education. Some have argued that pension programs and other government policies have pressed some women into the workforce, though typically not in labor markets with high wages. Others have argued that these pension programs were designed to limit benefits to those deemed socially and morally fit by the standards established in a politicized and patriarchal system.

The Lincoln administration's most consequential and enduring effect on the incidence of American poverty likely remains, like so much of his presidency, invariably related to the Civil War. The war ended institutional slavery and emancipated nearly four million men, women, and children who had been living in bondage. Freed from the legal restrictions of slavery, former slaves and their descendants had the chance to more fully participate in an expanding American econ-

omy, and thus poverty theoretically ought to have been reduced.

Regrettably the end of slavery did not mean the end of racial subordination since various forms of economic, social, and political segregation along with other discriminatory practices led to a number of economic inefficiencies and helped to sustain the incidence of poverty.

SEE ALSO: African Americans and Poverty; Industrial Revolution; *Laissez-Faire*; United States; War and Poverty.

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List, Friedrich (1789–1846)

FRIEDRICH LIST SUGGESTED ways to overcome poverty and the lack of industrialization. Neither Soviet-style planned nor Western capitalist market economies have brought about the development necessary to lift Third World countries out of poverty. Since the early 1950s, development has equaled economic growth; however, neoliberalism has missed the point of social justice, which is crucial for any strategy of development. Globalization has not necessarily helped Less Developed Countries (LDCs); on the contrary, statistics show that rich countries have become richer, poor countries poorer. The theories of industrialization have not delivered the "wealth for nations"; what has become obvious is the ineffectiveness of these theories.

For Germany the economic nationalist Friedrich List had advocated a self-sufficient economy, guided by a strong, interventionist government that would use its economic resources for national industrialization. List argues against David Ricardo's "free trade" and Adam Smith's policy of "laissez-faire." He favored protectionism against the superior British-manufactured exports.

List lived for some years in the United States and read Alexander Hamilton's "Report on the Subject of Manufacturers," where Hamilton advocated governmental measures for the encouragement and protection of domestic industries—the classic infant industry argument, whereby the government helps developing industries, protecting them from foreign competition, to catch up.

Statistics show that rich countries have become richer, poor countries poorer.

There is a direct link between the American critique of the English Navigation Acts and Hamilton's advocacy of national protection and encouragement of infant industries, and it stretches from Hamilton to List. Prussia became equal to Britain with the help of quasimercantilist, selective self-reliance organized by its strong state. Britain's technological superiority and industrial advance were the lynchpin of its hegemony. Because of its predominance, it could dictate the course of other states' development.

During the 1800s all countries were confronted with two options. They could follow Ricardo's concept of comparative advantage and the advice of British industrialists and politicians and integrate into an international division of labor oriented toward Britain, whereby Britain produced manufactured goods for exports and imported resources from other countries. Or they could disregard the benefits of comparative advantage and enact a forced industrialization based on one's own national productive forces. The first option meant, besides the economic arrangement, a political arrangement of colonial or quasi-colonial status. The second option meant potentially political, if not military, conflicts as the country developed economically and politically, becoming an equal to Britain and remaining independent.

List considered that the seductive voice of British economic liberalism would, however, lead to dependence. Free trade was for him a cover-up for unequal relations among nations. That is why he advocated a vigorous and pervasive policy of state-led national development in the latecomer Germany, in which protec-

tionism, investment infrastructure, and a strong emphasis on education were crucial.

For List "the power of producing wealth is infinitely more important than wealth itself," as has been phrased by J.A. Tickner. The development of scientific, technological, educational, and transport infrastructure and industrialization became a necessary adjunct to politics.

Protectionism would vary from country to country and industry to industry and might not be necessary for some industries. The key point for List was for a country to develop its productive powers, even if this meant hardship for consumers—this was only a short-term effect, strengthening industries and benefiting consumers in the long term.

Any state that tries to exert its influence risks disinvestment and capital flight.

The development of productive powers needs political institutions and a state to provide infrastructure, particularly an internal system of transportation. This state depends on an advanced level of agriculture and must be politically integrated. Late-developing countries, as a matter of fact, had an advantage, as they were able to learn from the mistakes in the industrialization strategy of more advanced countries. This is the core of List's strategy.

Local self-reliance and diversity are the purpose of economies and trade. Many would argue, however, that the idea of a domestic economy hemmed in by defined borders and managed by the state is now obsolete. Statistics show that rich countries have become richer, poor countries poorer. The state has little effective influence or control over these forces. Any state that tries to exert its influence risks disinvestment, capital flight, and recession. However, many experts would argue that globalization leads to economic insecurity, financial instability, and ambiguous identities.

First, List believed that free trade was the policy of the strong. Second, statism, the crucial role of the state in the process of industrialization, was necessary for him, and the World Bank agrees with List. Despite neoliberal pronouncements to shrink the state sector as well as the existing rise of supraterritoriality, collapsing states such as Belgium, Lebanon, and Uganda have recovered, and the divisions in Ethiopia, the former Yugoslavia, former Czechoslovakia, and former Soviet Union have led to more sovereign states, not fewer.

Sovereignty traditionally means a claim by the state to be supreme, comprehensive, unqualified, and exclusive over its territorial jurisdiction. This type of sovereignty never fully existed. However, we do live in an "intermestic" (an international and domestic mutually penetrating) world.

Maybe sovereignty has been eroded to a degree, but the state still exists as a main actor, and globalization does not dissolve the state or sovereignty. However, globalization has added global governance, regionalism, and substate transborder relations (ties among Italy, Slovenia, Croatia, and Austria around the area of Trieste, for example).

National governments are sandwiched between global forces and local demands, but what this exactly means for the future is not obvious at all. Hyperglobalists see everybody in poor countries as much as in rich countries as benefiting from globalization; skeptics argue that increased competition, deregulations, privatization, and open capital markets have made many millions poorer in LDCs. List gives an answer about how LDCs should respond to this uneven globalization.

List was fully aware of the pressures on a less industrialized country to follow the rules as developed by the stronger partner. If the developed and less-developed countries were completely isolated from one another, there would be no problem. Just as soon as societies with unequal levels of development come into contact with one another, displacement competition arises.

For R. Wade the success of some Asian countries can only be explained by industrial policies that lead the market and reflect government anticipation of future comparative advantage. This governed-market approach uses price and nonprice methods to channel investment away from unproductive uses, expand technological capacity, strengthen links with foreign firms, and give a directional thrust to selected industries.

These interventions need to be based on a plan for the pattern of trade and industry over time, and this plan must be open to feedback from the market. That is, governments must not help uncompetitive industries indefinitely; assistance in the form of tariff rebates, fiscal incentives, selective credit, and so on must be made conditional on performance. With this "new interventionism," which seeks to guide markets but not to replace them, the Listian strategy has been refined, not refuted.

SEE ALSO: Capitalism; Globalization; Industrialization; Laissez-Faire; Neoliberalism; Ricardo, David; Smith, Adam; Structural Dependency.

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Lithuania

LITHUANIA IS THE LARGEST of the three Baltic States. It borders Belarus, Kalining (a Russian region), Latvia, and Poland. Vilnius is the capital (with a population of 553,000). The population totaled 3.418 million in 2005; however, during the past decade the population has declined. Its ethnicity is 83.5 percent Lithuanians, 6.3 percent Russians, 6.7 percent Poles, and 2.2 percent others. Lithuania's workforce is highly skilled and educated. In 2004, Lithuania became a European Union member and joined the North Atlantic Treaty Organization.

Lithuania was dominated by agriculture until the greatest part of its industrialization took place under Soviet occupation. Lithuania was among the most in-

dustrialized economies of the former Soviet Union, with a per capita Gross Domestic Product (GDP) in the 1990s about 50 percent higher than that of Russia.

After the collapse of the Soviet system in the early 1990s, Lithuania regained its independence. Major economic reforms started right after independence. Reform targets were to liberalize prices and withdraw government subsidies. The Civic Front Party, Sajudis, introduced a voucher program in 1991, which aimed at a fast privatization process with relatively equal distribution of wealth. The Labor Party developed this process in 1993.

Privatization was one of the factors that caused a quick increase in the number of people who were poor. Pensioners, employees, and people occupied in cultural, educational, and agricultural spheres became the losers in the property redistribution process. Finally, privatization caused social polarization, with dangerously growing potential for social group conflict.

Following the adaptation of price liberalization after 1990, however, GDP fell significantly before showing signs of growth in 1994. Prices increased sharply during 1991 and 1992. The official inflation rate soared to 383 percent in 1991 and 1,163 percent in 1992, before moderating to 45 percent in 1994 and 36 percent in 1995. Real wages in the public sector fell dramatically through 1993, and since then have improved slightly. Pressure from the International Monetary Fund (IMF) resulted in more wage controls at the end of 1992.

In the summer of 1993, Lithuania introduced its own currency, the *litas* (LTL), and in April 1994, it implemented a currency board, fixing the *litas* directly to the U.S. dollar. This step was done to give stabilization policy more credibility.

A serious banking crisis in 1995–96 had a big influence on Lithuanian citizens' poverty level. However, a general indicator of the nation's well-being, per capita GDP (in comparative prices), grew by 4.9 percent from 1995 to 1996, and by 5.8 percent from 1996 to 1997. The overall percentage of people living below the relative poverty line decreased from 18 percent in 1996 to 16.4 percent in 2001.

Unfortunately a huge poverty gap exists today between rural and urban areas. In rural areas, the percentage of people living below the relative poverty line has actually increased from 26 percent to 27.3 percent, while in urban areas, the percentage of people living in poverty fell from 14.3 percent to 11.3 percent. The basic problem is that the officially declared relative poverty rate can't be used to reflect the real proportions of poverty problems in the country. For example, living

standards differ two to four times between the city or town and countryside. Approximately 40 percent of the rural population are considered relatively poor.

The average monthly disposable income per capita by residential area increased 25 percent from 326.7 LTL in 1996 to 409.5 LTL in 2001. The disposable income of urban and rural areas increased 29 percent, while that of the rural areas increased only 16 percent.

The government, in November 2002, approved the National Poverty Reduction strategy. Main targets were to eliminate extreme poverty in Lithuania by 2003, reduce relative poverty to at least 13 percent in 2005, and reduce the poverty level of the poorest social groups.

Human Development Index Rank: 39 Human Poverty Index Rank: Not included.

SEE ALSO: Communism; International Monetary Fund; Privatization; World Bank.

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Live Aid

LIVE AID WAS A SERIES of rock music concerts taking place at different venues on both sides of the Atlantic on July 13, 1985, to raise funds for famine relief in Ethiopia. Bob Geldof and Midge Ure organized the event as a response to the public sensation caused by journalist Michael Buerk's BBC documentary in October 1984, which highlighted the horrors brought about by drought and civil war.

Live Aid followed another Geldof-Ure project, the successful charity single record *Do They Know It's Christmas Time*, which, the previous winter, had grouped several important British and Irish performers in Band Aid. The main sites of the event were Wembley Stadium in London, where more than 70,000 people

gathered, and JFK Stadium in New York, where more than 90,000 fans attended. Approximately 1.5 billion viewers in 100 different countries watched the live broadcast, one of the largest television broadcasts in history. Live Aid performers included Status Quo, The Style Council, Adam Ant, Queen, Sting, Phil Collins, U2, The Beach Boys, David Bowie, Elton John, Madonna, Dire Straits, Paul McCartney, Duran Duran, Eric Clapton, Neil Young, B.B. King, Hall & Oates, Mick Jagger, Tina Turner, and Bob Dylan.

Some said that performers were there as much for their careers as for the Ethiopians.

Described as the Woodstock of the 1980s, Live Aid went on for 16 hours. The two main events in London and Philadelphia were closed respectively by Band Aid's Do They Know It's Christmas Time and USA for Africa's We Are the World. The BBC was mainly responsible for broadcasting the event in Europe, while ABC was in charge of the U.S. broadcast.

Throughout the event, Geldof and the television presenters solicited donations from viewers. In the end, Live Aid managed to raise \$245.4 million, which far exceeded initial expectations. The largest donation came from the ruling family of Dubai, and the country that donated the most was Ireland, which at the time was experiencing a severe economic depression. Together with success came controversies.

Dylan's remark on how some of the money raised could go to American impoverished farmers who were losing their business was dismissed by Geldof as "a crass, stupid, and nationalistic thing to say." As often happens at philanthropic events, some speculated that Live Aid performers were there as much for their own careers as for the Ethiopians suffering from famine. This was also the view taken by the irreverent anarchist band Chumbawamba, who ridiculed the event in their record *Pictures of Starving Children Sell Records* (1986).

In addition, concerns were raised on how money was spent, how much of the money actually went to starving populations. In June 2005, just as Geldof's new charitable event, Live 8, was approaching, Fox News TV host Bill O'Reilly claimed that much of the money had in fact gone to the government of the totalitarian Ethiopian dictator Mengistu.

David Rieff espoused the same position in his article "Dangerous Pity," where he wrote, "donors became participant in a civil war." Many reporters indicted cor-

ruption, rather than famine, as Africa's main problem. On its 20th anniversary, Live Aid was also subjected to criticism for the image it projects of Ethiopia and Ethiopians, one that is 20 years out of date and does not take into account the progress made by the country since the 1980s. Celebrations of the anniversary, its critics said, simply scared off prospective foreign investors.

SEE ALSO: Antipoverty Organizations; Charity; Drought; Ethiopia; Famine.

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Living-Standards Measurement Study

THE LIVING-STANDARDS Measurement Study (LSMS) was established in 1980 by the World Bank Policy Research Department (now called the Development Economics Research Group, or DECRG) to explore ways of improving the type and quality of household data collected by government statistical offices in developing countries, in support of the negotiations between the countries and the World Bank and the adoption of national social policies.

The first surveys were fielded in the Ivory Coast (1985), Peru (1985–86), Ghana (1987–88), and Mauritania (1988); now over 30 developing countries have been surveyed. Funding was initially supplied by the World Bank, and by 1987, surveys started to compete for resources from other development agencies, including USAID.

The objectives of Living-Standards Measurement Studies are to gather household data that can be used to assess household welfare and behavior, to develop new survey methods for monitoring progress, to improve communications between analysts and policymakers, and to evaluate the effect of various current and proposed government policies on the living conditions of the population.

The study is organized as a multitopic questionnaire into four major topics or modules: household, commu-

nity, prices, and anthropometric data (largely focusing on children). The modules are adapted to the objectives of specific surveys and to the study area, so that not all modules are included in every survey. Household module measures the broadest set of variables with respect to the individual members, the household, and housing. The various dimensions of well-being are questioned, including attitudes and perception of welfare, and the community module examines the local conditions common to all households in the area.

Major changes in the questionnaire structure took place in 1988, introducing health, education, and migration variables, and performing a scale-dependent assessment by urban population size.

Between 800 and 36,000 households are fielded in each study, which includes research on the following groups of topics: household composition, housing characteristics and tenancy, expenditures, and durable goods owned; ethnicity, language, and religion; education, childcare, literacy and education level, and educational costs and accessibility; health status, care expenses, care use and access, fertility, and mortality; employment, dependent and independent activity, employment status, time use, and wages; and credit sources and amount, savings, and borrowing.

The research also includes receipt of social benefits social assistance, maternity and childcare allowances, vouchers, or subsidies; migration motives, areas, and times; expenditures on food and consumption of food produced by the household, daily expenses on food, food value and items, seasonal products, and monthly and annual expenditures; farming and forestry activities, land use, costs and revenues, inputs, machinery, labor and crop production, and farm capital assets; nonagricultural household activities, type, operation, and investment; other income sources, remittances from abroad, gifts, and pensions; and social capital, social participation, exclusion, and citizenship.

In addition the questionnaires include attitudes toward standard of living, perception of welfare, and poverty and its causes; characteristics of the community, collective actions, transport infrastructure and public transportation, road maintenance, community services (electrical energy, public lighting, piped water, sanitation, waste management, telephone, mail service, community security, public market, recreation), education facilities (preprimary, primary, and secondary), health facilities, and social and environmental problems; prices and availability of food and nonfood products commonly purchased; and child anthropometric data (height and weight).

SEE ALSO: Household Consumption; Household Employment; Household Income; Poverty Research; World Bank.

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Living Wage Campaign

IN THE UNITED STATES, living wage campaigns support the enactment of laws to guarantee that the lowest-paid workers earn enough to support their families. Living wage laws are enacted at the local level and specify minimum per-hour pay rates that are higher than minimum wage rates mandated by national and state laws. By 2005 over 100 local governments in the United States had enacted living wage laws.

The living wage campaign was inspired by a steady erosion of wages for almost all working Americans between the late 1970s and the early 2000s—a process that hit lowest-income workers the hardest. From 1979 to 1999 (the latter year falling during the economic boom of the 1990s), the lowest-paid 10 percent of workers saw their average wages decline by 9.3 percent, while the percentage of workers earning poverty-level wages increased from 23.7 percent to 26.8 percent. During approximately the same period (1977–99), the income of the wealthiest one percent of Americans increased by 115 percent.

In addition to mandating wage levels above the national and state minimums, living wage laws typically apply only to businesses that have government contracts or that get development assistance (such as subsidies or tax credits) from local governments. Supporters of the laws argue that government should not help or do business with firms that pay poverty-level wages. There are two main types of living wage laws. Contrac-

tor-only laws apply to businesses that have contracts with the governmental unit that passed the law. Business-assistance laws apply to any company to which the governmental unit has given some form of assistance, such as tax breaks or subsidies. Of the two types, business-assistance laws appear to have greater effects, both positive and negative.

The principal argument for living wage laws is that they enable the lowest-paid workers to earn enough to rise above the poverty level. The principal argument against living wage laws is that they enable some workers to earn more by causing other workers to become unemployed. Economic theory predicts that, in general, when the price of a good increases, consumers or businesses reduce the amount of the good that they purchase. Applied to labor, this means that if wages increase, businesses will reduce the amount of labor that they purchase, thereby causing unemployment.

Opponents of living wage laws advance this argument to contend that such laws do not, in fact, reduce poverty. Empirical studies of living wage laws paint a more complicated picture. The economic-theory argument assumes that purchasers buy the same good at both higher and lower prices. However, higher-paid workers are more reliable and less likely to quit, leading to lower costs from employee turnover. In addition, living wage laws apply only to the lowest-paid workers who are employed either by government contractors or recipients of government business assistance.

Living wage laws enable the lowest-paid workers to rise above the poverty level.

As a result, living wage laws appear to have a net positive effect. Depending on the type of living wage law and the local economy where it is enacted, the laws often do (but sometimes do not) cause a small amount of unemployment. However, this negative effect is more than balanced by higher wages that lift a greater number of families out of poverty. As one study by S. Adams and D. Neumark observed, "even coupled with some employment reductions, living wages can lift a detectable number of families above the poverty line."

SEE ALSO: Bureau of Labor Statistics; Definitions of Poverty; Employment; Unemployment; Wage Slavery.

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Living Waters for the World

LIVING WATERS FOR the World (LWW) is a mission of the Synod of Living Waters. The synod encompasses all of the churches of the Presbyterian Church in the United States (PCUSA) located in the states of Alabama, Mississippi, Tennessee, and Kentucky. The mission of Living Waters for the World is to train and equip mission groups and others for giving the gift of clean water to communities in need.

Living Waters for the World is seeking to meet a critical need among the poor in the world by installing water purification systems in poor communities. It also develops related educational programs associated with providing clean water. LWW conceives of its mission as a way to address a critical niche in the world's water crisis. Participation in Living Waters for the World's ministry is open to all church denominations and to civic groups. The ministry of providing clean water is a lifechanging activity for many people who participate in the program.

Living Waters for the World was the idea of the Reverend Wil Howie, who had been a psychologist prior to entering the ministry. Called to serve in a church in the Synod of Living Waters, he soon felt led to bring lifesaving "living" waters to people thirsting around the world for clean water. The LWW project began in the early 1990s. The Hunger Network of the Synod of Living Waters adopted it in late 1992. With full synod approval the first project was completed in the spring of 1993 when a purification unit was installed in Reynosa, Mexico.

Living Waters for the World uses a program of church partnerships to locate and install its water purification units. In one of the earliest installations, the Minnesota Valleys Presbytery joined with Occidente Presbytery to install a unit at Sibila in western Guatemala. Roman Catholic, Methodist, and other churches have also participated with mission partners. In addition, Children of the World has helped to install units in India and Haiti. Using mission partners helps the

people who will be using the purification units with more than the material good of a clean water unit. It empowers them with a sense of accomplishment and with an opportunity to build a better life for themselves and others.

The water purification system was designed by a group of Presbyterian engineers. It has been installed in over 50 sites in Mexico, Guatemala, Brazil, Honduras, Haiti, Belize, Nicaragua, El Salvador, and India. In 2005 and 2006 the first installations in Africa and new Asian countries were scheduled to take place. The system is designed to purify water in 300-gallon batches. It can be used at clinics, churches, schools, orphanages, or other places where relatively small groups of people gather. Following the great destruction caused in August 2005 by Hurricane Katrina on the Mississippi Gulf Coast, units of the system were deployed to the area as part of the disaster relief. Presbyterian Disaster Assistance installed and operated units providing much needed water.

SEE ALSO: Christian Antipoverty Campaigns; Presbyterian Hunger Program; Sanitation; Water.

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Locke, John (1632-1704)

BORN IN WRINGTON, Somerset, England, John Locke is well-known for his liberal political philosophies and as the founder of English empiricism. Because he spent a majority of his life in England, Locke's work was influenced by a tumultuous political and religious British reign, his connection to politics and political leaders, and the intellectual works of his European peers. Well educated, Locke had interests ranging from science and medicine to education and politics.

His works primarily addressed theories of knowledge and pedagogy, religious perspectives, educational theory, and political theory. He was the author of several noted publications, including *Two Treatises on Governal*

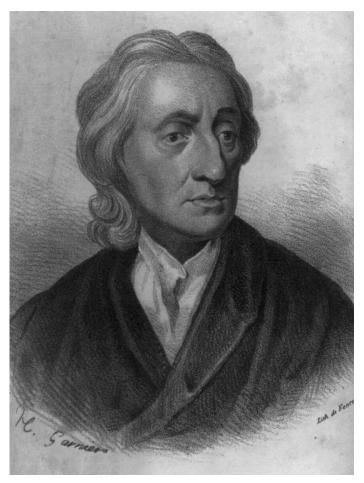
ernment (1690), "Essay Concerning Human Understanding" (1690), "A Letter Concerning Toleration" (1689), and "Some Thoughts Concerning Education" (1693), among others.

Locke's belief in the structure of nature and social life influenced his work profoundly. While it was popular belief at the time that people were born with innate knowledge, particularly in regard to God and moral codes, Locke was of the belief that our knowledge of these matters stemmed from our experiences. It was through our personal experiences that our understanding of natural order would enforce conceptions of religion and morality.

It was his belief in a "natural order" that also set Locke apart from many of his day. Locke believed that even without the intense regulation enforced within a civilized society there was a certain structure to social life, and this was accompanied by inalienable rights assured to humanity. It is from this belief in humanity's inalienable rights to "life, liberty, and estate" (estate can be taken to mean property) that Locke's work had profoundly influenced the construction of many societies' political ideologies and structures (notably within the Constitution of the United States).

Locke argued that part of a government's mission was to protect the property of its subjects. This argument was enforced by his belief that the ownership of property was part of God's divine plan. Locke, within his second Treatise of Government, did not particularly expand or explain this assertion. Nor did he explain why the Creator's plan could not be interpreted to imply communal ownership of property or the means of production. Further, Locke argues that a person's labor was part of his property, of which a person had the right to sell this property (that is, labor), and that the products of this labor would then belong to the purchaser of said labor (capitalists)—this is in some respects a contradiction of Locke's assertions of a natural order and the nature of ownership and serves as a particular limitation to his theoretic work.

While Locke did believe in the natural virtuosity of man, he also supported the existence of government. From his perspective government should be tasked with the protection of property, but should also serve as a means to foster and inform the virtue of man. Locke did not specifically argue against the conception of rule via divine right (as was seen in many of the monarchies of his day); he did, however, argue that those being governed should consent to being ruled. Thus the government or system of rule was to be enforced and legitimized by the consent of the people. This would



John Locke's political philosophy raised the question of government's responsibility to relieve poverty, among other social ills.

not only enforce legitimacy of the ruler or government but would encourage moral leadership.

Within his second *Treatise of Government*, Locke articulated the first modern theory of popular sovereignty. He argued for the necessity of government to serve as a trustee to the people and that its power should be regulated and limited in scope. Thus, the purpose of government should be directed by the pursuance of the good of the people, and that the governed should have the ability and right to challenge, or transform, a government that is not serving these purposes. It is within this framing that revolutions and restructuring of government can be justified. In this government pursuance of the good of the people, Locke was also stating that government had a responsibility to relieve the people's poverty, among other ills of society.

Locke is noted for distinguishing various functions of government, in particular into the branches of executive, judicial, and legislative. Locke believed that the greatest political power should be placed with the executive branch to help ensure the responsiveness of the government to the will of the people. But by having various branches, this would help foster a balance of power within the governing system. While in his earlier works Locke defended the right of government to legislate religious ceremony, he later was convinced of the importance to draw boundaries between civil and religious societies. If a government were allowed to dictate religious behaviors and beliefs, it would be difficult to limit legislation in other aspects of social life.

His perspectives on property ownership and government structure have proven Locke's continuing importance in world political and economic structures. Many governments, perhaps most notably Britain and the United States (as well as other previous British colonies), have political foundations rooted in Locke's political philosophies. These foundations continue to enforce ideologies of innate human rights to property and wealth worldwide.

SEE ALSO: Exclusion; Paternalism and Welfare; United Kingdom; United States.

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Low-Income Cut-Offs

A LOW-INCOME CUT-OFF, or LICO, is an income threshold used to identify those having low-income status. The term usually refers to Statistics Canada's official LICO. Statistics Canada describes a LICO as an income threshold below which a family will likely devote a 20 percent larger share of its income to the necessities of food, shelter, and clothing than would the average family. Unlike most income poverty lines, the LICO thresholds were designed to change as consumption norms changed. As a result the LICO is unusual in being a relative measure of low income that identifies individuals who are unable to meet relatively determined basic needs. In the absence of an official poverty

line, the LICO has become the most popularly reported poverty line in Canada.

BACKGROUND

During the 1960s, the U.S. War on Poverty introduced new social policies and programs and the first official U.S. poverty line. In Canada a similar campaign led to the redesign and expansion of Canada's social safety net and the introduction of the first official LICO. Like the U.S. poverty line, Canada's new LICO was conceived as a critical measurement tool in the battle against poverty. Not surprisingly the methodology adopted for determining the LICO was strongly influenced by the recent development of the U.S. official poverty line and its identification of thresholds at which income becomes inadequate to afford basic needs.

Beginning with S.B. Rowntree, the most common way to establish such income sufficiency thresholds was to construct minimum budgets that provided for basic needs. In addition to being intuitively appealing, the budget approach had the advantage of allowing income adequacy to be adjusted according to family size, age composition, place of residence (farm or urban), and regional prices. While Mollie Orshansky based the official U.S. poverty line on a budget approach, Jenny Podoluk sought a different method for constructing Canada's LICO thresholds.

An important reason for Podoluk's decision to develop an alternative to the budget approach was mounting evidence that "the standards set as needs usually rise as over-all real incomes rise." Podoluk was also aware of the idea that subsistence budgets were strongly influenced by current consumption norms and the current level of societal concern with poverty, and with the review of the many conceptual and statistical barriers to estimating minimum budgets. Podoluk was also concerned by Orshansky's discovery that small and reasonable changes in budget allowances could increase the measured number of identified poor by up to 50 percent.

While Podoluk rejected the budget approach, she accepted the view that income adequacy to afford basic needs was an important characteristic of any income sufficiency threshold. As she put it, "the poor are those who do not have sufficient income resources to satisfy these needs." Since poverty lines tended to rise with general living standards, Podoluk proposed that any threshold for income adequacy should reflect the affordability of relatively determined basic needs. The new methodology for establishing the LICO was there-

fore intended to establish a relative standard of basic needs consumption, determine income adequacy to afford these relatively determined basic needs, allow income adequacy to be adjusted according to needs that varied with family size, and do this while avoiding the problems identified with the U.S. budget approach. In addition, by focusing on low-income status instead of poverty, the new LICO was also intended to avoid the unsatisfying and irresolvable debate over whether poverty standards should be absolute or relative. Low income is less controversially a state of relative deprivation, and Statistics Canada has consistently argued against interpretation of the LICO thresholds as poverty lines.

THE LICO METHODOLOGY

Podoluk began her identification of low-income status by looking at how Canadian families spend their income. The 1959 Survey of Family Expenditures (FAMEX) indicated that, on average, about 50 percent of family income was devoted to food, housing, and clothing purchases. Generalizing on Engel's Law, Podoluk noted that the fraction of income devoted to these "necessities" tends to rise as income falls, while the income available for discretionary consumption declines. Rather than appeal to an expert scale or budgetary allowance, Podoluk adopted a deliberately arbitrary standard in which a family would be judged to be in "straightened circumstances" if necessities expenditures tended to consume a 70 percent or larger share of their income.

There is a possibility that the LICO might be abandoned by Statistics Canada.

The 1959 FAMEX data revealed that food, shelter, and clothing expenditures reached 70 percent of family income when families of size 1, 2, 3, 4, and 5 or more had incomes of \$1,500, \$2,500, \$3,000, \$3,500, and \$4,000 respectively. These thresholds were then adjusted using the Consumer Price Index (CPI) to 1961 prices and applied to family income data from the 1961 census to estimate low-income rates. Subsequently, inflation-adjusted LICO thresholds were applied to family income data from the Survey of Consumer Finances (SCF) to get low-income rates for noncensus years. The result was the first comprehensive view of Canadian patterns of poverty.

In 1971 the Special Senate Committee on Poverty in Canada criticized the simple updating of the LICO thresholds using the CPI as failing "to take account of changing socioeconomic conditions over the last decade in Canada." The response by Statistics Canada was to use the most recent FAMEX evidence to "rebase" the LICO thresholds using a four-step procedure:

- 1) Estimate the average proportion of income spent on necessities (defined as food, shelter, and clothing) from the FAMEX survey.
- 2) Add 20 percent to this average proportion to get the cut-off proportion of income spent on necessities.
- 3) Estimate a log-linear Engel curve for different family types whereby family types are distinguished by the size of the family and the size of the community of residence. (Region of residence categories were explored but not implemented.)
- 4) Use the estimated Engel curve to identify the income level corresponding to the cut-off proportion for each family type. For each family type, this income level then became the Low-Income Cut-Off (LICO) for identifying families having low-income status.

Using this method, the LICO thresholds were rebased using the 1969, 1978, 1982, 1986, and 1992 FAMEX, though the 1982 LICO thresholds were not published. In the years between the FAMEX surveys, the LICO thresholds were indexed upward using the CPI to adjust for inflation. In each instance, the LICO thresholds were intended to be interpreted as identifying low-income status, whereby low-income status was having a family income in which a disproportionately high share was consumed in the provision of necessities. Not surprisingly, rising living standards have caused the proportion of income spent on food, shelter, and clothing to fall for the average family from 50 percent in the 1959 FAMEX to about 35 percent in the 1992 FAMEX. Therefore the most recent LICO thresholds are intended to represent an income level at which at least 55 percent of income is required to meet expenditures on necessities.

Statistics Canada has also introduced an after-tax LICO that is intended to improve on the original LICO in two ways. First, the distribution of after-tax incomes better reflects the redistributive impact of tax and transfer policies. This makes it a better measure of the effectiveness of redistributive policies in helping the poor. Second, the purchase of "necessities" is made with after-tax dollars.

The number of people in low-income families is estimated by applying the LICO thresholds to the major available survey on family income. Until 1996 this was

usually the Survey of Consumer Finances (SCF). Subsequently the Survey of Labor and Income Dynamics (SLID) has become the primary source for family income data. This estimate is then used to calculate the low-income rate and the low-income gap.

The low-income rate is calculated by dividing the estimated number of people in low-income families with the total population. Low-income rates are also regularly calculated for subgroups identified by age, sex, region of residence, family type, and other categories of interest. For instance the low-income rate for children is calculated as the number of children in low-income families divided by the total number of children.

The low-income gap is calculated as the average difference between a low-income family's income and its associated LICO threshold. For example a family with an income of \$20,000 and a LICO of \$25,000 would have an income gap of \$5,000 and the low-income gap would be the average income gap of all families. The low-income gap is also expressed as a percentage. For instance the family with an income of \$20,000 and a LICO threshold of \$25,000 would have an income gap of 20 percent, and the low-income gap is the average percentage gap of all families.

Despite Statistics Canada's caution against interpreting the LICO thresholds as poverty lines, LICO-based statistics have become widely used indicators of poverty trends. This is not that surprising. The LICO was the first official indicator of low-income status, and the statistics generated from the LICO have provided a long and familiar set of time series that have proven very useful in identifying trends in the earnings of low-income Canadians.

In the absence of an international consensus on what poverty is, it becomes impossible to test how effective LICO-based statistics are in tracking poverty. For the same reason, alternative measures of low income cannot be shown to be better proxies of poverty. In the absence of such a standard, past practice argues in favor of continued reliance on familiar LICO-based statistics by groups interested in poverty.

Third, the well-defined LICO methodology requires fewer expert judgments than earlier budget approaches, which encourages the view that the LICO is a stable and intuitive test of low-income status. For instance the Canadian Council on Social Development (2001) and the National Council on Welfare (2004) both defend the continued use of the LICO. Important contrary voices do exist, with C. Sarlo and Kari Norman being prominent among those who advocate replacing the LICO.

While LICO-based statistics have become popular indicators of poverty trends, the LICO does not approach the status of the official U.S. poverty line. In particular, LICO thresholds have not been used as qualifying thresholds for means-tested social program entitlements. In Canada, provincial and local governments administer most social programs aimed at the poor and each jurisdiction uses its own set of qualifying thresholds. While the LICO is not used as a qualifying threshold for accessing social programs, it is used as a minimum standard for assessing financial capability to sponsor an immigrant under the family class sponsor-ship program.

PROBLEMS WITH THE LICO

Despite the popularity of the LICO, it has a long list of well-understood weaknesses. Perhaps the most obvious defect is that there is a predictable discontinuous jump in the poverty rate every time the LICO thresholds are rebased. This is related to a deeper problem: the years in which the LICO thresholds are rebased provide a measure of change in relative poverty, while the years in which the LICO thresholds that are merely indexed upward using the CPI provide a measure of change in absolute poverty. The combination of irregular rebasing and annual indexing creates considerable confusion about what the LICO is actually measuring.

The obvious solution to this dilemma is to rebase the LICO annually. Explored by scholars, this option became possible when the annual Survey of Household Spending replaced the irregular FAMEX in 1997. Statistics Canada has not chosen to pursue this option, leaving those interested in tracking poverty to find other solutions to the rebasing jump. The most common solution is to simply choose LICO thresholds from a single base year, and only adjust these thresholds for inflation. The cost of this solution is that each LICO threshold becomes an absolute standard that, over time, becomes increasingly disconnected from its usual interpretation. In addition the choice of base year can influence conclusions concerning how serious poverty is and how effective policy is in ameliorating the poverty problem.

Other common complaints with the LICO relate to the arbitrariness of many of the assumptions used in calculating the LICO thresholds. For instance the addition of 20 percent to the average in determining the cut-off proportion of income spent on necessities is not sufficiently justified, nor is the convention of categorizing all food, housing, and clothing expenditures as "necessities" and all other purchases as discretionary

goods. Another set of concerns is associated with what is excluded in the definition of pre- and posttax family income. For instance implicit rents accruing to those who own their own homes are excluded from family income, as are public goods, household goods, and unrealized capital gains. While direct taxes are included in the calculation of posttax income, the impact of sales taxes on consumption possibilities is excluded. Finally the exclusive use of an annual period of accounting tends to cause the duration of poverty to be overlooked. Studies have shown that reasonable changes to any of these measurement conventions can have a meaningful impact on where the LICO thresholds would be drawn and the extent of low income as measured by the LICO rate and gap.

Another set of complaints is associated with the use of the Engel curve in constructing the LICO thresholds. M.C. Wolfson and J.M. Evans point out that the modified Engel's Law relationship between the log of income and the log of expenditures on "necessities" is quite weak. This suggests that estimates of the share of family income devoted to necessities are not reliable, and that welfare judgments resting on these estimates are of dubious worth. Added to this is G. Anderson's evidence that the log-linear equation used to estimate the Engel curve is misspecified, which invalidates the standard interpretation of the LICO thresholds.

Other complaints include the way that the average expenditure on necessities is calculated, differences in the definition of the family income unit in the FAMEX and SCF, the difficulties in making international comparisons with low-income or poverty, and the lack of an absolute low income cut-off. Statistics Canada has responded to the last two criticisms by developing two new low-income cut-offs to supplement LICO-based low-income statistics, and it is to this that we next turn.

LICO AND OTHER THRESHOLDS

The problems with the LICO have encouraged Statistics Canada to develop alternate methodologies for identifying families who have low-income status. One proposal prompted Statistics Canada to introduce the Low-Income Measure (LIM) as the first alternative to the LICO. The LIM is estimated as 50 percent of the median of an adult equivalence scale-adjusted family income distribution. Any family whose adjusted family income falls below this threshold would be considered a low-income family.

There are a number of advantages to the LIM. First, the intuition is simpler and less likely to be misunderstood. Second, all that is required is survey information on family income and family size. This allows many of the problems associated with the LICO (from irregular rebasing up to income unit differences across surveys) to be avoided.

Third, it is more a purely relative measure than the LICO. Finally, it is closer to the methodology advocated by other nations, and as such is more internationally comparable.

One problem with the LIM is that it is not in any way tied to the ability to afford necessities. In fact the LIM makes no attempt to adjust for price variation between communities. This is a problem for the many users of low-income statistics who feel that the affordability of necessities should matter in determining low-income status.

Statistics Canada recently introduced the Market Basket Measure (MBM) of low income to address this and several other concerns. Under the MBM, low-income status is identified with having an income that is inadequate to afford a basket of food, shelter, clothing, transportation, and other "necessities" required for participation in the life of the community. This basket was constructed using the recommendations of a number of expert panels, and it includes many necessities beyond those required for mere subsistence.

The basket is then priced to reflect the cost of living for a family of two adults and two children according to region of residence and size of community of residence. For families of different sizes, the cost of the basket is then adjusted using an adult equivalence scale. The resulting MBM income thresholds provide an absolute measure of low-income that complements the purely relative measure of the LIM.

These new measures raise the question of what should be done with the LICO. While the LICO has enjoyed popularity as Canada's unofficial poverty line, Statistics Canada has been uncomfortable with this use, especially given its many problems. Certainly Statistics Canada has shown no enthusiasm for rebasing the LICO, despite the introduction of a new survey in 1997 that allows annual rebasing.

Given that the LIM and the MBM are more intuitive and suffer from fewer methodological problems, there is a real possibility that the LICO will eventually be abandoned by Statistics Canada.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Canada; Consumption-Based Measures of Poverty; Cost-of-Living-Based Measures of Poverty; Duration of Poverty; Relative-Income-Based Measures of Poverty.

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Lumpenproletariat

LUMPENPROLETARIAT in Marxist terms is the opposite—with a negative meaning—of proletariat. In Marxist theory capitalists and proletarians are distinguished by the ownership and nonownership of the means of production. Whereas nobility in a feudal society was inherited, the status of capitalist and proletarian is in principle "open," that is, the capitalist losing his ownership of means of production may become a proletarian (and, more seldomly, vice versa). The ownership of means of production is the determinative factor for a categorization into a class within a class society, but class-consciousness also plays a role. A proletarian is defined not only by his nonownership of the means of production, but also by his self-consciousness of his belonging to a certain class, that is, his class-consciousness.

A member of the lumpenproletariat could be described as a proletarian without class-consciousness.

Within the large number of Marxist theorists, this is probably the most common denominator for lumpen-proletariat. In an early stage of capitalist development, peasants no longer are active as peasants, but are not yet in the workforce within urban industries and might count as lumpenproletariat, too. But as lumpenproletariat always has a pejorative meaning, the simple fact of the economic condition of people would generally not qualify alone for the label lumpenproletariat.

The German Marxist tradition of the late 19th and early 20th centuries led to the emergence of a large labor movement, both in unions and in a political party (SPD, Social Democratic Party of Germany). Within this tradition the unorganized proletarian could be regarded as a "member" of the lumpenproletariat, as his economic condition should have led to the development of a class-consciousness, which would have forced him to organize. His failure to develop this class-consciousness disqualifies him as a "real" proletarian, and he becomes a "lumpenproletarier" or "lumpenprolet."

The emerging anti-Semitism in the late 19th century (as opposed to the older anti-Judaism of Catholic origin) was interpreted by many Marxists as a form of propaganda by the capitalists. Nevertheless anti-Semitic opinions were widespread within the labor movement itself, which led some theorists to link the notion of lumpenproletariat with anti-Semitic proletarians (this link was especially outlined by August Bebel, the pre-World War I leader of the SPD). In this use of the term lumpenproletariat the failure to develop class-consciousness by some of the proletarians leads to the tortuous path of a racial (supremacy) doctrine instead of a social explanation of economic inequality.

In the Leninist Soviet Union and later within the whole Eastern bloc, the term *lumpenproletariat* was used as part of the Marxist terminological legacy. Nevertheless the Leninist development of Marxism made the term on some occasions inappropriate, as the Leninist approach to a revolution in a not-yet-industrialized country (Russia) made the whole Marxist notion of proletariat (and hence lumpenproletariat) theoretically problematic.

The Soviet-style revolution of 1917 was made before *proletariat* in the Marxist meaning had emerged on a large scale in Russia. In the transformation process following the revolution (and not preceding it), millions of people passed through economic conditions that bore a resemblance to the traditional meaning of *lumpenproletariat*.

Therefore the term was seldom used to describe people within their own (socialist) society, but as a label for noncommunist labor movements in capitalist states it was still a perfect propagandistic term.

SEE ALSO: Communism; Engels, Friedrich; Germany; Marx, Karl; Russia; Social Exclusion.

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Luxembourg

FOUNDED IN 963, Luxembourg became an independent state under the Netherlands in 1815 and established itself as the Grand Duchy of Luxembourg. By 1867, Luxembourg had attained full independence. Despite taking a position of neutrality in World War I and World War II, the country was invaded by Germany in both wars. Luxembourg retreated from its position of neutrality after World War II and joined the Benelux Customs Union in 1948, followed by membership in the North Atlantic Treaty Organization in 1949. As one of the founding members of the European Community, now known as the European Union, Luxembourg maintains close economic ties with its European neighbors.

Luxembourg's economy is highly diversified within the service sector, and 86 percent of the labor force are involved in services. The financial sector provides around 22 percent of the Gross Domestic Product (GDP). Some 13 percent of the labor force are employed in industries that include steel, chemicals, and rubber. Out of a labor force of 293,700, some 105,000 workers commute daily from neighboring countries, chiefly France, Belgium, and Germany. Many of Luxembourg's largest banks are foreign-owned, and foreign investors play a major role in economic growth in Luxembourg. Around one percent of the labor force are employed on small family-owned farms.

With a per capita annual income of \$58,900, Luxembourg is by far the richest nation in the world. Its closest contender for this position is the United States, with a per capita income of \$40,100. Luxembourg's prosperity is a result of solid growth, low inflation (2.4 percent), and low unemployment (4.5 percent). Economic prosperity has allowed Luxembourg to provide a high standard of living for its population of 468,571. Nevertheless inequalities do exist. The poorest 20 percent of the population live on 8.4 percent of the nation's resources while the richest 20 percent claim 38.9 percent of resources. Luxembourg is ranked 30.8 on the Gini Index of Human Inequality.

After the government collected data to analyze social exclusion in 1989, new legislation was passed to guarantee a minimum income to all citizens. Initially 63 percent of social assistance recipients were female and 37 percent were male. In 2002, 57 percent of the recipients were female and 43 percent were male. Around 13 percent of single-parent families receive social assistance, and almost 96 percent of those families are headed by females.

Elderly women are also likely to need government aid because many of them accrued little or no benefits while raising children. In the total population, six percent earn less than 50 percent of the median income, and 0.3 percent live on less than \$11 a day.

Luxembourg is by far the richest nation in the world.

Life expectancy is high at 78.74 years. In general, women enjoy a projected life span (82.24) that is seven years longer than that of males (75.45). The median age is 38.51 years. Nearly 19 percent of the population are under the age of 14, and over 14 percent have reached the age of 65. All citizens have access to safe drinking water and improved sanitation. Healthcare is widely available, and there are 254 physicians for every 100,000 residents. From 95 to 100 percent of the population have access to affordable essential drugs.

Between 1970 and 2005, infant mortality in Luxembourg declined from 19 to 4.81 deaths per 1,000 live births. Among all children under the age of 5, the mortality rate fell from 26 to five deaths per 1,000 during that same period. Four percent of all infants are underweight at birth. Childhood immunization rates for children between birth and 23 months range from 91 to 99 percent. Education is compulsory, and most children attend school for 14 years. All of the Luxembourg population over the age of 15 is able to read and write.

Sex education is taught in the schools in Luxembourg, and birth control information has been widely disseminated. As a result the fertility rate is low. Women bear an average of 1.79 children each. Among teenage mothers, the fertility rate is 15 births per 1,000. Trained medical staff attend all births. According to modeled estimates for 2000, maternal mortality occurs at a rate of 28 deaths per 100,000 live births.

Human Development Index Rank: 4 Human Poverty Index Rank: 8 (HPI-2)

SEE ALSO: Aged and Poverty; European Union Definition of Poverty; Foreign Direct Investment; Women and Poverty.

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Luxembourg Employment Study

THE LUXEMBOURG Employment Study (LES) is a database containing labor force characteristics. It was created in the 1990s by means of surveys. The study gathered a large amount of data on individuals in families. The 13 major categories of data are: demographic, work status, employment characteristics of the main job, information about a second job, previous work experience of person not in employment, searching for employment, situation of inactive persons, education and training, situation one year before survey, labor force status, earnings and income, technical items, and slot variables.

Within each of the 13 categories of the survey are 90 places for information to be gathered for each person. For example, within the demographic category data were gathered on relationship to reference person in the household, sex, age, marital status, nationality,

years of residence in this country, country of birth, ethnicity, region, urban or rural indicator, household type, family type, number of persons in household, number of children in household, number of employed in household, number of pensioners in household, and usual/main economic status.

The LES uses several international classification systems to evaluate the people in the survey. These classification systems include the International Standard Classification of the Occupations (ISCO), the General Industrial Classification of Economic Activities within the European Communities (NACE), the International Standard Industrial Classification of all Economic Activities (ISIC), and the International Standard Classification of Education (ISCED).

The LES gives researchers a powerful tool for understanding labor conditions.

Nearly two dozen European countries and the United States have participated in the study. The data are now available for researchers. LES provides a database of labor force surveys that allow different features of the labor market to be analyzed in a comparative way. For example a researcher might be interested in unemployed, middle-aged women out of the labor force with some education. The data were standardized and digitally stored by the government of Luxembourg in its mainframe computer at the Centre Informatique de l'Etat.

Using SPSS or SAS programming language, a researcher can analyze the data with an individually designed research design. Users of the system are required to register and to sign a statement obligating them to properly identify themselves and to conduct only ethical research.

Since the data are computerized it allows researchers to probe the database with questions. The database is so constructed that national microdata and standardized data are available, but access to the original surveys is not available, thus guaranteeing privacy to the original individual respondents to the survey.

Researchers using the LES include academics, marketing firms, labor researchers, and financial institutions such as the Federal Reserve Bank of Dallas, Texas. The ability to analyze new data with the standardized data of the LES gives such researchers a powerful tool for understanding current labor conditions and the prospects for future trends.

SEE ALSO: Luxembourg; Luxembourg Income Study; Poverty Assessment; Poverty Research.

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Luxembourg Income Study

THE LUXEMBOURG INCOME Study (LIS) is a project that brings together household surveys from 25 countries (surveys from four other countries are under negotiation) into a common database to make studies of international economic comparisons easier. For instance, it includes current population surveys from the United States, French surveys of income, and a Hungarian income study. LIS was founded in 1983 under the joint sponsorship of the government of the Grand Duchy of Luxembourg and the Centre for Population, Poverty and Policy Studies (CEPS).

LIS is a nonprofit cooperative project with a membership that includes 29 countries in Europe, the Americas, Asia, and Oceania, with members ranging from industrialized countries to those in transition to ones in the developing stage. LIS is funded primarily by the national research foundations of its members. Its main objective is to construct a comprehensive and useful database that can be considered as the best source for international comparative studies.

To further the objective, LIS initiated in 1994 the Luxembourg Employment Study (LES), which has constructed a databank containing Labor Force Surveys from the early 1990s from countries with quite different labor market structures. These surveys provide detailed information on areas like job search, employment characteristics, comparable occupations, investment in education, and migration. In 2003 the Luxembourg Wealth Study (LWB) was initiated with the goal of constructing cross-national comparable datasets from existing data, establishing a network of producers of microdata on household worth, and the production of guidelines for data producers.

The LIS, LES, and LWB collect datasets, that is, sample surveys that have already been collected by the Central Statistical Offices of the various member countries. The micro-datasets received are then transformed according to a variable structure in order to make them comparable across countries.

In other words, LIS, LES, and LWB are databases that put together and make comparable surveys of different countries for cross-country research purposes. The database includes household-income surveys that provide demographic, income, and expenditure information on three levels: household, person, and child. The average survey includes about 9,000 households, with more than 20,000 individuals.

The LIS uses over 200 variables, but not all of them are included in each survey. Because of the confidentiality of the information, users must register with the LIS to be given access. Registration must be done through its official website. A researcher working for an academic, government, or nonprofit organization affiliated with an LIS member country is allowed unlimited free usage of the LIS/LES database. The LIS member countries pay usage fees on behalf of their researchers. A link to a list of member countries is available on the LIS website.

SEE ALSO: Income Distribution Theories; International Nongovernmental Organizations; Luxembourg; Luxembourg Employment Study; Public Policy.

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Luxemburg, Rosa (1870-1919)

ROSA LUXEMBURG, THE youngest of five children of a lower-middle-class Jewish family, was born Rosalia Luxemburg in Zamosc, in the Polish area of Russia. Her

family moved to Warsaw in 1988, where she finished Girl's Gymnasium in 1887. She became interested in politics while still at school and joined Proletariat, a left-wing Polish party, in 1886. In 1889 Rosa emigrated to Zurich, Switzerland, where she studied law and political economy along with many other socialist revolutionaries, including Anatolii Lunacharsky, Alexandra Kollontai, George Plekhanov, Leo Jogiches, and Pavel Axelrod. She joined Leo Jogiches and Julius Karski to form the Social Democratic Party of Poland in 1893, and edited the party's newspaper, *Sprawa Robotnicza* (*Workers' Cause*) in Paris, France.

After gaining her German citizenship by marrying Gustav Lubeck in 1898, Rosa settled in Berlin, where she joined the Social Democratic Party of Germany (SDP). With Karl Kautsky she attacked the revisionism of Eduard Bernstein, who argued that the best way to obtain socialism in an industrialized country was through trade union activity and parliamentary politics. In 1905 Luxemburg became the editor of the SPD newspaper, *Vorwarts* (*Forward*). From 1904 to 1906 she was imprisoned three times for her revolutionary activity. Luxemburg's experiences during the failed revolution of 1905 led her to believe that a socialist revolution can take place not only in an advanced industrialized country such as Germany or France but also in an underdeveloped country like Russia.

Luxemburg taught Marxism and political economy at the Social Democratic Party School in Berlin between 1907 and 1914. Her continuing advocacy of a violent overthrow of capitalism by general strike alienated her from previous party leadership, personified in Karl Kautsky and August Bebel.

Opposed to German participation in World War I, she organized demonstrations calling for public disobedience. Because of her antigovernment activities she was sentenced to a year in prison. Nevertheless, the unanimous support of war subsidies by the SDP deputies meant a bitter and personal defeat for Luxemburg. In August she joined with Karl Liebknecht, Franz Mehring, and Clara Zetkin to establish an underground political organization called Internationale, which became Spartakusbund (Spartacus League) on January 1, 1916. The name of the organization symbolized the struggle of Spartacus, a Thracian slave, against the Roman Empire. Luxemburg herself took the name Junius, after Lucius Junius Brutus, alleged founder of the Roman Republic.

On May 1, 1916, after the Spartacus League came out into the open and organized demonstrations against World War I in Berlin, Luxemburg was arrested and im-

prisoned. While in prison, Luxemburg wrote *The Russian Revolution*, and criticized Vladimir Lenin and the dictatorial and terrorist methods being used by the Bolsheviks in Russia.

Luxemburg was released on November 9, 1918, when Max von Baden granted amnesty to all political prisoners. Two months later on January 1, 1919, Luxemburg, Karl Liebknecht, Leo Jogiches, Paul Levi, Ernest Meyer, Franz Mehring, and Clara Zetkin established the German Communist Party (KPD). A badly designed uprising, which both Luxemburg and Liebknecht opposed, erupted a few days afterward. Friedrich Ebert, the leader of the Social Democrat Party and Germany's new chancellor, called in Freikorps, the nationalist volunteer force, to put down the rebellion. By January 13 the rebellion had been crushed and most of its leaders were arrested. Luxemburg and Liebknecht were executed without trial on January 15, 1919.

The revolution, to fight in its battles—this was her highest happiness.

Luxemburg's life was one of an unwavering socialist revolutionary. Clara Zetkin, Luxemburg's comrade and contemporary, described her as the person whose great ambition was to pave the way for socialism. To experience the revolution, to fight in its battles—this was her highest happiness.

Among Luxemburg's numerous works, her book on economic imperialism, *The Accumulation of Capital* (1913), has been the best known and most influential. In this heavy reading for an individual unfamiliar with classic Marxism, Luxemburg advances a classic Marxian thesis from his *Kapital* that "the last cause of all real crises always remains the poverty and restricted consumption of the masses as compared to the tendency of capitalist production to develop the productive forces in such a way that only the absolute power of consumption of the entire society would be their limit."

The essence of her argument has been that capitalism is dependent on the continuous penetration into noncapitalist societies and economies. This capitalist penetration, according to Luxemburg, will deepen and broaden the market in the noncapitalist economies and increase demand for goods and services from industrialized countries, thus increasing production, decreasing unemployment, and increasing workers' wages in the industrialized economies. Thus one can argue that Lux-

emburg's views on capitalism were those of the perpetual and simultaneous generation and alleviation of poverty on a global scale.

SEE ALSO: Capitalism; Communism; Engels, Friedrich; Germany; Marx, Karl; Russia; Socialism.

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WORLD POVERTY



Macedonia (FYROM)

MACEDONIA IS A FORMER constituent republic of the Socialist Federal Republic of Yugoslavia, having a population of 2,042,262 (2005). Because of a name conflict with Greece, Macedonia's official name is Former Yugoslav Republic of Macedonia (FYROM). According to the 2002 census, the majority of the population are ethnic Macedonians (64.2 percent), ethnic Albanians (25.2 percent), ethnic Turks (3.9 percent), and Serbs (two percent). The official language is Macedonian, along with Albanian, Turkish, Roma, and Serbian in the areas where these ethnic groups constitute at least 20 percent of the population. The poverty level in Macedonia remained significant in 2005, with approximately 23 percent of the total population living below the national poverty line.

According to the International Monetary Fund, "Poverty in Macedonia today is the result of two factors: fall in aggregate consumption during the 1990s; and rise in inequality in its distribution. Factors that have contributed the most toward deterioration of the economic and social well-being of the population, according to existing research, are the following: drastic decrease in economic activity; fall in real wages, pen-

sions, and other social incomes of the population; increase in income differences among groups of the population; implementation of privatization and other structural reforms, which have produced an army of unemployed workers; and solvency and liquidity problems of banks and enterprises as well as the high deficits of the off-budget social funds."

HISTORY

South Slavs moved into the ancient province of Macedonia in the 6th century. The region was continuously contested by Bulgaria, Serbia, and the Byzantine Empire. In 1345, Serbian Emperor Dušan the Mighty proclaimed Skoplje, the largest city in Macedonia, the capital of Serbia.

However, the region was conquered by the Ottoman Turks at the end of the 14th century. The Balkan wars (1912–13) were followed by the division of Macedonia among Serbia, Bulgaria, and Greece. Vardar Macedonia became a part of Serbia, known as South Serbia, and after World War I it was incorporated into the Kingdom of the Serbs, Croats, and Slovenes.

During World War II, Macedonia was divided between Bulgaria and the Italian-sponsored puppet state

of "Greater" Albania. After the war, the communist government of Yugoslavia granted federal status to the territory of Macedonia and created a new ethnic Macedonian identity.

Macedonia peacefully seceded from Yugoslavia in 1992, but was soon embroiled in an internal dispute between ethnic Macedonians and ethnic Albanians. Open hostilities between government forces and Albanian insurgents erupted in March–June 2001. A North Atlantic Treaty Organization (NATO) monitoring force, and diplomatic intervention ended hostilities by granting the Albanian minority substantial political, cultural, and territorial autonomy.

Macedonia was the least developed of the Yugoslav republics. Lack of infrastructure; United Nations sanctions on Serbia and Montenegro, Macedonia's largest trading partner; and a Greek economic embargo over a dispute about the country's constitutional name and flag hindered economic growth until 1996. While Gross Domestic Product (GDP) subsequently rose through 2000, economic development was undermined by the ethnic Albanian insurgency of 2001. The economy shrank 4.5 percent and hardly recovered with an estimated rate of 1.3 percent in 2004. The GDP annually per capita is \$7,100 (purchasing power parity) and unemployment is 36 percent.

Human Development Index Rank: 59 Human Poverty Index Rank: Not included.

SEE ALSO: Communism; Economic Liberalization; European Union Definition of Poverty.

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Macroeconomic Policies

MACROECONOMIC POLICIES can be defined as sets of rules or regulations aimed to influence or control macroeconomic variables, such as aggregate income, unemployment, growth, and the general level of wages, prices, and interest rates. Macroeconomic poli-

cies can be broadly divided into demand-management policies and supply-management policies.

Demand-management policies are indirect management policies by which a government attempts to influence the level and composition of income and output, indirectly through the control of velocity, the money supply, and interest rates. Fiscal policy, monetary policy, and debt-management policy represent these types of economic processes.

Fiscal policy generally refers to the use of taxation and government expenditure to regulate the overall economic activity. Consequently if unemployment is high, income and expenditure taxes may be varied to stimulate the level of aggregate demand. The use of fiscal policy presumes changes in the government's budget, including the possibility of deficits. Alternatively, fiscal policies can be described as the budgetary processes that control the velocity of the money supply. Thus, a deficit budget would increase the velocity and stimulate aggregate demand. A surplus budget reduces velocity and restrains the aggregate demand.

Monetary policy is a macroeconomic policy by which the central bank changes the amount of money supply in circulation and/or the general level of interest rates. The tools of a monetary policy include reserve requirements, liquidity ratios, discount rates, lender of last resort facilities, and open market operations.

Debt-management policy denotes the action taken by the central bank to regulate the size and structure of the outstanding debt. It also can be described as the practice of funding the federal government's debts by using securities with differing maturities to influence economic activity. By changing production costs and expectations of the future, the federal government indirectly influences economic activity. In addition, debt management affects the foreign exchange rate and the balance of payments by making securities more or less attractive to foreigners.

Unlike the indirect demand-management policies, supply-management policies may be both direct and indirect. These macroeconomic policies operate on the supply side of the market and influence the level and composition of income and output either by control of production and distribution processes or through tax incentives. Direct supply management policies were more prevalent in the former socialist economies and a number of developing countries.

On an international scale, the prevailing conceptions of macroeconomic policy has experienced a marked evolution over the past few decades. In the industrialized nations, the focus of policy has moved

away from countercyclical fiscal prescriptions. The interest rate policy has become the major instrument in demand- and supply-side management. Improvement of international trade policies around the world is seen as a principal avenue for promoting economic expansion for all trading partners. Moreover, secular issues, especially those related to budget deficits and entitlement programs have gained in prominence.

In developing nations, the approaches to economic policy have moved away from attempting to plan the expansion of output, by sectors and principal products, to policy reforms aimed toward creating sound macroeconomic climate and geared toward removing structural imbalances between various sectors.

The direct controls on the economy have been steadily removed and policies that enable decentralized decision-makers (household, firms) to function more effectively have been promulgated. These measures have been favored to generate additional employment and increases incomes. Policies for investment have broadened from the calculation of gross external financing requirements to the development of policies aimed at stimulating domestic saving and encouraging domestic and foreign investments.

These changes have been accompanied by an emphasis on different macroeconomic policy instruments. Currently, policy in developing countries tends to focus on fiscal instruments (revenue and expenditure policies), debt instruments, monetary targets, trade policies, foreign exchange reserve management and interest rates. In some countries, reserve ratios still play a role in monetary management. Trade policies are based on customs duties rather than on quantitative controls.

The considerable amount of policy work in developing countries is focused on issues such as budgetary processes, public service reform, rates and tariffs on public services, investment and taxation codes, privatization of state-owned enterprises, financial regulations, land tenure issues, labor market regulations, environmental regulations, rules for management of natural resources, and the financing of local government.

The principal aim of macroeconomic policies remains the achievement of macroeconomic stability and a promotion of economic growth. Poverty reduction is seldom a principal goal of a particular macroeconomic policy. Rather, poverty reduction appears to be a byproduct of a broader macroeconomic goal. Nevertheless, while solutions to poverty cannot be based exclusively on economic policies, economic growth remains the single most important factor influencing poverty. Macroeconomic stability is essential for high

and sustainable rates of growth, and must therefore be a key component of any poverty reduction strategy.

The principal controversy regarding poverty reduction focuses on specific macroeconomic policies and the prevailing economic paradigm epitomized by the World Bank and International Monetary Fund (IMF) programs. According to this paradigm, known as the Structural Adjustment Programs (SAPs), the government budget, including the country's poverty reduction strategy, must be financed in a sustainable, noninflationary manner. Fiscal, monetary, and exchange rate policies need to be supportive of the objectives of sustainable growth, low and stable inflation.

THE POVERTY PARADIGM

Poverty reduction strategies need to be designed, then costed, and finally financed within the overall budget in a noninflationary manner. If credible poverty reduction strategies cannot be financed from available resources, World Bank and IMF staff should and will assist countries in their efforts to raise additional financial support from the donor community. Nonetheless, in situations where financing gaps remain, a country must revisit the intermediate objectives of its strategy and reexamine its priorities. Since the objective of macroeconomic stability should not be compromised, poverty reduction remains a secondary goal of the overall economic activity.

In addition, the paradigm rests on the assertion that trade liberalization and openness to trade increase the growth rate of income and output. It is argued that a sound trade policy is the key link in the transmission of price signals from the world market to the national economy. An open trade and investment regime encourages integration into the global trading environment and the import of diverse and modern technologies that are important for productivity improvements. Trade liberalization can therefore be expected to help the poor overall, given the positive association between openness and growth.

The criticism of this paradigm asserts that many developing nations are in debt and poverty, partly due to the policies of the IMF and World Bank. In addition, it is argued that increased dependency of developing or Third World countries on the richer nations comes as a direct result of these programs.

The critics, labeling the SAPs as neoliberalism, claim that these programs have been imposed to ensure debt repayment and economic restructuring. However, this has required poor countries to reduce spending on health, education and development, while debt repay-

ment and other economic policies have been made the priority. Thus, according to critics, the IMF and World Bank, by the virtue of the prescribed macroeconomic policies, require that macroeconomic stability be achieved, even at the price of lowering the standard of living and growing poverty.

While this debate is far from being over, it is evident that macroeconomic policies in developing countries that follow the prevailing paradigm often fail to incorporate poverty reduction, which is a major impediment to achieving macroeconomic stability and growth. The recognition that lower-income groups require special assistance of various types is missing from the blueprints of macroeconomic policies in developing countries.

SEE ALSO: Economic Growth; International Monetary Fund; Macroeconomics; World Bank.

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Macroeconomics

MACROECONOMICS IS essentially the study of the behavior and performance of the economy as a whole. More importantly, it studies the relationship and interaction among the factors or forces that determine the level and growth of output and employment, general price levels, and the balance-of-payment position of an economy.

Macroeconomic theories use models to explain the behavior of variables and specify the nature of relationships between them. The most important aspect of macroeconomic theories is that it provides a framework and analytical model to analyze phenomena. The theories of income determination, consumption, investment, employment, price-level determination, product and money market equilibrium, exchange rate, and balance of payments constitute the main body of the macroeconomic theories.

Regarding policy orientation, macroeconomics analyzes the workings and effects of government policies,

especially the monetary and fiscal policies, on the economy. The working knowledge and efficacy of these policies are extremely useful in devising appropriate policy measures for controlling and regulating the economy to achieve the desired goals. The policy aspect of macroeconomics is so important that in the opinion of some economists, macroeconomics is first and foremost a policy science. Macroeconomics as a policy science provides a framework and instruments for restructuring the economy and guiding it on the path of growth and stability.

The macroeconomics of poverty focuses on the relationships among the structure of the macroeconomy and poverty, and on the macroeconomic policies that target poverty. It studies the effects of growth; fiscal, monetary, and exchange-rate policies; financial and trade liberalization; privatization; and deregulation on poverty. These stabilization and liberalization policies shape the structure of the economy and affect income inequality and poverty. The United Nations Development Program (UNDP) has recognized the importance of pro-poor macroeconomic policies in poverty eradication, and has launched its Regional Program on Macroeconomics of Poverty Reduction.

On the practical side, both developed and developing economies are constantly confronted with some kind of macroeconomic problem, for instance, recession and depression, unemployment, persistent inflation or stagflation, balance-of-payment deficits, outflow of capital, mounting debt burden, or a country falling into the debt trap. An appropriate and sustainable solution to these problems has to be found, if an economic collapse like the Great Depression of the 1930s is to be averted. Even if an economic catastrophe of this magnitude does not take place, macroeconomic problems like recession, unemployment, inflation, and increasing external-debt burdens need to be redressed because they have sociopolitical implications for the country in general and the government in particular.

The need for government intervention with the market system and management of the economy by the government has arisen out of the failures of the market mechanism to ensure efficient allocation of resources, to achieve socially optimum production and distribution patterns of goods and services, and to bring stability in growth, employment, price levels, and foreign exchange rates. Economic history reveals that capitalist economies have often suffered from business fluctuations.

One very important purpose that macroeconomics has served is that it has provided the basis and logical

framework for devising appropriate tools of intervention and for formulating suitable macroeconomic policies to direct and regulate the economy toward desirable goals.

British economist John Maynard Keynes (1883–1946) laid down the foundation of modern macroeconomics as a separate branch of economics, in his revolutionary book *The General Theory of Employment Interest and Money* (1936). Though the use of the macro approach can be traced back to the writings of the mercantilists, the growth of macroeconomics and changes in approach toward macroeconomic issues can be reviewed under classical macroeconomics, the Keynesian revolution and macroeconomics, and post-Keynesian developments.

The Great Depression of the 1930s proved all classical postulates relating to the existence of full employment wrong in the long run, and exposed the inadequacy of the theoretical foundations of the *laissez-faire* doctrine and its failure to explain persistently violent business cycles. Classical economics had no solution to the problems of economic fluctuations, thus the Great Depression caused the collapse of classical macroeconomics.

The period between the late 1930s and mid-1960s is called the period of the Keynesian revolution or the Keynesian era. Perhaps the most fundamental achievement of the Keynesian revolution was the reorientation of the way economists viewed the influence of government activity on the private economy. Contrary to the classical view that government spending "crowds out" private investment, Keynesian economics stresses the favorable macroeconomic effects of government spending on national income and employment through its multiplier effect.

The post-Keynesian developments in macroeconomics include growth of monetarism, neoclassical macroeconomics, supply-side economics, and neo-Keynesian macroeconomics, which is still in the process of developing as a complete science.

SEE ALSO: Depression, Great; Fiscal Policy; Laissez-Faire; Mercantilism; Monetary Policy.

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Madagascar

THE ISLAND OF Madagascar, located near southern Africa in the Indian Ocean, is one of the poorest countries in the world. Some 71.3 percent of the people live in poverty, with 83.3 percent living on less than \$2 a day, and 49.1 percent living on less than \$1 a day. In this land of inequality, the poorest 10 percent of the population share 1.9 percent of the island's wealth, while the richest 10 percent share 36.6 percent. The country ranks 47.5 on the Gini Index of Human Inequality.

Madagascar has experienced political stability since regaining independence from France in 1960, except for a contested presidential election in 2001 that threatened civil war. The following year, the controversy was settled without bloodshed by a decision of the High Constitutional Court. Since the mid-1990s, Madagascar has moved away from a socialist economy by privatizing and liberalizing its economy along the guidelines established by the World Bank and the International Monetary Fund (IMF).

The poorest 10 percent of the population share 1.9 percent of the island's wealth.

Agriculture, which includes fishing and forestry, dominates the economy, employing 80 percent of the population. The island is subject to cyclones, drought, and locust infestations that wreak havoc with agricultural profits. Despite some setbacks, the island's economy has shown slow but steady growth in recent years, partly because of duty-free apparel exports to the United States. The government has announced twin goals of growing the economy and reducing poverty over the next few years. This task may be made easier if the Group of 8 (G-8) adopts a proposal designed to mitigate the plight of the 18 poorest countries, including Madagascar, by setting aside funds to be used for social programs and debt relief.

With a life expectancy of 56.95 years and a median age of 17.46 years, Madagascar has a young population. Some 44.8 percent of the island's 18,040,341 residents are under the age of 14, and only three percent have reached the age of 65. The people have only a 29 percent chance of living until the age of 40. Madagascar has not been untouched by the HIV/AIDS epidemic that continues to ravage much of sub-Saharan Africa; however the 1.7 percent prevalence rate is comparably low. In 2003 approximately 140 people were living with

this disease, which was responsible for the deaths of at least 7,500 others.

Residents of the island are prone to the same infectious diseases that are common among other African nations: bacterial and protozoal diarrhea, hepatitis A, typhoid fever, schistosomiasis, malaria, and plague. Because over half the population lacks access to a sustainable improved water source and 58 percent lack access to proper sanitation, general health is poor. The Malagasy are at very high risk for food- and waterborne diseases as well as for those resulting from contact with infectious materials. Between 50 and 79 percent of the people have access to affordable life-saving drugs, but there are only nine physicians per 100,000 people on the island.

Infants experience a total mortality rate of 76.83 deaths per 1,000 live births. Female infants are hardier, with 68.36 deaths per thousand as compared to male infants with a rate of 85.05. Between 1990 and 2003, infant mortality dropped from 103 to 78 per 1,000 live births. During this same period, the mortality rates of children under the age of 5 decreased from 168 to 126 per 1,000. While these decreases are encouraging, the United Nations UNICEF reports that nearly 100,000 children under the age of 5 die each year from preventable causes that include malaria, diarrhea, and acute respiratory illnesses. Less than one-third of ailing children receive the oral rehydration therapy that can save lives in many circumstances.

Approximately one-third of all infants are underweight, and 11 percent classify as severely underweight. About 49 percent experience moderate to severe stunting, and 14 percent suffer from moderate to severe wasting. Madagascar has also made progress in reducing the number of children under the age of 5 who are malnourished, but one-third of Malagasy children in this age group are still underweight. Additionally, 40 percent of the total population are malnourished.

Low immunization rates also place Madagascar's children in jeopardy. In 2003, only 55 percent of children from 12 to 23 months were immunized against measles and DPT3. Between 1990 and 2002, infant DPT immunizations dropped from 71 to 62 percent; infant polio immunizations decreased from 64 to 61 percent; and infant tuberculosis immunizations dropped from 81 to 73 percent. However, infant measles immunizations rose from 57 to 61 percent.

On the average, women bear 5.66 children. The fertility rate rose from the 2003 average of 5.2 children, although it is below the average of 6.6 children recorded in the 1970s. Fertility is particularly high among females

between the ages of 15 and 19 who account for 153 out of every 1,000 births. Less than 20 percent of all women use any method of birth control. Between 1995 and 2000, maternal mortality experienced a drop from 580 to 550 per 100,000 live births. Trained medical staff attend only 46.2 percent of all births. Births outside the province of trained professionals also mean that one out of every four children has no birth certificate and is unable to establish rights of property ownership and inheritance.

Women in Madagascar lag behind males on most social and economic indicators, and literacy is no exception. Approximately 62.5 percent of females over the age of 15 can read and write as compared to 75.5 percent of all males who have achieved these basic skills. Around 82 percent of children attend school, and primary school completion rates have steadily risen since 1990, when only 22 percent of all children reached the fifth grade. In 2003, 47 percent of all males and 48 percent of all females completed primary school.

Human Development Index Rank: 146 Human Poverty Index Rank: 63

SEE ALSO: Agriculture; Children and Poverty; Malnutrition; Sanitation.

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ELIZABETH PURDY, Ph.D. INDEPENDENT SCHOLAR

Madison, James (Administration)

JAMES MADISON WAS born into a wealthy Virginia planter family in 1751. During the American Revolution, Madison served on the local Committee of Safety and in 1776 he participated in the Virginia Convention that declared independence and drafted a state constitu-

tion. In 1777 he was elected to the Governor's Council, where he served under Governors Patrick Henry and Thomas Jefferson.

In 1780, Madison became a delegate to the Continental Congress, operating under the Articles of Confederation. His frustration with Congress's inability to accomplish anything led him to become a proponent of a stronger national government. After four years, he left to serve in the Virginia legislature.

Madison was a leading advocate for a convention to reform the Articles of Confederation. When a convention was called in Philadelphia in 1787, Madison arrived with a draft that formed the basis of the new Constitution. Following the convention, opponents objected to the power given to the federal government and the lack of a Bill of Rights. Madison's writings in a series of articles that would become known as the Federalist Papers and his debates against Patrick Henry at the Virginia Ratifying Convention were critical to ratification.

Madison failed to obtain a Senate seat. Instead he was elected to the House of Representatives, and only won that election (defeating James Monroe) by promising to enact a Bill of Rights, something he had opposed during ratification. Madison proposed 19 constitutional Amendments. Twelve were sent to the states for ratification. Ten became the Bill of Rights, while another was eventually approved as the Twenty-seventh Amendment in 1992.

For years Madison had been an advocate of stronger government. However, as a congressman, he began opposing such measures. Two of his main adversaries were his coauthors of the Federalist Papers. He opposed Alexander Hamilton's plan to assume state debts from the revolution, toning down his opposition only after Jefferson brokered a deal between them. He also opposed creation of the Bank of the United States as well as a large army or navy.

He allied himself with Secretary of State Jefferson as the two fought Hamilton's influence over George Washington's presidency. During the John Adams administration, Madison anonymously drafted the Virginia Resolutions, arguing that a state could nullify unconstitutional federal actions.

Upon Jefferson's presidential election in 1800, Madison became secretary of state. During this time, Britain and France were at war, giving Madison the opportunity to negotiate the Louisiana Purchase from Napoleon. The war, however, proved costly. Both Britain and France seized American ships with impunity to prevent trade with the enemy, and often tak-

ing sailors who would be pressed into service on foreign naval vessels. Because the United States had no significant navy, it could not resist militarily. Madison proposed the idea of an embargo, simply ending all trade with both countries in the hope that this would force a compromise. Instead most of the harm fell on New England, which depended on such trade. Congress eventually voted to end the embargo over Madison's opposition.

Despite the controversy over the embargo, Madison won the presidential election overwhelmingly, winning most states outside of the New England coastline. His presidency, however, turned out to be quite weak. British outrages on the high seas continued. By 1812, Madison urged Congress to declare war. Madison hoped to capture Canada and force Britain off the continent forever. Unfortunately the U.S. military was not up to the task. The British invaded all along the coastline, including a raid on Washington, D.C. Madison attempted to direct defenses, escaping only just ahead of British troops who burned the White House.

The only early victories came from the small U.S. Navy that Madison had opposed for so many years. The navy captured or destroyed several British naval vessels in the Great Lakes and in the Atlantic, but their small numbers ensured that Britain would continue to dominate the seas. The Americans successfully repulsed an invasion into New York State. But the biggest victory ironically came in 1815, when Andrew Jackson defeated the British in the Battle of New Orleans, not having heard that the Treaty of Ghent had ended the war a few weeks earlier.

With the war over, Madison focused on a domestic program that repudiated many of his earlier positions on small government. He supported a stronger professional army and navy and rechartering the Bank of the United States. He also supported a tariff to protect U.S. industries and federal money for roads and canals to bind the nation together. However, as much as his views on government had moderated, Madison never saw a role for the government in alleviating poverty.

Madison left office in 1816 having seen the election of his secretary of state, Monroe, to the presidency. He died in 1835, the last survivor of the Constitutional Convention.

SEE ALSO: Jefferson, Thomas (Administration); Poverty in History; United States;

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Make Poverty History

MAKE POVERTY HISTORY is a British and Irish initiative launched in 2005 to energize various groups behind bringing an "end to poverty in the world." Capitalizing on the recent high international exposure of the United Kingdom (UK), with a UK presidency of the European Union for the second half of 2005 and the UK hosting the G-8 Summit and other high-level meetings, the Make Poverty History campaign urges the United Kingdom to assume global leadership in poverty eradication.

Numerous domestic and international nongovernmental organizations, labor unions, politicians, student and church groups, charities, and celebrities with different social, political, and economic backgrounds are involved in the campaign, which has adopted a white band as its symbol. U2 lead singer Bono, the Church of England, Prime Minister Tony Blair, and OXFAM are a few of those involved. Several public events, such as Live 8 concerts, demonstrations, and parties, have brought high exposure to the campaign within a short period of time.

The campaign supports the cancellation of the debt of the world's poorest countries.

The three interrelated pillars of the campaign are trade, debt, and aid. It is argued that free trade does not necessarily serve the poor in the developing world. Export subsidies and protection of the agricultural sector by industrial countries not only deepen poverty in the agricultural sector of developing countries but also perpetuate it.

In addition the contemporary trade regime harms labor and the environment in developing countries. The system allows high-pollutant industries to migrate into developing countries and allows the privatization of natural resources like water. At the same time, outsourcing and offshoring undermine labor standards in low-wage countries. Hence the campaign supports a form of trade justice and fairness that allows individual countries to decide on their own trade regimes.

Like Jubilee 2000 and the Millennium Development Goals, the campaign supports the cancellation of the entire debt of the world's poorest countries without any conditions imposed by industrial lender countries. Such relief from the debt repayment would create needed additional resources for poverty alleviation.

More and better aid is the third driver of the campaign. Recognizing the fact that the G-8's commitment to gradually increase aid to the poorest countries to \$50 billion a year by 2010 is failing to meet the immediate needs of the poor, the campaign urges the United Kingdom to come up with new creative means of financing the war against poverty immediately, an action that would provide much-needed leadership in poverty alleviation. It is also argued that aid should be directed to the basic needs of the poor.

These three proposals are not new, but they reemphasize the importance of freeing antipoverty initiatives from the neoliberal grip of the World Bank and the International Monetary Fund. These proposals regard poverty alleviation as a separate fundamental human right rather than as part of the standard liberalization package prepared by international economic organizations. As such, the campaign advocates direct involvement by the poor and civil society organizations in developing countries in the design of domestic development strategies and priorities.

SEE ALSO: Debt; G-8; Jubilee 2000; Live Aid; Millennium Development Goals; World Bank.

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M. Odekon General Editor

Malawi

AS ONE OF THE WORLD'S least developed countries and with 65.3 percent of its 12,158,924 people living in poverty, Malawi continues to face an uphill battle

in attempting to grow the economy while meeting the needs of its fragile population. Although government corruption is a major problem, officials must also combat the effects of poverty and a chronic food shortage along with stemming an excessive population growth and a debilitating HIV/AIDS epidemic. With an average annual income of \$160, some 76.1 percent of Malawians survive on less than \$2 a day and 41.7 percent survive on less than \$1 a day. Vast inequalities exist, with the poorest 20 percent of the population living on a 4.9 percent share of the country's wealth while the richest 20 percent hold 56.1 percent of income. Malawi ranks 50.3 on the Gini Index of Human Inequality.

Some 90 percent of Malawians are employed in the agricultural sector, which makes up 40 percent of Malawi's Gross Domestic Product (GDP) and 88 percent of export revenues. Malawi is one of the world's largest producers of maize, but a fluctuating market caused one-fourth of Malawian farmers to pursue other, more profitable avenues. Malawi also depends heavily on tobacco crops, which comprise 50 percent of exports.

New farming techniques are sorely needed to increase the food supply and improve agricultural production. In 2000 the International Monetary Fund (IMF) and the World Bank accepted Malawi into its Heavily Indebted Poor Countries (HIPC) program, and Malawi's economic prospects improved. However, these funds may be cut off if the government fails to stamp out corruption.

Malawi is a young nation with a life expectancy of only 36.97 years and a median age of 16.34 years. Nearly half of the population is under the age of 14, and only 2.8 percent are over the age of 65. Malawians have a 59.6 percent chance of dying before the age of 40. Death rates are high in large part because of poverty and the 14.2 percent HIV/AIDS prevalence rate.

In 2003 it was estimated that 900,000 people were living with this disease, which had been responsible for 84,000 deaths and enormous costs in human suffering. Malawians also face very high risks of contracting foodand waterborne diseases. In some areas, malaria and plague create additional risks. Some 43 percent of the people have no sustainable access to an improved water source, and 24 percent lack access to adequate sanitation. Half the population has no access to affordable lifesaving drugs.

Children face a myriad of problems in Malawi, and many of them never reach the age of 6. According to 2005 estimates, 103.32 Malawian infants die out of every 1,000 live births. While the 103.32 infant mortal-

ity rate is grim, it is an improvement over the 2003 rate of 112. In that year, the mortality rate for children under the age of 5 was reported at 178 out of 1,000. Because of extreme poverty, one-fourth of Malawian children under age 5 are malnourished. Approximately 45 percent of under-5s experience moderate to severe stunting, and five percent suffer from moderate to severe wasting.

Malawi has made progress in immunizing its children against certain communicable diseases. In 2003, 77 percent of all children between 12 and 23 months old were vaccinated against measles, and 84 percent were vaccinated against DPT3. Infant immunization rates have followed a fluctuating pattern, and more attention needs to be paid to this problem.

Over half of the population is poor, but poverty affects women disproportionately.

Malawian females lag behind males on most quality-of-life issues, and literacy is no exception. While 76.1 percent of males over 15 can read and write, only 49.8 percent of females can do so. Literacy rates for both males and females have risen slightly over the past few years. Most Malawian children are expected to attend school for at least 12 years, and basic education has been free and compulsory since 1994. Between 1999 and 2003, male primary school completion rates dropped by one percent (72 to 71), but female completion rates rose by one percent (68 to 69).

Recognizing the need for a government role in family planning, Malawi initiated the National Reproductive Health Policy in 2000, increasing the availability of services. Between 1994 and 2000, the rate of contraceptive use more than tripled among married women (seven to 26 percent).

As a result, the fertility rate dropped from 7.6 children per woman in 1992 to 6.2 in 2000 and to 5.98 in 2005. Malawian females between the ages of 15 and 19 are responsible for 136 out of every 1,000 births. The fact that fertility rates have continued to be high is indicative of low education and literacy rates. Some 61 percent of all births are now attended by trained medical staff, and 91 percent of all women receive some sort of professional antenatal care. However, maternal mortality has continued to rise and was estimated at 1,800 out of every 100,000 live births in 2005.

Over half of the Malawian population is poor, but poverty affects women disproportionately. By 2003 es-

timates, 75 percent of all Malawian women were poor. Women make up 70 percent of agricultural workers and 71 percent of all casual laborers in the estate sector. In 1997 the Malawian government developed a program directed at poverty alleviation and gender empowerment that included literacy and training programs, extended credit opportunities, and increased numbers of women in decision-making positions.

Human Development Index Rank: 165 Human Poverty Index Rank: 85

SEE ALSO: Child Mortality; Corruption; HIV/AIDS; Inequality; Women and Poverty.

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Malaysia

SINCE THE INDEPENDENCE of Malaysia in 1957, the government has focused on a strategy for rural development. However, the economic imbalance among the major races of the country was substantial and this led to racial unrest in 1969. The government then formulated a long-term economic strategy that emphasized growth with equity, with the ultimate objective of creating national unity in the multiethnic country.

As part of the implementation of the development plans, the Malaysian government put a number of policies into effect, and poverty eradication was one of the main objectives. Various Malaysian governments have always expressed support for the antipoverty cause, as revealed by a series of pronouncements on antipoverty policies and programs. The first plan was the New Economic Policy (NEP), which was implemented over a 20-year period, 1971–90. The National Vision Plan followed

from 1990 to 2020. During implementation of the NEP, the emphasis was on the eradication of poverty among the general population, irrespective of ethnic origin, and the restructuring of society to eliminate the polarization of economic functions along racial lines. These factors were of immediate concern at the time because of the economic situation inherited from the colonial period. The eradication of poverty was implemented through the development of the rural and agricultural sector as well as the industrial sector. The restructuring of society was to be achieved through increased participation of minorities in the corporate sector. Modernization of services was also promoted to bring about better quality of life.

The National Development Policy (NDP) (1991–2000) emphasized the creation of national unity through similar objectives. The development of the rural and agricultural sector was still made an important national agenda through the modernization and commercialization of agriculture. The services sector was further modernized, while increasing private-sector participation in the economy was encouraged through the privatization of several key government-owed entities

The National Vision Plan, launched by former Prime Minister Mahathir Mohammad, continues to carry on the objectives of previous development policies, but also emphasizes policies pertaining to achieving higher economic resilience and growth, raising quality of life through poverty eradication, increasing competitiveness, building a competent and skilled workforce, and creating long-term sustainable development. In other words, the main objectives of development plans in Malaysia were to promote an equitable society by eradicating poverty and reducing imbalances among and within ethnic groups as well as regions.

Through these efforts, Malaysia introduced a model of economic development and poverty eradication. The implementation of the development plans resulted in enlarging the economic "pie," and then emphasized economic balance among the major races of the country. Malaysia had a head start in terms of human capital and has widened its lead over other developing economies. Malaysian governments built on this base by focusing on educational spending in the lower grades, initially by providing universal primary education.

The Malaysian model of poverty eradication was based on human-resources development. This was done by fighting illiteracy and unemployment. At 93 percent, Malaysia's literacy rate is one of the highest in the world. Also, over 95 percent of all 7-year-olds are en-

rolled in public schools. Development programs were directed toward the enhancement of education, health, and housing for the lower-income groups.

Islam, the major religion of Malaysia, played a role in creating the economic plans and policies. Malaysia established Islamic banks that are able to attract foreign investment and reduce the unemployment rate. In addition, Islamic values helped Malaysia to promote its development process, including protecting minorities' rights, work, and education.

Malaysia has an annual per capita Gross Domestic Product of \$9,512 and, perhaps proving the success of its development programs, in 1998 only eight percent of the population still lived below the poverty line.

Human Development Index Rank: 61 Human Poverty Index Rank: 16

SEE ALSO: Economic Growth and Poverty Reduction Strategy; Education; Poverty Reduction and Growth Facility;

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Maldives

THE REPUBLIC OF MALDIVES, a chain of 1,190 islands located in the Indian Ocean in southern Asia, is one of the least-developed countries in the world. The Maldivian economy is dependent on tourism, which makes up 20 percent of the Gross Domestic Product (GDP), over 60 percent of all foreign exchange receipts, and 90 percent of tax revenues. Fish are the islands' most valuable natural resources, and the fishing industry is second only to tourism as an income producer.

At present, only around 22 percent of the labor force are involved in agriculture, and most food is imported. Manufacturing revolves around garment pro-

duction, boat building, and handicrafts. In 1989 the government initiated economic reforms designed to liberalize regulations and encourage foreign investment. The country is currently experiencing a movement toward greater political freedom after riots in 2004.

Maldives is still in the process of recovering from the tsunami that hit the island in December 2004, killing 83 people and injuring 2,214 others. The tsunami left physical, emotional, and economic devastation in its path. Nine islands were flooded by tsunami waves, and 13 were abandoned. Thousands of islanders were forced to flee their homes, and schools and businesses were demolished. The tourist industry floundered. The tsunami also created a healthcare crisis.

The tsunami left physical, emotional, and economic devastation in its path.

The giant waves destroyed a regional hospital, two atoll hospitals, 14 health centers, and 20 health posts. Maldivians were faced with contaminated water and inadequate sanitation, increasing risks for water- and vectorborne diseases that included diarrhea, typhoid, hepatitis, viral fever, and dysentery. While the specific poverty rate is unknown, it is evident that the tsunami increased the number of poor in the Maldives.

The Maldivian population of 349,106 has a life expectancy of 64.06 years and a median age of 17.69. The projected life span has steadily risen since the 1970s. Some 44 percent of the population are under the age of 14, and 3.1 percent are 65 or over. Over 90 percent of Maldivians are likely to live to see a 40th birthday. Normally all Maldivians have access to safe water, and 54 percent have access to proper sanitation. Health clinics are located around the islands to make medical care accessible. There are 78 physicians for every 100,000 people, and most Maldivians are able to afford essential drugs.

Childhood mortality has declined drastically in the Maldives over the past decades. Between 1970 and 2005, infant mortality dropped from 157 deaths to 56.52 per 1,000 live births. Mortality rates for children under 5 plunged from 255 per 1,000 in 1970 to 77 per 1,000 in 2002. However, almost one-third of all children in this age group are malnourished. Over 20 percent of babies are underweight at birth, and seven percent of children under 5 are severely underweight. Approximately 25 percent of under-5s experience moderate to severe stunting, and 13 percent suffer from moderate to



Before the tsunami of 2004, the Maldives enjoyed a strong tourist trade, such as with the resort above. Poverty has since increased.

severe wasting. Immunization rates are high on the island, remaining stable in the 90 percent range.

In 2003, total Maldivian fertility rate was reported at four children per woman, and adolescent fertility was recorded at 42 per 100 births. Projections for 2005 suggest fertility may be as high as 5.02 children per woman. Less than one-third of all Maldivian women use contraceptives of any sort, but the government has initiated family planning programs and added sex education classes in the schools. Health clinics have been built on some of the larger islands to increase access to medical care for those who live on the smaller surrounding islands. Trained medical staff attend more than 70 percent of all births. The 1985 to 2002 model for determining maternal mortality estimated that figure at 350 deaths out of 100,000 live births. Current maternal mortality is considerably lower at 110 deaths out of 100,000.

Most Maldivians attend school for at least 12 years, and primary school completion rates are 100 percent. The literacy rate is one of the highest in this region. Only 2.7 percent of females and 2.9 percent of males over the age of 15 lack the ability to read and write. By comparison, in 1980, 7.5 percent of males and 9.5 percent of females lacked these basic skills.

The islands have made education a priority, building new schools and renovating older buildings. Secondary schools are scattered among the islands to make access easier, but no colleges or universities exist. Maldives has made an effort to equalize education by teaching subjects such as needlework, cooking, fishing, and carpentry to both sexes.

Human Development Index Rank: 96 Human Poverty Index Rank: 37

SEE ALSO: Economic Liberalization; Education; Healthcare; Natural Disasters; Sanitation; Women and Poverty.

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Mali

THE REPUBLIC OF MALI ranks as one of the three poorest nations in the world, with a poverty rate of 63.8 percent, and one-fourth of the population suffering from malnutrition. Malians survive on an average annual income of \$230, with 90.6 percent of the population living on less than \$2 a day and 72.8 percent living on less than \$1 a day. The Malian population is subject to vast inequalities, with the poorest 20 percent sharing 4.6 percent of the country's income and the richest 20 percent holding 56.2 percent. Mali ranks 50.5 on the Gini Index of Human Inequality.

Approximately 80 percent of Mali's labor force are involved in agriculture and fishing, which are centered in the riverine area irrigated by the Niger River. Recurring droughts and flooding frequently exacerbate existing economic problems. Mali's chief exports are cotton and gold; however, Mali is seriously underdeveloped. Deposits of bauxite, iron ore, manganese, tin, and copper have been identified but never exploited. Some 65 percent of Mali's land is classified as desert or semi-desert.

Approximately 70 percent of the population reside in rural regions, where unemployment is 5.3 percent. Unemployment is almost three times that amount in urban areas, where the remaining 30 percent of the population live. Mali's economic prospects have improved somewhat since officials adapted the International Monetary Fund's guidelines for growing and diversify-

ing its economy, but the country is still economically fragile.

Mali's population of 12,291,529 has a life expectancy of 45.09 years and a median age of 16.35 years. Nearly half of the population is under the age of 14 and only three percent are over 65. Malians have a 35.3 percent of dying before the age of 40. With an HIV/AIDS prevalence rate of 1.9 percent and 140,000 Malians living with this disease, the government has been forced to direct both resources and attention to dealing with the epidemic. The 12,000 AIDS-related deaths were responsible for increasing the Malian death rate to 19.05 deaths per 1,000 in 2005.

In 1991, Mali recorded 16,024 incidences of Guinea worm disease, a debilitating condition caused by contact with infected water. After several years of working with representatives from Emory University's Carter Center through the Mali Guinea Worm Eradication Program, the incidence rate decreased to 829 in 2003. The Carter Center also works with locals to educate the public about trachoma, which is the second most prevalent cause of blindness in Mali. Trachoma is a bacterial conjunctivitis that affects 35 percent of all Malian children under the age of 10, but is not limited to children. Malians are also at high risk for contracting food- and waterborne diseases as well as those caused by contact with infected materials. Infections are common because 35 percent of Malians lack access to safe water and 31 percent lack access to adequate sanitation.

These deaths are generally due to poverty and preventable diseases.

The Malian infant mortality rate of 116.79 deaths per 1,000 live births illustrates the dangers that confront children, particularly those under the age of 5 who face a mortality rate of 220 deaths per 1,000. These deaths are generally due to poverty and preventable diseases.

One-third of all Malian children under the age of 5 are malnourished, and 11 percent are severely underweight. About 38 percent suffer from moderate to severe stunting, and 11 percent suffer from moderate to severe wasting. Much attention has been paid to child-hood immunizations in recent years. In 2003, 68 percent of children between 12 and 23 months were immunized against measles, and 69 percent were immunized against DPT3. Since 1990, immunization rates for infants have risen for DPT, polio, and tuberculosis, but

measles vaccinations declined from 43 percent to 33 percent.

In Mali, 53.3 percent of the adult male population can read and write, but only 39.6 percent of the female population can do so. Even though literacy rates are low, Malian officials have made great strides in literacy education since 1999, when only 35 percent of males and 15.4 of females over the age of 15 were literate. On the average, Malian children receive five years of schooling. Primary school completion rates have increased over the past few years. From 1999 to 2000, male completion rates increased from 31 to 40 percent, and female completion rates rose from 24 to 32 percent.

It has become increasingly clear that Mali's resources are unequal to the task of supporting its total fertility rate of 6.5 children per woman, or its adolescent fertility rate of 173 per 1,000 births. Less than 10 percent of all Malian women use contraceptive measures. Malian women are vulnerable to disease and general ill health because of a lack of adequate healthcare. Professional medical staff attend only 40.6 percent of all births in Mali. Estimates for 2000 place maternal mortality at 1,200 deaths per 100,000 live births.

Human Development Index Rank: 174 Human Poverty Index Rank: 101

SEE ALSO: Agriculture; Carter Center; Disease and Poverty; Extreme Poverty; Malnutrition.

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Malnutrition

MALNUTRITION IS a general term for the medical condition of a person caused by an unbalanced diet.

There is either too little or too much food, or a diet is missing one or more important nutrients. Most commonly, malnourished people either do not have enough calories in their diet or are eating a diet that lacks protein, vitamins, or trace minerals. Medical problems arising from malnutrition are commonly referred to as deficiency diseases.

Common forms of malnutrition include proteinenergy malnutrition (PEM) and micronutrient malnutrition. Protein-energy malnutrition refers to inadequate availability or absorption of energy and proteins in the body. Micronutrient malnutrition is the inadequate availability of some essential nutrients, such as vitamins and trace elements, that are required by the body in small quantities. Micronutrient deficiencies lead to a variety of diseases and impair normal functioning of the body. Deficiency in micronutrients such as vitamin A reduces the capacity of the body to resist diseases. Deficiency in iron, iodine, and vitamin A is widely prevalent and represents a major public health challenge. Malnutrition is responsible for a considerable amount of suffering across the globe. At least one-fifth of the worldwide loss of years of life to premature death and to disability is due to undernutrition.

COMMON FORMS OF MALNUTRITION

Protein-energy malnutrition is the combined failure to provide enough calories and is considered to be the most widespread form of malnutrition. Individuals who exist on a diet consisting of grains might be at risk for protein deficiency. Poorer segments of the population may be at risk for protein deficiencies because of the relative inability to obtain nongrain ingredients, which are typically more expensive.

When diets do not have enough protein and calories, individuals may adjust by altering their energy outputs. This will often have implications for energy expenditure for adults during paid employment as well as in other activities. A worker who is malnourished will not be able to work longer shifts and will need more breaks during work, which can contribute adversely to work performance and job retention. Children may alter their behaviors in important contexts such as the classroom and with peers. Children may be unable to concentrate on learning activities and behave aggressively and be withdrawn. Another issue regarding too few calories and proteins is weight loss and stunted growth among children.

When energy expenditure outstrips calorie supplementation, a body can react by metabolizing reserves of,

first, stored body fat, then muscle, and even organ tissue. Weight loss accompanies this process but is eventually followed by a medical condition called wasting. Death is the ultimate outcome of this process, but often hunger-related deaths are due to opportunistic infectious diseases. Malnutrition and infection are mutually reinforcing, as disease leads to deterioration in nutrition and malnutrition leads to susceptibility to diseases. Some estimates of children in developing countries suggest that malnutrition contributed to approximately half of all child deaths because of the role of infectious diseases.

The efforts to reduce malnutrition should be accompanied by a policy of greater equity.

Lack of protein and calories is not the only reason for malnutrition; an individual can receive enough calories but lack high enough levels of micronutrients such that medical problems arise. The most common form of malnutrition due to the lack of micronutrients is deficiencies in iron, iodine, and vitamin A.

Of these three micronutrients, iron deficiency is believed to be the most common, especially in south Asia and Africa. Approximately 20 percent of the world's population are believed to have an iron deficiency severe enough to cause medical problems, and this is especially likely to occur among women of reproductive ages. It is also perhaps one of the most ignored problems, despite its serious effects. Iron is used to transport oxygen in the blood, and when it is not present, there are problems in carrying oxygen to the cells in need.

In mild cases, iron deficiency is associated with lack of physical energy and difficulties in concentration. The more extreme case is anemia, and is a marker for poor and unhealthy environments. Anemia is a medical condition that refers to below-normal blood hemoglobin levels, and is caused not only by a lack of iron but also by a lack of vitamins B2 and B12, which are needed to help the body use iron effectively. Over time, iron deficiencies can prolong poverty because of the cycle of reduced physical and cognitive performance that promotes poor performance in work situations, which leads to more poverty.

Iodine deficiencies are more likely to occur in areas with iodine-poor soils, which are typically mountainous areas with heavy rainfall. This problem can also occur in other regions where intake of foods containing iodine is low. Imported foods can be helpful in this situa-

tion, but imported foods are typically more expensive than the locally produced foods, so there is a connection with poverty. This scenario is most likely to play out in southeast Asia, but also happens in parts of Africa and Latin America.

Iodine deficiencies can affect an individual both mentally and physically. One outcome of iodine deficiencies is cretinism, which is mental retardation resulting from the adverse action of iodine deficiency on the maturation of the child's nervous system. Cretinism usually occurs during gestation. Goiter, which is a swelling of the thyroid gland, is another physical condition that can occur when there is an iodine deficiency in an individual.

Deficiencies in vitamin A are often associated with child blindness. This condition can cause children to have increased mortality because these children are especially vulnerable to infectious diseases. Milder vitamin A deficiency is associated with more susceptibility to respiratory infections, diarrhea, and measles. Pregnant women in low-income countries are also affected. Vitamin A deficiency is a public health problem in many countries, especially in Bangladesh, India, and Indonesia.

MALNUTRITION AND POVERTY

There is a two-way link between poverty and health in which nutrition plays an important role, both as an active and as a mediating factor. Poverty is one of the most influential risk factors for ill health, and ill health can lead to poverty. Not so well recognized and understood is the fact that good health can make an important contribution to lifting people out of poverty. A healthier child can learn better, and healthier adults are more able to work and are more productive.

Poverty used to be linked to those severe forms of malnutrition, particularly in children. Today we know that poverty also affects nutrition throughout the life span and in a variety of ways, such as increased susceptibility to many diseases, reduced ability to do physical work, and increased exposure and vulnerability to lifestyle-related and environmental risks.

Poor nutrition starts in pregnancy, and its adverse consequences become apparent in early postnatal life and track through adolescence into adulthood in terms of higher risk, lower endurance to disease, and reduced ability to work. The girls who survive to reproductive ages have higher risks of bearing low-birth-weight babies, who in turn have a lower chance of survival than normal-weight babies. Poor nutrition during the first

year has important consequences from which recovery is difficult and often incomplete.

Poor children have higher rates of infections and less access to adequate nutrition and are more exposed to the consequences of the lack of information that is common in their family settings. The results of inadequate nutrition in this first year usually compromise intellectual capacity and do not manifest themselves until later, at school age. Infections and lack of nutrients in preschool children intensify the adverse effects of intrauterine growth retardation. The problem is particularly important in girls because they represent the intergenerational link that perpetuates the consequences of poor nutrition.

Adolescence is a period of rapid growth. There is a sharp increase in the nutritional demand rarely satisfied in the poor, who carry the burden of past deprivation and lack of access to adequate nutrition and sanitation. Better-nourished girls have earlier menarche and faster growth. Even in the unlikely event that they attain the same final height as nonpoor female teens, poor girls grow for a longer period and are usually still growing during their first pregnancy and "competing" for nutrients with the developing fetus.

The impact of poverty upon health is largely mediated by nutrition, and this is seen throughout the whole life course. However, nutrition as well as health is not very responsive to mere economic growth. When income distribution is unequal, economic growth usually does not reach the undernourished, and nutrition may be negatively affected. Increased income alone cannot guarantee maximal nutritional benefit, because key nonfood factors such as environmental hygiene and adequate healthcare are not purchasable with increased income. Empowerment of the poor and of the women within households in terms of knowledge and education is essential for resources to be used rationally. Poor families usually use money to buy more low-nutritionalquality food. This practice has no impact on improving nutritional status but instead promotes obesity and overweight.

Economic growth can lead to substantial improvements in nutrition only if the results of expansion are equally distributed. Countries that have developed equitable distribution strategies have generally experienced more economic growth. Therefore the efforts to reduce malnutrition should be accompanied by a policy of greater equity, both as a matter of human rights and as an economically appropriate strategy.

An interesting way of considering the linkages between poverty and malnutrition is to focus not on the



There is a clear connection between malnutrition and poverty. This connection is a two-way link in that poverty and malnutrition mutually reinforce each other. Improving nutrition can lead to important gains in promoting the healthy development of nations.

causes of malnutrition but on the consequences of good nutrition. We know, for example, that poverty increases malnutrition. But the reverse is also true: good nutrition reduces poverty. Similar arguments can be made in other areas, such as gender, education, human rights, and health. Regarding education, 36 percent of children under 5 are growth-retarded (that is, their height-for-age is low). This figure may rise to around 50 percent for school-age children. Growth retardation is associated with a substantial reduction in mental capacity and adverse school performance, even in mild to moderate cases. Nutrition affects school performance indirectly as well.

Undernourished children tend to be enrolled later in school than better-nourished children. This could be because parents may consider shorter children to be younger, because they do not believe the children are physically large enough to attend school, or perhaps because they are investing more in the better-nourished

children. Whatever the process, late enrollment compounds the problems of intellectual impairment caused by nutritional deficits.

Malnutrition can affect population growth as well. Good nutrition reduces maternal and child mortality. Improved child survival helps slow population growth by increasing birth intervals and reducing the demand for large families. Lower rates of pregnancies, in turn, reduce the risk of maternal death. Agricultural productivity is a powerful force for poverty reduction and economic development.

However, agricultural productivity in developing nations has been impacted by problems with rural infrastructure and access to consumer markets. Improved nutrition can support agricultural development by enhancing rural people's ability to perform strenuous tasks necessary in small-scale farming.

The gender roles that men and women play interact with biological factors to affect the nutritional status of

the family. Poor nutrition among women early in life reduces learning potential and increases reproductive risk. This is combined with women's diminished ability to gain access to assets later in life and can perpetuate gender inequalities. In this way, women with poor nutrition can be uniquely entangled in a cycle of poverty and malnutrition. Gender inequality is not only bad for women, but also makes for bad economics. It results in the misallocation of scarce resources and impairs the development capacity for the countries in which it occurs.

Good nutrition is an important tool for crisis prevention, mitigation, and management.

Good nutrition is also an important tool for crisis prevention, mitigation, and management. Good nutrition relieves the social unrest underlying violent conflict. Reducing malnutrition decreases the human vulnerability that transforms shocks into disasters. Finally, good nutrition lowers the death rate and promotes a quicker return to equitable development in the aftermath of a crisis. Globally, good nutrition will help countries meet a wide range of goals that are crucial to accelerating development. As such, it is an excellent investment and a sound global antipoverty strategy.

In summary, malnutrition is associated with a wide range of problematic developmental and health outcomes for individuals and nations. There is a clear connection between malnutrition and poverty. This connection is a two-way link in that poverty and malnutrition mutually reinforce each other. Improving nutrition can lead to important gains in enhancing individual functioning as well as promoting the healthy development of nations.

SEE ALSO: Child Malnutrition; Child Mortality; Disease and Poverty; Healthcare; Hunger; Maternal Mortality and Morbidity; Nutrition.

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Malta

THE REPUBLIC OF MALTA is composed of five islands in the Mediterranean Sea off the coast of Italy. The islands of Malta, Gozo, Comino, Comminotto, and Filflawith have a combined population of 398,534. Originally a possession of Great Britain, Malta became part of the British Commonwealth of Nations upon achieving independence in 1964. In 1975, Malta opted to become a republic. The island economy has been expanding since the mid-1980s because of Malta's status as a transshipment point and the development of a thriving financial center. Tourism continues to provide a major portion of government revenues. In 2004, Malta joined the European Union.

With a per-capita income of \$18,200, Malta is considered a high-income nation. While the only natural resources are deposits of limestone and salt, Malta benefits from a productive labor force and a favorable geographic location. Over 70 percent of the labor force are engaged in services, and 24 percent are employed in industry, mostly electronics and textiles. Only five percent of the population are employed in agriculture, producing one-fifth of Malta's food supply. The islands have limited freshwater resources and must import all energy requirements. Foreign investment is crucial to Malta's economic stability, which has suffered from a sluggish European economy in recent years. Unemployment currently stands at seven percent.

Malta has almost no poverty other than comparative poverty, but isolated pockets of poverty do exist. While social security provides a basic standard of living, working families are sometimes forced to choose among basic requirements. Overall the poorest individuals on Malta are female-headed households with small children, elderly women, and rural residents. Over the past decade, Malta has instituted a number of measures designed to improve the quality of life by recognizing the importance of families to society. Benefits have been established for part-time workers, most of whom are female, and family leave has been expanded.

Malta's population enjoys a healthy life expectancy of 78.86 years. With a projected life span of 81.15

years, women tend to outlive men (76.7 years) by five years. The median age on Malta is 38.36 years. More than 17 percent of the population are under the age of 14, and 13.6 percent have reached the age of 65. The entire population has access to safe drinking water and improved sanitation. Healthcare is widely accessible, and there are 291 physicians for every 100,000 residents. Less than five percent of Maltese lack access to affordable essential drugs.

Between 1970 and 2005, infant mortality on Malta dropped from 25 to 3.89 deaths per 1,000 live births. At the same time, mortality among all children under the age of 5 fell from 32 to six deaths per 1,000. With one exception, childhood immunization rates for children from birth to 23 months are in the mid- to high 90s. The rate of infant immunizations against measles rose from 80 percent in 1990 to 85 percent in 2002.

On the average, Maltese women bear 1.5 children each. The fertility rate among adolescents is nine births per 1,000. Healthcare is free on Malta at the point of use, and the islands have made prenatal and antenatal care widely available. Approximately 98 percent of births in Malta take place in the presence of trained medical staff. Out of every 100,000 live births, not a single mother dies. Among the Maltese population over the age of 10, 92.8 percent can read and write. With a literacy rate of 93.6 percent, women are more literate than men (92 percent). Primary school completion rates are over 100 percent, and most Maltese children attend school for at least 14 years.

Human Development Index Rank: 32 Human Poverty Index Rank: Not included.

SEE ALSO: European Relative-Income Standard of Poverty; European Union Definition of Poverty; Social Security; Women and Poverty.

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Malthus, Thomas (1766-1834)

THOMAS MALTHUS was an English economist and demographer who theorized that population growth tends to exceed food supplies. Thus the improvement of living conditions of humankind is impossible without a strict policy of birth control. Malthus's economic theory is pessimistic at its core, as it describes poverty as inescapable for humankind. His controversial ideas contributed to his fame and he is considered a key figure in the development of classic economic thought. John Maynard Keynes explicitly recognized Malthus as a forerunner of modern economic thought. Yet his ideas have also been indicted as having had a strategic role in defending capitalist political economy against more inclusive and democratic movements.

Malthus was born into a wealthy liberal family and was largely educated at home until his admission to Jesus College, Cambridge, in 1784. He earned his master's in 1791 and became a professor of political economy at the East India Company's college at Haileybury, Hertfordshire, in 1805. Malthus lived there for the rest of his life and was elected to prestigious bodies such as the Royal Society, the Royal Society of Literature, the French Académie des Sciences Morales et Politiques, and the Royal Academy of Berlin.

The American and French Revolutions characterized Malthus's formative years. The young Malthus grew up in the cultural context of the Enlightenment and his father acquainted him with the ideas of leading intellectuals of the period such as David Hume and Jean-Jacques Rousseau. Yet in his own economic thought, Malthus was to depart from the Enlightenment principles of liberty and happiness.

In 1798, Malthus published "An Essay on the Principle of Population as It Affects the Future Improvement of Society," which received wide public attention and established his fame. The essay clearly reflects his economic pessimism, as the hopes for social improvement and the betterment of human living conditions are dismissed as vain. Malthus defines the growth of the population as geometric while the progression of the means of subsistence is at best only arithmetic.

While the Enlightenment promoted the perfectibility of society, Malthus did not believe that social imbalances were the result of evil institutions. To Malthus, misery and poverty were not the direct outcome of unfair institutions, but of the fertility of humankind. This definition of poverty as a simple imbalance between population and the means of subsistence was a clear reaction against the Enlightenment, the French Revolu-

tion, and its supporters. A particular target of Malthus was the English radical philosopher William Godwin, who had theorized that the future held the promise of a full development of man's rationality. Thus, people would live without the need for laws and institutions. Looking at the realities of his times with the empiricist gaze of a would-be sociologist, Malthus saw no evidence for Godwin's optimism.

Malthus's theory of population growth became part of classical economics and the starting point for discussions of demographic problems. Because of its pessimism, Malthus's theory gave economics the label of "dismal science." It also influenced Charles Darwin's ideas on evolution as a struggle for resources. Darwin applied Malthus's concepts to the natural world.

The "Essay on the Principle of Population as It Affects the Future Improvement of Society" had six editions, each increasing the empiricism of the discussion. While the first edition is more abstract and theoretical, the subsequent ones are more firmly grounded in factual data, although commentators claim that Malthus did not interpret these with statistical accuracy.

Malthus's essay had immediate effects on British social policy. Up to its publication, a high rate of reproduction had been considered as contributing to the national wealth, not as impoverishing it. The Poor Laws encouraged the formation of large families through the supply of doles. Malthus commented that if these laws had never existed, "there might have been a few more instances of severe distress," yet "the aggregate mass of happiness among the common people would have been much greater than it is at present." Malthus also found that the Poor Laws blocked the mobility of labor and suggested their abolition.

In other works, Malthus claimed that public and private expenditure could solve economic problems. Public works and private luxury investments, according to Malthus, function as deterrents to economic growth. Malthus was also critical of those who considered saving as the foundation for a sound economic policy. On the contrary, he argued, "The principles of saving, pushed to excess, would destroy the motive to production."

SEE ALSO: Darwinism; History of Poverty; Poor Laws; United Kingdom.

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Mapping Poverty

MAPS ARE PICTORIAL depictions of the earth. When data are linked to geography, it is called georeferencing. The maps created with this process provide visualization of various indicators affecting humans. A seemingly simple concept, poverty maps are spatial representations of poverty assessments; however, assessing poverty is not a clear-cut process. As computer technology has advanced, it has become easier to create more detailed maps using large datasets and complex statistical models. Whereas the work is increasingly sophisticated, the map products are relatively simple to understand and they allow us to see statistics as a picture rather than as equations and tables.

The concept of poverty is multidimensional and uses a variety of determinants. In addition to the standard indicators of income level and Gross Domestic Product (GDP) per capita, other determinants might be consumption levels, education, health, economic opportunity, climatic factors, the existence of or access to services, infrastructure, etc. The determinants selected will vary according to the level of geography under consideration as well as the intended purpose of the map.

GEOGRAPHY AND DATA

Poverty maps are created by using specialized software called Geographic Information Systems (GIS) and a variety of data. The maps are built with layers depicting various elements appropriate to the geography being examined and the determinants selected by the researchers. The determinants of poverty can be joined using a statistical model and by creating layers within a map. It is important to understand that the earth's land and peoples are divided in multiple ways. The most obvious and immediate division is the use of geopolitical boundaries at the national level. Other layers might include a different level of boundaries (for example, states, regions, counties), topography, points representing services such as schools or hospitals, and data representing different variables.

Mapping poverty at the national level provides the ability to compare and assess the economic status and well-being of a nation's citizenry in relation to the citizens of other countries. However, aggregate national-level indicators can hide important differences among smaller geographical areas. For instance, mapping poverty for the United States as a whole will not show variances among states, counties, metropolitan regions, or within cities. Display of data in smaller geographic detail is called a disaggregated map. This makes it possible to display more detailed layers depicting essential elements such as schools, healthcare facilities, or grocery stores.

Display of data in smaller geographic detail is called a disaggregated map.

In many ways, disaggregated data provide a more accurate picture of spatial patterns. Continuing to use the United States as an example, poverty can be mapped according to state boundaries. While this provides more detail, and a level of detail that might be appropriate depending upon the purpose of the map, many variances will still be hidden. For greater understanding of spatial patterns of poverty within the states, data can be depicted at the county and/or city levels or even down to the level of the census block group. This is the smallest level of geography provided by the U.S. Census Bureau, which represents approximately 100 households while maintaining the confidentiality of each individual household. This level of geography allows us to see intricate patterns of variance and similarity among rural and urban populations that would otherwise go unrecognized. These principles of mapping data apply to other countries and regions of the world.

When mapping poverty or analyzing poverty maps, it is essential to know which data were used and how the data are displayed. A map displaying the percentage of population living below the official poverty level likely will look different from a map displaying the same indicator in whole numbers. This is because total population numbers vary. An area with a small, dispersed total population with a large number of persons in poverty will display differently from an area with a large, highly concentrated total population with the same number of persons in poverty.

Simultaneous display of these maps allows comparison, which will likely lead to different conclusions (that

is, mapped by percentage, the first area will show higher need for resources; mapped by total number of persons in poverty, the maps will show that each area has equal needs based on income alone). Also while mapping poverty, it is beneficial to consider other demographic factors such as age. The needs of children and the elderly living in poverty should be evaluated differently. For example, if a map demonstrates a high concentration of elderly persons in poverty, resources should be targeted to ensure proper nutrition and aging services rather than education and job training resources that are no longer needed by this population.

More complicated but also important are maps that depict regions without regard to political boundaries. Similar techniques are utilized to create maps that display patterns of poverty in other parts of the world. Depending upon the purpose and intent, poverty data can be displayed by continent using country as the unit of analysis. Regardless of level, georeferenced information can free analysis from the restrictions of fixed geopolitical boundaries when appropriate.

USING POVERTY MAPS

Poverty mapping has become an important tool in identifying ways to improve living standards. These maps are created and used by governments, nongovernmental organizations, researchers, teachers, etc., to learn and to aid decision-making. As the world's population grows, the demand on the earth's natural resources is constantly increasing. The world's economy is dependent upon these resources and the well-being of people is dependent upon resource distribution, whether for use or for production. Poverty maps provide information about the spatial distribution of the elements of poverty, the historical patterns of poverty, and the distribution and availability of resources. All of these inform decisions on current and future need. These maps also allow quicker and more accurate targeting of natural, financial, and human resources for intervention and development.

As noted in the previous section, georeferenced information can free analysis from the restrictions of fixed geographical boundaries. This is valuable when decisions need to be made for ecological purposes since natural resource management needs do not always match political boundaries. For example, protecting rain forests is essential to reducing climatic change. A rain forest may stretch across several countries and the organization working with these countries can use maps to demonstrate how the people of the entire region will

be affected. While this example seems disconnected from poverty, deforestation has caused drought, famine, and natural disasters such as flooding and mudslides. All of these impact living standards and economic opportunity.

Regardless of the purpose and intended audience, mapped information at all levels of geography helps make the results of often-complicated analysis more accessible. These maps provide an easily understandable product to students and nonspecialists and encourage better understanding and knowledge of our world and its people.

Furthermore, different maps displaying different dimensions of poverty and/or its determinants allow simultaneous comparison. Easily understood statistics support better decision-making for targeting resources or responding to the world's critical problems.

SEE ALSO: Demographics; Indicators of Poverty; Technology; United States.

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March of Dimes

THE MARCH OF DIMES Birth Defects Foundation is a nonprofit organization and the successor to the (U.S.) National Foundation for Infantile Paralysis. President Franklin D. Roosevelt established the foundation in 1938 with his law partner, philanthropist Basil O'Connor. Infantile paralysis, commonly known as poliomyelitis (polio), was of great concern to the American public in the early 20th century as it faced severe polio epidemics during World War I and in the decades that followed.

Polio is an infectious viral disease affecting the nervous system with symptoms including weakness and paralysis of the muscles, with children under 5 being particularly vulnerable. In popular memory, polio raises the specter of children in leg braces and iron lungs.

Roosevelt, who contracted polio as an adult in 1921 and suffered from its symptoms throughout his life, was alarmed by the physical, psychological, and financial toll that the disease took, especially on young people.

At its inception, the National Foundation for Infantile Paralysis differed from other philanthropic foundations through its focus on research. It was among the first foundations to spearhead research in the sciences, providing financial support for research on polio, including pioneering work resulting in the invention of the successful vaccine developed by Jonas Salk in 1952. That year coincided with the highest incidence of poliomyelitis in the United States, with more than 57,000 cases reported and more than half of them resulting in paralysis.

Using the Salk vaccine, widespread vaccination against polio began in the United States in 1955. As a result of the foundation's work, polio has not been seen in the United States since 1979. The disease is rare even in developed countries. In 1988, when the World Health Organization, along with other partners, launched its Global Polio Eradication Initiative, there were 350,000 cases worldwide. As of March 2005, there were 1,263 cases recorded for 2004. The virus continues to be endemic in six countries. In order of severity the countries are Nigeria, India, Pakistan, Niger, Afghanistan, and Egypt. Most worrisome, however, is the fact that previously polio-free countries in western and central Africa, such as Sudan and Côte d'Ivoire, are seeing a reestablishment of the disease, the ensuing result of civil unrest and displacement.

The foundation has been particularly successful at grassroots fundraising. Putting a spin on the highly popular newsreel series of the 1930s and 1940s, *The March of Time*, comedian Eddie Cantor coined the phrase *March of Dimes*, appealing to Americans to send their dimes to the White House. In this manner, over \$3 million was collected in 1940 alone. As polio disappeared from the United States, the foundation changed its focus from eradicating polio to improving the health of babies by preventing birth defects and infant mortality, while continuing to emphasize research and public education in 1958. The name was officially changed to the March of Dimes Birth Defects Foundation in 1979.

Since the 1950s, 11 researchers funded by March of Dimes grants have won Nobel Prizes. Financial support for research in the prevention and treatment of inherited or otherwise acquired diseases in newborns has had positive results. For example, research in the late 1950s supported by the foundation led to the development of the PKU test, which involves a pinprick of

blood taken from the heel of a newborn. Today this test is carried out on newborns to identify certain kinds of mental retardation so that they can be treated immediately and appropriately. In 1985 the March of Dimes funded research leading to the use of surfactants to treat respiratory distress syndrome, a common lung disorder in premature infants that causes difficulty in breathing.

Through education, lessons from applied research have a trickle-down effect that can be especially effective at the popular level. For example, in 1973, March of Dimes researchers discovered that alcohol consumption during pregnancy causes birth defects. This finding has had a positive impact on prenatal maternal education and newborn health. Similarly in 1994, the March of Dimes launched a campaign urging women to take folic acid prior to and during pregnancy to help prevent neural tube birth defects such as spina bifida. This seemingly simple suggestion (that is, taking a vitamin supplement that included the prescribed amount of folic acid) resulted in a 21 percent decrease in the occurrence of neural tube defects between 1995 and 2000.

In 2003 the foundation launched the March of Dimes Prematurity campaign with the twin goals of raising awareness of prematurity among women and the general public and reducing the rate of premature births. Approximately 470,000 babies are born prematurely each year in the United States. Premature births have increased 29 percent in the last two decades and account for 12.1 percent of births.

Babies born prematurely may be at risk for death or lifelong health problems such as mental retardation and blindness, and pose large financial as well as physical and emotional burdens. The goal of the prematurity campaign is to bring the rate down to 7.6 percent by 2010. The March of Dimes will focus on finding causes for premature births, educate the public on recognizing preterm labor, continue funding for neonatal care units, and provide support for families of premature babies. Finally, since prenatal education and healthy babies go hand in hand with consistent healthcare, the March of Dimes will continue to advocate for access to health insurance and for the adoption of core newborn screening tests in all states.

The March of Dimes has a sophisticated and farreaching education program for the public operating through its main website as well as through local chapters. For healthcare professionals it also provides guides, statistics, and online training. To raise public awareness and funds, the March of Dimes coordinates WalkAmerica, an annual walkathon event that has raised more than \$1.5 billion since its inception in 1970, and selects a child to be national ambassador each year to travel across the country.

Research and education, funded and spearheaded by the March of Dimes, can improve outcomes for citizens of other countries as well. Consequently the March of Dimes is also working with international partners in Latin America, Asia, central and eastern Europe, and Africa toward common goals. In 2003, revenue for the March of Dimes stood at \$217.5 million, of which 74 percent went to funding activities such as research, advocacy, community programs, and education activities.

SEE ALSO: Children and Poverty; Disease and Poverty; Healthcare; Roosevelt, Franklin (Administration).

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Marion Medical Mission

THE MARION MEDICAL Mission (MMM) is head-quartered in Marion, Illinois, and is an American non-profit organization. All designated donations, including those designated for administrative costs, go to their assigned use. All undesignated funds go to work in Africa. All of its volunteers pay all of their own travel costs to Africa as well as their own support while engaged in ministry there. The president (2005) of the MMM, Tom Logan, is also its founder. He worked with Albert Schweitzer, Martin Luther King, Jr., and others prior to graduating from McCormick Theological Seminary in Chicago (Presbyterian).

Spiritually the MMM is an ecumenical Christian ministry with team members belonging to Baptist, Lutheran, Methodist, Presbyterian, Roman Catholic, and other denominations. It seeks to show Christian love and unity through several kinds of ministries. Begun in 1985, the MMM has conducted medical missions in Ghana, Republic of Congo (Zaire), and Malawi. Since 1990 it has focused much of its work in Malawi in

cooperation with the Synod of Livingstonia of the Church of Central Africa Presbyterian. The MMM gives short-term medical care to people who are suffering from a lack of modern medical care. It works closely with the Embangweni Hospital in Malawi.

Part of the MMM's strategic mission is the promotion of self-help projects that can be sustained in the rural village without outside assistance. These self-help projects are designed to improve rural village life. Among the projects are those involved with digging shallow wells in rural villages, where the only source of water is a waterhole shared with animals.

Shallow wells are providing clean water to over 1.25 million people.

A shallow well, dug to the water table in the dry season, is lined in the bottom with a layer of gravel. A well wall is built by cementing burnt brick into place. The well's top is a cement cover, through the top of which PVC pipe is inserted. A technologically appropriate hand-pump device is used to bring water to the surface. Pump replacement parts are available and affordable to the village. Donors pay for the cement, PVC pipe, and well-pump materials. The current cost is \$300 per well to supply a village with clean water free from the frequent diseases and avoidable deaths that come from using waterholes. Since 1990 the MMM has built over 5,000 shallow wells in Malawi, Tanzania, and Zambia. These shallow wells are providing clean water to over 1.25 million people.

The MMM also builds needed schools. With the Synod of Livingstonia it opened the only school for deaf children in northern Malawi. In 1992 it opened the Chizimya Full Primary School. It has provided funding for teacher homes, school buildings, and libraries, and has aided the operation of seven schools, including the Kasoba-area Christian Muslim School.

SEE ALSO: Christian Antipoverty Campaigns; Malawi; Missionaries; Sanitation; Water.

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Market Efficiency

MARKET EFFICIENCY IS ONE of the most problematic concepts in all of economics. In the model of general equilibrium, markets operate efficiently if all the assumptions of so-called perfect competition are fulfilled. One of them, omniscience, or perfect knowledge regarding the past, present, and future, ensures that people never err and hence follow only the optimal, efficient paths. As this is never true in reality, it often makes people believe that market efficiency is impossible, hence real markets are considered to fail, and therefore some remedy through the operation of the public sector is needed. Examples of textbook market failures include: monopoly power, externalities, public goods, and free-rider problems.

Critics of this approach argue that efficiency is not dependent on omniscience—which is an unattainable goal, indeed—but is built into every activity of every single market participant. Everyone bases his decisions on the market upon the comparison of perceived benefits and perceived costs and chooses only those activities where the benefits outweigh the costs. Since only the individual in question knows his subjective costs and benefits, every individual action of every individual must be considered (at least ex-ante) efficient, and hence the sum of individual actions, that is, market, must be considered efficient as well. So rather than "efficient never" as in the first approach, we have the "efficient always" approach.

EFFICIENT ARRANGEMENTS

Another group of economists building on Armen Alchian's pioneering article argues that a crucial point in the consideration of efficiency is relative efficiency, one's aggregate position relative to actual competitors, and not some hypothetically perfect competitors. In the real economy, as in a race, success is reached by the relatively fastest, regardless of the quality of his competitors. Hence efficient arrangements can be differentiated from inefficient arrangements over time on the basis of whether firms are making positive economic profits or not.

Douglass North, a Nobel Prize winner, challenges the criterion of survival of efficient arrangements over time, as many obvious inefficient structures have prevailed over very long periods of time. He consequently has come up with a concept of adaptive efficiency—a move of a market toward being more efficient if such an "inefficient" arrangement is dismantled.

Another attempt to rehabilitate the concept of efficiency has been made by James Buchanan, another Nobel Prize winner. His arguments for an alternative concept of efficiency are rooted in subjectivist-contractarian (Austrian-Wicksellian) tradition. From this intellectual background comes his focus on the process through which changes take place and on identification of obstacles to this process. He claims that some constraints to economic development are of an artificial nature, for example, imposed by governmental decree and political authority.

In the presence of such observed artificial constraints, the market can be labeled as "presumably inefficient" because profit-seeking entrepreneurs cannot freely operate to overcome the obstacle. Thus the space opens for a solution to this problem through compensation.

If those harmed by the existence of the barrier to efficiency improvement can compensate those who benefit, the efficiency-inhibiting barrier will be removed. If no such arrangement seems to be possible, the hypothesis of presumed inefficiency is falsified.

Despite the differences among authors, inefficiency is generally seen as the existence of unused potential for market transactions, so that somebody can be made better off without somebody else being made worse off as a result. The question then arises—and here comes the area of dispute: how can we identify that somebody was really made better off and somebody else was not made worse off?

As long as economics remains a science founded on subjective utility and individual evaluation of available opportunities, the question of improvement of "market efficiency" through a deliberate act of a governing authority will be very tricky.

SEE ALSO: Economic Inequality; Economic Liberalization; Fraud; Poverty Politics; Public Goods.

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Marshall, Alfred (1842–1924)

ONE OF THE FOUNDERS of neoclassical economics, Marshall was the most influential economist of the early 20th century and was the teacher of the most influential economist of the mid-20th century, John Maynard Keynes.

Marshall invented the familiar supply-and-demand curves. Though his father wanted him to enter the clergy, Marshall developed an early love of mathematics in general, and of geometry in particular. As a boy, he hid volumes of Euclid's *Elements* under his coat and studied them in every spare moment with the kind of zeal that a modern youth might apply to comic books. In 1862, he entered St. John's College at Cambridge University. He achieved the second-highest score on Cambridge's math competition, which gave him the title of "second wrangler" in mathematics.

In spite of his passion for mathematics, Marshall retained an ethical outlook that would have suited him well for the clergy. After graduating in 1865, he went to Germany to study philosophy. When he returned to Cambridge as a teacher (a fellow), he became a close friend of Henry Sidgwick, the eminent moral philosopher. After reading books by the classical economists David Ricardo and John Stuart Mill, Marshall chose economics as a career because he saw it as a way to help the poor.

His concern with poverty is reflected in his writings. He argued that poverty, especially extreme poverty, prevents people from leading a complete life. He stated that the poor suffered from low self-esteem and lack of aspiration, and that only improvements in their economic condition can improve the quality of their lives. He emphasized the importance of economic growth and education, along with the formation of appropriate institutions, in poverty alleviation.

As he wrote in his magnum opus, *Principles of Economics* (1890): "Now at last we are setting ourselves seriously to inquire whether it is necessary that there should be any so-called 'lower classes' at all: that is, whether there need to be large numbers of people doomed from their birth to hard work in order to provide for others the requisites of a refined and cultured life; while they themselves are prevented by their poverty and toil from having any share or part in that life."

In 1877 he married Mary Paley, who was one of the first female students at Cambridge and would have been a mathematics wrangler herself if women had been given the opportunity. Because Cambridge fellows were

forbidden to marry, he took a position teaching economics at University College, Bristol, which he held until 1881. After a brief stint at Oxford, Marshall returned to Cambridge as professor of political economy, a position not in conflict with his married status. He remained at Cambridge until his death in 1924.

Marshall emphasized the continuity of his own work with that of classical economists such as Ricardo and Mill. His most important contributions to economics were: to develop the notion of elasticity of demand using the supply and demand curves; period analysis; and marginalism.

Period analysis recognizes that different market forces are dominant in the short and long term. In the short term, supplies of goods and disposable incomes are more or less fixed. In the long term, on the other hand, anything can change: productive facilities, consumer tastes, disposable incomes, and even technology. Marshall agreed with other economists that market forces such as supply and demand determined prices in the short run.

Where Marshall differed from his contemporaries was to insist that in the long run, costs of production were also an important factor in determining prices. Marginalism is the idea that both consumers and businesses make decisions based on the enjoyment or profit they anticipate from the next unit of something that they might purchase or produce. Marshall did not originate the idea, but he developed it fully.

Despite using it in his own analyses, Marshall minimized the mathematics in most of his published work. To succeed in using economics to improve the world, he wrote books for the general public and confined most of the math to footnotes and appendixes. Marshall's influence as an economist and his moral example as a human being continue to influence scholars even in the 21st century.

SEE ALSO: Economic Inequality; Mill, John Stuart; Ricardo, David; Supply-Side Economics.

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Marshall Islands

THE REPUBLIC OF THE Marshall Islands is composed of a group of atolls and reefs in the north Pacific Ocean. Formerly under the administration of the United States as part of the United Nations Trust Territory of the Pacific Islands, the Marshall Islands became independent in 1986 but continues to host the U.S. Army Kwajalein Atoll (USAKA) Reagan Missile Test Site. A number of claims have been filed against the United States in connection with nuclear testing that was conducted on the islands before President John Kennedy banned the practice in 1962. Economic ties to the United States remain strong, however, and the economy would be devastated without U.S. aid.

With a per capita annual income of \$1,600, the World Bank classifies the Marshall Islands as a lower-middle-income nation. Over one-fifth of the labor force is involved in agriculture, mostly at the subsistence level. Coconuts, breadfruits, melons, and tomatoes are the most commercially viable crops. Another fifth of the labor force is engaged in small-scale industries that revolve around handicrafts, tuna processing, and copra. The rest of the labor force is employed in the service sector. Unemployment on the islands is estimated at 30.9 percent. In the future, the expansion of tourism may be the Marshall Islands' best hope for offsetting recent economic setbacks that occurred in conjunction with recent international events.

Poverty assessments for the Marshall Islands are rather difficult because data on important social indicators are not available. As a result, the United Nations has not ranked the Marshall Islands on general quality-of-life issues. No poverty rank is available, and the extent of poverty on the islands is unknown. As it exists on the islands, poverty is defined as a lack of access to basic human needs, including potable water, healthcare, and a primary education.

Even though the Marshall Islands suffer from a lack of potable water, 85 percent of the population use improved drinking water. Approximately 82 percent of the people have access to sanitation, but rural residents (59 percent) lag behind urban residents (93 percent) on this basic necessity. There are 46 physicians on the islands, and 92 to 100 percent of the population have access to affordable essential drugs.

Life expectancy on the Marshall Islands has fluctuated in recent years. From 1990 to 1995, male life expectancy fell from 68 to 65 years, then dropped again in 2000 to 63 years. During that same period, female life expectancy decreased from 73 to 70 and then to 68

years. By 2005 the projected life span for the 59,071 people on the islands had risen to 70.01 years. The median age is 19.95 years. Over 38 percent of the population are under the age of 14, and 2.7 percent have reached the age of 65.

While childhood mortality rates continue to be high, they have decreased in recent years. Between 1990 and 2003, infant mortality fell from 63 deaths per 1,000 live births to 53 deaths per 1,000 live births. The mortality of all children under the age of 5 dropped from 92 per 1,000 in 1990 to 66 per 1,000 in 2003. About 14 percent of all infants are underweight at birth. The extent of malnourishment among children under the age of 5 is not known. Childhood immunization rates range from 68 to 90 percent among children from birth to 23 months.

On the average, Marshallese women produce 3.93 children each. Around 37 percent of all women on the islands use contraceptives of some sort. Only five percent of births occur outside the presence of trained medical staff. Maternal mortality rates are not available. Among the population that is over the age of 15, 93.7 percent are able to read and write. Gender differences in this skill are negligible.

SEE ALSO: Child Mortality; Rural Deprivation; Sanitation; Unemployment.

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Marx, Karl (1818–83)

KARL MARX, THE SON of Hirschel and Henrietta Marx, was born in Trier, Germany. He came from a long line of rabbis, and his father, an admirer of Voltaire, abandoned his Jewish faith when Marx was a child and agreed to be baptized as a Protestant, so that he would keep his job as one of the most respected lawyers in Trier.

After schooling in Trier, Marx enrolled in the Faculty of Law at the University of Bonn at the age of 17. Soon thereafter he became engaged to Jenny von Westphalen, the daughter of Baron von Westphalen, a prominent member of Trier society and the man responsible for interesting Marx in Romantic literature and Saint-Simonian politics. The following year, his father, terrified by the fact that Marx was wounded in a duel and was running large debts, forced him to transfer to the academically superior Friedrich-Wilhelms Universität in Berlin.

In Berlin, Marx became interested in philosophy. He came under the influence of Bruno Bauer and joined the circle known as the Young Hegelians, known for their critique of the religion and the establishment. Marx was especially impressed by G.W.F. Hegel's dialectics, that is, that a thing or thought could not be separated from its opposite. Hegel's theory of the evolving process of history, and the notion that unity can be achieved only by equalizing the opposites, made a lasting impression on Marx.

After the death of his father and the dismissal of his mentor from the university, Marx moved to Cologne and, in October 1842, became editor of the influential Rheinische Zeitung. In January 1843 he published an article on the poverty of the Mosel wine farmers. This highly critical article provoked the government and the Prussian authorities, who quickly banned the newspaper. Fearing an imminent arrest, Marx married his fiancée and emigrated to France, where he became an editor of a political journal, Deutsch-Französische Jahrbücher (Franco-German Annals). The principal contributors to the journal were his old mentor, Bauer; the Russian anarchist, Mikhail Bakunin; and Friedrich Engels, son of a wealthy industrialist with whom Marx developed close cooperation a and devoted, lifelong friendship.

Paris experiences and especially the poverty of the working class made a deep and lasting impression on Marx. In an article published in February 1844, Marx argued that the workers would eventually emerge as the emancipators of the society. In the same year Marx wrote Economic and Philosophic Manuscripts. In this seminal work he developed the concept of alienation. At the end of 1844 Marx was expelled from Paris and he and Engels moved to Brussels where they cowrote The German Ideology, a critique of the philosophy of Hegel and the Young Hegelians. The basic premise of the manuscript was the thesis that "the nature of individuals depends on the material conditions determining their production." According to this materialist con-

ception of history, a human activity, rather than thought, plays the crucial role.

At the same time he also wrote a polemic, *The Poverty of Philosophy*, against idealistic socialism and joined the Communist League. This was an organization of German émigré workers, with its center in London, of which Marx and Engels became the major theoreticians. Marx and Engels took a prominent part in the league's Second Congress in London, in November 1847, at whose request they drew up the Communist Manifesto, which appeared in February 1848. Based on an earlier draft called *Principles of Communism* written by Engels, this document summarizes the theory of the class struggle and the role of the proletariat in building a new, classless society.

In London, Marx lived in extreme poverty; four of his children died soon after birth.

Within a month of publication of the manuscript, Marx was expelled from Belgium. He moved back to Germany but was expelled again in 1849. His hope of witnessing a socialist revolution in France did not materialize, since the French government ordered him out of Paris almost immediately.

England remained the only country that resisted the pressure of the Prussian authorities, and the British allowed Marx to emigrate there. In London, Marx lived in extreme poverty, four of his children died soon after their birth, and his wife contracted smallpox. Engels continuously provided financial support to Marx's family, who, in order to survive, sold most of their possessions.

DAS KAPITAL

In 1859, Marx published A Contribution to the Critique of Political Economy. His principal assertion was that the existence of a man is determined not by his consciousness but by the social circumstances in which man exists. The first volume of Das Kapital (Capital) was published in 1867.

In this work Marx analyzed the capitalist process of production and elaborated his version of the labor theory value and the exploitation that would ultimately lead to a falling rate of profit and the collapse of industrial capitalism. Marx worked on Volume II and Volume III of *Capital* for the rest of his life and Engels published them posthumously.

On September 28, 1864, the First International was founded in London. Marx was elected to the General Council and spent endless hours fighting the anarchists led by Mikhail Bakunin. The bitter struggle forced a move of the organization to New York City and led to its subsequent decline. In 1871 the citizens of Paris rebelled against their government, an event known as the Paris Commune. Marx, who called the Commune the "greatest achievement" since the revolutions of 1848, wrote one of his famous pamphlets, *The Civil War in France*, a passionate defense of the rebellion.

The bloody suppression of the Commune, the strenous work on the International, his relentless writing and organizing, and the deaths of his wife and eldest daughter all delivered a fatal blow to his already fragile health. Marx passed away peacefully in his armchair on March 14, 1883, and was buried next to his wife at Highgate Cemetery in London.

SEE ALSO: Capitalism; Communism; Economic Insecurity; Engels, Friedrich; Socialism.

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Maternal Mortality and Morbidity

POVERTY AND THE RISK OF maternal morbidity and mortality are explicably linked. As noted by A. Germain, "one of the greatest disparities between rich and poor countries and, often, rich and poor people, is in maternal mortality." Where countries have (and are willing) to spend the money in developing and maintaining effective environmental and healthcare systems, women's risk of becoming ill or dying during pregnancy declines.

However, "political and ideological roadblocks have obstructed progress on the nondisease elements of reproductive health: contraception, safe abortion, and comprehensive sexual education." In other words, instead of providing access to and infrastructure for reproductive health, governments attempt to control childbearing as a means to reduce risks to women and

children. The need to decrease maternal morbidity and mortality was recognized even before the Alma Ata Conference in 1978, is thoroughly discussed in *Health for All* documents for the years 2000 and 2001, and was made a major priority at the United Nations International Conference on Population and Development in 1995.

However, in 2000 there were 529,000 maternal deaths, with 13 countries (India, Nigeria, Pakistan, Democratic Republic of Congo, Ethiopia, United Republic of Tanzania, Afghanistan, Bangladesh, Angola, China, Kenya, Indonesia, and Uganda) accounting for 67 percent of these deaths. Since there has been continuous research and discussion about these problems for more than 30 years, why has there not been a significant positive change for women and their families with a reduction in maternal morbidity and mortality?

This article will provide definitions of, and examine the known underlying causes and risks for, maternal morbidity and mortality. In addition it will discuss the impact of these conditions on families and communities, review some of the data collection issues surrounding these conditions, and conclude with a consideration of the various recommended strategies for reducing maternal morbidity and mortality in this century.

DEFINITIONS

Maternal morbidity is not as well defined as maternal mortality. Maternal morbidity is often considered to be a "near miss." A *near miss* is "defined as pregnant women with severe life-threatening conditions who nearly die but, with good luck or good care, survive" by R.C. Pattinson and M. Hall. Others, such as M. Oates, consider perinatal psychological illnesses, for example postpartum and other pregnancy-related depressions, as morbid conditions during pregnancy.

Maternal morbidity is an area that needs considerable research in order to further define the concept as well as the impact it has on pregnant women and their families, especially since it has been suggested that maternal morbidity is a better indicator of the quality and effectiveness of obstetric care than mortality, as noted by some scholars.

On the other hand, maternal mortality has been well-defined (and redefined) over time. Currently, maternal mortality is defined in two ways—by the maternal mortality rate and the maternal mortality ratio. The maternal mortality rate is based on the total number of births and obstetric risk per birth, that is, this rate is the number of maternal deaths divided by the number of

women of ages 15 to 49, or those women of reproductive age.

The maternal mortality ratio, which is a commonly used biostatistical indicator, is the number of maternal deaths per 100,000 live births and is a measure of the risk of death once a woman has become pregnant. The regions of the world have different maternal mortality ratios, with Africa having the highest ratio at 830 estimated maternal deaths per 100,000 live births—and sub-Saharan Africa has the highest in the world with 920 estimated maternal deaths per 100,000 live births.

The lowest maternal mortality ratios can be seen in the developed world in Europe and North America, with Europe having 24 estimated maternal deaths per 100,000 live births. Globally the regions can be ranked in the following order from highest to lowest estimated maternal deaths: Africa, Asia, Oceania, Latin America and the Caribbean, North America, and Europe. In terms of specific countries, the top eight with the highest maternal mortality ratios are Mali, Rwanda, United Republic of Tanzania, Niger, Angola, Malawi, Afghanistan, and Sierra Leone.

A final note about the definition of maternal mortality is that time is a factor for considering whether a woman's death is recorded as a maternal death. According to the *Tenth Revision of the International Classification of Diseases (ICD10)*, "a maternal death [is] a death of a woman while pregnant or within 42 days of termination of pregnancy, irrespective of the duration and site of the pregnancy, from any cause related to or aggravated by the pregnancy or its management but not accidental or incidental causes."

If a woman dies within six weeks of giving birth or while pregnant and it is not an accident, the death is considered a maternal death. Approximately 75 percent of maternal deaths occur from the last trimester of pregnancy to about six weeks after delivery.

RISK FACTORS

The top two risks for maternal morbidity and mortality are being female and becoming pregnant; however, a variety of biological, social, and medical factors are important risks as well. In addition to being female, other biological risk factors are age, race/ethnicity, and nutritional status. Women who are short, thin, and anemic are more likely to experience morbidity and/or mortality during pregnancy.

There are a number of social factors that put women at risk for morbidity and mortality. These are socioeconomic status, country of delivery/ruralness of country, access to healthcare, and maternal education level. Gender dynamics, wherein the government in a country does not adequately provision the maternity care system, and so the services delivered cannot meet the needs of women who are of reproductive age, is a social indicator for risk as well.

An interesting point of fact is that in the United States and other developed countries, reductions in maternal and infant mortality occurred as urban environmental interventions (for example, sewage and refuse disposal and safe drinking water) improved. In addition, an improved standard of living based on increased monies, access to education, and a decline in fertility rates all aided families in improving their health and nutritional status. These social factors are all connected to decreased poverty and increased earning power and health status.

Currently research is focusing on the area of violence towards women, especially when they are pregnant. Violence perpetrated on women of reproductive age or on pregnant women takes a heavy toll. Violence may be domestic/family violence and/or caused by warfare. A serious issue connected to violence is that warfare leads to decreased funding for needed maternity services.

Medical risks for women arise when standards and guidelines for appropriate maternal care are lacking and there is inadequate training for and supervision of health workers. In addition, infection prevention in many maternity care settings may be substandard (for example, lacking adequate running water and cleanliness of all areas). Disparities in access to care often occur by race and ethnicity in the United States, and are most likely linked to similar problems in other developed countries as well. In the past 15 years, HIV/AIDS status has had an increasingly significant impact on maternal morbidity and mortality.

As a final note, these risk factors impact women differently throughout the world. For example, in Nepal vitamin and nutritional deficiencies may play a major role in morbidity and mortality rates of pregnant women, while in Indonesia hemorrhage, infection, and toxemia are the key risk factors.

CAUSES

Maternal morbidity is due to complications related to pregnancy. The top causes of morbidity, according to experts, in developed countries are miscarriage, ectopic pregnancy, excessive vomiting, diabetes, hemorrhage, infection, pregnancy-induced hypertension, premature labor, and cesarean delivery. In addition to the same causes seen in the developed world, malaria, anemia, maternal depletion (due to poor nutrition and heavy workload), and HIV/AIDS are indicators for maternal morbidity.

IMPACT OF MATERNAL DEATHS AND ILLNESS

Although maternal morbidity and mortality are considered problematic at the governmental and health system level, it is at the family and community level that a larger impact is felt. J. O'Loughlin states this very clearly when he says, "the death of a mother is almost twice as dangerous for her surviving children as the death of a father, and her daughters are almost twice as likely to die as her sons." Women carry almost all of the household workload and are the main producers of food for families. The food a woman produces is not only for her family but may be for sale as well in order to provide family income.

The woman's death may push a family into further poverty or into poverty due to the decrease in income. When a woman dies, the workload she carries must be covered by another person—usually another woman who may not be the mother to the children in the household. In addition, when a woman dies in child-birth, the infant she is carrying dies with her about 74 percent of the time. Therefore a reduction in maternal mortality rates could have a positive impact in decreasing infant mortality rates as well.

DATA COLLECTION ISSUES

Currently data on maternal morbidity and mortality are collected through a variety of direct and indirect methods, including hospital deaths/vital records, surveys, census data, and interviews with surviving family members (for example, household surveys, sisterhood method). Each of these methods is a way to estimate maternal deaths and to "draw attention to the existence and likely dimensions of the problem of maternal mortality," according to C. AbouZahr and T. Wardlaw. Since the numbers are only estimates from these methods, some countries have decided to conduct special surveys to attempt to more accurately measure maternal morbidity and mortality.

These surveys estimate the time of a woman's death and its relation to pregnancy to better clarify if the death might be a maternal death. Whatever the data collection method used, the purpose should be to collect as accurate a set of data as possible so that "evidencebased healthcare" can be developed and provided to women of reproductive age.

In terms of hospital-based information, not all women use hospitals, many times the information on the death records is incorrect or incomplete, and the diagnoses may be differently defined within a country. Although the information may be readily available, it is not clear how complete the information is, and suggestions have been made that these estimates should be adjusted upward by a factor of 50 percent.

One way of handling these data are to use the hospital information and identify the deaths of all women between the ages of 15 and 49 (reproductive age) and read through each death record to determine if there was the likelihood of a maternal death. This method, along with interviews, appears to provide more comprehensive information about maternal mortality.

Some scholars point out that the sisterhood method uses smaller sample sizes but provides only data about the previous 10 years. It does not actually "measure pregnancy-related deaths" and is not particularly "useful for monitoring changes," according to AbouZahr and Wardlaw.

However, confidential inquiry, another method used, provides information only about the deaths of which family members and others in the community are aware. Maternal morbidity is not being measured in this way and is usually estimated based on families noting that a woman was ill and could not complete her normal work while she was pregnant.

There is increasing agreement that countries need to complete censuses so that there is generational data on maternal morbidity and mortality. This method would allow for specific questions to be officially asked as well as for the data to be used to develop trend analyses. For this type of data collection, a variety of data variables should be included, for example, demographic, economic, social, and health system, to allow for comparisons across countries and global regions.

STRATEGIES

The primary strategy for reducing maternal morbidity and mortality is to ensure that skilled birth attendants, community health workers, and/or midwives are available for every birth. These professionals, who know the women and their families because they live in the community, are able to determine when a woman is having a high-risk pregnancy and when she needs care from the clinic or hospital. The ability of these healthcare providers to access the larger healthcare system is cru-

cial for women who are having complications due to pregnancy.

Other tasks that could aid in improving maternal health are, according the World Health Organization (WHO): 1) to provide easy family planning access to all women—some countries require a husband's approval and/or that the woman be married to receive family planning services; 2) to encourage later marriage for girls so they are less likely to be at risk of becoming pregnant at an early age; 3) to create healthcare clinics that are close to people's homes and ensure that these facilities have trained health professionals; 4) to develop more effective protocols and statutes for regulating practice so that obstetric risks are consistently identified; and 5) to provide safe abortion services.

Another important strategy for reducing maternal morbidity and mortality is to provide healthcare based on more accurate and relevant evidence. Evidence-based healthcare means that practices in healthcare settings and services provided by professionals will be based on scientific information that allows for a "more effective resource allocation" to ensure that women are better able to survive their reproductive years.

In conclusion the link between poverty and maternal morbidity and mortality needs to be highlighted for governments to have a more complete understanding for action. Increasing women's nutritional status and their educational status, as well as their ability to access healthcare, will, in conjunction with the strategies mentioned earlier, improve maternal health. As WHO has stated, "the death of a woman during pregnancy or childbirth is not only a health issue but also a matter of social injustice."

SEE ALSO: Child Mortality; Family Size and Structure; Gender Discrimination; Gender Division of Labor; Healthcare; Nutrition; Vulnerability; Women and Poverty.

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Mauritania

IN THE REPUBLIC OF Mauritania, located in northern Africa, 46.3 percent of the population live in poverty and one-fifth are unemployed. Mauritanians live on an average annual income of only \$280, with 63.1 percent living on less than \$2 a day and 25.9 percent living on less than \$1 a day. Mauritania's wealth is unevenly divided, with the poorest 20 percent claiming only 7.3 percent of the country's income, while the richest 20 percent share 39 percent. Mauritania is ranked 39 on the Gini Index of Human Inequality.

Mauritania's dependence on agriculture, which employs 50 percent of the labor force, has resulted in overgrazing. Problems are compounded by the scarcity of natural freshwater resources except around the Senegal River. Water resources are further threatened by periodic droughts and crops are at risk from locust infestations. The proceeds from Mauritania's large iron ore deposits make up almost 40 percent of the country's exports; however, this market has recently declined in response to declining demands.

The coastal waters of Mauritania are considered to be among the richest in the world, but this valuable asset has proved vulnerable to foreign exploitation. A history of government mismanagement was in large part responsible for huge foreign debts that led to Mauritania's inclusion in the Heavily Indebted Poor Countries (HIPC) program in 2000. Prospects for combating poverty in the coming years have improved with the discovery of offshore oil wells in 2001, but until they are operational the effects of poverty are devastating.

With a life expectancy of 52.73 years and a median age of 16.98, Mauritania is a young country. Approxi-

mately 46 percent of the population are under the age of 14, and some two percent reach the age of 65. Mauritanians have a 30.5 percent chance of dying before they turn 40. While Mauritania's HIV/AIDS prevalence rate is relatively low for sub-Saharan Africa (0.6 percent), 9,500 Mauritanians were living with the disease in 2003 and another 500 had died. The population is also susceptible to the food- and waterborne diseases, chiefly because 63 percent lack access to safe water and 67 percent lack access to adequate sanitation. Some locations experience malaria and Rift Valley fever, and respiratory diseases are common.

Before the Carter Center of Emory University became involved in Mauritania in 1995, Guinea worm disease, which is spread through contact with infected water, was endemic in 221 villages. By 2003 only 13 cases were reported among nine locations. Even preventable diseases take the lives of many Mauritanians because they lack access to adequate healthcare and lifesaving drugs.

The infant mortality rate for Mauritanian infants was estimated at 70.89 per 1,000 live births in 2005. This is a significant improvement since 1970, when the rate was 150 deaths per 1,000. Mortality rates for children under the age of 5 have also decreased drastically, declining from 250 in 1970 to 107 in 2003. Even so, childhood mortality rates remain unacceptably high. Approximately one-third of all Mauritanian children are underweight, and 10 percent are severely malnourished. Approximately 35 percent of children under 5 suffer from moderate to severe stunting, and 13 percent suffer from moderate to severe wasting.

Rates of childhood immunizations have fluctuated somewhat in recent years. In 1999, 63 percent of children between the ages of 12 and 23 months were immunized against measles. That rate increased to 81 percent in 2000 but declined to 71 percent in 2003. In 2003, 76 percent of children in this group received DPT3 vaccinations. According to reports for 2002, infant immunizations were somewhat higher, with 98 percent immunized against tuberculosis, 81 percent against measles, 83 percent against DPT, and 82 percent against polio.

Only 41.7 percent of the adult population can read and write. Less than one-third of all females and just over half of all males are literate. Male literacy rates decreased from 59.5 percent in 1980 to 49.3 percent in 2000, then rose to 51.8 percent in 2005. Female literacy rates declined from 82.5 percent in 1980 to 69.9 percent in 2000, then decreased again in 2005 to 31.9 percent. Mauritanian children receive an average of seven years

of schooling. Between 1995 and 2000, primary school completion rates increased for both males and females. Among males the increase was from 61 to 68 percent, and from 53 to 64 percent among females.

Mauritania's fertility rates are high. Estimates for 2005 place the fertility rate of women of childbearing age at 5.94 children. Two years earlier, the fertility rate was 4.6 children for all women and 110 out of 1,000 for adolescents. Only eight percent of all women use contraceptive measures. Some 43 percent of all women lack professional attention when giving birth, and the maternal mortality rate is estimated at 1,000 per 100,000 live births.

In response to pressure from international groups, the Mauritanian government has acknowledged the unequal status of women by adopting new policy initiatives. These initiatives include poverty reduction, improved educational equality for girls, professional training and greater economic opportunities for women, improvements in maternal and infant health, and increased numbers of women in decision-making positions.

Human Development Index Rank: 152 Human Poverty Index Rank: 79

SEE ALSO: Child Mortality; Disease and Poverty; Income Inequality; Maternal Mortality and Morbidity.

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Mauritius

THE ISLAND OF Mauritius, located in the Indian Ocean, has grown from a low-income agricultural country to a middle-income nation with a diversified econ-

omy. The per capita annual income of \$4,900 is one of the highest in Africa. Independent since 1968, Mauritius is a stable democracy that provides an environment conducive to foreign investment. While much of its income is derived from industry, finance, and tourism, the Mauritian economy is still tied to the sugar industry, and growth has declined somewhat in recent years in response to declining sugar prices and poor weather. The majority of Mauritians experience a comfortable standard of living, and income is relatively equally distributed; however, approximately 10 percent of the population live in poverty and five percent are malnourished.

The entire population has access to safe water and improved sanitation.

Mauritius's population of 1,230,602 experiences a life expectancy of 72.38 years and a median age of 30.5 years. Almost one-fourth of the population is under the age of 14, and 6.5 percent are over the age of 65. Mauritians have a 4.6 percent chance of dying before the age of 40.

High educational levels and literacy rates, combined with quality of healthcare, have allowed Mauritius to virtually escape the HIV/AIDS epidemic that has swept much of Africa. In 2001, 700 people were living with the disease and fewer than 100 had died of the disease or its complications. Malaria and polio have been eradicated in Mauritius, and high quality of life protects Mauritians from the infectious diseases that are common in other African nations. The entire population has access to safe water and improved sanitation, and virtually everyone has access to affordable lifesaving drugs.

The Mauritian infant mortality rate is remarkably high when compared to its African neighbors. In 2005, out of 1,000 live births, this rate was estimated at 12.27 for females and 17.74 for males, with an overall rate of 15.03 deaths. Two years earlier, the mortality rate was 16 per 1,000 for infants and 18 per 1,000 for children under five.

About 13 percent of all Mauritian babies experience low birth weight, and 15 percent of children under the age of 5 are malnourished. Averages for the period 1995 to 2003 reveal that only two percent of Mauritian children under 5 were severely underweight, 14 percent suffered from wasting, and 10 percent of children experienced stunting.

Careful attention to childhood immunization rates has resulted in healthier children. Between 1999 and 2003, the number of infant immunizations against measles rose from 80 percent to 94 percent. Infant immunizations were reported at 88 percent against polio and DPT and 87 percent against tuberculosis. In 2003, 94 percent of children between the ages of 12 and 23 months were immunized against measles and 92 percent were immunized against DPT3.

The low fertility rate of 1.96 children per woman in 2005 is further evidence of a comparably high standard of living for Mauritians, as is the adolescent fertility rate of 39 per 1,000 births. Approximately 26 percent of Mauritian women use contraception of some sort. In 2000, maternal mortality was estimated at 24 deaths per 100,000 live births.

These rates have been controlled in recent years by the attendance of professional medical staff at 98.5 percent of all Mauritian births. While there is no definite poverty line in Mauritius, it is estimated that some 10 percent of the total population of Mauritius suffer from poverty. The poorest Mauritians are women and their dependent children, resulting in what has become known in much of the world as the concept of the feminization of poverty.

While more needs to be done to improve literacy in Mauritius, rates are comparably high for the area. In 2003 the literacy rate was recorded as 85.6 percent, with an 88.6 percent rate for males and an 82.7 percent rate for females. Education in Mauritius is free and compulsory, and most Mauritians receive at least 13 years of schooling. At the primary level, all Mauritian children are enrolled in school, but completion rates have dropped in recent years. As a result, the Ministry of Education and Scientific Research has established a monitoring system to track student school attendance, and some children are being redirected toward vocational schools.

Human Development Index Rank: 65 Human Poverty Index Rank: 24

SEE ALSO: Agriculture; Education; Feminization of Poverty; Foreign Direct Investment.

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McKinley, William (Administration)

WILLIAM MCKINLEY (1843–1901) was the 25th president of the United States, serving from 1897 to 1901. He is most commonly remembered for his raising of import tariffs and his role in starting the Spanish-American War, which led to the United States obtaining a global empire.

Born in Ohio, McKinley served with distinction in the American Civil War and then went on to make a career in law. He became involved in politics and achieved a considerable level of electoral success as a representative of the Republican Party. His political views may best be summarized as compassionate conservatism. The strength with which he held to his position on protectionism was founded on genuine concern for the poor, especially the rural poor, who he thought would be best served by this stance.

In the 1890s, when he first began to plan seriously to become president, America was isolationist and suffering from economic depression. The economics debate was dominated by the gold standard, supported by McKinley, and the bimetallic standard, favored by his Democrat opponent, William Jennings Bryan. Assisted by the wealthy industrialist Mark Hanna, who obtained enormous campaign donations from big business (much of which was used in negative campaigning against Bryan), McKinley was elected despite scarcely leaving his own house.

McKinley ordered the United States into war with Spain in 1898, largely on the basis of the violent suppression of an independence movement by the Spanish in Cuba, and because of an explosion that destroyed the USS *Maine*, for which the partisan American press wrongly blamed the Spanish. The war was quickly won, as the Spanish then had only a few weak military forces spread across the world.

America then had to decide what to do with the captured Spanish possessions in the Philippines, Guam, and Puerto Rico. By a slender margin, the overseas possessions were voted to become imperial colonies. This act enabled the United States to challenge the European



William McKinley's protectionism was founded on a genuine concern for the poor, especially the rural poor.

powers as a major player on the world stage, and the colonies represented sources of cheap resources and overseas markets for American products. There was a significant proportion of the American public that opposed this overseas expansion, but McKinley sided with imperialism on the basis that America would be better able to provide for the welfare of the poor people of the colonies. To the people of the colonies, the name of the colonizer made little difference and fierce insurrections erupted, notably in the Philippines, where bloody fighting continued for years. McKinley was successfully reelected in 1901 but, on September 6, he was

shot twice by the anarchist Leon Czolgosz and died a week later.

SEE ALSO: Colonialism; Imperialism; Republican Party; United States.

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Means-Tested Government Antipoverty Programs

MEANS-TESTED GOVERNMENT antipoverty programs are governmental attempts to reduce poverty that target only those who are in genuine need. It seems intuitively reasonable that such programs would be more efficient in reducing poverty, because government services and resources would be more tightly focused on appropriate recipients.

However, results have generally been disappointing because of the highly complex nature of welfare programs, and because of the ways in which recipients are selected and monitored. Further, the difficulties attendant upon measuring changes in circumstances (and hence noneligibility to benefit from the programs) have also rarely been successfully negotiated.

Among the best-designed means-tested programs are reputed to be those that have recently been implemented in the United States. These have recorded very low rates of seepage to noneligible households (that is, including those who should not be included) or of exclusion error (that is, not including those who should be included), although participation rates have fallen, which suggests the presence of negative incentives to attempt to joint the schemes.

Effective management has been based upon devising appropriate criteria involving income and assets as well as thorough and rigorous verification of results. Outreach efforts, including partnership with nongovernmental organizations, might help in improving

participation rates. While effective, this method is quite resource-intensive and would necessitate perhaps considerable levels of capacity building in lesser developed countries. This is particularly true when the entire network of often-interlocking programs necessary to target all relevant target audiences is considered. The minimum requirements include accurate population statistics with systems to keep them updated, systems for recording residency and eligibility, skilled and motivated government staff at the front line, and sufficient funds and resources to meet advertised benefits. Raising expectations that cannot be subsequently met in part or in full often proves to be more demoralizing than offering nothing at all.

The desire for means-tested programs rather than universal benefits is often motivated by political means. Some people believe that there are a comparatively large number of people who are willing and able to cheat the system and, hence, the onus for demonstrating their eligibility should be upon the potential participant. This argument is related to the unsubstantiated claim that people perceive poverty as negative, and hence receipt of transfer payments offers a superior lifestyle to not being in poverty. So long as people in these tendencies focus their efforts on improving the efficiency of systems rather than questioning their need, then the damage they do will be limited.

Raising expectations that cannot be met often proves to be demoralizing.

Methods of improving means-tested government programs include the use of joint applications across different programs, centralized computer services for record-keeping, and better advertising of services in terms of benefits and eligibility criteria. In general these programs are better aimed when they are intended to promote active change in the recipient's life and circumstances, stimulating behavioral change, and linking the client with further suites of services that are designed to provide a smooth rather than staccato transition process out of poverty.

SEE ALSO: Means Testing; Poverty Assessment; Public Policy; United States; Welfare.

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Means Testing

MEANS TESTING IS THE PROCESS by which people are assessed for their eligibility for public assistance schemes, such as welfare payments or tax credits, on the basis of their existing income. Since universal provision of payments can be very resource-intensive, restricting transfers to those with genuine need can enable schemes to continue without being prohibitively expensive.

However, the very complex nature of many programs and eligibility criteria makes the process of application expensive and subject to administrative error, not to mention fraud, while filling out forms and presentation for interview represent possible barriers to access for a number of people. Furthermore change in personal circumstances also affects eligibility for meanstested benefits, including those for whom the benefit is clearly intended, and this can lead to further sources of administrative error.

Means-tested benefits are subject to criticism from people who object to government transfers generally. They claim that these benefits promote a culture of reliance and underachievement. Means-tested benefits are also subject to criticism when they are too restrictive or complex and hence fail to reach those who would need them the most. However, these forms of criticism usually concern administrative rather than ideological issues.

Means testing has a long history in European economies and was for a long period associated with the notion of the "deserving" and the "undeserving" poor—the former being those willing and able to improve their lot and the latter not, with little thought being given to why some people were unable to improve themselves. It has been used in the United States since the time of the Great Depression and its merits are continually debated with respect to expensive schemes such as Medicare. Ross Perot, a 1992 presidential candidate,

advocated greater use of means testing to determine eligibility, but there has been little progress subsequently as the issue has become mired in partisan politics. Internationally, means testing is expanding to former Communist countries that previously offered, if some times only nominally, universal levels of benefit. Greater capacity in developing countries is also enabling a larger provision of means-testing terms of government welfare provision, and there is a need for high-quality research to determine the long-term impacts of such schemes and to identify the best practice in managing them. Irrespective of optimal arrangements for distribution of resources, poorly considered or presented schemes will arouse widespread resentment.

SEE ALSO: Deserving Poor; Fraud; Medicare; Universal Healthcare; Welfare Dependence.

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Médecins Sans Frontières

MÉDECINS SANS FRONTIÈRES (MSF) or "Doctors without Borders" is an international humanitarian organization that is dedicated to providing emergency medical aid anywhere it is required in the world, irrespective of color, creed, or any other issue. MSF is also dedicated to raising awareness of the need for medical aid and assistance. It is the world's largest independent provider of health services and is currently active in 68 countries around the world.

In addition to providing healthcare, MSF publishes research and policy advocacy in support of its origins in 1971, when a group of doctors decided to take action to counteract what they perceived to be injustice in terms of attaching political considerations to humanitarian interventions. Arguing that humanitarianism should come

first independent of any political considerations, MSF members, who draw upon 2,000 or more doctors internationally as well as other professionals, work in every country of the world in which they perceive there to be a need. Unfortunately interventions in Afghanistan and Iraq have been ended after persistent use of violence against MSF workers.

One of the more important issues facing international humanitarian organizations at the beginning of the 21st century is the difficulty inherent in avoiding either being co-opted into the efforts of a partisan (occupying) force or being viewed as part of that effort irrespective of ideological neutrality. The lack of international support for the American-led invasion and occupation of Iraq and the huge amount of so-called collateral damage caused (that is, the death and injury of civilians) have stimulated the belief that humanitarian intervention is part of the invasion and, hence, a suitable target for those prepared to use violence to end the occupation.

MSF was awarded the Nobel Peace Prize in 1999 "in recognition of the organization's pioneering humanitarian work on several continents." In the Nobel lecture given in response to this prize, MSF's James Orbinski summarized the philosophy of the organization: "Our action is to help people in situations of crisis. And ours is not a contented action. Bringing medical aid to people in distress is an attempt to defend them against what is aggressive to them as human beings. Humanitarian action is more than simple generosity, simple charity. It aims to build spaces of normalcy in the midst of what is abnormal. More than offering material assistance, we aim to enable individuals to regain their rights and dignity as human beings. As an independent volunteer association, we are committed to bringing direct medical aid to people in need. But we act not in a vacuum, and we speak not into the wind, but with a clear intent to assist, to provoke change, or to reveal injustice. Our action and our voice is an act of indignation, a refusal to accept an active or passive assault on the other."

MSF does not, therefore, act purely as a neutral provider of emergency assistance but acts also as a facilitator in helping people to restore peaceful and normal conditions in their lives. Since the causes of conflict and warfare are so often related to governments or groups who would form governments, it is inevitable that its advocacy will clash with some governmental versions of events. MSF believed that it was obliged to withdraw from the Democratic People's Republic of Korea (North Korea), for example, because despite the evidence of clear need for millions of people, it found the

government's interference and obstructionism in its work necessitated the withdrawal.

HISTORY

MSF was established in 1971 by French doctors who had been active in Biafra and who had become disillusioned by the political considerations surrounding humanitarian intervention as well as by the neutrality of the International Red Cross Commission, which they believed failed to maximize relief by failing to challenge certain state actions that may obstruct it. Both in Biafra—a state in eastern Nigeria seeking autonomous rule—and in East Pakistan (now Bangladesh), MSF founders, led by Bernard Kouchner, observed occasions on which they believed they should speak out in the desire to reduce suffering.

Since they are required to work in states that were unable to offer any meaningful local health service infrastructure, MSF volunteers were often obliged to work directly with government ministries to assess needs and deliver services. However, they refused to do this when government officials involved were suspected of being culpable of human rights abuses.

Accusations against officials in Zaire (Democratic Republic of the Congo) and Tanzania that they had been involved in massacres in Rwanda led to the expulsion of MSF from those countries. There have also been high-profile appeals for change and intervention in Chechnya and Kosovo, among other places. These are complemented by various public education campaigns aimed at young people and communities and other outreach activities.

One particularly important public information campaign has been Access to Medicine, which calls for affordable medicines for all people. This effort is aimed at reducing prices of existing drugs, bringing back into production drugs that have been abandoned as unprofitable but which could still help many people around the world and increasing research and development by both public- and private-sector institutions.

An international conference on research into neglected diseases was held in June 2005 at which some 200 experts from around the world gathered to debate the issues involved with creating strategies to promote exploration of remedies. The associated Drugs for Neglected Diseases Initiative aims to "raise awareness of the need to research and develop drugs for those neglected diseases that fall outside the scope of market-driven research and development." Millions of people fall victim to diseases such as malaria, HIV/AIDS, and

tuberculosis, but these diseases receive comparatively little attention from the scientific research community apart from those cases in which profitable exploitation of new drugs seems possible. This includes those HIV/AIDS treatments that are primarily aimed at comparatively rich Western sufferers. MSF, meanwhile, is establishing programs to treat victims of HIV/AIDS as a comprehensive package, which includes provision of condoms and other preventive methods, education, and the provision of antiretroviral treatments (ART). ART is now being provided by MSF to 40,000 patients across a total of 29 countries.

Médecins Sans Frontières is the largest independent provider of health services.

The programs are working and many patients are gaining weight and living longer and fuller lives. However, there are still problems, such as including oftenneglected populations such as children and also obtaining ART medicines at affordable costs. This has brought MSF into further engagement with international trading rules and regimes as they aim further to modify rules to permit low-cost, generic alternatives to proprietary drugs to be produced and distributed across the developing world.

MSF's income exceeded 373 million euros in 2003, with 80 percent of this being derived from private individual sources. Expenditure is primarily on operations, at 82 percent, with 11 percent spent on fundraising and six percent on management and administration. The country on which the largest proportion of resources was spent was the Democratic Republic of the Congo, which received 26.4 million euros, followed in descending order by Sudan, Angola, Liberia, Afghanistan, and Ethiopia.

MSF volunteers accept their professional duties and obligations as physicians and expect no additional recompense for their time and expertise beyond what MSF is able to provide. Some provision is made for the many thousands of local people who act as partners in MSF's operations and who may have no other source of income. This structure helps to preserve the independence of MSF's activities and maintain its ideological commitment to challenging injustice wherever it may be found.

In addition to its importance as a humanitarian intervention organization, MSF is particularly significant in the leads that it gives to people around the world who wish to contribute to relief and also have a strong commitment to international norms of human rights and justice.

SEE ALSO: Disease and Poverty; Healthcare; HIV/AIDS; Maternal Mortality and Morbidity.

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Medicaid

MEDICAID IS A U.S. program that pays for medical and health-related services for certain individuals and families with low incomes and resources. It does not provide medical assistance for all poor persons because the program is not based on income alone. Individuals must meet eligibility criteria to be enrolled in the program and fall within certain coverage categories. Medicaid is the largest source of funding for medical and health-related services for America's poorest people. In 2000 it provided coverage to approximately 46 million persons.

The program became law in 1965 with the passage of Title XIX of the Social Security Act. Jointly funded by the federal and state governments (including the District of Columbia and the Territories), the federal government ultimately oversees the program via the Centers for Medicare and Medicaid Services (CMS). This is accomplished through established guidelines, statutes, regulations, and policies.

The states have discretion in the application of the program so long as they operate within the federal rules. Each state establishes its own eligibility standards; determines the type, amount, duration, and scope of ser-

vices; sets the rate of payment for services; and administers its own program.

In order for states to receive federal funds to support the Medicaid program, the states must provide Medicaid coverage for most individuals who receive federally assisted income maintenance payments (generally referred to as welfare), as well as for related groups not receiving cash payments. Beyond that, the rules for eligibility can be complex and vary a great deal from state to state. Administrative and definition differences in financial criteria are important because cost of living and wages differ throughout the country.

Without the allowance for geographical differences, an inequitable economic climate would be created by the use of one calculation throughout the United States. The states use a variety of methodology to create a determination threshold, and eligibility in one state does not automatically make a person eligible in another state if he or she changes residence.

In addition to the required coverage, most states have additional, optional programs to provide medical assistance for specified poor persons who do not qualify for the Medicaid program. These programs do not receive federal funding.

Medicaid should not be confused with Medicare, which is an entirely different program. Medicare is an entitlement program that provides hospital insurance and supplementary medical insurance to persons over the age of 65 and certain disabled persons. Some persons are eligible for both programs. When dually eligible, Medicare is the primary insurer and Medicaid helps pay for out-of-pocket medical expenses.

ELIGIBILITY

Because Medicaid is a program designed to assist the poor, financial status (income and resources such as bank accounts or real estate and other items that can be sold for cash) is a primary criterion for eligibility. The rules regarding allowable income and resource levels vary by state and according to the classification of the person applying for services. These considerations are age; whether or not a person is pregnant, disabled, blind, or aged; and legal citizenship or immigrant status. Marital status is not a criterion.

Total household income and resources of a married couple are considered, thus reducing the likelihood of eligibility for many poor working adults. Regardless, CMS recommends that any person with a low income who matches an eligibility criterion should apply for the program. After applying, a caseworker evaluates the sit-

uation and need in relation to the eligibility criteria of the various programs. The eligibility program coverage rules can be complicated; however, the following is a generalization of groups who are eligible for coverage:

Pregnant women and infants: if a woman is eligible because of pregnancy, she and the child will both be covered for at least the first year after birth if he or she remains in the mother's home and the mother remains eligible for the program. The mother is guaranteed eligible for 60 days following birth if pregnancy was the primary determinant for program eligibility.

Low-income families with children: if the family meets certain eligibility requirements in the State's Aid to Families with Dependent Children (AFDC) plan, the family should be covered.

The largest portion of Medicaid spending goes to the support of the disabled and aged.

Children whose family incomes fall a certain amount below the federal poverty level, recipients of Supplemental Security Income (SSI), and recipients of adoption assistance and foster care are likely eligible.

States also have the option of establishing "categorically needy" groups for coverage and creating a "medically needy" program. Categorically needy groups share characteristics with the groups covered by mandate. However, members of these groups are eligible based on separate and distinct criteria.

Examples are targeted low-income children whose families do not meet the more restrictive eligibility criteria, institutionalized individuals with income and resources below specified levels, persons who would be institutionalized but are receiving care under home- and community-based service waivers, and persons in need of specific treatment but not otherwise eligible for the Medicaid program.

The optional medically needy program allows states to extend Medicaid eligibility to persons whose incomes are too high to qualify under the mandatory or categorically needy programs. This option requires the person to incur a level of medical expenses or care expenses to offset the excess income. This is called "spend down."

In other words, the person or family does not meet the financial definition of poor but the medical expenses so greatly reduce the amount of income available for other needs such as housing and food that eligibility for public support is created. Another option under this program is the offering of state insurance programs in which some persons can receive Medicaid coverage by paying a premium for enrollment in the program. This is a good option for the working poor who earn too much to be eligible but do not have the financial means to purchase healthcare coverage elsewhere.

COVERAGE FOR THE DISABLED AND AGED

The largest portion of Medicaid spending goes to the support of the disabled and aged. In 2000, 29 percent of Medicaid dollars paid for institutional long-term care. Medicaid pays for institutional care of the disabled and aged if these persons meet the criteria guidelines. In many cases of the disabled, children who are diagnosed with mental retardation require too much care to remain in the family home without additional support from public sources.

During the past few decades, the disability advocacy agenda has pushed for deinstitutionalization and programs that help persons with disabilities remain in the community. As a result, smaller community homes have opened and are funded through the Medicaid program. These facilities, while more homelike, are essentially mini-institutions with 24-hour care and services provided 365 days a year. Many states have expanded their Medicaid programs to support persons with disabilities in their own home if it can be accomplished at a lower cost than for the person residing in a long-term care facility.

Nursing homes are also forms of institutional care. In the case of elderly couples, nursing home expenses can rapidly decrease retirement assets and leave the person remaining at home in poverty. Congress addressed this socioeconomic problem in 1988 by enacting provisions to prevent spousal impoverishment. These rules apply when one member of a couple enters a nursing facility or other medical institution and is expected to remain there for at least 30 days. Essentially, all resources are considered joint property regardless of ownership. For the purpose of Medicaid eligibility, the home, household goods, an automobile, and burial funds are protected. The remaining resources are divided by two to determine the spousal share of resources for eligibility determination.

In many cases, persons who have become disabled often have trusts created by the money received in a lawsuit or inheritance. How the trust is treated for purposes of determining eligibility is dependent upon the type of trust and other legal issues, which determine if

the funds are available to the individual. In general, if the person has assets in a trust but receives services through the Medicaid program, the trust must provide that the state receives any remaining funds, up to the amount of the Medicaid benefits paid on behalf of the individual, when the person dies.

MEDICAL COVERAGE

Medicaid is not socialized medicine whereby government employees provide medical services. Rather it is a government-provided medical and pharmaceutical insurance benefit. The enrollees use the benefit to purchase medical services and prescriptions from the private sector. As the population grows and ages and medical technology advances, the cost of medical care is also increasing. In 2000, health spending in the United States totaled \$1,130.4 billion, of which 17 percent was paid for by Medicaid programs.

Much attention has been given to these economic impacts on middle-class and working-class families. Many of the same concerns apply to the public-sector insurance programs. Medicaid is funded through federal and state tax dollars, so it is important that these programs be managed well to contain costs. Spiraling program expenses might later demand tax increases or a reduction in the amount of services available to the poor and medically needy. Given the economic pressures on the middle class, support for funding might diminish and put the poor at even greater risk.

Some states have implemented managed care programs to help control costs. Poor persons are less likely to have a primary care physician, the education levels for effective medical self-advocacy, and other resources for managing their health. Statistics indicate that they have less access to health diets and exercise, use emergency rooms more frequently, and often do not receive preventive care to diagnose and treat potentially dangerous diseases such as hypertension and diabetes.

Medicaid managed care plans attempt to respond to each of these needs by assigning program enrollees to a primary care doctor. This is similar to private insurance companies that use this service method for cost containment. It is further noted that some states contract with private companies to administer portions of the Medicaid insurance program, removing them from the often expensive and inefficient public management system.

Many of the national health initiatives, such as decreasing healthcare disparities among minority populations, can be aided through the Medicaid program. In

fact, blacks comprise 12.7 percent of the U.S. population but account for 24.2 percent of persons enrolled in Medicaid. Regardless of race, good health is essential to maintaining employment and personal development. Medicaid, if used properly, can serve as an economic support for poor persons to become more financially independent. It also serves as a safety net for persons who are not only poor but have other barriers to self-sufficiency.

Perhaps most importantly, it provides the preventive and medical care to children of poor families. More than 50 percent of Medicaid enrollees are under the age of 21. The opportunity for better health provides a stronger foundation for these children to learn and grown into healthy, independent adults. Health is essential to the pursuit of educational and economic opportunities that will break the cycle of poverty; ideally the Medicaid program supports this.

SEE ALSO: Aged and Poverty; Children and Poverty; Healthcare; Means Testing; Medicare; Social Security.

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Medicare

"MEDICAL CARE WILL free millions from their miseries. It will signal a deep and lasting change in the American way of life. It will take its place beside Social Security, and together they will form the twin pillars of protection upon which all our people can safely build their lives and their hopes," said President Lyndon Johnson in June 1966, just before implementation of the Medicare program, speaking to the National Council of Senior Citizens.

Medicare is a social insurance program administered by the U.S. federal government that provides health insurance to the elderly and people living with a permanent disability. In 2004 Medicare was a source of

health insurance coverage for 42 million Americans, 35.4 million elderly, and 6.3 million nonelderly people with permanent disabilities. Medicare was established as Title VIII of the Social Security Act in 1965 and serves all eligible beneficiaries regardless of income or medical history.

BACKGROUND

The enactment of Medicare in the United States followed several decades of debate over how best to meet the healthcare needs of vulnerable Americans. The program, modeled after the existing private health insurance market, was developed during Johnson's administration in the 1960s. Coinciding with the popular ideology of the Great Society and the War on Poverty, Medicare was designed as a non-means-tested program serving those considered to be worthy. As such, its configuration builds on the series of legislative efforts dealing with social insurance programs and entails sharing the costs across the population by raising funds through payroll withholdings contributed by both employers and employees.

Medicare was originally instituted to aid the elderly, officially defined as those people over 65 years old who are eligible for Social Security benefits. In 1972 the program was extended to include people less than 65 years old entitled to federal disability benefits for at least two years as well as those with end-stage renal disease.

FUNDAMENTALS OF THE PROGRAM

Medicare insures more Americans than any other healthcare program, serving one in seven Americans, representing 14 percent of the U.S. population in 2004. The \$297 billion (2004 annual budget) program is administered by the Center for Medicare and Medicaid Services as part of the U.S. Department of Health and Human Services.

Medicare has four distinct parts; A, B, C, and D, each administered differently. Parts A and B, the two primary components, were established with the original passage of Medicare in 1965 while Part C was added in by the Balance Budget Act of 1997 and Part D was created by the Medicare Modernization Act of 2003.

Part A: Hospital Insurance covers inpatient hospital and postacute care and is currently the largest category of benefit expenditures. In 2004 approximately 46 percent of Medicare spending fell under Part A. Part A is financed via the Medicare hospital insurance trust

fund, composed of contributions by current workers and their employers in the form of a regressive payroll tax. Enrollment is automatic for individuals who meet the eligibility requirement for Social Security.

Part B: Supplementary Medical Insurance covers physician services and outpatient tests and procedures. It is financed by a combination of general federal tax revenues and monthly premiums paid by beneficiaries. Enrollment in Part B is voluntary and is open to those individuals who are entitled to Part A. In 2004 roughly 36 percent of Medicare spending was for services covered by Part B.

Medicare is the single largest health insurer in the United States.

Part C: The Medicare+Choice program accounted for 14 percent of Medicare expenditures in 2004. This new component of the program created Medicare HMO plans, allowing beneficiaries the choice of receiving their Parts A and B Medicare benefits through HMOs and other private health plans offered.

Part D: Medicare Drug Benefit entails the voluntary outpatient prescription drug coverage that became effective in January 2006. Prior to its enactment outpatient prescription drugs were not Medicare-covered services. The new drug benefit is twofold: a voluntary discount card and a coinsurance program. Financing for the new Medicare drug benefit will come from a combination of beneficiary premiums and contributions from states as well as general federal tax revenue. The composition of Medicare spending will shift with the addition of the prescription drug coverage, as Part D is projected to account for 20 percent of Medicare spending by 2010.

SCOPE OF MEDICARE

Medicare is the single largest health insurer in the United States, yet its annual administrative costs consistently operate at less than 2 percent. Currently Medicare finances a growing share of the U.S. health system, 17 percent of the U.S. health expenditure; as such its impact on the structure of the U.S. healthcare system is substantial. For example, in 2004 Medicare paid \$1 out of every \$5 spent on healthcare in the United States and consequently contributed greatly to setting pricing regulations throughout the entire healthcare system. Moreover, as part of its payment structure,

Medicare provides supplementary payments to hospitals that function as teaching hospitals, and serves a disproportionate amount of low-income individuals and those located in isolated rural areas.

Medicare is one of the fastest-growing programs in the federal government, presently comprising roughly 12 percent of the federal budget. As a result of the demographic shifts in the population as well as the rapid rate of increasing medical costs, program expenditures have risen dramatically since Medicare's inception. Between 1966 and 2004, the number of elderly beneficiaries more than doubled and the pending retirement of the Baby Boomer generation (those born between 1946 and 1964) is projected to more than double the number of elderly beneficiaries to 78 million by 2030. As the elderly population expands in size, so too, do their life expectancy, utilization of health services, and disability rates.

This growth, coupled with the decline in the ratio of taxpayers to retirees and the fact that inflation of the healthcare sector continues to outpace the general rise in prices, threatens to strain the solvency of Medicare's future financing.

MEDICARE AND POVERTY

Along with Social Security, Medicare is one of the most well-liked government programs, long maintaining popularity among the general public as well as its beneficiaries. During Medicare's 40-year history, the program has considerably altered the lives of seniors and Americans living with disabilities. By providing healthcare coverage, access to quality medical care, and critical financial protections against the high costs of healthcare, Medicare has become crucial to the American public.

By guaranteeing health insurance coverage to the elderly and giving them access to healthcare, Medicare has substantially increased the number of seniors insured. In 1964 the elderly were among the least likely Americans to have health insurance, as nearly half of all seniors were uninsured. Yet currently over 97 percent of seniors are covered by Medicare, making the elderly the most likely population to have insurance. Because Medicare provides access to medical care and procedures, the program has helped to improve the quality of life for many seniors, allowing them to remain healthier and independent longer.

As a group the elderly spend a higher proportion of their income on healthcare than the general population. This is both because they have higher healthcare costs, on average four times those of the under-age-65 population, and because they have lower, fixed incomes. Most beneficiaries rely on Social Security for the bulk of their income; for 80 percent at least half of their income comes from Social Security benefits, and as a result they are especially vulnerable to the rising cost of health services.

In conjunction with Social Security, Medicare has significantly decreased the number of elderly living in poverty. While healthcare spending has risen dramatically since 1965 for all Americans, Medicare beneficiaries are shielded from a substantial portion of that increase and are in turn less likely to become impoverished as a result of illness or disability. In 1959, 35.2 percent of Americans over 65 were living below the poverty line, while in 2004 roughly 10 percent of seniors were living in poverty.

Although the economic status of the elderly as a group has improved over the past 40 years, many elderly individuals have modest incomes. Correspondingly, most Medicare spending is for beneficiaries with modest incomes. In 2003 four in 10 elderly people had incomes below 200 percent of the federal poverty level, with higher rates among Hispanics, African Americans, women, and those beneficiaries over age 75. Compounding these income disparities, Medicare beneficiaries with lower incomes are generally in poorer health than their counterparts with higher incomes. Nearly 65 percent of Medicare beneficiaries have annual incomes below \$25,000. Roughly 70 percent of Medicare expenditures are on behalf of these individuals.

MEDICARE AND MINORITIES

Medicare has also played a pivotal role in the provision of healthcare for minority seniors. In 2004 one in five Medicare beneficiaries was a member of a racial or ethnic minority. Prior to Medicare's enactment, discrimination on the part of hospitals against racial and ethnic minorities was rampant. Many minority Americans were denied access to medical facilities and consequently were forced to rely on separate and often inferior hospitals and clinics to receive medical care. By requiring hospitals that received Medicare funds to be integrated for all patients, Medicare was critically instrumental in expanding access to quality care for minority seniors.

MEDICARE AND MEDICAID

Because of their low incomes and high medical costs, approximately 17 percent of the Medicare participants

are enrolled in both the federal Medicare program and individual state Medicaid programs. The seven million dual-eligible beneficiaries are Medicare-eligible individuals who also qualify for state Medicaid benefits on the basis of financial need. This includes those who become eligible for Medicaid by spending down their assets because of high medical costs and the need for long-term care, which is not covered under Medicare. Dual-eligible members currently account for roughly 30 percent of Medicare's annual spending.

SEE ALSO: Aged and Poverty; Great Society Programs; Healthcare; Johnson, Lyndon (Administration); Medicaid; Social Security; War on Poverty.

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Medieval Thought

POVERTY WAS NO DISGRACE during the Middle Ages. Throughout the writings of John Chrysostom, Basil, Jerome, and Augustine of Hippo is a disdain for wealth with a view that man best pleases the Almighty by repudiating material possessions.

Christians had an obligation to help the poor. In Jesus Christ's own words from the Gospels, the faithful knew that "inasmuch as you have done it to the least of my brethren, you have done it to me." Thus, during the early Middle Ages, the church administered a tithe on Europe's total annual production to help the poor. Many church leaders felt God had made the poor to give people the opportunity to gain merit through charity, so they were unselective in whom they assisted.

Poverty was an affliction but was viewed as a source of virtue, a form of earthly humiliation that rendered man more dependent on God, giving the faithful opportunities to earn God's approval through obedience to the Gospel admonitions to serve the poor. St. Eligius stated: "God could have made all men rich, but He wanted there to be poor people in His world, that the rich might be able to redeem their sins."

St. Bernard of Clairvaux argued: "It is one thing to fill the belly of the hungry, and another to have a zeal for poverty. The one is the service of nature and the other the service of grace."

The church embraced its role to protect widows, orphans, the blind, the lame and maimed, and those disabled by disease. The poor, viewed in the image of the suffering Christ, had a right to material assistance. In his writings, Jacques de Vitry seemed more concerned about dishonest alms collectors than about the possibility of unworthy or lazy paupers.

The Franciscan movement flourished in this environment, with friars in lepers' rags preaching that being poor was a wonderful thing, since the poor were so much closer to God than the rich, and that Lady Poverty should be pursued like a lover. But, beggar friars were humbly taking on the role of beggars without any real possibility that they would actually starve. Furthermore, by wandering around taking odd jobs in exchange for a beggar's crust of bread, the Franciscans took jobs beggars might have been able to do, and devoured the crusts that the beggars actually needed.

As populations grew in the 11th to 13th centuries, so too did the number of the poor. During the 1100s, as the number of poor boomed, the church was no longer as capable to help those in need.

By about 1200, many concerned clerics and laity were calling on the church to give up all of its wealth to aid the paupers —a short-term solution at best. Their obligation to care for the poor and the impossibility of doing so were a serious problem, since scripture, particularly Jesus' words in the 25th chapter of the Gospel according to Matthew, emphasized that charity was essential for obedience.

Attitudes shifted as the Vatican issued the Glossa Ordinaria to the Decretum, which among a great many other things stated that the church should not give aid

to able-bodied but idle beggars, "for strong men, sure of their food without work, often do neglect justice." The bishop of Ravenna differentiated between those who publicly accepted alms and those who had to be sought out at home to be helped. The neighborhood poor emerged as a distinct and separate group worthy of charity. The writings of Thomas Aquinas sound a similar note. Assistance to the poor became increasingly discriminate.

After 1300 the Black Death brought the numbers of the indigent down drastically.

In Barcelona (in today's Spain) in 1322, nonresident beggars were barred from the city and citizens were discouraged by severe penalties from helping them. The Kingdom of Castile's Pedro I in 1351 attempted to outlaw begging altogether and ordered that all except the very young, the aged, and the sick should work by the labor of their hands. The honest poor, on the other hand, he declared, those who were too humiliated by their financial woes to beg—friends and neighbors who had fallen on hard times through no fault of their own—were worthy of assistance.

Writings from Catalonia and the Kingdom of Valencia singled out the ashamed poor, particularly the working poor, as worthy of special attention. Adam di Salimbene and Giordano di Rivalto and the Castilian historian Rodrigo Ximénez de Rada continued to extol charity's benefits for the giver by insisting that the poor who were receiving aid had a reciprocal obligation to pray for their benefactors.

After 1300 the Black Death brought the numbers of the indigent down drastically, particularly since the well-to-do were not in the streets and gutters where disease-ridden rats were spreading the plague. With about a third of the population wiped out in the pandemic, however, laborers were suddenly in short supply—severely impacting the well-to-do, who needed cheap labor to sustain their own extravagant lifestyles.

By the close of the 1500s, many previously wealthy had fallen into poverty, and there were stirrings of protest against the nobility. The Peasants' Revolt of 1381 was exemplified by John Ball's question, "When Adam was digging and Eve spinning, where was the noble by birth?" Into the 14th and 15th centuries, wealthy individuals continued the custom of bequeathing funds to provide handouts of bread, meals, or money indiscriminately to whosoever of the poor

should appear on the day of their funeral or the anniversary of their death. But commentators such as Franciscan friar Francesc Eiximenis thundered stern sermons against helping the false and undeserving poor.

How, then, to characterize medieval attitudes toward the poor? A useful place to begin is with Gratian, the 12th-century canonist, who distinguished between two forms of assistance: hospitalitas and liberalitas. The first is the giving of alms gratuitously and is thus, properly speaking, charity. As Gratian put it, "In hospitality there is no regard for persons."

On the other hand, *liberalitas* differentiated between friends and strangers, the honest and the dishonest, and the humble and the arrogant. Gratian said, "In this generosity due measure is to be applied both of things and of persons; ... of persons, that we give first to the just, then to sinners, to whom, nevertheless, we are forbidden to give not as men but as sinners."

SEE ALSO: Begging; Catholic Church; Francis of Assisi; Franciscan Order; Mendicant Orders; Religion; Voluntary Poverty.

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Mendicant Orders

MENDICANT OR "BEGGING" orders are societies within the Roman Catholic Church whose members have by a formal vow of poverty renounced all ownership, not only individually but also in common, relying for support on their own work and on the charity of the faithful.

There remain today from the Middle Ages four mendicant orders that were recognized by the Second Council of Lyons in 1274. They are the Order of Preachers (also known as the Dominicans), the Friars Minor (the Franciscans), the Carmelites, and the Hermits of St. Augustine (Augustinians).

Their vow of poverty forbade them to own anything individually or even to possess property in common. They begged or worked for their living and, unlike monks, were not bound to live in one place in seclusion, but were able to move from area to area. Their pastoral role was a mission of religious education through preaching, although the emphasis differed according to the order. For example the focus of the Franciscans was on the penitence of laymen and leading them toward a more devout lifestyle. The Dominicans, on the other hand, focused on heresy by providing instruction in the Catholic faith.

Franciscans can be recognized by their brown or gray cloak, tied at the waist by a rope with three knots, representing the religious vows of poverty, chastity, and obedience. Dominicans wear a white tunic and scapular underneath a long, black cloak with a hood.

Originally the vow of poverty was restricted to the Franciscans (founded in 1209) and the Dominicans (founded in 1220), but the Carmelites (founded in 1245) and the Augustinian Hermits (founded in 1256) also obtained church permission to pursue the mendicant disciplines.

Members take vows of poverty, which consist of a promise to God of a constant and lifelong renunciation of material goods in order to allow the person to better follow Christ's example and teachings. Those making such vows repudiate all personal ownership of any material or appreciable possession that has a money value. They give up any right to acquire, possess, use, or dispose of property.

During the Middle Ages, a certain animosity against church wealth had emerged, and Arnold of Brescia preached that monks and clerics who possessed property could not attain eternal salvation. John Valdes founded the Poor Men of Lyons, soon followed by several similar sects in France and Italy, with an undercurrent of animosity toward clergy and religious officials who had attained wealth.

That animosity threatened to grow into rebellion, but was tempered by Giovanni Francesco Bernardone, later known as St. Francis of Assisi, and by Dominic de Guzman, known today as St. Dominic, who both included in their rules strict obedience to the clergy and church hierarchy.

Absolute poverty was not the only characteristic of the mendicant orders. Their maxim was non sibi soli vivere sed et aliis proficere, or "not to live for themselves only, but to serve others." Thus they departed from the contemplative isolation of earlier orders such as the Benedictines and Cisterians. They often located their monasteries inside towns so as to have ready contact with the populace.

Following the example of Francis and Dominic, many orders emerged and the church saw a large increase in the number of mendicant orders such as the Theatines, whose rule was to live on alms and spontaneous gifts. After several years, it was decided that mandatory poverty worked only for certain orders. Indeed a constant state of destitution created challenges, particularly for administrators attempting to feed and clothe large communities of friars. Daily begging was conducive neither to intellectual activity nor to sequestered monks' solitude. Consequently the Council of Trent identified only four orders that should continue as mendicants.

Another characteristic of the mendicants was that they devoted themselves to evangelism and missionary outreach—preaching and teaching while doing charitable works of service. The work of the mendicants in the service of the sick, weak, poor, and socially outcast had no parallel in the Middle Ages.

Since mendicants, unlike cloistered monks and nuns, were not bound to one monastery or convent, they could be sent all over the world. Thus Franciscans accompanied Christopher Columbus and others on their voyages to the New World and established the Spanish missions along the California coast that are today San Diego, San Jose, San Bernardino, Los Angeles, and San Francisco.

SEE ALSO: Begging; Catholic Church; Francis of Assisi; Franciscan Order; Medieval Thought; Religion; Voluntary Poverty.

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Mercantilism

FROM THE START OF THE Modern Ages, Europe fell prey to the effects of inflation. The buying power of salaries dropped and there was a succession of plagues,

famines, and wars. This situation was worse in the Protestant regions, where, following the expulsion of the Catholic Church, charity became much less common. Hence the number of paupers grew. In a context that considered population growth to be equal to wealth, society adopted two measures: on the one hand, to take the poor into care and, on the other, to use them as cheap labor.

In the case of Spain, from the Middle Ages on it was the sole responsibility of the church and the upper classes to help the poor in the name of Christian charity. But from the 16th century onward, the growth in numbers of the needy and, perhaps, the influence of the Reformation meant that new measures were needed. The pioneer of moral literature on poverty was Juan Luis Vives, who, in a secular context, suggested confining the poor in hospitals, which would serve as educational and employment centers.

However, society's general lack of interest in charity gave rise to a debate between those who defended the church's "charity for all" as the pauper's right, such as Domingo Soto, and those who were in favor of placing the poor in workhouses so that the state could administer their welfare, such as Juan de Medina.

This controversy over the functions of church and state continued through the second half of the 16th century, when authors such as Miguel Giginta defended the work of the poor in Houses of Mercy; Cristóbal Pérez de Herrera attempted to distinguish between real and false paupers; and Juan de Mariana followed the same line as Vives, promoting the hospitalization of the poor.

FRENCH MERCANTILISTS

These problems also troubled the French mercantilists, who, faced with the problem of poverty, adopted two stances to solve it: the charitable standpoint, mitigating misery as part of their policy to ensure order in the kingdom, and the economic approach, forcing the idle to work.

Thus various edicts denounced the criminality that was linked to vagrancy and idleness, recommending that able-bodied beggars be put to work, be either expelled from the kingdom or condemned to the galleys. This use of the poor was an actual policy during the 17th century. Places of reclusion were gradually created, first of all in Lyons, and then at the General Hospital in Paris, the model then spreading to other cities. The destitute were shut away to reduce vagrancy and avoid immorality, thus responding to the duty of char-

ity. However, another objective was also met: to employ able-bodied mendicants in the manufacturing sector. There were many cases.

In Lyon they were used in a ribbon factory and to prepare silk. In Paris a ruling issued in 1635 ordered vagrants and girls "to be ready and willing for work in 24 hours, or else the men will be sent to the galleys and the women whipped and exiled." A. Montchretien was concerned about the people's welfare and the words he said to the king, "the wealth of your subjects is also your own," clarify his posture, insisting on the need to create public workshops to fight against poverty.

The edict published in August 1661 sums up the position of the minister Jean-Batiste Colbert regarding poverty: to hire those idle beggars who are fit for work. Meanwhile, in his letters to the Intendants, he sought to free France of beggars and vagrants. The second way in which Colbert attempted to deal with destitution was to set up, in Paris, a home for refugees and the needy.

Another edict, issued in 1662, ordered the founding of hospitals in every city in the land, so that the poor sick folk, beggars, and orphans could be given training. In 1660, there were 20,000 people employed in hospital workshops carrying out numerous tasks: making vinegar, watches, tapestries, cord, shoes, knives, pins, and soap, as well as spinning and weaving.

ENGLISH MERCANTILISTS

This view of matters was even stronger in England, where work was regulated by the 1563 Craftsmen's Law and the Poor Laws of 1601, 1662, 1795, up to the 1834 Welfare Law (the Speenhamland System). Here, the mercantilists of the 17th century established the "doctrine of the trade balance in work terms." This proposal defended the need to use the largest share of the population as possible in productive activities, since low wages were beneficial to foreign trade. John Hales wrote that all those who were fit to work should be employed, and William Petty stated that idle workers should be employed, even in low-production activities.

William Temple maintained that a nation's wealth was in its citizens and that they would add wealth to the country in proportion to the need that drove them to industry and to the firm.

Nicholas Barbon believed that employment was more important than the consumption and use of resources, and Josiah Child expressed concern over the "aid and employment" of the poor. According to Dudley North, trade and exchange depended on the work of men and grew alongside the increase in the supply. John

Cary maintained that a favorable trade balance stimulated production, employment, and the national income; trade was beneficial since it contributed to increasing the "employment of our people." B. Mandeville wrote that the safest form of wealth lay in the greatest possible number of "industrious poor folk," and Josiah Tucker wrote that the country was more prosperous "the more people there were employed in each branch of work."

This was a "use of poverty" that would give rise to a national policy on work that defended low wages, arguing that if they were higher than the subsistence level, the lower class's lack of moral condition would lead to a world of vice, excess, and even moral ruin. For this reason, poverty and industriousness meant that the workers lived better. B. Mandeville went further, arguing that the poor should be paid low wages so that they were unable to save and, thus would be forced to work constantly. Arthur Young observed, "anyone, except an idiot, knows that the lower classes should be kept poor, or they will never be industrious." In sum the writers of the day pointed out that a nation's wealth depends on its work, a question that drew them to comment on unemployment and to try to rehabilitate the poor and the destitute. And since, on an international market, the cost of the work factor should be as low as possible, they also defended the minimum possible wages.

SEE ALSO: Labor Market; Medieval Thought; Minimum Wage; Nonworking Poor; Poor Laws; Workfare; Working Poor; Work-Welfare Programs.

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Mercy Corps

THE MERCY CORPS IS an American nonprofit organization based in Portland, Oregon. It was founded in 1979 as the Save the Refugees Fund by Don O'Neill, and worked initially to raise awareness of and provide emergency relief for Cambodian refugees who were

fleeing genocide. Many thousands of people received assistance. Over the next few years, operations spread to other countries and, in 1981, the name was changed to Mercy Corps International (MCI) to reflect this change better. The range and scope of work also expanded over the years. Now more than seven million people per year have received assistance from MCI and more than \$1 billion has been distributed in 74 countries in the form of food, shelter, healthcare and sanitation, education, and small-business loans.

MCI is a leader in terms of swift response to emergencies, as it showed during the 2004 Indian Ocean earthquake and tsunami disaster. It was also one of the first organizations to link disaster and emergency relief with capacity building in the civil societies in which it is active. Recovery from environmental disaster or armed conflict requires rebuilding of the infrastructure and can also require rebuilding of community or ethnic relations in processes that are extremely difficult and require many years.

MCI is considered to be one of the United States' most efficient and innovative charities and delivers more than 92 percent of its funds in direct relief. Its mission is stated as "Provide humanitarian assistance for people in conflict or disaster; develop sustainable programs that focus on children and income generation; and create civil society initiatives that promote citizen participation, accountability, nonviolent conflict resolution and the rule of law."

As a modern, secular organization, MCI is required to focus on effective business and organizational strategies: "Craft a compelling organizational vision and set almost impossible (but believable) goals. Hire bright, problem-solving social entrepreneurs who have passion for our mission and can function in teams. Challenge and encourage staff members to think and act 'out of the box' by constantly looking for effective, more innovative ways to fulfill major organizational challenges."

MCI's activities include community fundraising and advocacy in addition to overseas voluntary work, aid distribution, and community involvement. Overseas activities are innovative and imaginative in support of MCI's goals and mission.

Projects involving economic development include microfinance and training schemes to produce female entrepreneurs in Uzbekistan and assisting rural poor in China. A football camp in Iraq and an international friendship scheme to help those affected by the tsunami are other schemes to help children recover from trauma. Advocacy has involved organizing peaceful demonstrations to raise awareness at the 2005 G-8 meet-

ing and in support of the Millennium Development Goals. The ONE campaign, organized with eight other leading nonprofit organizations, is a large-scale petition aimed at persuading the U.S. government to increase overseas development aid by an additional one percent of the national budget.

Mercy Corps Northwest (MCNW) is the only organization of MCI to be established within the United States, and it helps by, among other things, providing preferential microfinance schemes to local people to improve their economic opportunities. However, the majority of MCI's activities take place in some of the most dangerous and difficult countries of the world.

SEE ALSO: Conflict; Natural Disasters; Nongovernmental Organizations; Traumatic Poverty; War and Poverty.

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Mexico

SINCE THE 1940s, Mexico's overall economy has grown, in large part, because of significant oil reserves. Economists often referred to the period from the mid-1950s to the mid-1970s as the "Mexican Miracle." The country enjoyed sustained economic growth at between six and seven percent annually and inflation was generally low. Mexico reached the upper end of the World Bank's list of semi-industrialized, or middle-developed, countries. The nation has witnessed improvements in areas such as infant mortality, literacy rates, and life expectancy. There has also been growth of a large, urban middle class with relatively steady incomes and access to services such as healthcare and education. Overall, poverty in Mexico fell between 1950 and 1980.

Despite Mexico's overall economic growth, in terms of economic inequalities the country has fallen behind other Latin American countries that have paid more attention to equitable distribution of wealth. In the second half of the 20th century, there was a growing gap between rich and poor in Mexico. In 1950 the richest 30 percent of the population earned 60 percent of

the country's total income, while the poorest 40 percent of Mexicans earned just 14 percent. By 1995 this income inequality had become more extreme, with the wealthiest 30 percent earning 77 percent of the country's income and the poorest 40 percent taking in a mere 11 percent.

Poverty and income inequality in Mexico became particularly acute during the so-called lost decade of the 1980s. Especially after the 1982 debt crisis, the gap between rich and poor widened in Mexico, as it did throughout Latin America. The neoliberal reforms of the Mexican government that began in the mid-1980s intensified the country's inequalities. Despite the promise of President Carlos Salinas, who was elected in 1988, to eradicate extreme poverty in Mexico, the unequal distribution of wealth proved difficult to alleviate.

In 1989, the Salinas government created the National Solidarity Program, known as Pronosal, to fight poverty. Pronosal claimed that without an effective income redistribution program, even with a sustained economic growth rate of three percent, it would still take 64 years to eliminate poverty for the poorest 10 percent of the Mexican population. Despite this awareness, uneven economic growth after the mid-1980s has prevented Mexico from reducing its poverty and inequality.

In addition to economic disparities between rich and poor, there are great regional inequalities between northern and southern Mexico and between the country's urban and rural areas. The north is generally much more prosperous than the south. Northern Mexico possesses large, modern farms that produce commercial crops for export. The geographic proximity of the United States greatly contributes to the economic success of the north. An extensive and well-maintained transportation network, the presence of large industrial cities such as Monterrey and Tijuana that provide jobs, and assembly plants called *maquiladoras* along the border all allow the north to enjoy a more prosperous economy.

In contrast, southern Mexico is home to many of the country's poor citizens. More densely populated and possessing poorer-quality land, the south is inhabited by many subsistence farmers. Transportation in the south is generally poorer than in the north, and is made worse by heavy rains and flooding. Most of Mexico's indigenous population lives in the south, where the government largely has ignored their needs and local bosses have exploited them.

Besides the divide between north and south, there is also a significant difference between urban and rural



Mexican mothers with children in Mexico's Baja California Norte are examples of an improving total fertility rate (births per woman). Mexico saw a rate of 6.6 children per woman in 1975 decrease to 2.4 in 2005.

Mexico. Most rural Mexicans have little or no access to productive land, and many leave for the cities or the United States. Nevertheless some 25 million Mexicans still live in poor, rural areas, where they work for low wages.

Often, poor agricultural workers must migrate seasonally in order to provide for their families, as some farm production can provide between as little as 20 and 100 days of employment. Those who do have land generally have small plots of poor-quality soil. They grow subsistence crops such as corn and beans, which do not attract high market prices.

Furthermore poor, rural Mexicans do not have savings that allow them to purchase fertilizers, improved seeds, insecticides, or other products that would allow them to better take advantage of the land. Once again the 1980s saw the start of a worsening economic situation in rural Mexico. Between 1984 and 1992, there

were some two million newly impoverished residents in the Mexican countryside.

The pervasive poverty of Mexico came to a head in 1994 with an uprising in the southern state of Chiapas. Many of the people in Chiapas are poor, rural small farmers. About one-third of the state's population is of Mayan descent, and in rural areas many do not even speak Spanish.

At more than 40 percent, the state suffers from the highest rate of malnutrition in Mexico. Led by the charismatic subcommander Marcos, the rebels, known as the Zapatistas, called for an end to the policies of the Mexican government that led to the impoverishment of so many of the country's citizens.

A number of factors contribute to continuing poverty and income inequality in Mexico. One problem is inadequate education, especially for the poor and in rural areas. Despite some reforms, Mexico still has high dropout rates, poor teaching conditions, and inadequate curriculum. A second problem is Mexico's trade policy since the 1980s. Before the mid-1980s, the Mexican government maintained many protectionist barriers and promoted import substitution industrialization. Such policies kept wages relatively high and unemployment low.

However, after lifting trade barriers starting in the mid-1980s and culminating with the North American Free Trade Agreement in 1994, wages in Mexico decreased, especially for unskilled laborers. A third factor is the relative absence of small and medium-sized companies in Mexico that could provide jobs. For example, between 1988 and 1993, more than 400 small firms disappeared because of the government's economic liberalization program, leading to the loss of some 43,000 jobs in the manufacturing sector alone. Finally a lack of effective programs to redistribute land and income contributes to the presence of poverty in Mexico.

Human Development Index Rank: 53 Human Poverty Index Rank: 13

SEE ALSO: Economic Growth and Poverty Reduction Strategy; Economic Inequality; Income Inequality; Rural Deprivation.

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Microcredit

MICROCREDIT IS THE PROVISION of small loans, usually to poor and vulnerable groups, especially women. In developing countries, loans are usually no more than a few hundred dollars, while in developed countries much larger sums are involved (a common limit is \$25,000). These loans are designed to encourage the production and consumption by the poor or near-poor through the establishment and maintenance of entrepreneurial activities allowing the borrower, or group

of borrowers, to become economically self-sufficient as well as create employment opportunities for the larger community. Loans are provided by nongovernmental organizations (NGOs) and government or commercial banks. In developing countries, the loans are unusual in that no collateral is required and flexible repayment plans are used. In developed countries, microcredit loans are also made under concessionary terms and are often provided in conjunction with financial training. While recipients often include the poor, requirements generally center on the inability to obtain financing, especially under concessionary terms, from typical business financing channels.

Group-based lending programs and variations of microcredit programs have been in existence for at least 400 years and have existed throughout various cultures. They have served as a means for the distribution of loan funds to members in need. They include less formal institutions, such as the Rotating Savings and Credit Association, in which a group of men or women contributes to a collective fund, which is then distributed to members at regular intervals as needed. A more formal example was the local, independent, and charitably constituted microcredit operations that proliferated throughout Ireland in the 18th and 19th centuries, providing, at one time, up to 500,000 loans annually.

The first modern microcredit institution is attributed to Muhammad Yunus and the Grameen Bank of Bangladesh. Established in 1983, reaching over two million individuals, and lending an estimated \$2.1 billion, the Grameen Bank has become the current model of microcredit practiced and promoted throughout the world as a development tool for poverty reduction. As pointed out by scholars, Grameen Banks have a multifaceted lending strategy based on the goals of promoting and facilitating social development through programs that they conduct and, most importantly, alleviating poverty. The latter is obtained by ensuring that clients are in the lower half of the socioeconomic hierarchy; hence loan amounts are limited and recruitment efforts are focused on poor, often female borrowers.

A flexible credit system adaptable to the needs of specific clients is employed, including small weekly payments, generally two percent of the loan amount, spread over the one-year life of the loan. Successful repeat borrowers are allowed to increase their credit limits. Most importantly borrowers are organized into small groups and group solidarity and peer pressure are employed as a means to ensure proper spending and repayment. These borrower groups also accept the responsibility of repaying the loan of a member who

defaults. The development of strong social ties within these lending groups is a primary reason for the success of Grameen Banks.

Thanks to this success, the use of microcredit as a tool for the elimination of poverty has recently become a focus of the international community. The World Summit for Social Development, held in Copenhagen, Denmark, in 1995, identified the need to increase access to credit for small rural and urban producers as well as particularly vulnerable groups such as the landless poor and women.

Recognizing that credit is both necessary for capitalist development and a basic human right that facilitates participation in economic and political processes, the United Nations has worked to mobilize agencies such as the World Bank, the United Nations Children's Fund, the United Nations Capital Development Fund, and the United Nations Development Fund for Women. These efforts were further strengthened through the establishment of the Consultative Group to Assist the Poorest (CGAP), which pairs wealthy Western donor countries with international lending institutions, and by declaring 2005 the International Year of Microcredit, encouraging an increased exploration of microcredit programs by United Nations agencies and programs designed for poverty alleviation.

Some of these programs have success, while others fail to produce economic liberation.

The success of specific institutions, along with international backing, has led to the development of microcredit lending programs across the globe, from the least economically developed nations to inner cities and rural areas in the United States. Many of these programs, especially those in developing countries, have had tremendous success while others have failed to produce the economic liberation expected and hoped for.

S.R. Khandker conducted a study of 87 villages and 2,599 households in Bangladesh between 1991–92 and 1998–99. Microcredit programs were successful in their mission of targeting women, who comprised 85 percent of loan recipients by 1999, and in alleviating moderate poverty, which fell by 20 percent for recipients, and extreme poverty, which decreased by 19 percent. Additionally, households participating in lending programs increased their consumption of food and nonfood goods, and enhanced their development of nonland assets. The study also detected spillover effects in the vil-

lages, which saw overall reductions in poverty rates as a result of increased economic activity.

Other scholars tout the success of the Philippines's Center for Agriculture and Rural Development (CARD), an organization focusing specifically on the landless poor that by 1999 had distributed 82 million pesos to 8,000 borrowers since 1990. The program appears to be largely effective, with labor productivity in operations financed with loan money 34 percent higher than market wage rates, a 117 percent rate of return on capital compared to the 46 percent interest rate charged, and enterprises funded with loans contributing 25 percent of total household incomes. Unfortunately the program was not financially sustainable as of 1999. It incurred a loss of 17 percent of its total expenses because of the operating costs associated with its intensively supervised program.

IDLE CAPITAL AND HIGH OVERHEAD

N. Bhatt and S. Tang discussed similar problems with operating costs in the United States, which as of 1997 had more than 200 microcredit programs distributing over \$33 million to 6,153 borrowers. While some programs were successful, 16 institutions in California showed an average of 50 percent idle capital and extremely high overhead costs, in one case more than double the value of the institution's portfolio. Other researchers have also identified failures in lending programs, such as a study by P. Aroca, which found negative income impacts for a group of Chilean clients.

Thus microcredit exhibits both great benefits and limitations. According to Khandker, most studies show that microcredit programs are beneficial to the poor, but that not all groups benefit equally. A study of 13 microcredit programs in Asia, Africa, and South America showed that microcredit is better utilized by the upper to middle poor than by the "poorest of the poor."

The very poor often refuse to seek larger loans because of concerns about enhanced risk. But larger loans often lead to the most lucrative investments. Lack of basic education, access to healthcare, and other more general socioeconomic factors also limit the ability of the very poor to access and properly use microcredit programs. Still, where these programs are implemented, other, more general investments, such as improvements in education and reproductive health, can benefit the poor and the very poor.

An additional problem is the high transaction costs that microcredit programs incur. These costs, already substantial in developing countries, are even greater in countries such as the United States. As Bhatt and Tang point out, cultural differences discourage a strong group mentality and reciprocity that cause the microcredit institutions in the United States to act more like banks with formal rules and policies, further distancing the lenders from the borrowers. Fortunately, where cultural issues are less of a problem or can be overcome, treating microcredit as more of a typical commercial transaction is not necessarily detrimental, partly because revenues from interest collected increase with the size of the loan portfolio.

Research by Khandker et al. shows that less than five percent of microcredit recipients are able to lift themselves out of poverty. Still, these programs do help in the reduction of individual poverty and, when coupled with other programs such as infrastructure improvements, access to healthcare, and improved education, can lead to poverty reduction on a regional level by increasing employment opportunities. It is important to remember that the effectiveness of microcredit is dependent on many factors, including a nurturing entrepreneurial environment, access to information, the entrepreneurial skills of the recipient, and regional and/or local market conditions.

Microcredit scope as a means of reducing poverty worldwide has been limited. Yet microcredit has proven to be a capable and powerful development tool that has eliminated or reduced the poverty of numerous households, especially in certain developing countries. It has provided individuals with a means of self-empowerment, thus encouraging greater participation in economic and political processes and resulting in a more equitable distribution of resources.

The Grameen Bank, in particular, has developed methods for ensuring that resources are distributed to those most in need and repaid to the institution in a timely manner. However, while the Grameen model may work in certain areas, such as the traditional societies where it was created, the model may not be appropriate or applicable for all groups or all cultures. International and domestic groups must work to develop models suited to their cultures and clientele to ensure ample investment in both the entrepreneur and its economic activities. Through appropriate applications, microcredit may serve as a means of alleviating poverty in other contexts.

SEE ALSO: Asset-Based Antipoverty Programs; Capitalism; Credit; Economic Growth and Poverty Reduction Strategy; Empowerment of the Poor; Microeconomics.

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Microeconomics

MICROECONOMICS STUDIES economic phenomena at a microlevel, that is, at the individual level. A systematic study of choice-making behavior of consumers and producers (individuals, households, firms, and government), allocation of resources (land, labor, and capital) between goods and services that are produced and consumed, and determination of their prices make up the central theme of microeconomics.

Individuals and households as consumers make choices among various goods and services they want to consume. The study of consumer behavior comprises the theory of consumer behavior, theory of consumption, and theory of demand. Individuals and individual firms make their choice about what to produce and how to produce, that is, the techniques to be used.

The study of a producer's behavior constitutes the theory of production or the theory of supply, including the cost theory. The theory of demand and theory of supply together form the theory of price determination, or theory of price. The study of the behavior of factor owners (labor and capital owners) is the theory of distribution or the theory of factor price determination. An extension of distribution theory is the study of what kind of allocation of productive resources between goods and consumer goods and services makes the distribution more efficient. This aspect is studied under the economics of welfare. One of the main tasks

of microeconomics is "to provide a system of generalization," or microeconomic theories that can be used to predict economic phenomena at the microlevel. This makes microeconomics a positive science.

The word positive does not mean that theoretical statements are positively true; it means that a theory has a great possibility to occur if conditions are fulfilled. Microeconomics, as a normative science, involves value judgments of "what is good" and "what is bad" for society. These values are drawn from the moral, ethical, social, and political aspirations of the society. Since microeconomics prescribes methods to correct undesirable economic events, it is also called a prescriptive science. Microeconomics is both a positive and a normative science. However, it is important to note that microeconomics is fundamentally a positive science. It acquires its normative character from the application of microeconomic theories to examine the economic phenomena from their social desirability point of view, to show the need for public policy action, and to evaluate the policy actions of the government.

SCIENTIFIC METHOD

An important element of the scientific method of inquiry in economics is model building. A model is an abstraction from reality. It represents reality in a simplified form. Economic models may take the form of a logical statement, graphs, or mathematical equations specifying the relationship among the economic variables. Models are used to work out the implications of a theory, to deduce the consequences of the assumptions, and to make predictions. Economic variables are measurable quantities, such as consumer goods, output, inputs, money, and income. The economic variables assumed to remain constant are called parameters.

The first step in the scientific method of study is to specify the problem or the economic phenomenon chosen for the purpose of study. The second step is to formulate the hypothesis. A hypothesis is a statement expressing the relationship between the cause and the effect. The third step is to make necessary assumptions. Assumptions are made to simplify the problem, to specify the components of the model, and to avoid the complexities that might arise because of the change in extraneous factors—factors that are operating outside the model.

In economic model building, assumptions in general include behavioral or motivational assumptions pertaining to the behavior of the decision-makers and their motivation or the objective that they set for them-

selves; institutional assumptions pertaining to the institutional set-up or market conditions under which the economic players (consumers and producers) seek to achieve their goals; technological assumptions relating to production technique; and input-related assumptions, those pertaining to the supply position of inputs. The fourth step is to collect the relevant data and other facts related to the problem of study and their analysis according to the model.

Economists examine how actual phenomena depart from certain ideal constructions.

After data are collected, assembled, and analyzed, the next or fifth step, is to make the deduction(s) about the relationship between the cause factor and it effect. The final step is to test the validity of the model. The test of validity of a model is determined by its power to predict. When the model is tested and retested and found to be valid, its outcome is stated in the form of a theory.

Microeconomic theory facilitates the understanding of what would be a hopelessly complicated blend of billions of facts by constructing simplified models of behavior that are sufficiently similar to the actual phenomena to be of help in understanding them. These models enable economists to examine the degree to which actual phenomena depart from certain ideal constructions that would most completely achieve individual and social objectives. The clearer the understanding of the working of the economic system, the greater the efficiency in the control and management of the economy.

Microeconomic theories establish cause-and-effect relationships between two or more economic events and, thereby, provide the basis for predicting the future course of economic events. Economic predictions are of great importance in planning the future course of economic activities by individuals, business firms, and the government. Economic predictions may be conditional and inaccurate.

For example, prediction of the future price of a commodity may take the following form: if demand for a commodity increases, other things remaining the same, its price will increase. Despite the fact that a prediction of this nature is conditional, the future trend of price is known more precisely than it would have been in the absence of any prediction. Approximate predictions are also of great importance for consumers to

make adjustments in their expenditure pattern, for the producers to plan their production, and for the public policymakers to formulate policy regarding price of the commodity.

Third, microeconomic theories contribute a great deal in formulating economic policies and in examining the appropriateness and effectiveness of economic policies. Policymakers may therefore apply relevant microeconomic theories to explain the problem at hand and analyze the implications of alternative policies and select one that seems to be most appropriate.

Fourth, microeconomic theories, particularly price theory, are profitably used in business decision-making. Although microeconomic theories may not offer a practical solution to a problem in the real business world, they do help business decision-makers in building analytical models, which help in specifying the nature of managerial problems and in determining appropriate policy actions.

SOCIAL WELFARE

Last, one of the most important uses of microeconomic theories is providing the basis for formulating propositions that maximize social welfare. Microeconomics examines how imperfect market conditions distort the allocation of resources (money, men, and material), create inefficiency, and lead to reduction in production, consumption, and social welfare. The normative part of microeconomics, welfare theories, suggests conditions for achieving "pareto-optimality" in resource allocation with a view to maximizing social welfare. It also suggests ways and means to correct inefficient allocations of resources and to eliminate inefficiency. Although theoretical welfare propositions are of little practical importance, their analytical value is not reduced by their impracticability.

In reality, a hard-and-fast line cannot be drawn between micro- and macroeconomic analysis. A general theory of the economy should cover both. It should explain prices, outputs, incomes, behavior of individuals, behavior of individual firms and industries, and the aggregate of the individual variables. Actually the line between macroeconomics and microeconomics can be precisely drawn.

A truly "general" theory of the economy would clearly embrace both: it would explain individual behavior, individual outputs, and incomes and prices, and the sum of averages of individual results would constitute the aggregates with which macroeconomics is concerned. Such a theory exists, but its very generality leaves it with little substantive content. Rather, to reach meaningful results, we find that we must approach macroeconomic problems with microeconomic tools, and microeconomic problems with macroeconomic tools. Thus the need is for a proper integration of the two approaches.

SEE ALSO: Distribution; Economic Definitions of Poverty; Macroeconomics; Supply-Side Economics.

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Micronesia

THE FOUR PACIFIC ISLANDS of Pohnpei, Yap, Chuuk, and Kosrae make up the Federated States of Micronesia. Formerly administered by the United States as a United Nations Trust Territory, Micronesia attained independence in 1986. As part of its administrative duties, the United States poured millions of dollars into the Micronesian economy in the 1970s. Most of the money was used for building schools, enhancing healthcare, constructing public buildings, and improving water, power, and sewage facilities. Micronesia's only valuable natural resource is high-grade phosphate. Tourism is limited because of the remote location and a lack of facilities on the islands. The Micronesian economy suffers from a poorly developed infrastructure, the depletion of fishing resources, and overdependence on aid from the United States.

With a per capita annual income of \$2,000, Micronesia is considered a middle-income nation. The government employs two-thirds of the labor force. Because government employees receive such high wages, other workers cannot earn equivalent incomes. The result is continuing inequality and a poverty rate of 26.7 percent. Farming and fishing at the subsistence level provide most domestic revenue for the islands. Unemployment hovers at 16 percent. Assessing poverty on Micronesia is difficult because data on important social

indicators are missing, just as they are for much of Oceania. Because of this the United Nations does not rank Micronesia on general quality-of-life issues or on the Human Poverty Index.

Among the population of 108,105 in of Micronesia, life expectancy is 69.75 years. The projected life span has been steadily lengthening since 1980. Females generally outlive males by four years. Over 37 percent of the population are under the age of 14, and three percent are over the age of 65. Approximately 94 percent of the population have access to improved drinking water, but less than one-third of all Micronesians have access to improved sanitation. Urban residents fare somewhat better at 61 percent sanitation access than rural residents do with only 14 percent access. There are 59 physicians for every 100,000 residents on the islands, and 95 to 100 percent of the people are able to afford essential drugs.

In 2003, infant mortality was estimated at 19 deaths per 1,000 live births. At a mortality rate of 26.97 per 1,000, female infants have an advantage over male infants at 33.3 deaths per 1,000. Approximately 18 percent of Micronesian infants are underweight at birth, but malnutrition rates for other children are not known. The mortality rate for all children under the age of 5 is 23 per 1,000 deaths. Childhood immunization rates are in the low 90s for children between the ages of 12 and 23 months. However, infant immunizations are considerably lower. Among this group, 84 percent are immunized against measles, 79 percent against polio, and 75 percent against DPT3. The rate of tuberculosis immunizations for infants is dismally low at 39 percent.

Between 1970 and 1990, the fertility rate of Micronesian women fell from 6.9 children per woman to 4.8 children per woman. By 2005 the fertility rate had dropped to 3.25 children per woman. Among teenage mothers, the fertility rate is 37 out of 1,000 births. Some 45 percent of all Micronesian women use some method of birth control. Trained medical staff now attend 93 percent of all births on the islands. Modeled estimates indicate that maternal mortality stands at 120 deaths per 100,000 live births.

Literacy rates are relatively high on the islands, and 89 percent of the population over the age of 15 can read and write. Nine percent of Micronesian males are illiterate, and 12 percent of females are so classified. Primary school attendance is reported at 100 percent for both males and females.

Human Development Index Rank: Not included. Human Poverty Index Rank: Not included. SEE ALSO: Corruption; Income Inequality; Maternal Mortality and Morbidity; Sanitation.

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Mill, John Stuart (1806-73)

JOHN STUART MILL WAS ONE of those outstanding 19th-century scholars of towering intellect, making contributions in several fields, including philosophy, logic, and economics. He is, perhaps, the quintessential classical economist. Mill's chief work in economics is his 1848 book, *Principles of Political Economy*, a book that became highly regarded as the authority throughout the world for many years afterward.

Mill's main contribution in economics can be divided into several parts: production, distribution, value, growth, and methodology. One must always keep in mind, however, Mill's intellectual background when examining his economics. First, Mill was trained in the Benthamite tradition—utility plays a crucial role along with social utility. Second, the Romantic writers of the latter half of the 18th century and early 19th century influenced Mill.

Third, Mill held a high regard for the positivism of Auguste Comte. These intellectual influences channeled the direction of Mill's economics. David Ricardo, however, as acknowledged by Mill himself, exerted the primary influence on Mill's economics, and his economic analysis is a refinement, extension, and elaboration of Ricardian principles.

In the theory of production and distribution, Mill made the distinction between laws of production, given by technical factors, and the laws of distribution, given by social factors. Mill made it clear that the factors that govern the production of goods can be separated from



John Stuart Mill shaped the course of economics not only by his own theoretical contributions but also by his analytical apparatus.

their distribution. A key element of this apparatus is the wages fund doctrine, in which the wages of workers were treated as an investment, and therefore, in some sense, as a capital stock. Since production occurs over time, a certain advance to workers has to be provided until the output is able to be consumed. This advancement of wages to workers is rightly treated by Mill as investment and therefore capital.

On the theory of value, Mill subscribed to a cost of production long-run price and a short-run price determined by the interaction between supply and demand. Mill advanced Ricardo's theory of rent by extending it to any supply that is limited, so that the price of a good with an inelastic supply curve is wholly determined by demand conditions. It is to Mill's credit that he not only understood the interaction between supply and demand but also grasped the difference between a schedule and a movement along a schedule, something that classical writers often failed to notice.

In international trade, Mill's contribution was at once original and an extension of Ricardo's principle of comparative advantage. Mill approached the subject of international values by using his supply-and-demand analysis. In his theory of reciprocal demand, Mill constructed a two-good, two-country model. Although Mill made only a verbal presentation of his theory, it is easily shown that his reciprocal demand curves are offer curves as later constructed.

Another one of the fundamental features of Mill's economics was the stationary state and the progress toward it. Through the construct of a stationary state, Mill was able to provide a rationale and foundation for his interests in social reforms, such as equality among the various classes and groups of people, education, and other matters. In the stationary state, having solved the matters of provision of basic economic needs, the government can then devote its energies to social matters such as poverty.

Thus the essence of Mill's solution to growing poverty was to be found in an activist economic policy. He emphasized the economic importance of the state as the sponsor of improved educational facilities. Although very cautiously, Mill advocated that elevation in the educational level of the working class would mitigate the Malthusian danger of "overpopulation" and might lead to human control over the distribution of income.

SEE ALSO: Economic Definitions of Poverty; Macroeconomics; Marshall, Alfred; Microeconomics.

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Millennium Development Goals

THE MILLENNIUM Development Goals (MDGs) are a set of promises made by 189 heads of government to try to meet specific developmental goals within their own countries. The MDGs were created by a team of eminent people charged by the United Nations (UN) to create a list of achievable, challenging goals that would

deliver rewards that are high in human and monetary value. There are eight broad goals and 48 more specific indicators that constitute the MDGs. They were based on 10 thematic areas that the UN had identified as being the most important developmental issues affecting the world: civil conflicts, climate change, communicable diseases, education, financial stability, governance, hunger and malnutrition, migration, trade reform, and water and sanitation.

The goals aim to eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat HIV/AIDS, malaria, and other diseases; ensure environmental sustainability; and develop a global partnership for development.

Progress toward meeting the MDGs has been mixed, subject to events and shocks.

The first goal has the two specific targets of halving between 1990 and 2015 the proportion of people who have average income of less than \$1 per day and halving, in the same time frame, the proportion of people suffering from hunger. Other specific targets, of which there are 18 in total, include reducing by two-thirds the under-5 mortality rate; halving by 2015 and starting to reverse the prevalence of HIV/AIDS, malaria, and other major diseases; and halving the proportion of people without access to safe and sustainable sources of water.

In July 2002, UN Secretary-General Kofi Annan launched the Millennium Project as an independent advisory group led by Professor Jeffrey Sachs. The Millennium Project helps to create strategies to help countries achieve their MDG targets by the agreed date of 2015. The Millennium Project published the report "Investing in Development" to summarize these strategies and to help disseminate the issues relating to achieving the MDGs.

The project's 10 key recommendations are made in the report, including the need by 2006 for all developing country governments to create Poverty Reduction Strategy Papers (PRSPs) that specify the increase in public investment, capacity building, domestic resource mobilization, and official development assistance. There is a need to strengthen governance, civil society, the private sector, and human rights.

Progress toward meeting the MDGs has been mixed, and is subject to events and shocks in the envi-

ronment. The increase in terrorism directly affects the ability of a number of states to meet their MDG targets, in addition to other impacts. Conflict and potential conflict among states has worsened the situation for many people in Iraq and Sudan, among other places. The proportion of people facing extreme poverty declined from 29 percent in 1990 to 23 percent in 1999, which is a definite improvement, but in most parts of the world the rate of change is too slow to permit MDGs to be achieved. In sub-Saharan Africa, for example, virtually no improvement at all was noticeable, and outbreaks of famine in Niger demonstrate continuing food insecurity. Approximately 27 million more African people suffered from food insecurity at the end of the 1990s compared to the beginning. In east Asia, poverty and hunger are still widespread, but have been reduced significantly.

SEE ALSO: Extreme Poverty; International Nongovernmental Organizations; UNDP Regional Project for Overcoming Poverty; United Nations Development Program.

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Milwaukee New Hope Project

THE NEW HOPE PROJECT, Inc., was a community-based organization located in Milwaukee, Wisconsin. This organization operated an antipoverty employment program, the New Hope Project, between August 1994 and December 1998. The New Hope Project's underlying principles were that people who are willing to work full-time should be able to do so, and that they should not be poor when they do work.

New Hope provided services to any adult who worked full-time (at least 30 hours per week), lived in one of two targeted low-income areas in Milwaukee, and had an income that was at or below 150 percent of the federal poverty level. Participants in the New Hope program, conditional on their willingness to work full-

time, were eligible to receive 1) an earnings supplement to raise their income above poverty (after utilizing federal and state Earned Income Tax Credit benefits); 2) subsidized health insurance; and 3) subsidized childcare. For workers who were unable to find full-time work, the program placed participants into a wage-paying community service job.

The benefit structure was designed in part to address the contradictions found in a number of welfare and workfare programs, where participants were forced off public assistance and into the labor market, yet lacked work supports (for example, childcare) and earnings, such that after working full-time they still found themselves earning below the poverty threshold. Almost 90 percent of adult participants were single mothers and 80 percent of all participants received public assistance before entering the program.

An important component of the New Hope Project was its design as a demonstration program that involved a randomly selected subsample (the treatment group) who received benefits, and the remainder (the control group) who were denied benefits while tracked to provide a counterfactual to program participation.

The purpose of random assignment was to avoid the selection issues that accompany the fact that participants may systematically differ from nonparticipants, biasing the treatment effect of the program. Milwaukee residents in both programs participated in surveys, focus groups, individual interviews, and ethnographic research. The emphasis on both quantitative program evaluation and qualitative ethnographic analysis provided rich data to appraise the success of the New Hope Project.

In a climate of welfare reform, the New Hope Project represented a genuine attempt to address the hypocrisies of conventional work-based welfare programs that required participants to work yet provided few work supports, which could make private employment a viable alternative to home-based work such as childrearing.

The findings from the five-year evaluation of the program suggest that while receiving New Hope benefits, workers in the treatment group experienced higher incomes and worked more than observationally similar workers in the control group, yet these gains quickly disappeared once the program expired. This somewhat surprising result is symptomatic of the "work first" focus of New Hope, which placed emphasis on labor force attachment, not on human capital accumulation that would provide training and help workers climb career ladders.

Aimed to go beyond conventional expenditure programs for the poor, and designed to "make work pay," the New Hope program was focused primarily on labor force attachment as opposed to strategies to foster human capital accumulation. The institutional climate of the pilot assistance program is worth noting. Milwaukee hosts the youngest African-American population out of 100 of the largest U.S. metropolitan areas, hence the importance of poverty programs that address the well-being of children and attempts to lift their families out of poverty via labor market interventions.

While New Hope failed to hold sustainable outcomes, that the New Hope program operated in an era essentially devoid of urban antipoverty programs and addressed the hypocrisies of welfare reform legislation made New Hope a step toward reducing poverty in American inner cities.

SEE ALSO: Community-Based Antipoverty Programs; Workfare; Working Poor; Work-Welfare Programs.

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Minimum Wage

MINIMUM WAGE IS A government intervention in the labor market that does not allow employers to pay a wage below a set minimum. This applies even if both the employer and employee want to agree to a wage below the legal minimum. The idea behind such legislation is to help low-skilled workers to achieve some minimum standard of living. In the United States, the federal government sets a national minimum wage, at \$5.15 in 2005. However, individual states are free to set

higher minimum wages. Some cities, such as Boston, Massachusetts, and Ann Arbor, Michigan, have established living-wage laws whereby wages are generally significantly higher than the national minimum wage. The prevailing view in economic theory is that minimum wages lead to fewer jobs for low-skilled workers. However, some economists argue that a minimum wage could lead to increased employment if employers possessed significant power in the labor market. Consistent empirical support in either direction has proven elusive. The minimum wage could also have significant effects on the education decisions of teenagers. There is also a question of whether this legislation truly targets the working poor or simply serves as a wealth transfer to teenagers from middle-income households.

In the United States, the minimum wage was established in the Fair Labor Standards Act of 1938 and is supervised by the Department of Labor. Prior to 1938, some states pursued their own minimum wage policies. In 1912, Massachusetts was the first to do so. Often the minimum wage varied across industries, taking industry-specific factors into consideration. In all cases, the minimum wage applied only to women and minors. Men were not covered until the national minimum wage was established in 1938.

The standard theory predicts that firms will hire fewer workers as a result of the higher wage. Thus while some workers benefit from the higher wage, others lose when they lose their job. Furthermore low-skilled workers are likely to enter the labor force in response to the higher wage. There are more low-skilled workers in the labor force, but fewer of them are employed, thus the unemployment rate for these workers increases. Employers who traditionally hire low-skilled labor will over time adjust their production process away from labor and toward machinery. The transition may take some time, making it difficult to determine the employment effects of the minimum wage in practice. However, studies traditionally found a negative correlation between the minimum wage and employment for the least-skilled members of the workforce.

Newer studies contradict these findings. They argue that the minimum wage can simultaneously raise wages and employment for targeted workers. This argument rests on the assumption that employers have significant power in the labor market, allowing any individual employer to have an impact on the wage rate. In order to have market power, the employer must employ a sizable fraction of the local labor force. If this is true, then the employer will face an upward-sloping supply of labor; in order to hire more workers, the firm will have to pay

a higher wage to all workers. In this case, the cost of hiring an additional worker will be greater than the wage; it is equal to the wage paid to the new employee plus the wage increase given to the existing employees. Call this cost of hiring the last worker "c." Instead, if the company faces a minimum wage (greater than the prevailing wage), then the cost of hiring an additional worker is simply the mandated wage. Call this cost "c*." If the minimum wage is not set too high, then c* will be less than c, so employers will hire more workers when there is a minimum wage than they would without one.

Studies indicate that the minimum wage is not highly effective at alleviating poverty.

Some recent empirical studies have indeed found a positive employment effect associated with an increase in the minimum wage. However these findings focused on a narrow group of employers, fast-food restaurants in relatively densely populated states. It is not likely that these restaurants individually have significant power in the labor market. There are other issues that make it difficult to empirically test for a link between the minimum wage and employment.

In addition to affecting employment levels for target groups, minimum wage laws may also have a negative effect on schooling decisions for teenagers. Teenagers are more greatly affected by the minimum wage than older workers. They must also decide how much time they will spend in school and how much effort they will exert on their studies. The increased wage may cause some students who are on the line between staying in school and dropping out to leave school. At a minimum, as teenagers decide to seek employment because of the higher wage, time spent on school is likely to decline. Thus the minimum wage may lead to lower educational achievement and skill acquisition for some.

There is also a question of whether the minimum wage is an effective antipoverty tool. Since a large fraction of workers affected by the minimum wage are teenagers, a significant share of the increased income from the minimum wage goes to middle-income families. In fact only a small share of the added income goes to families below the poverty line. Thus studies indicate that the minimum wage is not highly effective at alleviating poverty.

SEE ALSO: Income Distribution Theories; Labor Market; Living Wage Campaign; Wage Slavery; Wages.

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Missionaries

THE EXISTENCE OF MISSIONS and the work of missionaries reaches far back into world history. The basis for missionaries is primarily religious, and all branches of religions seem at one time or another to be represented. In recent years, the type of work traditionally done through missions is being carried out by a wide variety of organizations not necessarily under the auspices of an organized religion.

One of the earliest known missionary efforts was led by Paul of Tarsus in the 1st century C.E. Paul has been characterized as a "missionary extraordinaire" and is reported to have done extensive work in Turkey, Greece, and Europe. Paul's work is recorded in the writings of Luke and Paul's own letters in the Bible. Notable as well is the work of Patrick of Ireland, a missionary to Ireland in the 5th century. His work is recorded in the text *The Confessions of Patrick*.

MISSIONARIES IN HISTORY

In the 12th century, Raymond Lull, a medieval scholar and missionary, traveled to north Africa and worked with the Muslim population. Lull is noteworthy for going to a region that no one else was willing to visit and is reportedly the first missionary to the Muslims. David Brainerd was an 18th-century missionary to native people in New York, New Jersey, and Pennsylvania. His many journals were read widely in the colonies and his writings informed the colonists of life among the indigenous Americans.

William Carey served as a missionary to India during the late 18th and early 19th centuries. Carey founded the English Baptists Missionary Service and is

considered by many historians to be the creator of modern missionaries. Another prominent early 19th-century missionary to India and Persia was Henry Martyn of Cambridge University. Martyn is described as being humble and self-effacing, bright and spiritual, and a strong advocate of the people he served.

Ann Hasseltine Judson is reported to be one of the first missionaries from America to work overseas. In the early 19th century, she and her husband represented the American Baptist Mission in Burma. Another American missionary of the late 19th century was Hudson Taylor, who traveled to China and is credited with founding the China Inland Mission.

A review of the activities of the missionaries over the past few centuries reveals three important points: 1) the number of missionaries has increased significantly over time, 2) the reach of missionaries has expanded to every continent, and 3) the focus of their work has gradually shifted from primarily conversion to Christianity to the direct alleviation of poverty in all its forms—hunger, education, employment, housing, and virtually all of the socioeconomic deficits experienced by the poor.

MODERN MISSIONARIES AND POVERTY

In recent years, the Women's Missionary Union (WMU), a Southern Baptist organization, has been furthering the efforts to combat one of the developing world's severest problems: access to safe drinking water. The WMU's ministry, "Pure Water, Pure Love," has the goal of providing people with clean drinking water through a water filtration system and the delivery of fresh water supplies to those in need. The WMU is also active in the fight against world hunger.

The mission has joined with the Baptist World Alliance, the organization Bread for the World, and the United Nations to work toward achieving the goal of halving the number of those suffering from hunger by 2015. Project HELP, an expansive project of the WMU, has established ministries to address housing shortages, deficits suffered by children, the expansion of employment opportunities, senior citizen concerns, literacy issues, home healthcare provision, and migrant issues.

The Mennonite Central Committee, along with the Church World Service, raised over \$250,000 to provide shelter and basic necessities for victims of the 2005 earthquake in northern Pakistan. Over 2.5 million people were left homeless in this earthquake, which killed nearly 40,000 people. The supplies purchased with the relief money included family-sized tents, iron poles,

plastic sheets, tools, and a host of food items. Help was needed in a hurry because of the approaching winterlike weather soon to descend on the region.

Another example of heroic relief efforts came from the World Hunger & Relief Ministries (WHRM), an arm of the International Missions Board based in Richmond, Virginia. The WHRM, true to its spiritual mandate to be involved in human needs ministries, worked diligently to relieve the suffering caused by the south Asian tsunami in December 2004.

Missions had been established in California by the beginning of the 19th century.

Missions were set up in Latin American countries concurrently with Spanish and Portuguese exploration and settlement in the region. The countries of Argentina, Bolivia, Brazil, Chile, Paraguay, Peru, and Uruguay are the sites of missions into the current era. As early as 1531, mission activity under the auspices of the Catholic Church became established in the new world. In time the number of missions grew in number as more of the region came under European control. The initial impetus for the missions was the conversion of the indigenous population to Christianity. Convincing the Indian leaders of the need to give up their traditional ways in favor of the new religion did not come easily. By the end of the 16th century over 150 Franciscan missionaries were engaged in work just in Yucatan alone.

In the 1990s, the organization Canadian Missionaries Abroad was hard at work in Haiti, one of the poorest of all Latin American countries. Hospitals were set up by the Canadians to treat people too poor to seek medical attention and those who found it necessary to escape the ravages of the Haitian military regime.

Another part of the world, recently the site of conflict and suffering, also benefited from the work of missionaries. The Balkans were one of the European sites of war in the 1990s and poverty in the region persists to this day. The Christian Initiative for Development and the WMU-initiated Project:Most seek to address the needs of the poorest people in Dalmatia, a region in southern Croatia. Project:Most is providing farm animals for milk and meat and also training in agricultural activities for the deprived citizens of this region. In addition, Project:Most is helping the people of Dalmatia set up schools and health facilities, and in general improving their quality of life. The missionaries also aim

at enhancing the spiritual life of the people, although the basic necessities of life have taken precedence.

There is no region in the world that is more reliant on outside help than Africa. Missionaries are providing that help in large measure and have done so for many years. The need is great; there are more people starving in Africa than in all the remaining world regions combined.

The Missionaries of Africa, founded in 1868, has worked tirelessly to provide healthcare, food, shelter, education, and economic development to millions of Africans sorely in need of help. It is estimated that one-third of all Africans are malnourished and that if hunger can be eliminated from the poverty equation, poverty itself will be cut in half. It follows that addressing hunger should be the primary concern for bringing the poor to a higher level of living.

The hardest-hit countries in Africa in recent years and the greatest in need of food aid are Zimbabwe, Zambia, Mozambique, Lesotho, Swaziland, Namibia, Niger, and Sudan. All of these countries, except Sudan, are in southern Africa and many of them also comprise the region with the highest incidence of HIV/AIDS. In the north, Sudan has been ravaged by war and famine, an insidious combination.

CALIFORNIA MISSIONS

A number of missions had been established in California by the beginning of the 19th century. The San Jose Mission near San Francisco Bay worked not only to convert Native Americans but also to train them as weavers, blacksmiths, leather workers, brick makers, and in various aspects of the building trades. The San Jose Mission developed a very successful agricultural business. The mission's cattle herd grew to over 350,000 head and its olive production flourished. Trade in Indian-made products brought coffee, sugar, hardware, and other supplies to the mission from the growing cities along the California coast.

By 1830 over 2,000 natives were in residence at the San Jose Mission, which at that time was the largest in northern California. The land on which the mission stood was to be given to the Indians. However, when the mission was given over to a new leader, the Spanish clergy left the mission and the land was parceled out as ranches. With the end of the Mexican War in 1848, California became part of the United States and the mission era ended.

Another California success story in the early 19th century was the San Antonio Mission, located near the

coast in central California. At this mission the activities engaged in by the Native Americans reflected the goals of the leaders: natives were trained in valuable skills such as weaving, leather tanning, carpentry, and the care of horses. Dams were built to bring river water to the arid setting and a water-powered mill was installed. Cattle, sheep, and horses were raised in significant numbers and the agricultural sector was well developed. In 1834 the Mexican government decided to discontinue the mission system. Native inhabitants dwindled to fewer than 200 within a few years and they eventually abandoned the place.

The group found extreme conditions of poverty in the American south.

In the 20th century, the work of the Edmundite Missions is noteworthy. This group arrived in Selma, Alabama, in 1937 to work with the African Americans in response to an appeal from Pope Pius IX. The group found extreme conditions of poverty in the American south. The Edmundites were joined within a few years by members of the Sisters of Saint Joseph, a missionary organization based in Rochester, New York. Working together the groups established schools and hospitals to assist poor African Americans, who were the targets of racial discrimination. The efforts of these two groups predated the enactment of the Civil Rights Act by over 25 years.

The Edmundites established a training program in licensed practical nursing at the Good Samaritan Hospital in Selma, the first of its kind for African-American women. In 1980, Good Samaritan Hospital helped to start the Rural Health Medical Program, which provides medical care to poor rural families. Currently the missionary activity continues in providing healthcare, educational programs, nutritional information, housing assistance, and spiritual guidance in the region.

MOTHER TERESA

Foremost among individual missionaries in recent years was Mother Teresa, founder of the Missionaries of Charity, a group who cared for destitute people in Calcutta. Mother Teresa was awarded the Nobel Peace Prize for her work and Pope John Paul II beatified her in 2003, an act that will eventually lead to her canonization as a saint. Mother Teresa received permission from the Vatican in 1950 to start her own order to care for all

people who were unwanted by society. These included the blind, lepers, the crippled, and all others shunned by the public.

In her work, Mother Teresa created a free hospice for the dying, an orphanage, and a home for people afflicted with leprosy. Within a few short years there were services of this type over the entirety of India. In 1965, Teresa's order was granted permission to expand worldwide. There is a Missionaries of Charity home in the south Bronx, New York.

Mother Teresa died in 1997. In that year, her order included 4,000 Catholic sisters and more than 100,000 lay volunteers. Her missions were operating in 123 countries and included a wide variety of hospices and homes to care for people with HIV/AIDS, leprosy, and other debilitating ailments. The Indian government gave Mother Teresa a full state funeral.

SEE ALSO: Catholic Church; Christian Antipoverty Campaigns; Mother Teresa; Religion.

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Moldova

LOCATED between Ukraine and Romania, Moldova has a population of 4.5 million and is the fourth poorest postcommunist nation among the eastern European states and former Soviet republics—after Kyrgyzstan, Uzbekistan, and Tajikistan, according to the Economic Intelligence Unit in 2004.

The size of the Moldavian economy shrunk by twothirds within about a decade into its postcommunist transition, with the economy having been in 1999 equivalent to a mere 31 percent of its size in 1989, as noted by the United Nations Development Program (UNDP). The breakup of the Soviet Union did away with many of the benefits of socialism, such as free, quality healthcare. Independence for Moldova thus brought about poverty and, among other things, epidemics of communicable diseases. In the mid-1990s, the country experienced outbreaks of dysentery (1994), cholera and diphtheria (1995), and mumps (1997). During the Soviet era, Moldova acted as the regional supplier of fruits and vegetables. Agriculture continues to be an extremely important component of Moldova's economy, accounting for about 25 percent of the country's Gross Domestic Product (GDP). Remittances sent by Moldavians working abroad (mostly in Russia and western Europe) accounted for an estimated \$440 million in 2003, forming another 25 percent of the GDP.

Poverty in Moldova affects children, the elderly, and large households the worst.

A civil war involving the northern and more industrialized part of the country (Transdniestr) in the 1990s further increased Moldova's dependence on agricultural exports. Incidence of poverty, however, is much higher in rural and agricultural regions and is associated with the declining terms of trade in the relative prices for agricultural and nonagricultural products. As opposed to rural areas, the economies of large cities, especially of the capital city, Chisinau, have retained their strengths and even grown because of more diversified production structure and developed infrastructure.

There exists a spatial component of poverty in Moldova: the highest poverty level is in small towns (53 percent), less in rural areas (45 percent), and least in big cities (17 percent). Poverty in Moldova affects children, the elderly, and large households the worst. The elderly suffer through insufficient pensions, which in 2002 were only 30 percent of the official minimum cost of living. Poverty among households headed by people with unfinished secondary education is 49 percent and for those with no education it is 59 percent, together accounting for over one-third of all households in Moldova.

In comparison, only 13 percent of households headed by university graduates are poor. All said, poverty by 2002 in Moldova had declined substantially from a high of 70 percent in 1999 to the level obtained just before the 1998 financial crisis (49 percent). Income inequality as measured by the Gini coefficient (a measure of inequality from zero to one) was 0.34. In general, economic growth has contributed to a reduction of poverty, yet it has not so far impacted sufficiently on inequality. Incomes of the wealthiest families in Moldova

are estimated by the International Monetary Fund to be at least 10 times higher than those of the least well-to-do.

Though the rate of unemployment is relatively low in Moldova (around seven percent), lower than most of the transition economies in central and eastern Europe (where the rate is closer to 15 percent), analysts argue that the labor market does not operate efficiently, with labor resources being substantially underutilized, job opportunities being relatively scarce, and the labor market being depressed. A general measure of the utilization of labor resources, the employment ratio (the ratio of number of people employed to the number of working-age population between 15 and 64 years) stands at 57 percent for Moldova, well below the average of 66 percent for the 24 member states of the Organization for Economic Cooperation and Development (OECD).

Some 10 percent of the working-age population in Moldova who could have been productively employed are without work, in turn translating into lower output and higher poverty, according to World Bank statistics in 2004. Government authorities have adopted a three-pillar strategy in overcoming poverty during 2004–06, which involves achieving sustainable minimum economic growth of five percent per year; reducing the proportion of the population living below the poverty line (considered as \$2.15 per day, using purchasing power parity or PPP) by 12 percent; and improving the population's health indicators via increasing net school enrollment, lowering the under-5 infant mortality rate, reducing the maternal mortality rate, and arresting and reversing the spread of AIDS and tuberculosis.

Human Development Index Rank: 115 Human Poverty Index Rank: Not included.

SEE ALSO: Communism; Disease and Poverty; Inequality; Rural Deprivation; Russia.

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Monaco

THE PRINCIPALITY OF MONACO is an independent state wholly located within France, on the coast of the Mediterranean Sea, and between the city of Nice to the west and the Italian border five miles to the east. Members of the Grimaldi family, who have been monarchs since the end of the 13th century, rule Monaco. It is less than one square mile in size. Income and life expectancy rates are both high.

Monaco's leading industry is tourism and it is famous for its casino, the Grand Prix, the Riviera, beach life, and other high-class and high-cost activities. The principality does not charge income tax and many of its residents take advantage of this arrangement. International companies are also not taxed. However, since 1962, an arrangement with the government of France has meant that residents who have been living in Monaco for five years or less are taxed at French rates and some corporate taxes were introduced. Nevertheless most of the government budget derives from transaction taxes and government-controlled industries, including the casino. Necessarily, other residents are required to provide the comparatively low-cost labor in the tourism service sector. Foreign workers are controlled through the work permit and work contract

Residents of Monaco enjoy one of the highest standards of living in the world. In 2000 the Gross Domestic Product annual per capita income (puchasing power parity) was \$27,000. (Figures of the percentage of the population living below the poverty line are not available.) However, there have been increasing concerns that at least some of the incoming wealth derives from illegal activities and has been brought to the principality in the form of money laundering. The banking sector is also significant and has been subject to scrutiny of its governance, particularly with respect to the confidentiality offered to patrons.

Monaco has hosted a number of international organizations and networks involved with economic management and poverty reduction. These help to extend the reputation of the principality, as do international broadcast networks that are headquartered in Monaco.

Human Development Index Rank: Not included. Human Poverty Index Rank: Not included.

SEE ALSO: European Relative-Income Standard of Poverty; European Union Definition of Poverty; France; Outsourcing/Offshoring.

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Monetary Policy

MONETARY POLICY PROVIDES an important tool for fighting poverty at the macroeconomic level. Monetary policy is distinct from fiscal policy, or the taxing and spending decisions of governments. But governments can use both of these tools to influence inflation, economic output, and unemployment. Monetary policy is typically controlled by a country's central bank.

Monetary policies can either be expansionary or contractionary. By influencing interest rates and the size of the money supply, the central bank can boost the economy during a downturn, or slow down the economy during an overheating phase. Tools of monetary policy include open-market operations, setting reserve requirements, and providing loans to commercial banks. A large number of countries also use monetary policy to bring stability to their exchange rate. But countries with open capital markets are limited by their inability to simultaneously use monetary policy to influence the domestic economy and to control the exchange rate.

INFLATION, UNEMPLOYMENT, AND POVERTY

Economists have found a connection between poverty and the performance of the economy. Unemployment clearly impacts poverty as people lose their income. As unemployment increases, the people first affected are generally low-income workers already close to poverty. Inflation can also impact poverty if the incomes of those close to the poverty level do not rise with prices. However, as social insurance and social assistance benefits become indexed to inflation, many who are close to poverty will be less impacted by inflation; for them unemployment remains a bigger threat.

James Tobin found in the United States that years of real wage growth (wages grow faster than inflation) and decreased unemployment could be empirically associated with reductions in poverty. He also found that in the U.S. case, this relationship has lessened in the decades since the 1970s.

He argued that the Federal Reserve had been unwilling to let the economy grow at a fast enough rate on account of its overemphasis on inflation. Alan Blinder, who served as vice chairman of the Federal Reserve Board for a period during the Bill Clinton administration, has also made this argument.

The trade-off between inflation and unemployment is one of the central tenets of monetary policy. It is encapsulated in the Phillips Curve, and it has been a source of controversy since the 1950s. The basic idea is that low unemployment causes inflation to rise, and high unemployment causes inflation to fall. This can be understood by thinking of wage negotiations between employers and employees. When unemployment is low, employees will have more bargaining power to ask for higher wages, which will increase the costs to firms and lead to higher prices.

These ideas have been refined since the 1970s to understand that it is expected inflation that matters. Because many central banks are specifically interested in maintaining low inflation, in order to provide the most stable framework for long-term economic growth, a number of people have argued that greater emphasis should be placed on maintaining low unemployment in order to fight poverty.

TOOLS OF MONETARY POLICY

Having established a basis for the connection between poverty and monetary policy, we can now consider how monetary policy is conducted and works. The most important tool of monetary policy is open-market operations. With this tool, the central bank buys and sells government bonds or other financial assets in secondary markets, in order to influence the money supply. When a central bank buys a government bond from a commercial bank or individual, the money supply increases, because the central bank provides a monetary credit to the seller.

On the other hand, when a central bank sells a government bond to a bank or individual, the money supply decreases because the purchaser pays the central bank with money. This money no longer circulates through the economy when it is in the central bank, and so it has been removed from the money supply. With open-market operations, the central bank can exert a strong influence over the size of the money supply in its country.

Open-market operations are the most important tool, but changing the reserve requirements and changing the discount rate are other possible tools. When a government increases reserve requirements, banks must hold a higher percentage of money reserves in their bank vaults in relation to the amount of loans they have made, which helps to reduce the money supply. The discount rate is the interest rate at which banks can borrow from the central bank to meet their reserve requirements in cases where they cannot otherwise borrow enough from other banks. A higher discount rate will discourage banks from borrowing from the central bank, which limits their loan-making ability and prevents the money supply from increasing.

CONCERNS ABOUT MONETARY POLICY

For many countries, exchange-rate policy is also an important part of monetary policy. Central banks can directly influence the level of their exchange rate by buying and selling currencies in the foreign exchange markets. This is a type of open-market operations. When a central bank buys its own country's currency using its reserves of foreign currencies, there is an increase in the demand for the local currency relative to others, which in turn increases the price of the local currency. In contrast, if a central bank is using its own currency to buy foreign currencies, there will be a downward pressure on the exchange rate. The benefit of controlling the price of a country's currency is that it provides price stability for companies engaged in international trade. At the same time, a fixed exchange rate is also subject to speculative attacks when investors believe that the exchange rate is not set at its underlying equilibrium value.

The impossible trinity also applies to countries that fix their exchange rates. These countries will lose control over using monetary policy to respond to the domestic economy, if the country happens to also allow capital to move freely through its borders. This is because a central bank will have to target its open-market operations to achieve a particular exchange rate, and thus has no flexibility to use monetary policy to respond to other economic concerns within the country.

TRANSMISSION MECHANISMS

Regarding the issue of how monetary policy actually impacts the economy, there are many different theories. A number of economists still hold the position that monetary policy has no impact on real economic vari-

ables, such as the number of people with jobs or the amount of goods and services produced, and that attempts to use monetary policy only result in inflation. Most economists agree with this statement in the long run, but believing it is true in the short run is now a minority position, as much evidence shows that monetary policy can have a short-term impact on the real economy.

Economists have found many different possible transmission mechanisms to explain how monetary policy can impact the real economy. The most commonly discussed mechanism works through interest rates. The central bank takes action to increase the money supply, which then works to decrease interest rates, which makes borrowing by businesses and consumers cheaper and more attractive, which helps to stimulate investment, which increases the aggregate size of the economy.

For countries with flexible exchange rates, decreasing interest rates will also lead to depreciation of the currency, which makes a country's exports cheaper for foreigners while increasing the prices of imports to the country. This helps to expand a country's net exports, which is a key component of a country's Gross Domestic Product.

Other transmission mechanisms are related to the credit view of monetary policy. An expansion of the money supply increases bank deposits, which allow banks to increase their loans if they wish, which increases investment and the size of the economy. The key is that banks are not required to make loans, and these theories have developed more recently as a part of the economics of incomplete information.

For example, when interest rates are high, banks are more cautious about lending money, because banks must assume that anyone willing to borrow at a higher interest rate is likelier to default. Likewise an expansion of the money supply will help to boost the value of equities and improve the balance sheets of companies. Banks can then increase lending to these companies because they are more confident that the companies will be able to pay their debt since they are able to provide more collateral for the loan.

POVERTY IN DEVELOPING COUNTRIES

Unique challenges exist for developing countries in their attempts to use monetary policy to reduce poverty. Many of these countries do not have developed financial markets or government debt markets, which makes it difficult to use open-market operations. Developing countries are also frequently plagued by high and variable rates of inflation that hurt the prospects for economic growth, but monetary policy gets trapped by politicians into funding government debt, which only serves to further inflation. For many countries, an attempt to fix the exchange rate may provide the best way to control inflation, because it allows the country to peg its economy to the performance of more stable countries.

Higher inflation serves to depreciate a currency, and so a developing country with a pegged exchange rate has a clear anchor that forces it to keep its inflation in line with the country to which it has pegged its currency. Creating the appropriate monetary policy is a complicated process, but it important to develop sound monetary policies to stabilize macroeconomic performance. A stable economy is a necessary, though not sufficient, condition for fighting poverty.

SEE ALSO: Debt; Fiscal Policy; Inflation; Poverty Politics; Unemployment.

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Mongolia

A TOTAL OF 2,791,272 people lived in Mongolia in 2005. The condition of poverty in Mongolia is not understandable without some information about Mongolia's history and geography. One has to distinguish between the so-called Inner and Outer Mongolias, the first one an autonomous region of the People's Republic of China, the second one now called the Mongolian Republic, an independent state (that is, from China)

since 1911, which was under strong Soviet influence till the collapse of the Soviet Union starting in 1989. The country is situated in central Asia between Russia and China; most parts of it are mountainous and covered with steppe. That is why livestock herding is still carried on today by nomadic or seminomadic cattle-breeders, which is very important for the Mongolian economy.

During socialist rule under Soviet influence, Mongolia rapidly industrialized. This caused enormous social change; greater parts of the population began to live in settlements, and towns were rapidly founded in the steppe. At first industrialization seemed to be very successful; in 1975 industrial production was higher than that in traditional agriculture, but this development did not grow on firm ground.

In the early 1980s, the economy of the socialist countries went into a severe crisis—a result of the system's failures. Against this background, the Mongolian government of 1989, after the collapse of the Soviet Union, decided to follow ultraliberal Western ideas of economic development. This extremely rapid transition from a centrally planned economic system to a market-oriented liberalized one meant that government activities were very much reduced, and several kinds of restrictions (such as on international trade) were lifted.

State-owned enterprises were privatized, in the beginning by giving vouchers to the Mongolian people, and later on by selling them to domestic and foreign persons/enterprises. This extreme change led to an economic decline and during the first years (1989–93), economic growth fell below that of the socialist era. The consequence was that poverty increased—in nearly all aspects.

The per capita income collapsed in real terms (from \$1,643 in 1989 to \$374 in 1999), and many people lost their employment. This economic collapse led to consequences in different areas of life: the birthrate quickly declined (in 1989 the population growth rate was 2.9 percent per annum, in 2000 1.4 percent per annum). This can be regarded as a kind of survival strategy. Part of such survival strategies is the migration from urban centers to rural areas in order to make a basic living as herders. Others tried to earn their livelihood in alternative sectors in the towns (such as small shopkeepers and informal currency dealers).

Another indicator of increasing poverty in Mongolia is deterioration in human capital, such as education and healthcare. The quality of education in general has decreased. Though primary education principally remains universal, fewer children attend school regularly, especially nomadic children who often help with herding, which also has to be regarded as part of a survival strategy. The rural population has no adequate medical care. Poverty reduction in the Mongolian Republic will be possible in the future if government intervention is strengthened. Good governance, in the case of Mongolia, means to become less dependent on foreign aid, and to adapt education and healthcare to Mongolian tradition, culture, and lifestyle while still modernizing. The informal employment sector in towns must be examined if some parts are to be future-compliant; as for livestock herding, a balance must be found between providing the livelihood of many families and avoiding environmental damage.

Human Development Index Rank: 114 Human Poverty Index Rank: 44

SEE ALSO: Environmental Degradation; Human Capital; Industrialization; Privatization.

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Monroe, James (Administration)

JAMES MONROE WAS criticized for failing to react to the financial panic of 1819. This was the first recession since the adoption of the Constitution and caused increased poverty in the young United States. Monroe asserted that any corrective measures were the responsibility of the Bank of the United States and of the state governments. Other than extending payment plans for mortgages on federal land sold to private parties, Monroe did little to limit the economic burdens or alleviate economic hardship. The economy eventually rebounded and most Americans accepted and admired his restraint. During the panic, some had called for more indirect government action, but almost no one at the time saw a direct role for the federal government in alleviating poverty.

During his eight years in office, federal spending decreased from \$30 million to \$20 million per year. Federal debt shrank from \$123 million to \$84 million,

despite the 1819 financial panic, which significantly decreased federal revenues.

Monroe was born in Westmoreland County, Virginia, in 1758. He served with distinction during the American Revolution, rising to the rank of colonel. He also pursued a legal career by reading law with Thomas Jefferson, who would remain his mentor and political patron. He also developed a close relationship with James Madison while serving in the Virginia Assembly and Continental Congress.

Monroe opposed ratification of the new Constitution in 1787. He objected to the powers of direct taxation and to the power given to the Senate. At Patrick Henry's request, he ran for Congress against Madison but lost. Two years later he went to Washington, D.C., as a U.S. Senator. He soon found himself working more with Jefferson and Madison in opposition to Alexander Hamilton's attempts to increase the size and power of the federal government. In 1794 President George Washington assigned him to a diplomatic post in post-revolutionary France. His pro-French views, however, caused him to be recalled two years later. Monroe returned to Virginia. In 1799 he was elected governor of Virginia, where he served until 1802.

Under the Jefferson administration, Monroe returned to France as a special envoy to purchase a port along the Mississippi River. The resulting negotiations eventually resulted in the Louisiana Purchase. Monroe spent four more years in Europe as minister to Britain, which was at war with France and was blocking all U.S. trade. Monroe secured a treaty to relax these restrictions but President Jefferson refused to submit the treaty for ratification because it did not prevent Great Britain from boarding American vessels at sea and kidnapping American seamen for service in the British navy. Monroe's disagreement with the administration deepened when he ran against Madison for president in 1808. With Madison's election, he returned to state politics and served another year as governor. In 1811, Madison asked Monroe to return to replace a disloyal secretary of state. In 1814 he also assumed the duties of secretary of war, replacing the man whose incompetence had led to the British invasion of Washington, D.C., that year.

On Madison's retirement in 1816, Monroe easily won election as president, despite some grumblings over a "Virginia Dynasty" in the presidency. In 1820, Monroe was so popular that he ran uncontested, losing only one electoral vote nationwide.

Despite such unity, the great issue that would divide the nation for the next half century appeared on the horizon. Missouri sought admission to the Union. Many members of Congress sought to condition admission only if it outlawed slavery. Monroe, a slave owner himself, believed the federal government had no right to tell a state whether it could permit slavery. His willingness to compromise, however, allowed him to accept the agreement to admit Missouri as a slave state and Maine as a free state (thus keeping balance in the Senate) and at the same time limit future slave states to the southern territories only.

Throughout his career, Monroe consistently fought to keep power defused and the government small. While he supported projects to improve coastal defenses, when Congress sent him a bill to build canals and make other internal national improvements, Monroe vetoed the bill. Even though Madison had signed similar laws, Monroe held that the federal government had no such power and required a constitutional amendment. Later in his administration, he moderated this view and supported several such infrastructure programs.

Monroe was best known for foreign affairs. He pressured Spain into ceding Florida in 1819. He also announced a new policy, drafted by his secretary of state, John Quincy Adams, that the United States would oppose any European colonization in the western hemisphere. Although the United States did not have the military might to enforce this at the time, the Monroe Doctrine became a cornerstone of U.S. foreign policy.

Monroe left office in 1825, heavily in debt. He spent years trying to recover expenses owed by the government for his years of service. In 1829 he presided over Virginia's Constitutional Convention. He died in 1831.

SEE ALSO: Fiscal Policy; Poverty in History; Recession; United States.

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Moral Poverty

WHILE MORAL POVERTY is among humanity's most pressing concerns, it eludes simple definition. One is hard-pressed to find detailed discussions of the topic in either ethical texts or forums for the discussion of moral issues. Essentially moral poverty is the foundation and setting for the nearly insurmountable economic poverty that adversely impacts the lives of billions of people across the globe. In addition moral poverty serves as the context for a plethora of other social evils, including crime, addiction, illiteracy, and homelessness. Moral poverty begins on an individual level before evolving into a contagion that afflicts entire nations and peoples.

INDIVIDUAL MORAL POVERTY

Moral poverty is first a state of being that is characterized by an arrested moral development wherein an individual's conscience is not able to mature to the level required to make decisions that are truly moral. The factors that contribute to the creation of this morally immature state are numerous. A dysfunctional family environment that fails to provide children with authentic and essential affirmation, falls short in attempting to provide adequate and necessary moral instruction, and does not insist upon remorse, apology, and restitution in the face of injustice serves as a breeding ground for moral poverty. The lack of exposure to embodied love and virtue adversely impacts the development of children.

Moral poverty, which is the equivalent of moral apathy, takes firm hold during early developmental stages, making it difficult to temper or eradicate later in life. In many cases, those individuals who suffer from moral poverty do not experience significant material or economic disadvantage.

A rampant and unhealthy individualism that is stressed by post-Enlightenment culture is yet another source of moral poverty. As a moral posture, individualism reduces human beings to their personal uniqueness, thereby ignoring the communal dimension of human experience. Personal rights and liberties are stressed over and above social obligations. Thus those persons who are guided by the philosophy of individualism in a strict sense experience moral poverty in their failure to fulfill their role as "keeper of brother and sister."

On the individual level, moral poverty assumes a very distinct form vis-à-vis world poverty. Individuals

who are morally poor adopt an apathetic disposition with regard to global economic injustice. As individuals, they argue that they are powerless in the face of vast numbers of persons who suffer from poverty, hunger, and homelessness across the world. Their inability to recognize the enormity of the plight of world poverty, to lament its ever-growing existence, or to commit personally to its obliteration is a self-stylized form of moral paralysis that results directly from their personal moral poverty, which is deeply embedded within them.

SOCIETAL MORAL POVERTY

More frequently, moral poverty is the designation given to the communal ethos, especially in terms of wealthier developed countries that fails to acknowledge the demoralization of society. Obviously individuals who are morally poor contribute to the socialization of moral poverty. With regard to the epidemic of world poverty, individual acquiescence based upon a "priority for compatriots" ideal serves as an insidious example.

Our history is deeply scarred by the effects of moral poverty.

By the same token, morally corrupt systems, structures, and institutions bear much of the burden. Such morally bankrupt institutions perpetuate certain basic myths or presumptions that fail to acknowledge the gravity of world poverty. These assumptions often include the following: prevention of poverty-related deaths is counterproductive because it results in overpopulation which will result in an even higher povertyrelated death rate; the eradication of world poverty will bankrupt the First World; redistribution of economic resources does not effectively end world poverty, and world poverty is disappearing on its own. Even a cursory analysis of these perceptions that exist in the minds of many affluent countries and prominent world organizations exposes them as unreflective moral judgments that are unreliable.

On the societal level, moral poverty is intrinsically linked to moral relativism and its claim that the recognition of cultural differences precludes the establishment of a commitment to ensuring basic human rights in a universal fashion. While one can neither deny that fundamental differences do exist in terms of the moral norms espoused by certain groups nor dispute the claim that these norms and values are culturally condi-

tioned, it is impossible that there are certain rights that are fundamental by virtue of our shared humanity and therefore cannot be denied.

Unfortunately our history, deeply scarred by the effects of moral poverty, evidences great failures in this regard. It is no small wonder that the United Nations found it necessary to respond to the consequences of moral poverty on the societal level through its creation of the Universal Declaration of Human Rights in 1948.

SOLUTIONS TO MORAL POVERTY

While there are no easy solutions to moral poverty, some steps may be taken to weaken its hold on both individuals and the systems in which they live and work. On the individual level, a recommitment to the creation of nurturing families is required. Since the context of the family serves as the initial forum for education, children must experience genuine love and affirmation from parents and other family members in order to develop the foundation for understanding the importance of human solidarity.

Accordingly, children will possess the capacity to recognize injustice and know the importance of personal response. Additionally individuals who embrace the virtue of solidarity, transcending the bounds of individualism and recognizing that the commitment to the other is a constitutive aspect of human nature, will develop a well-formed conscience that will not succumb to moral poverty and its economic consequences.

Ethicists Russell Connors and Patrick McCormick, in their discussion of the characteristics of a just or good society, propose a thorough solution to moral poverty on all levels that would resolve the issue of moral poverty while simultaneously addressing the issue of global poverty.

First, all societal systems, structures, and institutions must provide means for authentic human development, allowing equal access for all persons to the economic, social, cultural, and political resources of society. Second, social institutions and structures must ensure a legitimate personal autonomy for all persons and provide for the basic needs of their members so that they can participate fully in the life of the community.

Third, all members of society must share its benefits and burdens equally. This characteristic proves to be a particular challenge for the materially wealthy but morally poor; however, it is essential for the total elimination of both moral poverty on a societal level and economic poverty on a global level.

Fourth, societal institutions, structures, and systems must have the common good as their ultimate goal. To reach this end, these organizations must ensure freedom, justice, peace, and solidarity for their members. Fifth, and of grave importance, society must be self-critical, making certain that the victims of moral poverty are protected and that unjust structures are exposed and reformed.

The last observation offered by Connors and Mc-Cormick is critical in the search for a lasting solution to moral poverty. Reformation of unjust structures, fueled by an ethos of moral poverty and contributing to global poverty and the other social evils directly related to it, must begin with public exposure and critique. Next, members of society must participate in activities that engender their disdain for the consequences of moral poverty.

Such actions might include symbolic gestures such as peaceful demonstrations that call upon the disproportionately wealthy First World to stop ignoring the basic needs of the poor. Finally structures afflicted by moral poverty will only be reformed when governments enact legislation to protect the marginalized of society, of which the world's poor are the silent and most underserved minority.

The problem of moral poverty will not disappear without significant effort.

The problem of moral poverty will not disappear without significant and sustained effort on the part of individuals and institutions. To admit the power and extent of the grip of moral poverty upon society and its members will require radical honesty. In essence, any valid confrontation with moral poverty will require no less than a conversion on the part of all. This conversion, which by necessity will be both personal and social, must be permanent and clearly understood to evoke a genuine concern for our fellow members of the human family.

Families must become the first school of social concern and individuals must recognize their solidarity with the rest of the human race, all of whom possess an inherent dignity and who are deserving of certain basic human rights. Only after such a conversion has occurred and its effects are maintained will moral poverty be disarmed, making the realization of global economic equality less of a dream and more of a reality for millions across the globe.

SEE ALSO: Economic Inequality; Human Development; Poverty Trap; Social Poverty; Structuralist School; Utopian Socialists.

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Morocco

THE KINGDOM OF Morocco is located on the northwest coast of Africa and is bounded by the countries of Algeria and Western Sahara, the north Atlantic Ocean, and the Mediterranean Sea. Morocco gained independence from France in 1956. In the late 1970s, Morocco annexed Western Sahara. However, a final legal resolution on this action has not yet been made. The coastal areas are the most productive agriculturally, with 20 percent of the total land area designated as arable.

Forty percent of Morocco's labor force are engaged in agriculture, 15 percent in industry, and 45 percent in the service sector. Agricultural products include grains, citrus, vegetables, a variety of wines, olives, and livestock. Industrial activity is devoted to the mining and processing of phosphate rock, food production and processing, leather goods, and textiles.

Tourism has also become an important economic activity in the country. Morocco's exports include clothing, fish, and a variety of minerals, fruits, vegetables, and petroleum products. Oil reserves in Morocco are 300 million barrels and reserves of natural gas equal 665 million cubic meters (2004 estimates). Morocco's most important trading partners are France and Spain. It is noteworthy that Morocco imports crude oil from Saudi Arabia despite having proven oil reserves within its borders. This is because consumption of oil within the country far exceeds internal production.

Morocco's population is approximately 32.7million (2005) and its rate of natural increase is 1.6 percent, a figure slightly higher than the world average of 1.2 percent. Life expectancy at birth is a respectable 68 years. Despite these promising demographic characteristics, Morocco is nonetheless characterized as a developing country and it faces a number of poverty challenges.

During the decade of the 1990s, absolute poverty in Morocco increased. This condition is attributed to declines in manufacturing exports, a slowdown in agricultural production, declines in new job creation, and increasing inequity in the rural regions. Although the rural areas of the country have 45 percent of the total population, nearly two-thirds of the poor people live there.

However, increases in poverty have also been seen in urban areas. Government actions to alleviate poverty include improvements in the education system. At present only 68 percent of youth (ages 15 to 24) are literate. In addition, attempts are under way to reduce infant mortality rates, currently at 40 per thousand live births; to improve health care delivery especially to the rural areas; to improve conditions for households with children; to ensure food subsidies for the poor; to expand public works projects within rural areas; and to restructure the welfare system.

Poverty alleviation in Morocco continues to be a government priority. The Living Standards Measurement Study conducted in 1999 placed priority on social policies, including education, health, social insurance, and social assistance. The primary aim of this program is to find ways to improve economic growth and to raise the living standards of the poor throughout Morocco. King Mohammed VI, enthroned in July 1999, stated that the attack on poverty is a priority. This stance gained him the title "Guardian of the Poor." One of the king's significant reforms is the Mudawana, a law enacted in 2004. The law expands rights to women but more conservative members of the Moroccan society have opposed it.

Human Development Index Rank: 124 Human Poverty Index Rank: 61

SEE ALSO: Agriculture; Economic Growth and Poverty Reduction Strategy; Women and Poverty.

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Mother Teresa (1910-97)

MOTHER TERESA WAS BORN to Nicola and Drane Bojaxhiu in Skopje, Macedonia, and baptized Agnes Gonxhe in the Roman Catholic faith. Gonxhe's parents, especially her mother, influenced her early attraction to missionary life. At the age of 12, Gonxhe experienced her first calling to a life of prayer and contemplation. In 1928, during her late teens, she received a letter of acceptance to the Sisters of Loreto in Rat Farnham, Dublin, Ireland. She left Skopje on September 26, 1928, to join the Institute of the Blessed Virgin Mary, taking the name Sister Mary Teresa after the beloved St. Thérèse of Lisieux of the Child of Jesus, known to this day as the "Little Flower." Wanting to be a missionary, she offered herself to the Bengal Mission in India.

YEARS IN INDIA

December 1928 began Sister Teresa's voyage by steamship to Calcutta, India. In the tradition of Christian holy orders, she professed primary vows of "poverty, chastity, and obedience to God" (1931), as well as her final vows to be the "spouse of Jesus" for "all eternity" (May 24, 1937). During her membership in the Loreto Entally community, where holy sisters were known as Mother, she taught history and geography to girls at St. Mary's high school, becoming headmistress in 1944. On September 10, 1946, while riding a train from Calcutta to Darjeeling to make a retreat, Mother Teresa was inspired by a "call within a call" to establish a new religious life in the slums of Calcutta. She wrote:

I was to leave the convent walls and live among the poor. But not just any poor. [God] was calling me to work with the most desperate, the poorest of the poor in Calcutta: people who had nothing and nobody, whom no one would go near, since they were a breeding ground for disease, were filthy and infested with worms and microbes; people who could not go out and beg for alms since they were naked, without a shred to cover their nakedness; people who had stopped eating, since they were too wasted and lacked strength to do so; people who were at the point of death, who had collapsed in the street, and knew that they were dying; people who no longer wept, for they had run out of tears. These were the people Jesus pointed out to me during that trip, and whom I was to love.

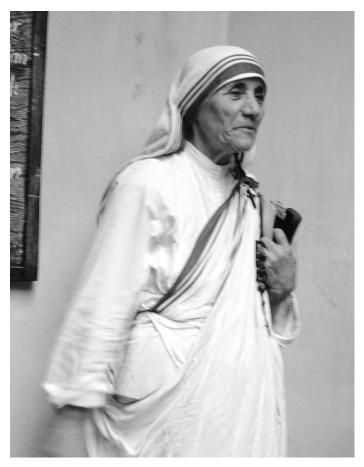
After 20 years of cloistered religious service at Loreto, Mother Teresa was permitted by Pope Pius VI on August 17, 1948, to become an unenclosed nun. She wore a white, blue-bordered sari with a shoulder cross—her only possessions—to symbolize her chosen life of poverty and solidarity with the poor.

In Patna, Mother Teresa undertook three months of basic nursing with the American Medical Missionary Sisters, and, as early as 1949, her former students appeared one after another in response to her request for help with her new mission. This order of nuns, known today as the Missionaries of Charity, was ratified by Rome on October 7, 1950. In 1952 they opened a hospice for "the destitute and the dying" to provide wholehearted and free service to the sick and dying living in the streets of Calcutta: "I chose this life to realize the Gospel to the letter, especially where it says: 'For I was hungry and you gave me food. ... I was naked and you clothed me. ... I was in prison and you came to me," Mother Teresa wrote.

Extraordinary attention to the most marginalized members of society symbolized Mother Teresa's deepest regard for the Christian principle of prayer in action. This spiritual dimension of the Missionaries of Charity is led by the idea of Christian contemplation, a humble and unconditional surrender to God and God's will: "Our vocation is nothing else but to belong to Christ. The work we do is only a means to put our love for Christ into living action."

As described in her book *Total Surrender* (1985), Mother Teresa firmly encouraged her sisters to serve the poor and one another with an attitude of absolute cheerfulness and giving, an expression of their love for God; she believed this was possible only through an unwavering dedication to prayer and thanksgiving, which would guide a daily living out of the Gospel values of humility, patience, faith, hope, love, peace, joy, and compassion.

Mother Teresa's radical response to the poor—giving them back a sense of dignity, respect, love, companionship, and the feeling of being wanted—was introduced to the world by Malcolm Muggeridge's BBC film documentary, Something Beautiful for God (1969). It



Mother Teresa: "I will never tire of repeating this: what the poor need the most is not pity but love."

shed light on the violence and extent of poverty while also conveying a unique message of unconditional love as an inspiration to those seeking to do justice to the needs of the poor: "I will never tire of repeating this: what the poor need the most is not pity but love. They need to feel respect for their human dignity, which is neither less nor different from the dignity of any other human being."

RECOGNITION FOR SERVICE

A well-known public figure, Mother Teresa was greatly admired for her lifetime of dedication to the world's poor. In 1978 she was awarded the Nobel Peace Prize, in addition to a multitude of prestigious awards, country and state acknowledgments, and honorary degrees. By her death in 1997, 4,000 members had joined Mother Teresa's Sisters, with 610 foundations established in 123 countries around the world. Her special impact on the people of India was recognized by a state funeral in the fashion of Mahatma Gandhi, even though she was not

a Hindu. Her tomb continues to be a place of pilgrimage and prayer for people of all faiths. From Rome, Pope John Paul II opened Mother Teresa's case for beatification on December 20, 2002, and the Vatican approved it on October 19, 2003.

SEE ALSO: Catholic Church; Charity; Christian Antipoverty Campaigns; India; Missionaries.

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Moynihan Report

DANIEL PATRICK (Pat) Moynihan (1927–2003) was a U.S. Senator, ambassador, administration official, and academic. He authored a number of books, including a much-discussed 1965 publication, "The Negro Family: The Case of Action" (a U.S. Department of Labor report), otherwise widely known as the Moynihan Report.

Moynihan was born in Tulsa, Oklahoma, but grew up in New York City. He was raised in a poor neighborhood and graduated from Harlem High School. He served in the U.S. Navy, and then went on to receive graduate and law degrees. He served as an undersecretary of labor in the administration of President John F. Kennedy, and as well in the early part of the administration of President Lyndon B. Johnson. He worked on formulating national policies for what would become the War on Poverty.

Moynihan had a lifetime interest in social policy and in poverty policy. He had grown up in a poor household, so he no doubt had a strong affinity for social change and social justice, for helping people obtain a better life. He was first elected to the U.S. Senate in 1976, and then was reelected to the Senate three times, in 1982, 1988, and 1994. He did not run for the seat in 2000, and was succeeded by fellow Democrat Hillary Rodham Clinton. He was most influential in his career, and comfortably moved in and out of various circles, political, diplomatic, governmental, and academic.

His report hypothesized that the destruction of the African-American nuclear family structure would be a significant hindrance to further progress toward equality. Moynihan, a social scientist, made clear that he was not in effect blaming the victim, but was looking at the environment as a key force here. Nevertheless much negative reaction occurred at the time, much of it from the African-American community. Charges were made that Moynihan was stereotyping African-American families as poor, uneducated, and dysfunctional.

Interestingly, discussion and debate about this issue have continued unabated for decades after the publication of this noted report. For example, a quote from the report's introduction includes:

The most difficult fact for white Americans to understand is that in these terms the circumstances of the Negro American community in recent years has probably been getting worse, not better.

Indices of dollars of income, standards of living, and years of education deceive. The gap between the Negro and most other groups in American society is widening.

The fundamental problem, in which this is most clearly the case, is that of family structure. The evidence—not final, but powerfully persuasive —is that the Negro family in the urban ghettos is crumbling. A middle-class group has managed to save itself, but for vast numbers of the unskilled, poorly educated city working class the fabric of conventional social relationships has all but disintegrated. There are indications that the situation may have been arrested in the past few years, but the general post-war trend is unmistakable.

The Moynihan Report, released at such a critical time in the history of social policies (and race relations) in the United States (1965), was significant for the questions it raised, questions that have not been sufficiently answered even today.

SEE ALSO: African Americans and Poverty; Johnson, Lyndon (Administration); Social Exclusion; War on Poverty.

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Mozambique

MOZAMBIQUE IS A sub-Saharan African nation located in southeast Africa. It has a lengthy coastline on the Indian Ocean and the Mozambique Channel, which separates the country from Malagasay (Madagascar). It is bordered in other directions by Tanzania, Malawi, Zambia, Zimbabwe, South Africa, and Swaziland. Despite its coastal location, the extensive Zambezi River, and other natural resources, Mozambique is one of the poorest countries in the world. Per capita annual income in 2003 was estimated to be \$210, while child mortality was 101 per 1,000 live and the incidence of AIDS was 13 percent.

Vasco da Gama's voyage from Portugal to India brought Mozambique into the European sphere of influence for the first time. A Portuguese base was established there, and over the succeeding centuries Mozambique was first exploited as a producer of slaves who were exported by traders across the Americas and the Arab world. Subsequently the Portuguese colonizers created an export-based industry in which goods were extracted from the country for sale overseas to the benefit of Portuguese settlers. The people of Mozambique were denied access to economic or social opportunities and were used as conscript labor to build the transportation infrastructure.

Colonization was not ended until 1975 and was then succeeded by a bloody civil war (1980–92) among factions of differing ideological beliefs. This war impoverished even further the population, particularly those

away from the coast, who relied mainly on subsistence agriculture for income.

Approximately 70 percent of the population live in rural areas, the agriculture of which accounts for 30 percent of Gross Domestic Product. Per capita income declined to a low in 1995, when it fell to \$140. World Bank assistance has been sought since membership in 1984 and currently approximately \$1 billion of development aid has been committed to the country. This includes projects concerned with public-sector reform, education, transportation infrastructure management, capacity building, and a regional gas project.

The government's Action Plan to Reduce Absolute Poverty noted the country's continued extreme vulnerability to external shocks such as flooding and low international commodity prices for its agricultural exports. It laid out a strategy for poverty reduction based on the central vision of peace and sociopolitical stability and specified priority areas in education, health, agriculture and rural development, basic infrastructure, good governance, and macroeconomic financial management.

In 1998, Mozambique was declared to be eligible to join the Heavily Indebted Poor Country (HIPC) initiative, which provided some \$1.4 billion in debt relief. The purpose of the HIPC initiative is to reduce national debts to sustainable levels so that ongoing structural adjustment reform programs will not be endangered. However, critics observe that it is to a significant extent these programs, which are administered according to a standard template by the International Monetary Fund without consideration of local conditions, that are in fact causing the economic problems. While Mozambique is also eligible to benefit from the debt write-off announced at the G-8 Gleneagles Summit in 2005, the need for trade reform and the end of export subsidies in the developed nations was not met.

Human Development Index Rank: 168 Human Poverty Index Rank: 96

SEE ALSO: Colonialism; Debt Relief; Extreme Poverty; G-8; International Monetary Fund; Portugal.

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Household Income and Consumption in Rural Mozambique," World Development (v.22/2, February 1994).

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Myanmar

MYANMAR, FORMERLY CALLED Burma/Birma, forges links between south and southeast Asia, bordering Bangladesh, India, China, Laos, and Thailand. After riots in 1988, the military junta changed the country's name, explaining that "Myanmar" would include all the different groups of the population. This change of name highlights one of the country's many problems: Myanmar is a multiracial state with many ethnicities, mostly very different in history, culture, religion, and language. Following an ethnolinguistic classification, three main groups of people live in Myanmar: Sino-Tibetan dialect-speaking groups (Burmese, Kachin, Chin, Lahu, Naga, and some others), Mon-Khmer (Mon, Wa, Palaung), and Austro-Thai (Shan).

Myanmar still is one of the poorest countries in the world, though it is potentially rich.

There are no exact numbers available for today's population situation, but it is very probable that the Burmese are the majority (estimated as 49.9 million in 2004). The Burmese and some other ethnicities (Mon, Shan) are Buddhists. Not only with regard to population but quite generally, it is extremely difficult to get reliable information about the still not democratically ruled country, in which human rights are severely violated. The government did not accept the result of the first democratic vote in 1990 (after 30 years), which was won by the National League for Democracy (whose leader is Aung San Suu Kyi, the winner of the Nobel Prize for Peace in 1991).

The military junta has maintained its hold on power, many political opponents were taken into custody (Aung San Suu Kyi, too), and the Muslim minority was persecuted, so that in 1991 about 250,000 fled to Bangladesh. This situation contributes to Myanmar's poverty profile, although the country has mineral resources and is arable in many areas. It is potentially one of the richest countries in southeast Asia. Another im-

portant reason for the country's poverty is the attempt to establish some kind of socialist economic system during the time of the Socialist Republic of the Union of Burma (1974–88). This system was inefficient and collapsed because it was managed by unskilled and corrupt military rulers, and also because of the severe economic crisis of the Third World in the 1980s caused by falling raw material prices, decreasing proceeds from exports, and increasing debts.

Fortunately the various ethnicities living in Myanmar were experienced in creating a network of activities that helped to cushion the economic fall; all over the country an efficient black-market system was developed that grew to such an extent and vital importance that the military government had to tolerate it. The black market helped to satisfy the basic needs of the population.

This black market was partly democratized; it functioned in different ways, such as small community markets and door-to-door selling. In the context of the black-market network, which made available more or less everything, the distribution of Thai and Chinese contraband products from the border areas played an important role. The economic crisis was so severe that it became inevitable to slightly open the country (or at least the economy) to the world in order to make desperately needed foreign aid possible.

In 1989, border trade was legalized by a series of trade concession agreements with China and Thailand, in order to secure tax revenue from traders and provide income for the armed struggle against ethnic minorities in the border areas. The first countries entering into official economic contact with the present (2005) military rulers are Asian: Thailand, China, Singapore, South Korea, and especially Japan. Western countries do not yet give official support, but nevertheless private Western firms have installed various ventures with the Myanmar government.

Myanmar is considered to be one of the least developed countries, with an annual growth in population of 1.3 percent (most recent estimate 2004), a life expectancy at birth of 57 years, an infant mortality rate of 76 per 1,000 live births; the corresponding maternal mortality rate was 2.55 per 1,000 live births. These dates might be higher because 80 percent of all births are home deliveries and 32 percent of all births are not attended by any trained health personnel. There are no exact data about per capita income, but in 1997 the Household Income and Expenditure Survey (HIES) revealed that about one in four households lives below the minimum subsistence level. The World Bank esti-

mates that literacy is extremely high in Myanmar, namely about 90 percent of the population over age 15. This seems to be in contrast to another World Bank estimate: 24 percent of children aged 10 to 14 are in the labor force, which in Asia means they are earning their families' livelihoods. This is certainly in conflict, too, with widespread illness and malnutrition in childhood.

UNITED NATIONS HELP

The classification of belonging to the poorest countries in the world has paved the way for United Nations agencies (United Nations Development Program, the Food and Agricultural Organization, the World Health Organization, and UNICEF) to help the people of Myanmar. Furthermore there are nongovernmental organizations that fund development projects, such as provision of pre- and postnatal care, supplementary feeding, safe drinking water, health-education projects (waterborne diseases and poor hygiene are major killers of children), and food-security projects in the context of rural development strategies.

In the early 21st century, Myanmar still is one of the poorest countries in the world, though it is potentially rich. There is some progress, as the country has slightly opened to the world; the healthcare system has improved a bit. But still, Myanmar is no democracy and human rights are widely ignored.

Human Development Index Rank: 129 Human Poverty Index Rank: 50

SEE ALSO: Healthcare; Human Rights and Poverty; United Nations Development Program; World Bank.

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Myrdal's Theory of Cumulative Causation

GUNNAR MYRDAL WAS A SWEDISH economist, awarded the Noble Prize in Economics in 1974. Especially noteworthy among his many contributions are An American Dilemma: The Negro Problem and Modern Democracy, about the plight of African Americans (1944); his analysis of development issues in Economic Theory and Underdeveloped Regions (1957); and Asian Drama: An Inquiry into the Poverty of Nations (1968).

These and other works rested on Myrdal's analysis of unbalanced economic growth and resulting poverty through his concept of cumulative causation. Myrdal saw the development and underdevelopment process as an upward or downward spiral.

As opposed to the view of neoclassical economic models of development, the process of economic growth generally increased rather than decreased the gap between the rich and poor, with underdeveloped countries, regions, or social groups tending to lag even further behind their more developed counterparts. Key to his theory are backwash (unfavorable) and spread (favorable) effects, whereby in the regional context, economic growth in the more developed or metropolitan region determines economic development or the lack thereof in the less developed region.

Key backwash effects are the migration of labor and financial capital from the underdeveloped to the developed region, resulting in shortages of capital and qualified labor. Important spread effects include the diffusion of investment, innovation, and growth attitudes and institutions from the more to the less developed area and backward linkages between industries in the developed economy and input suppliers (often in raw or semiprocessed form) from the less developed region.

Myrdal felt that without appropriate actions by government, backwash effects would predominate over spread effects, thus reinforcing the backwardness and concentration of poverty in the lagging country or region. Wealthier regions enhanced their competitive position through external economies, higher-quality labor inputs, and more favorable treatment by government.

Cumulative causation also applied to disadvantaged social groups, including attitudes toward such groups. For example, in the 1940s, African Americans suffered high rates of poverty because of limited access to education, key economic inputs, and so forth. Because of their lack of education and low economic status, many

white Americans viewed American blacks with disdain and sought to maintain and even enhance limited access to key resources.

Continued limited access caused blacks as a group to lag even further behind, thus reinforcing negative stereotypes held by many Americans, which in turn provided the rationale for continued discrimination. Discrimination in turn reinforced limited access, low status, and poverty. In this situation, government or "the oppressor state" played a key role in reinforcing the downward spiral of cumulative causation, with backwash predominating over spread effects.

Myrdal viewed appropriate intervention by government (the welfare state) as the key to reversing the downward spiral of cumulative causation into an upward spiral along the path of economic and social development and poverty reduction. Or, poverty pockets (for countries, regions, or social groups) could be eliminated through appropriate governmental intervention. Hence his recommendations in *Asian Drama*, where government-led efforts in population control, land reform, and investments in healthcare and education are advanced as a means of reversing the downward spiral and leading southeast Asia out of the mire of poverty.

We wonder what Myrdal would say about persistent poverty in developed countries.

How well have his views stood the test of time? In many respects Myrdal's views have proven true. In academic circles, much of the thinking behind the recently espoused models of new economic geography by Paul Krugman, among others, and new growth theory (advanced by Paul Romer) is based on Myrdal's views.

More importantly, poverty reduction in countries such as the Asian "tigers" and China fits the cumulative causation paradigm, where appropriate and judiciously applied government policies set off a process of widely dispersed growth in per capita income and very pronounced reductions in poverty. Also, countries and regions where government has not been benevolent and farsighted, such as parts of sub-Saharan Africa, remain mired in a trap of slow growth and high rates of poverty.

Still we are left to wonder what Myrdal would say about persistent poverty in developed countries. For example, while many African Americans have obtained middle- and upper-class income since the elimination of legalized discrimination, poverty rates for black Americans still exceed the national average, and racial discrimination as a manifestation of attitudes remains embedded in the minds of many Americans. Arguably these facts fly in the face of his theory of cumulative causation.

SEE ALSO: African Americans and Poverty; Economic Inequality; Human Development; Racial Discrimination; Welfare State.

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WORLD POVERTY



Namibia

LOCATED IN SOUTHERN Africa and bordering on the south Atlantic, the Republic of Namibia has an abundance of natural resources that include diamonds, copper, uranium, gold, zinc, tin, silver, and tungsten, as well as suspected deposits of coal, oil, and iron ore. Mining accounts for one-fifth of Namibia's Gross Domestic Product. Namibia is the fourth largest exporter of nonfuel minerals in Africa and the fifth largest producer of uranium.

The World Bank classifies Namibia as a lower-mid-dle-income nation. Despite its potential wealth, half of Namibia's population lives below the poverty line and 35 percent are unemployed. Some 55.8 percent subsist on less than \$2 a day, and 34.9 percent survive on less than \$1 a day. Three-fourths of Namibians who experience extreme poverty live in rural areas that are dependent on subsistence agriculture for survival.

Vast inequalities exist among the people, with the poorest 20 percent holding only 1.4 percent of the country's wealth and the richest 20 percent sharing 78.7 percent of the country's resources. Namibia is ranked 70.7 on the Gini Index of Human Inequality. Less than one percent of Namibia's land is suitable for agricul-

ture, and the country has no permanent crops. Nevertheless 47 percent of the population are involved in subsistence agriculture. Periodic droughts make the lack of freshwater resources even more severe, causing Namibia to import approximately half of its cereal requirements. Namibian life expectancy is 43.93 years, and the median age is 19.79. Almost 39 percent of the population are under the age of 14, and 3.6 percent are over 65. Namibians have a 52.3 percent chance of not surviving until the age of 40.

Overall, Namibia suffers from many of the same problems that affect less affluent African countries, including low life expectancy, excessive mortality and death rates, low population and growth rates, and an out-of-control HIV/AIDS epidemic. In 2003 the prevalence rate for this disease reached 21.3 percent, and 210,000 Namibians were living with the disease and 16,000 had died.

Namibians also suffer from a high risk of food- and waterborne diseases that are common among the poorest countries of sub-Saharan Africa. Namibians are vulnerable to such diseases because 23 percent lack access to safe water and 59 percent lack access to adequate sanitation, Namibia has only 29 physicians for every 100,000 residents, and some 10 to 20 percent of the

population lack access to affordable lifesaving drugs. Infant mortality rates are high at 48.98 deaths for every 1,000 live births, but this rate is a decline from the 1990 rate of 65.

Among children under 5 years of age, deaths per 1,000 dropped from 84 in 1990 to 67 in 2002. Nearly one-fourth of all Namibian children are malnourished, as are 26 percent of children under the age of 5. Approximately 15 percent of all infants experience low birth weight, and five percent of children under 5 are severely malnourished. About 24 percent of this group suffer from moderate to severe stunting, and nine percent experience moderate to severe wasting.

Namibia has improved rates of infant immunizations against some diseases but fallen behind in others. Between 1992 and 2003, DPT immunizations for infants rose from 38 to 83 percent and polio immunizations increased from 79 to 82 percent. During that same period, however, infant immunization rates against measles declined from 77 to 68 percent and tuberculosis immunizations fell from 77 to 70 percent. In 2003, 70 percent of children between the ages of 12 and 23 months were immunized against measles and 82 percent were immunized against DPT3.

The overall fertility rate among Namibian women is 3.18 children. In 2003, women produced an overall average of 4.8 children, and adolescent mothers produced 100 out of every 1,000 births. Even though trained medical staff attend 77.7 percent of all births, maternal mortality is high at 300 deaths per 100,000 live births. Nevertheless this rate is a significant improvement over 1995 estimates of 370 per 100,000. Some 44 percent of all women and 29 percent of married women use contraceptives of some sort.

In 2003, literacy rates for Namibians over the age of 15 were reported at 84 percent. Most Namibian children attend school for at least 12 years. Between 1990 and 2000, the primary completion rate of females jumped from 80 to 98 percent, and the completion rate for males increased from 59 to 87 percent.

Human Development Index Rank: 125 Human Poverty Index Rank: 60

SEE ALSO: Drought; HIV/AIDS; Maternal Mortality and Morbidity; Subsistence.

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National Alliance to End Homelessness

THE NATIONAL ALLIANCE TO End Homelessness (NAEH) is a nonprofit organization with a mission to mobilize the private, public, and nonprofit sectors in America to create an alliance to end homelessness. The organization is based in Washington, D.C. It seeks to address what it sees as the root causes of homelessness and challenges the belief that homelessness is an inevitable by-product of the American way of life. This is guided by the NAEH's 10-year plan to end homelessness.

The plan notes that large-scale homelessness is a comparatively recent phenomenon in the United States; it was not until the 1980s that it really began as a result of decreasing affordable housing, the failure of wages at the lower end to keep pace with housing costs, and the decreased ability of families to afford essential services. Coupled with these factors have been social changes, such as the rise in use of illegal drugs and the increasing number of single-parent and teen-headed households, which it believes are groups more vulnerable to homelessness.

Further, the trend has been to move more people with mental health problems from health service accommodation into mainstream society, and this has created a new group of vulnerable people. Currently the Homeless Assistance Service is proving effective at helping people suffering from homelessness, but that very success has deflected attention from the need to improve those services that can prevent the problem permanently. Those services relate to areas such as foster child support, veterans' support, and mental health support. By focusing on these services, the supply of new homeless people must surely be significantly reduced. To this end the NAEH proposes four simultane-



Large-scale homelessness is a comparatively recent phenomenon in the United States; it was not until the 1980s that it really began as a result of decreasing affordable housing, the failure of wages at the lower end to keep pace with housing costs, and other factors.

ous steps that, it claims, if properly implemented, can end homelessness in 10 years. First, plan for outcomes: this entails collecting better data and then focusing on efforts to target services whose clients are, or may become, homeless. Second, close the front door: invest in programs that reduce the supply of new homeless people.

Third, open the back door: while most people pass through homelessness service comparatively quickly, there is a small group of people who are intensive and long-term users, perhaps by being chronically ill or chronically homeless. These people should be moved into permanent serviced housing as soon as possible to enable the homelessness services to continue with their work at full capacity.

Finally, build the infrastructure: this means providing more low-cost housing and linking the incomes of low-paid people to housing costs. While the demand

for housing exceeds the supply, there will always be homelessness and people vulnerable to homelessness through market operations. Homelessness is important because of the economic implications, which include the greater incidence of prison terms for people who are homeless, which are provided at great expense. Health treatment is also more expensive to administer, and children who are homeless find their education curtailed significantly and hence have much poorer career opportunities and lower productivity.

NAEH activities include the provision and dissemination of information about homelessness, provision of resources to help those involved with the issue, and policy formulation and advocacy. It also acts as a central exchange for various service providers to network and work together to create homelessness programs of various sorts. Major contributors include The Fannie Mae Foundation and the *New York Times*, as well as a wide

range of public- and private-sector bodies and individuals. In 2002 its revenue exceeded \$1.8 million, of which \$1.3 million was spent on research and education.

SEE ALSO: Homelessness; Housing Assistance; Shelter; United States.

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National Association for the Advancement of Colored People

THE NATIONAL ASSOCIATION FOR the Advancement of Colored People (NAACP) is a multiethnic civil organization that is aimed at ending segregation and discrimination against African Americans and fighting for their civil rights. Its major successes include the end of segregation in education and the public sphere, the passing of the Voting Rights Act in 1965, and the raising of consciousness internationally about the numerous, persistent, and pernicious forms of racism in modern life.

The mission of the NAACP is "to ensure the political, educational, social and economic equality of rights of all persons and to eliminate racial hatred and racial discrimination." It has a vision of a society "in which all individuals have equal rights and there is no racial hatred or racial discrimination."

The principal objectives of the NAACP are "to ensure the political, educational, social and economic equality of all citizens; to achieve equality of rights and eliminate race prejudice among the citizens of the United States; to remove all barriers of racial discrimination through democratic processes; to seek enactment and enforcement of federal, state and local laws securing civil rights; to inform the public of the adverse effects of racial discrimination and to seek its elimination; to educate persons as to their constitutional rights and to take all lawful action to secure the exercise thereof; and to take any other lawful action in furtherance of these objectives, consistent with the NAACP's

Articles of Incorporation and this Constitution." The NAACP was created in 1909 as a result of individuals and organizations joining together after answering "The Call," initially under the name of the National Negro Committee.

Founders included Ida Wells-Barnett, W.E.B. Du-Bois, Henry Moscowitz, and Mary White Ovington. A predecessor was the Niagara Movement, led by DuBois, which had met since 1905 with a view to discussing issues relevant to colored people in Canada, since the races were then segregated in the United States. The NAACP was initially involved with fighting the so-called Jim Crow laws—a set of legal statutes that varied in intensity and scope from state to state, but which regulated the access African Americans were given to public institutions and facilities, from buses to water fountains to enfranchisement.

These laws were most rigidly imposed in the southern states, largely to prevent freed slaves from enjoying any of the benefits of emancipation and ensure they remained of lower legal status than white people. Laws were backed not just by state legislatures but also by vigilante gangs such as the Ku Klux Klan, which took violent action against black people it accused of various crimes and misdemeanors, including lynchings. The 1915 D.W. Griffiths film *Birth of a Nation*, which glorified the Ku Klux Klan, among other racist sentiments, inspired the NAACP-led boycott, which raised the profile of the movement considerably.

In its early years, the NAACP faced intense opposition from many sectors of society. President Woodrow Wilson introduced segregation in the federal government in 1913 and refused for years to make any statement condemning lynching. During World War I (1914–18), African Americans were permitted for the first time to enter various industries that were suffering from labor shortages. This resulted in considerable resentment from white people also working in those industries, and many episodes of racially inspired violence were recorded, as well as the numerous unrecorded instances of casual racism that have continued throughout history.

One of the most notable incidents has become known as the East Saint Louis Race Riot of 1917, in which attacks by white workers on African-American workers led to the deaths of 40 African Americans and eight white people, as well as 6,000 African Americans being forced from their homes. The right for African Americans to live in nonsegregated housing had been won as the result of the *Buchanan v. Warley* law case, but the right was not generally accepted by many of the

white population. In the interwar years, the NAACP was active in civil resistance against racist organizations such as the Ku Klux Klan and the Daughters of the Revolution. Slowly, and on an individual basis, cases were brought to advance the rights of African Americans. In 1930 an eventually successful appeal against the racist Supreme Court nominee John Parker was launched.

In 1935 another case resulted in the admittance of an African-American student to the University of Maryland. During World War II (1939–45), the organization was again active in trying to ensure fair treatment for the races in employment. Persistence was required to ensure that measures, once passed by the government, were properly funded and enforced.

In 1946, the Morgan v. Virginia case resulted in the ending of segregation on interstate train and bus journeys. This was followed in 1955 by the arrest of NAACP member Rosa Parks for not yielding her seat on a segregated bus in Montgomery, Alabama. Parks's action gave rise to one of the largest-ever civil rights movement campaigns as various organizations united in the effort to end this type of discrimination.

Residential segregation and urban poverty still affect African Americans.

The campaign was expanded to take in public spaces such as lunch counters, and small victories were repeated across the country. However, the dangers were still extreme and, in addition to countless incidents of violence, Field Director Medgar Evers was assassinated in 1963. Nevertheless the 1963 Equal Employment Opportunities Act and the 1965 Voting Rights Act were both significant successes in the enforcement of equality.

With these successes achieved, focus has been switched to the defense of existing rights in the context of continual attempts to claw back equality by successive right-wing Supreme Court nominees and other electoral candidates. Voter registration drives have been used to educate people about the dangers that individuals and factions pose, and then to mobilize them to use their democratic rights to try to prevent their election. Growing influence of African Americans in the media, sport, and entertainment businesses has also provided another channel to educate and motivate society in injustice issues. The Fair Share Program enables partnership with corporate organizations, and this has been very successful in fundraising and investment. However,

efforts cannot relax, as the rise of youth violence, especially in urban areas, as well as family breakdowns and poverty, continues to afflict African Americans. The Stop the Violence, Start the Love campaign is aimed at tackling violent crime. The lack of federal response during the crisis caused by Hurricane Katrina in September 2005 in New Orleans revealed the degree to which residential segregation and urban poverty still affect African Americans.

The NAACP Disaster Relief Fund has been active in hurricane-affected areas, providing emergency assistance and reuniting families. Other divisions of the organization include Branch and Field Services, which is active throughout the country gathering information, conducting research and reporting to the board of directors. The Youth and College Department is involved with education, training, and development of young people.

The Legal Department is involved primarily with class-action suits that are relevant to the interests of the NAACP. The Washington Bureau was established in 1941 to lead the lobbying and legislative efforts. Overall the NAACP is active in a wide range of outreach and advocacy issues, including economic and social development, consciousness-raising and advocacy, as well as considering and bringing about legal changes in discrimination issues.

Inevitably, in a large and complex organization faced with numerous dangerous enemies, there have been episodes of controversy and dissatisfaction with the way the NAACP has been run. Nevertheless the NAACP stands out as one of the world's most important civil society organizations and its example has helped inspire the drive for equality and an end to discrimination around the world.

SEE ALSO: African Americans and Poverty; Antidiscrimination; Civil Society; Equality; Racial Discrimination; United States.

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JOHN WALSH SHINAWATRA UNIVERSITY

National Association for the Education of Young Children

THE NATIONAL ASSOCIATION FOR the Education of Young Children (NAEYC) is an organization of professional educators in the United States that is primarily concerned with establishing standards of education for young children under the age of 8. The NAEYC was initially established in the 1920s when Patty Smith Hill assembled, identified, and recruited a like-minded group of 25 professionals who were concerned about the proliferating number of nursery education institutions. They formed the National Association of Nursery Education (NANE) as a means of promoting recommended standards for education at that age range. Work continued during the next two decades and featured interaction with government programs such as the Lanham Act, introduced during World War II.

In the 1950s, organizational changes led to the possibility of affiliation with bodies around the United States and membership rapidly increased. The NANE was reorganized to become the NAEYC in 1964, when the federal Head Start program was also launched, and this led to further focus on the core issues with which the NAEYC was concerned. Growth in membership continued in subsequent years, and this led to the deepening and broadening of professional knowledge and competence.

In 2002, funding from the Doris Duke Charitable Foundation facilitated the launching of the Supporting Teachers, Strengthening Families initiative. The NAEYC Global Alliance was formed in 2003, in which international partners are sought who share common concerns and may jointly offer best-practice knowledge and methods to each other.

In 1985 the NAEYC created the first voluntary, national set of accreditation standards for nursery-level education. This program now covers the education of some 850,000 children throughout the country and represents a powerful way for parents to determine whether or not the institutions they are considering using are suitably accredited. A program of updating

the existing accreditation standards has been under way for several years, and is due to be implemented fully by 2006. The criteria for updating the accreditation standards are classified under 10 headings: relationships, curriculum, teaching, assessment of child progress, health, teachers, families, community relationships, physical environment, and leadership and management. These criteria reflect the need for educational institutions at all levels to be professional, modern organizations, responsive to their stakeholders and willing and able to communicate their vision for the future.

Recent research has highlighted the importance of early-years education in shaping lifetime potential for learning and achievement. For economic and social reasons, parents are increasingly required to ask other people to take care of and educate their young children. Lack of appropriate stimulation at this age is detrimental both to the child and, ultimately, to society.

It is important, therefore, for would-be educators to be aware of appropriate standards and methods and for parents to be made aware of and reassured of the quality of care that their children will receive. Conversely, the NAEYC works with educators in identifying possible areas of child abuse of various sorts and detailing appropriate forms of intervention where appropriate. The Supporting Teachers, Strengthening Families campaign has been particularly influential in this area.

SEE ALSO: Children and Poverty; Education; Head Start; Human Development.

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National Campaign to Prevent Teen Pregnancy

THE NATIONAL CAMPAIGN TO Prevent Teen Pregnancy (NCPTP) is an American nonpartisan, non-profit organization largely funded by private donations. Its mission is to reduce the teen pregnancy rate in the United States by one-third between its founding date,

February 1996, and 2005. Teen pregnancies negatively affect teenage mothers (because of their reduced educational and life opportunities) and their wider communities, to whom some of the burden is passed in the form of taxation to meet required payments to support child-care and welfare. It is assumed that most teen pregnancies are unwanted or unplanned.

Teen pregnancy rates in the United States are higher than in other developed countries, where there are generally much more thorough and specific programs of sex education delivered through schools. However, teen pregnancy rates, as an international phenomenon, are considerably higher, resulting from low expectations, low income, and limited career opportunities and, especially, from the level of inequality. There is a tendency for pregnancy rates among young women to decline in any case as a result of economic growth and greater opportunities for women to work outside the home. Many women prefer to establish a career of their own before, or instead of, having children.

Modern America faces a particularly fierce controversy over teenage pregnancy and related issues that has arisen from the presence of religious beliefs in public policy. Many Americans believe that sexual abstinence not only is the best (perhaps only) way to combat unplanned pregnancies, but that there is a moral imperative for people to behave in this way. However, research shows that while mass-participation abstinence campaigns may be temporarily successful in postponing the commencement of sexual activity, when it does subsequently begin, the people involved, particularly women, are left vulnerable. They are less likely to use appropriate contraceptives, and hence the prevalence of unwanted pregnancies and sexually transmitted diseases remains.

Further, abstinence or faithfulness does little to protect those people whose legal or informal partners participate in risk-taking sexual activity. Again women are more vulnerable in these cases and are also far more likely to be required to participate in unwanted sexual activity, the effects of which are exacerbated by the lack of contraception. The NCPTP aims to circumvent these problems by focusing on pragmatic approaches, notably the Putting What Works to Work campaign. This includes a range of educational programs aimed at those considered to be at risk of unplanned pregnancies, such as younger siblings of those who have undergone an early pregnancy, and support for young mothers and children.

Other activities include forming partnerships with high-profile sporting and political personalities to endorse NCPTP policies, and having media personalities and shows portraying respected and popular characters assisting the program through words and deeds. Recent statistics suggest that teenage pregnancy rates in the U.S. are coming down, although NCPTP leaders stress there is still a long way to go.

SEE ALSO: Children and Poverty; Feminization of Poverty; Gender Discrimination; Women and Poverty.

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National Coalition for the Homeless

THE NATIONAL Coalition for the Homeless (NCH) is an American charity based in Washington, D.C., with a mission to end homelessness. Its work is in the areas of housing justice, economic justice, healthcare justice, and civil rights. Its activities include public education, public advocacy, technical assistance, and grassroots organizing. The NCH produces educational material to assist teachers in educating children on issues relevant to homelessness and also researches and writes reports highlighting some of the startling features involved. The NCH has been recognized as one of the United States' top 100 charities, according to Worth magazine.

Under the heading of "housing justice," the NCH calls for a country in which "all people should have equal access to safe, decent, accessible, affordable, and permanent housing regardless of their unique needs or life circumstances." This is because "universal access to safe, decent, accessible, affordable, and permanent housing is a measure of a truly just society."

In terms of economic justice, the NCH calls for a Universal Living Wage, which is a campaign that calls for a situation in which all people who work a 40-hour week should be recompensed to an extent that means they will be able to afford decent housing. The Universal Living Wage is to be calculated on a single formula that links the minimum wage rate with the local cost of housing. Economic justice is also held to relate to the day wage (temporary labor) system, which, the NCH believes, is associated with homelessness because of the low levels of pay and security involved. It also believes that there is a significant and clear link between homelessness and health care justice: "Untreated disease and disability contribute to homelessness, are consequent to it, and present barriers to its ultimate end." As a consequence, the NCH is pursuing a range of public policies and practices that have these goals: "provide opportunities for people without homes to resolve or manage the health conditions that contribute to their lack of housing ... [and] establish a universal health care system."

It is clear that the NCH's ambitions extend beyond what some people consider to be the cause of homelessness and, hence, the confines within which a charity for the homeless should act. The NCH has adopted instead a holistic approach to the issue, its causes, and its potential remedies.

This is further seen in the NCH's approach to civil and voting rights, in which it is noted that "the civil rights of people experiencing homelessness are continually violated, whether it be by endangering their right to vote, by hate crimes committed against them, by denying children in homeless situations an equal right to education, and even by unjust laws making it illegal to be homeless."

The beliefs of the NCH are controversial and have been contested.

The NCH has been involved in voter registration drives in support of these beliefs. Various campaigns have been organized to educate people concerned about discrimination and violence against homeless people. All of these features and expertise are combined in the comprehensive Bringing America Home campaign. The NCH has particular expertise with respect to homelessness because many of its members and supporters have personal experience of the problem and are, therefore, well placed to understand and articulate the issues involved and their potential solutions. Nevertheless the beliefs of the NCH are controversial and have been contested by those who believe that homelessness is in-

evitable, the fault of the homeless person in some regard, or that no social change is required to end the problem.

The NCH is governed by a 38-person board and is funded by a combination of individual donations, foundation grants, telemarketing, the Combined Federal Campaign, and other sources. It is registered as a 501(c)(3) organization.

SEE ALSO: Homelessness; Living Wage Campaign; Minimum Wage; Shelter.

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National Coalition of Barrios Unidos

THE NATIONAL COALITION OF Barrios Unidos (NCBU) (or United Neighborhoods) is a grassroots organization that aims to minimize the social problems and violence endemic in many neighborhoods of American cities that are heavily settled by people of Latin American descent.

American urban and residential systems mean that people of similar ethnicity are customarily clustered together. As a result, any social or economic problems faced by the people are multiplied. Youth crimes have been rising in the United States (although dependent on location and definition), while crime rates generally have been decreasing. These crimes are linked to a significant extent with gang membership and easy access to firearms and illegal narcotics. Chapters of the NCBU work locally, primarily with young people, to suppress violence by providing alternative opportunities. It aims to focus comprehensively and holistically on the causes and effects of violence and the gang culture among people aged between 7 and 21. The organization is based in Santa Cruz, California.

A series of citywide summits was established across affected American cities with a view to establishing truces among rival gang members and gaining commitment toward working with law enforcement officers and community leaders for a peaceful future. This was followed by a summit in Washington, D.C., at which city chapters could affirm their mutual goals and negotiate future plans. A principal leader of this movement has been Otilio Quintero, who began work at the age of 5 as a migrant farmer and who has subsequently graduated from the university and established a career of community youth service.

Programs offered by Barrios Unidos chapters include after-school supervisory services, provision of youth social group activities, presentations to families, schools and community organizations, direct intervention and counseling, street outreach and community cultural activities. These activities are concerned with building civic and cultural pride as much as prevention of illegal activities.

Former gang members take central roles in leading young people to avoid the attractions of gang membership, which are buttressed by economic and social inequality, lack of opportunity, and some irresponsible media coverage. The former members subscribe to the Warriors for Peace concept. The approach has found favor with other communities facing similar problems, especially among African Americans.

SEE ALSO: African Americans and Poverty; Alcohol and Drugs; Crime; United States; Urban Antipoverty Programs.

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National Coalition on Health Care

THE NATIONAL Coalition on Health Care (NCHC) is a nonprofit, nonpartisan alliance of more than 100 organizations that was formed in 1990 in order to try to secure better, more affordable healthcare for Americans, especially the poor. Member organizations include large and small businesses, labor and consumer rights groups, health and pension funds, and healthcare providers. Three former presidents, Jimmy Carter, Gerald Ford, and George Bush, are honorary cochairs of

the NCHC and other eminent people fill remaining executive roles. The NCHC is based in Washington, D.C.

According to the NCHC, three interconnected and intensifying trends affect the provision of healthcare in the United States: serious concerns about the quality of healthcare, its continuing rise in price, and the increasing number of Americans without health insurance. To address these issues, NCHC membership is united in supporting five guiding principles: health coverage for all, cost management, improvement of healthcare quality and safety, equitable financing, and simplified administration. Since the current healthcare system is so difficult to understand and appears to be inequitable, it has lost vital support in key constituencies and this has led both employers and employees to accept as sustainable loss of coverage for some.

However, this is not a sustainable position for a society that aspires towards equitable provision of healthcare services for all. The NCHC has called for rapid and systemic change in the health system, noting that the national debate in 1993–94, under President Bill Clinton, was unable to achieve consensus and the momentum may have dissipated, but that the need for reform did not decrease. Its report, "Building a Better Healthcare System: Specifications for Reform" (2004), observes that escalating healthcare costs have already sparked major labor disputes and are cited by many leading executives as being of significant concern in rising corporate costs. Healthcare expenditure is extremely high and projected to increase hugely under the current legal system.

Healthcare expenditure is much greater than that of other developed nations, though 15 percent of Americans have no coverage at all, a proportion believed to be increasing. Already in 2004, 47 percent of those uninsured had postponed seeking needed healthcare and 35 percent had been unable to obtain it at all. As demographic changes bring more senior citizens with longer life spans, the costs to be borne by the active labor market will continue to increase significantly. However, fewer people will be able to contribute to the labor market because of health concerns. It is, therefore, a vicious circle, and America already has higher infant mortality and lower life expectancy than many developed nations.

However, according to the NCHC, it is possible to reform the health system in a way that will produce massive savings. Reforms would entail "employer mandates (supplemented with individual mandates as necessary); expansion (and perhaps consolidation) of existing public programs that cover subsets of the uninsured (such as the State Children's Health Insurance Pro-

gram); creation of new programs targeted at subsets of the uninsured; establishment of a universal publicly financed program."

It is estimated that \$75 billion would be required for each of the first three years for this plan to succeed, which would prove to be a prudent investment as savings for employers would reach \$195 billion by year 10 of the plan.

SEE ALSO: Clinton, William (Administration); Healthcare; Social Insurance; Universal Healthcare.

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National Conference for Community and Justice

THE NATIONAL CONFERENCE FOR Community and Justice (NCCJ) was established in 1927 as the National Conference of Christians and Jews and describes itself as "a human relations organization dedicated to fighting bias, bigotry and racism in America. NCCJ promotes understanding and respect among all races, religions and cultures through advocacy, conflict resolution and education."

This mission is inspired by a vision of America as being a great dream that yet remains unfulfilled: "The America we all believe in and have helped to build is still an imperfect place, in spite of great progress made in the past generation. Access and opportunity are not equal for all, and, as we imagine the equitable society we dream of, hard work, moral strength, and dedication to purpose are not yet the only requirements for fulfilling the American dream."

The NCCJ was originally an interfaith organization and, although it changed its name to the current, less religiously based one in the early 1990s, it maintains its strong links with religious belief. Since approximately 90 percent of Americans have some kind of connection to faith groups of one sort or another, faith leadership is considered to be uniquely well placed in developing closer intergroup relations: "Faith leadership is uniquely positioned to play a major role in the reconcil-

iation, healing, and building of communities as they address discrimination, bias, bigotry, stereotyping and racism across the divides of race, ethnicity, culture and faith within our society. Faith communities set a tone and spirit for attitudinal change and establish action programs and initiatives that result in behavioral change." In the organization's early years, the Tolerance Trio (Rabbi Morris S. Lazaron, Father John Ross, and the Reverend Everett R. Clinchy) traveled extensively across the nation raising awareness of issues and providing practical advocacy. This inspirational leadership continues in the 21st century.

The NCCJ now has more than 55 offices across the United States and has been recognized by many presidents of the United States. President Bill Clinton, for example, praised the NCCJ's initiatives as "contributions toward fulfilling our vision of one America." These initiatives have been innovative and important: for example, the study "The American Indian and the Media" demonstrated the problems facing American Indians in society through the common use of stereotyping in the popular media.

"Taking America's Pulse" highlighted the complexity underlying intergroup relations in the country and the challenges that face those who wish to improve them. Since the 1950s, the NCCJ has been offering residential youth leadership schemes that have achieved considerable success, and its workplace study institutions have led to improvements in opportunities for African Americans in business. Individuals who have helped break down racial barriers, such as baseball player Jackie Robinson, have become further known for their association with the NCCJ.

The Walk as One campaigns offer individuals the opportunity to demonstrate their commitment to the fight to end racism. Many of the other programs offered by the NCCJ are rooted in the desire to empower people working together, to inspire institutional change where this is deleterious to harmonious intergroup relations, and to help dismantle structural barriers to those relations.

SEE ALSO: Antidiscrimination; Racial Discrimination; Social Exclusion.

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National Education Association

THE NATIONAL EDUCATION Association (NEA) is a voluntary, professional organization of teachers and educators based in the United States, with headquarters in Washington, D.C. The NEA's origins date to the 1857 formation of the National Teacher's Association, which subsequently merged with the American Normal School Association and the National Association of School Superintendents. With some 2.7 million members, the NEA is believed to be the world's largest professional organization. Rapid growth in membership was sparked by the adoption in 1921 of a representative national assembly. The NEA is involved in a partnership with another large educational labor union, the American Federation of Teachers, although both remain separate organizations.

The 1857 mission was "to elevate the character and advance the interests of the profession of teaching and to promote the cause of popular education in the United States." In the 150 years since then, its functions and activities have changed dramatically, but the current mission reflects the original vision: "To fulfill the promise of a democratic society, the National Education Association shall promote the cause of quality public education and advance the profession of education; expand the rights and further the interest of educational employees; and advocate human, civil, and economic rights for all."

With such a large membership and wide range of interests, it is not surprising that the range of activities pursued by the NEA is complex. At the local level, affiliate organizations and individuals provide workshops and share information as well as raise funds for educational purposes. At the state level, the NEA is involved in lobbying to obtain best possible resources, improving professional standards, and filing legal suits to protect academic freedoms and rights of educators. At the national level, the NEA lobbies Congress, works with other educational organizations in formulating policy and sharing research, and provides training and educa-

tion throughout the country. The NEA also works internationally by fostering networks among educators and institutions.

The NEA has been periodically embroiled in controversy throughout its long history. This is not surprising because opinions have always differed about the appropriate nature and style of education, the role of labor unions, and the optimal organization of schools and colleges. More recently the NEA has registered its support for Democratic presidential candidates and has been attacked by Republican politicians for having a partisan stance. This has colored coverage of the organization in the popular media, which sometimes follows a partisan agenda.

NO CHILD LEFT BEHIND

The newly elected President George W. Bush passed the No Child Left Behind Act of 2001, and its provisions formed the basis of his campaign promises on education. The act is complex and extends to 670 pages. However, its main provisions are challenged by the NEA, which argues that the act's insistence on rigid, heavily bureaucratic, and standardized testing procedures and ideology is inappropriate for all contexts.

NEA opposition is stimulated by the act's insistence on "punishments rather than assistance, rigid, unfunded mandates rather than support for proven practices and bureaucracy and standardized testing rather than teacher-led, classroom focused solutions." Standardized mandatory testing leads to success for well-motivated and supported students, and to failure for pupils who do not have access to support and adequate resources. It also forces teachers to concentrate their efforts on trying to ensure that students will pass the test rather than learn more deeply or about subjects more relevant to the contexts in which the students live.

The NEA plans to use member empowerment, mass public awareness, and lobbying to effect changes in the act. Its goals are to "Continue as the leading advocate for high standards and strong accountability in public education at the state and local levels; pursue flexibility that supports student learning; increase support for teacher quality programs to recruit, train, and retain highly qualified educators for America's classrooms; make sure students, teachers, and schools are evaluated by more than just test scores; provide parents and policymakers information that helps get at the causes of school failure, not just the effects; fully fund successful elementary and secondary education programs such as Title I to help children with math and

reading; and make struggling students and schools a priority."

Since teachers are customarily college-educated and engaged with diversity, they tend to be more progressive in thought and have an understanding and appreciation of the scientific method and intellectual discourse that have brought them into conflict with ideologically bound legislators, as in the case of this act. A similar case exists with vouchers, which are proposed by some as a market-driven solution to the need to provide choice to parents of which private-sector school they wish their children to attend in preference to the assigned public-sector school.

The NEA maintains that, first of all, the debate about vouchers is a smokescreen to prevent public debate on the need to raise expenditure on education generally (which would probably require reversing recent tax cuts) and, second, that it is a means of subsidizing religious activity, since the great majority of private-sector schools are faith-based. Streaming children according to religion leads to social segregation and social tensions.

SEE ALSO: Bush, George W. (Administration); Children and Poverty; Education; United States.

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National Fatherhood Initiative

THE NATIONAL Fatherhood Initiative (NFI) was created in 1994 to lead a societywide movement (in the United States) to challenge the issue of father absence—that is, the problems caused when fathers are not living with their families. These problems include those relating to low income, but also higher tendencies for failing at school and in society and lack of positive role models, thereby leading to repeated father absence

in subsequent generations. Problems do not affect everyone in this group but arise mostly through lack of resources, including time and the ability to deploy parenting skills, although some people also attribute moral failings to people suffering from these practical issues. Father absence is, therefore, an issue disproportionately affecting the poor and those in vulnerable groups. It has been estimated that as many as 40 percent of American children do not live with their fathers.

The NFI's mission is "to improve the well being of children by increasing the proportion of children growing up with involved, responsible, and committed fathers." To achieve this, the NFI is involved with "Educating and inspiring all Americans, especially fathers, through public awareness campaigns, research, and other resources. Equipping and developing leaders of national, state, and community fatherhood initiatives through curricula, training, and technical assistance. Engaging every sector of society through strategic alliances and partnerships."

As many as 40 percent of American children do not live with their fathers.

The NFI was born as a result of dialogue held by prominent thinkers such as Don Eberly, Wade F. Horn, and David Blankenhorn, who have subsequently led the NFI. In 2001, Eberly and Horn left the NFI to join the administration of George W. Bush, and Roland C. Warren was named the new president of the NFI. A major sponsor of the NFI is the Scaife Family Foundation, which is an organization that supports pro-family schemes from a conservative perspective. However, the issue of reuniting families with fathers has broad political support as a whole, and the Million Man March of October 1995 showed the issue to be one touching the national sensibility.

The NFI has achieved an admirable record of attracting sponsorship in media channels and of creating national advertising campaigns such as the "Moments" campaign, showing shared moments between fathers and children, and the "Golden Dads" campaign. More practical assistance is also offered through outreach activities and in researching ways to make families and marriages more stable. These ideas resonate with the agenda of many faith-based organizations as well.

SEE ALSO: Children and Poverty; Family Desertion; Paternalism and Welfare.

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National Interfaith Committee for Worker Justice

THE NATIONAL Interfaith Committee for Worker Justice (NICWJ) is a network of 37 local American committees promoting workplace issues. It unites faith-based organizations with labor unions and other representatives of workers. Religious principles inform the NICWJ's approach to economic justice and lessons are drawn from religious scriptures to show that "Work is sacred. Workers should be treated with dignity and respect. Workers should be paid fairly and on time—Community members should take care of one another—Leaders should be elected who are honest and have good standing in the community."

Consequently it is necessary for those with faith to have an interest in economic justice and to act to maintain work standards and improve living standards. The NICWI was founded in 1996 by Kim Bobo to mobilize and educate the religious organizations of the United States concerning workplace issues. It was funded by private and organizational donations as well as by religious and labor organizations, to equal extents. A total of 45 religious leaders form the governing board. Initial projects included the Religious Employers Project (REP) and the Poultry Workers' Justice Project, which aims to improve working conditions for the approximately 200,000 poultry workers, which are often deplorable and exacerbated by the fact that many such workers are newly arrived migrants lacking the skills to obtain their rights. The REP aimed to reduce tensions between religious organization-owned healthcare providers and labor unions.

The NICWJ has been reconstituted as Interfaith Worker Justice (IWJ) with the same aims and with head-quarters in Chicago, Illinois. It protects workers' rights and builds relationships between the religious and labor sides of IWJ, since the relationship between the two has not always been harmonious. IWJ also develops resources, engages with religious employers, organizes local interfaith workers' committees, continues to sup-

port poultry workers, and supports direct-care workers, since this is a sector characterized by low-pay, poor and often unsafe conditions, and extensive working hours. IWJ has been developing partnerships with the Department of Labor (DOL) at local and state levels in order to inform workers about their rights and the law, to help train advocates in the workplace, and to create secure places in which workers can bring grievances to the DOL.

In May 2005 a national conference was convened by IWJ to bring together and establish relationships among religious and workers' support groups and to exchange information and resources for better future cooperation. Current campaigns include raising the minimum wage and the promotion of the Employee Free Choice Act, which would give workers the opportunity effectively to create a labor union when a democratic decision is made to create one. This is increasingly necessary for workers in an environment in which globalization, outsourcing, and restrictions on free speech and political debate are all used to reduce workplace security and representation.

SEE ALSO: Employment; Labor Market; Wage Slavery; Working Poor.

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National Low-Income Housing Coalition

THE NATIONAL LOW-INCOME Housing Coalition (NLIHC) is a membership advocacy and research organization "dedicated solely to solving America's affordable housing crisis." The National Coalition for the

Homeless (NCH) estimated in 2003 that more than 14 million Americans faced "critical housing conditions, that housing relief could make the difference between housing security and insecurity but that demand exceeded supply, while housing rentals were increasing at a rate greatly outstripping rises in earnings." As a result, it is clear that the need for affordable housing will increase in the future and that it will vary in intensity across the country.

The NLIHC was established in 1974 to address the affordable housing issue through advocacy, research and dissemination of information, and organization of concerned individuals and groups to help further the policy agenda. The NLIHC's founder and chair emeritus, Cushing N. Dolbeare, died in March 2005. A new structure to the organization was introduced in 2005, reflecting changes in legislation and the economy affecting affordable housing issues.

The NLIHC is a membership organization that includes nonprofit housing providers, homeless service providers, fair housing organizations, state and local housing coalitions, public housing agencies, private developers and property owners, housing researchers, local and state government agencies, faith-based organizations, residents of public and assisted housing and their organizations, and concerned citizens.

The federal government has stated that people spending 30 percent or more of their income on housing are "cost-burdened"—that is, paying more than they can afford to pay on a sustainable basis. NLIHC research has revealed that almost half of people renting accommodations in the United States' biggest cities and counties are spending more than 30 percent on housing, and that the problem is worsening. This is partly the result of low interest rates, which have enabled many more people to enter the home-owning market, and those who remain renting are comparatively less well off than those who have left it.

Further, family breakdowns leading to renting are also frequently associated with reduced incomes. Low-income people facing housing insecurity are also disproportionately likely to be members of the ethnic minority and vulnerable groups.

The NLIHC is composed of four main policy areas, each of which is addressed through NLIHC members of the corresponding policy committees: resident issues, production, saving housing resources, and housing plus services. Committees also take into account the crossarea issues of fair housing, homelessness, rural housing, and choice of tenancy. In terms of research, the NLIHC has five overarching policy goals:

- 1) The general public will have improved knowledge of low-income housing issues and will increase its support for progressive low-income housing policy.
- 2) Low-income housing will be a priority issue on the federal political agenda.
- 3) There will be a decrease in the loss of federally assisted housing.
- 4) There will be an increase in federal investment in low-income housing.
- 5) More low-income people will be engaged in self-advocacy on housing issues.

Since low incomes, lack of housing security, and low voter turnouts tend to be positively correlated, issues related to affordable housing often receives less attention in the public arena. Further, issues affecting affordable housing are often of considerable complexity and the effects may be second order in nature and, hence, neither immediately obvious nor amenable to a simple sound bite or slogan.

SEE ALSO: Habitat for Humanity; Homelessness; Housing Assistance; Shelter.

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National Poverty Center

IN 1964 PRESIDENT LYNDON Johnson declared the War on Poverty. The establishment of a national poverty center was part of that effort. Much like the National Institutes of Health (NIH), which conducts and sponsors health research, the National Poverty Center (NPC) is a federally sponsored research center designed to conduct and support research that can be used to help the nation understand the causes and effects of poverty and to inform policymaking.

Unlike the NIH, the National Poverty Center has always been located at a nationally prominent research university, and the center receives financial support from its host institution to complement the funds received by the federal government. The university location allows the center to assemble renowned scholars

from many different disciplines—which is important because poverty is a multifaceted social problem—all while operating in a nonpartisan fashion and free from political influence.

This government-sponsored center was located at the University of Michigan in Ann Arbor, Michigan, in 2005, with Dr. Rebecca Blank, dean of the Gerald Ford School of Public Policy, and Dr. Sheldon Danziger, the Henry J. Meyer Collegiate Professor of Public Policy, serving as codirectors.

When the U.S. federal government declared the War on Poverty, the Office of Economic Opportunity (OEO) was assigned primary responsibility for carrying out Johnson's poverty-related initiatives. In 1966 the OEO determined that it would be useful for the nation to have a center where experts could perform basic research on the nature, causes, and consequences of poverty in the United States, along with research examining ways the nation might reduce poverty.

This unbiased, nonpartisan, innovative research could then be used to shape and evaluate policies designed to fight poverty. The OEO and the University of Wisconsin, Madison, joined forces in 1966 to create the first center, located at the newly created Institute for Research on Poverty (IRP) at the University of Wisconsin.

The University of Wisconsin was a natural choice because many of its faculty members, particularly those in the fields of economics and sociology, had a long tradition of conducting applied social policy research. Several had served in advisory roles for the federal government when the government's antipoverty strategies were being crafted. Dr. Robert Lapman, a professor in the University of Wisconsin's economics department who had once worked for the Council of Economic Advisors, became the first interim director of the institute.

While many researchers, government officials, and community activists working to battle poverty in the 1960s may have hoped that the War on Poverty would be swift and decisive, the problems of poverty in the United States persist today, and the federal government continues to sponsor research through a university-based research institute for this reason. The OEO was eliminated in 1973, and many of its research responsibilities and functions were transferred to the U.S. Department of Health and Human Services (HHS). The HHS Office of the Assistant Secretary for Planning and Evaluation (ASPE) currently has the task of overseeing funding for the National Poverty Center.

While much of the funding authority for the federal government's involvement in sponsoring poverty

research remains tied to Section 1110 of the Social Security Act, the government has modified the way it provides its sponsorship for poverty research over the years. In 1996 the Joint Center for Poverty Research, maintained by both the University of Chicago and Northwestern University, joined IRP as a nationally sponsored site for conducting poverty research. From 1996 to 2002 there were therefore two national poverty centers.

Poverty is obdurate and the challenges it poses are constantly changing.

In 2002 more changes came. After a competitive selection process, ASPE awarded funding to a new site, and the federally sponsored research center moved to the University of Michigan's Gerald R. Ford School of Public Policy. ASPE also authorized the creation of three Area Poverty Centers, charged with the task of specializing in poverty issues specific to local regions of the country. IRP became one of the government-sponsored Area Poverty Research Centers at this time. It was joined by the University of Missouri's Rural Poverty Research Center (RPRC), which focuses on the unique characteristics of rural poverty, and by the University of Kentucky's Center for Poverty Research (UKCPR), which specializes in issues related to poverty in the south, where rates of poverty and participation in public assistance programs are highest.

The current center at the University of Michigan, which is the first to use the moniker "National Poverty Center," is jointly funded by ASPE and the University of Michigan. The NPC combines a diverse group of multidisciplinary experts on poverty research and practice, including faculty from the university's School of Public Policy, its School of Public Health, the School of Social Work, the School of Education, and the departments of economics and sociology.

Its mission is to sponsor research on policy-related topics, to disseminate researchers' results to the wider academic and policy communities, and to train a new generation of poverty scholars and practitioners. Pursuant to these objectives, the NPC offers grants to researchers to support path breaking and innovative work. It sponsors conferences to bring researchers together to discuss the problem of poverty in the United States, and it offers special programs for young scholars. In many ways the NPC can be viewed as an incubator for ideas and a cultivator of talent.

Poverty is obdurate and the challenges it poses are constantly changing. Dynamic labor markets, industrial shifts, migration patterns, and globalization all affect the forms that poverty takes and the specific problems that it presents to populations and regions that suffer through it. The NPC ensures that the nation's best minds are tapped to battle poverty.

SEE ALSO: Institute for Research on Poverty; Johnson, Lyndon (Administration); Poverty Research; Poverty Research Centers; Social Security; United States; War on Poverty.

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National Research Council

THE NATIONAL RESEARCH Council is a part of the National Academies. These consist of the National Academy of Sciences, the National Academy of Engineering, and the Institute of Medicine. All of the National Academies are private, nonprofit organizations. The U.S. Congress chartered them as private organizations that could be advisers on science, technology, and health policies considered or reviewed after adoption.

The National Research Council was organized in 1916 by the National Academy of Sciences in order to network the wide-ranging groups and individuals working in pure science or in technological fields. In addition, the National Academy of Sciences has the goal of advancing knowledge as well as advising the government of the United States.

Over the decades of its operation, the National Research Council has become the chief operating agency for the National Academy of Sciences and the National Academy of Engineering. The council works under the direction of general policies adopted by the academy. It is administered jointly by the Academies of Science and of Engineering, and also by the Institute of Medicine through the National Research Council Governing Board.

In 1990 a congressional committee asked the National Academy of Sciences/National Research Council to conduct a study of the official U.S. poverty measure. The study was conducted with the view that reforms may be necessary. Mollie Orshansky developed the official measure in 1963, and it was still in use in 1995. Her original intention was not to develop a measurement of poverty but to measure the relative risks of low economic status. Her measurement was derived from the Agriculture Department's economy food plan. The measurement was named the poverty threshold and it was used thereafter, despite its problems.

In June 1992 the Committee on National Statistics of the National Research Council appointed a panel to study the old poverty measurement. It was a two-part study. The first part examined the statistical issues that arise from attempts to measure and understand poverty. The second part was concerned with issues that might arise if a national minimum welfare benefit were established.

The new measure to be used in the future would continue to define poverty as economic deprivation. However, instead of deriving poverty thresholds by means of a food plan and a multiplier, the panel proposed a poverty threshold that would be a budget combined with an allowance for food, clothing, shelter, and additional sums for other miscellaneous needs. Using a reference family (two adults and two children) as a touchstone, the panel set a reasonable range for a median annual expenditure for these items as guided by the Consumer Expenditure Survey.

The panel's report was published in 1995. The report proposed that the Survey of Income and Program Participation should become the basis of the official United States income and poverty statistics, in place of the March income supplement to the Current Population Survey.

Under the proposed measure and using 1992 figures, the panel said a reasonable range for the poverty threshold would be \$13,700 to \$15,900 (in 1992 dollars) for a family of two adults and two children. This figure does not differ dramatically from the 1992 poverty line of \$14,228, but the new method calculates family resources very differently.

SEE ALSO: Poverty Assessment; Poverty Research; Poverty Threshold; United States.

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Natural Disasters

WHEN HURRICANE KATRINA struck the U.S. Gulf coast on August 29, 2005, the resulting floods in downtown New Orleans, Louisiana, and raised some disturbing questions about the roles of race and poverty in disaster-relief efforts. With television images of poor African American families stranded on rooftops, pleading for help, officials in Washington, D.C., and Americans in the rest of the country suddenly realized that New Orleans evacuation orders had a decidedly financial aspect to them. Those who could afford to escape the ravaging waters did, while those with few resources and transportation alternatives were left behind.

The fact that city, state, and federal agencies were first negligent to provide transportation for poor evacuees, and then subsequently slow to respond to help those left behind, posed an ethical question: would the situation have been the same if the unanswered pleas for help came from the wealthier white suburbs?

Analysts, scholars, the press, and government agencies will debate this question for years to come. As the Center on Budget and Policy Priorities points out: "Many Hurricane Katrina victims faced difficult living conditions even before the storm arrived. Mississippi, Louisiana, and Alabama are, respectively, the first, second, and eighth poorest states in the nation. And of the 5.8 million individuals in these states who lived in the areas struck hardest by the hurricane, more than one million lived in poverty prior to the hurricane's onset."

Hurricane Katrina and other natural disasters clearly illustrate how poverty plays a role in disaster relief. In the more academic sense, we can examine the terms and conditions of poverty and natural catastrophes. Natural hazards and disasters are classified into a range of major categories: atmospheric (hurricanes, windstorms, tornadoes, heat waves, droughts), hydrological (floods, snow avalanches), geological and geomorphological (earthquakes, volcanic eruptions, tsunamis, landslides, erosion), and biological (human epidemics, pests, wildfires).

The dimension of the disaster is a key element for public awareness, since media, converging with policy options, usually draw more attention to rapid-onset extreme events for their dramatic nature, and less to slow-acting or biological processes like epidemics, famine, drought, or soil erosion, which have midterm effects, concealed victims, and extended environmental degradation.

The exposure of populated areas to hazardous events may threaten inhabitants, functions, and goods and generates risk. Risk is a measure of the probable impact and the subsequent economic and noneconomic losses. It is a concept intrinsically connected to civilization, since change itself is normal to natural environments. An impact is an incidental interaction between a hazard, initiated in the natural system, and an exposed vulnerable set of persons, goods, functions, or resources within the human system. If an extreme event hits an unpopulated or undeveloped area, the effect on society is null, while slight rapid changes in a populated area do not commonly have a negative effect.

Those with few resources and transportation alternatives were left behind.

The disaster is the substantiation of a risk, a disruption of the social functioning produced by an extensive loss as a result of a hazardous event. Hazard is potentiality, risk is probability, and disaster is factuality.

Various effects—economic, social, institutional, environmental—and levels of impact are observable in a disaster. Criteria are needed to differentiate it from lower-energy accidents, and the principle used is the magnitude of the loss. However, there is no universal agreement regarding the criteria. The number of casualties, deaths and injured, and a specified economic loss are used as thresholds, despite their use and application being arguable. This allows attribution of administrative responsibility or financial liability, and the determination of whether the loss will be covered by individuals, insurance companies, administrations, or nongovernmental organizations. Common criteria applied to drought as a disaster are looser, requiring a larger number of people affected, and even some exclude drought victims from ordinary natural disaster

The differentiation between disaster and catastrophe is likewise weak, again a matter of dimension. A country or a community recovers from a disaster with



A flooded section of New Orleans after Hurricane Katrina breached the city's levees in 2005. How the city, state, and federal governments reacted to the crisis came under scrutiny after thousands of poor residents were left stranded.

resources of its own, at variable costs with or without aid, but the magnitude of a catastrophe reaches a point that domestic resources are not enough to cope with response and recovery, and large external assistance is needed. Losses are enormous and critical, for there is a general devastation of buildings and infrastructures, emergency facilities are not operational, administration is dismantled, and everyday life is interrupted. This was the case with Hurricane Mitch in 1998 in Honduras.

The effects of a disaster are as complex as the causes, and their magnitude is measured as damage severity. Primary effects on people are loss of life, injury, and handicap; damage or destruction of resources, property, and built heritage; and disruption of production, commerce, transport, lifelines, and services. Secondary damages are derived from secondary hazards; urban fires may follow the destruction caused by an earthquake. Tertiary damages or aftershocks are derived from primary effects, but are not directly connected to

the hazard energy, as they are effects caused by vulnerability and insufficient preparedness. Social functions are interrupted, causing starvation, illness, unemployment, social violence, displacement and migration, disruption of the employment market, and inflation.

Losses increase the vulnerability of the previously vulnerable to diseases, debt, or homelessness. Side effects observable in demography are a decline in fertility and people displacement as a result of panic and the loss of resources, although there is a contradictory effect from the return to former homes.

The effects of a disaster in developing and developed countries are significantly different. While in developed countries more commodities are at risk, in developing countries more people are at risk. In the first case the major impact is economic, for example, the Kobe (Japan) earthquake in 1995 caused estimated damage of \$150 billion, the most costly disaster in the 20th century. In the developing world the two most

deadly events were the Bangladesh cyclone in 1970 with 300,000 fatalities, and the Tangshan (China) earthquake in 1976 with 250,000 victims. Again in Third World countries, the Indian Ocean tsunami in 2004 caused an estimated 275,000 deaths.

The impact of natural disasters is increasing, regardless of better measurement and the thresholds applied, for there is a growth in world population. This is at a higher rate in developing countries and particularly in urban areas, as a result of migration from rural areas. Population and affluence growth demand more land, and the pressure on more vulnerable and marginal areas increases. Affluence and economic growth increase the value of the exposed properties, principally in wealthy regions.

Social and economic vulnerabilities depend on the income, social class, age, sex, ethnicity, or minority of the individual or household. Individual and collective disadvantages result in incidental or structural weakness, reducing opportunities to access resources. Casualties in earthquakes principally happen in community buildings and homes, where commonly deaths are women, children, and the elderly, although they are also dependent on other factors like the time of the day.

Poor people are more vulnerable for they lack resources to contend with every phase of the risk process. Largely they dwell in hazard-prone areas, as they are landless and invade vulnerable areas. They do not get ample information for they do not easily reach media, they are not integrated in the risk preparedness system, and their low education level conditions their perception of the environmental threats. Evacuation is a challenge because of the reduced mobility of the young, the elderly and the impaired, and the families in general who do not own vehicles, which makes them dependent on public transportation and services to leave the areas in emergency situations.

Also, natural disasters have become an additional factor restraining development in developing countries because the structural human and economic costs of response and recovery delay the effects of investments.

SEE ALSO: Exclusion; Social Exclusion; Social Insecurity; Social Stratification.

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Nauru

THE REPUBLIC OF NAURU is the smallest independent republic in the world. Formerly administered by Australia as a United Nations Trust Territory of the Pacific Islands, Nauru became independent in 1968. Over time a multinational consortium virtually destroyed the ecology of Nauru through phosphate mining. As a result, much of the island is now a wasteland. Although Nauru has a per capita annual income of \$5,000, 90 percent of the people on the island are unemployed. The 10 percent who are employed are engaged in public administration, phosphate mining, education, and transportation.

Nauru is dependent on the \$2.5 million Australian that will be received annually until 2013 in response to a judgment by the International Court of Justice for damage done to the island through phosphate mining. Additionally New Zealand and the United Kingdom settled by offering one time payments of \$12 million each.

When officials realized that incomes from phosphate mining were diminishing, they placed phosphate income into trust funds. Subsequent borrowing from those trusts, however, forced the government into virtual bankruptcy. As a result, wages are frozen, government staffs have been downsized, public agencies have been privatized, and overseas consulates have closed. All public sectors, including housing, hospitals, and schools, have been affected by the shortage of funds. Nauru is placing hopes for economic recovery on attracting offshore banks and corporations to the island.

No poverty rate is available for Nauru, and there are no indications that absolute poverty exists. The United Nations Human Development Report does not rank Nauru as it lacks data. Since the Nauruan government has traditionally employed 95 percent of the labor force, downsizing has created an environment in which incomes are diminished or totally absent. With a population that possesses few job opportunities, limited skills, and low levels of education, the result has been a 90 percent unemployment rate. Fortunately Nauruans have a strong social net made up of closely knit families and a supportive culture.

Human Development Index Rank: Not included. Human Poverty Index Rank: Not included.

SEE ALSO: Bankruptcy; Environmental Degradation; New Zealand; Unemployment.

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NCH

NCH IS ONE OF THE United Kingdom's leading children's charities, whose aim is to help children reach their full potential. Unusual for a children's charity, NCH works with children and families across a range of issues. More than 500 projects are spread across the United Kingdom, aimed at supporting the most vulnerable and excluded children and young people.

The organization began in 1869 as a small children's home founded by a Methodist minister, Thomas Stephenson. Children who were unable to stay with their families at this time were usually admitted to large-scale institutions. Thus a more family-oriented system of care was unique. This style of care grew, and the National Children's Home and Orphanage was created in 1908. Throughout the early 1900s the charity also began to place children into foster families, and subsequently became an adoption agency as well. Diversifying even further, in the latter half of the 20th century NCH worked with children who had experienced abuse and children with disabilities, issues that are still a main focus of NCH work.

Placing children with families remains a major part of NCH work. Both adoption and foster care are provided through the organization. In 1997 a new fostering program called the Community Alternative Placement Scheme (CAPS) was created by NCH in Scotland. The scheme aimed to place young people with caregivers as an alternative to being placed in secure accommodations. Specialist training, regular respite, and 24-hour intensive support were given to caregivers as well as increased remuneration. M. Walker et al. studied 20 young people in an independent evaluation. Results showed that those taking part in the program found it beneficial, with those having spent at least a year with their caregiver or having built a good relationship gaining the most.

Young people emphasized benefits to their well-being or self-esteem, whereas a comparison sample in secure accommodations who felt they benefited from their stay emphasized being kept safe. A total of 16 young people in the study sample remained in the community, leaving only four who were transferred to institutional care. However, young people who had withdrawn from the service early or abruptly were found to live in less stable accommodations, such as homeless providers.

Children and young people are also vulnerable to social exclusion for a variety of reasons. One large risk factor for this group of people is the experience of local authority care. Research shows that those who left their caregivers gained substantially fewer qualifications at school and had much higher rates of unemployment.

In Scotland, six out of 10 16-to 17-year-olds leaving care had no qualifications. While the Children (Leaving Care) Act of 2000 has had positive impacts on creating systems to support young people as they reintegrate into communities, for many children further educational support is needed before this point. NCH argues that underachievement for this group is not for lack of ability, but a failure of existing systems, with more attention needed by all providers to raise expectations and level of care.

NCH is also the biggest service provider in the United Kingdom to disabled children and young people. Projects are diverse, covering residential and daycare services, special play facilities, and short family holidays, as well as advice, advocacy, and outreach support. Caerphilly Children's Centre in Wales facilitates medical support such as physiotherapy and occupational therapy as well as social care. Young people are supported in accessing facilities in the community, including local groups or clubs or even a volunteering

family. Respite and advice are also given to family members who have their own support group as well as respite time. While supporting 140,000 children and families across the United Kingdom, NCH also campaigns and lobbies for the safety and inclusion of young people across all its areas of work.

SEE ALSO: ChildLine; Children and Poverty; Children's Aid Society; Education; Social Exclusion.

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Needs

NEEDS ARE UNIVERSAL requirements necessary for survival, development, and well-being of a living organism. Needs are different from wants and desires. Needs are objective and innate, and desires are subjective and acquired. The concept of need has a long and recognized history in the field of psychology. The field of business management also has a large literature on this topic. H.A. Murray describes needs as driving forces that motivate an individual to action (that is, to search for or avoid). Needs "organize perception, apperception, intellectualization, and action." According to Murray, for an individual who is extremely hungry, for example, "he dreams food, remembers food. ... he perceives only food, and he wants only food."

Numerous ways have been proposed to organize the nearly exhaustive list of potential human needs. Basic needs are classified by P.J. Richards and A.M. Thomson as 1) minimum requirements of an individual or family such as food, shelter, clothing, and home equipment, or 2) essential services for the community such as safe water, sanitation, and transportation. Abraham Maslow proposed fundamental need categories necessary to sustain life and facilitate development.

His popular Theory of Needs is composed of five broad need categories that are central to human experience and motivation of behavior. Based primarily on his clinical experience, Maslow asserted that individuals show a pattern of needs organized into a hierarchy. The need categories include (in ascending order): 1) physiological, 2) safety and security, 3) belongingness and love, 4) self-esteem, and 5) self-actualization. Lower-order needs includes physiological and safety/security needs. Higher-order needs include belongingness and love, esteem, and self-actualization. Individuals attempt first to satisfy lower-order needs that are not yet satisfied. With relative gratification of needs (such as satisfaction), higher-order needs move to the forefront and the prior, now satisfied needs, become less important. Current unsatisfied needs dominate an individual's focus and influence behavior. Maslow's need categories have been widely accepted as a logical framework to understand behavior. Limited empirical data are available to support the hierarchical nature of the need categories.

Physiological needs are the most basic and are vital for survival. Examples of physiological needs include food, water, rest, shelter, school supplies, laundry needs, transportation, and money. In rural settings, having enough to eat all year round and having a good harvest are basic needs.

Most people consider medical care a basic need. The "body is poor people's main asset" and poor health brings further economic difficulty, according to D. Narayan et al. Safety and security needs involve aspects of physical safety, job and economic security, and emotional security. Examples include a safe neighborhood, availability of assistance in crisis, job tenure, home insurance, and satisfaction with pay. Love and belongingness needs include valued involvement, fit within a compatible social system, and meaningful caring bond(s) with another.

Satisfaction of these needs results in an individual feeling accepted, loved, and part of a social organization. Self-esteem needs involve an individual's appraisal about all aspects of self based on internal and external sources. Self-esteem involves self-acceptance and self-worth. Self-actualization needs involve the expression of one's individual potential. Self-actualization is manifested in altruism, creativity, openness to new experience, and inner-directedness.

POVERTY AND NEEDS

Poverty involves basic needs, primarily unsatisfied needs. Poverty is most often viewed as material lack, such as a lack of food or housing. Yet reports by people in poverty and support from theoretical need frameworks, such as Maslow's theory, illustrate an array of needs potentially lacking in conditions of poverty.

Safety and security needs may be jeopardized with the presence of physical threat, family chaos, job termination, or debt accumulation. Many in poverty experience uncertainty and insecurity with violence, corruption, wars, and natural disasters around them. Love and belongingness needs can be thwarted by social experiences that result in feelings of shame, worthlessness, and humiliation.

A process called "othering" reflects a lack of belonging and a "we versus them" experience. Loneliness, stigma, and alienation pull individuals in poverty down. An individual from Ghana quoted by D. Narayan et al. described how "it is neither leprosy nor poverty which kills the leper, but loneliness."

POVERTY CRITERIA USING BASIC NEEDS

Poverty policy debates continue, primarily centered on how to measure poverty most accurately. The poverty line in the United States is a fixed income amount (adjusted yearly for inflation) that reflects a basic survival budget (food and a percentage added), according to the Canadian Council on Social Development. Household income level alone is a poor measure of poverty and how families or individuals manage and meet basic needs. Traditional measures of poverty (such as an income cutoff adjusted for family size) have been extensively criticized.

Growing discontent exists with current measures of poverty.

Many sources charge that official measures of poverty in the United States are outdated and insufficient to provide a real picture of poverty among individuals and families. Many necessary costs in current family budgets are not considered in the poverty measurement calculation. Work-related costs, for example, such as transportation and childcare, are not considered in poverty measures. Housing, transportation, and utilities are much larger portions of family spending budgets than decades ago when poverty measures were developed in the United States.

Poverty criteria based on basic needs approaches have been proposed in several countries. A basic needs poverty line (market basket measure) has been started in Canada as an alternative measure of poverty. The Canadian basic needs poverty line identifies items needed to maintain a decent standard of living. The initial list of

needs included items such as food, rent, clothing, local phone service, household furnishings, transportation, healthcare, and personal hygiene supplies. Later revisions to the need list added out-of-pocket healthcare costs, home insurance policy, school supplies, stamps, and laundry needs. Basic needs are determined at a level deemed minimally decent. For example, shelter estimates for a family of four use average rents for two- and three-bedroom apartments in several areas across the country. Such a measure of poverty has been controversial in that the determination of the basic needs "basket" involves subjective judgments.

In May 1995, the Panel on Poverty and Family Assistance, appointed by the National Research Council, recommended a new approach to measuring poverty in the United States. It was recommended that poverty thresholds be based on a budget for basic needs in the three categories of food, clothing, and shelter (utilities included) and a small amount added for other needs (such as household supplies, personal care, and non-work transportation). It recommended that consumer expenditure data be used to determine budget amounts. The U.S. government has made no significant changes, however, to the established poverty measure.

Basic needs are intricately related to poverty and poverty measurement. Growing discontent exists with current measures of poverty that focus exclusively on income-based poverty. Newer approaches to measuring poverty consider the package of basic needs that are necessary for decent living.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Basic Income; Basic Needs; Basic Security; Hunger; Sanitation; Shelter; Standard Food Basket; Water.

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Neoclassical Thought

NEOCLASSICAL economics is the body of thought that developed in the latter half of the 19th century and continued on through the 20th century and beyond. The term is used to demarcate a methodological break with the previous body of thought known as classical economics. The expression *neoclassical economics* goes back to Thorstein Veblen and was originally attributed to the Marshallian School.

The beginning of neoclassical economics can be placed around 1870, when the so-called marginal utility revolution began. This revolution in economics is usually associated with three or four contributors, although there are a number of important precursors. William Stanley Jevons, Karl Menger, and Leon Walras were in the forefront, while Alfred Marshall, who wrote around the same time but published later, was the fourth creator of the new approach to economics. What characterized the new approach was the self-declared use of mathematics and marginalism. It was more scientific in its approach in many ways. Economics became the science of scarcity—thus of measures—and it is no long shot to describe neoclassical economics as the quantitative method in contrast to classical economics.

Classical economists focused on development and growth, the distributive shares of income among capitalists, landowners and laborers, international trade, money, and population. The focus in their economics was the national economy. With neoclassical economics, this prominence gave way to the individual in economics, that is, to the microeconomics of the household, firm, and industry.

The three writers most responsible for launching neoclassical economics, Menger, Walras, and Jevons, all independently discovered the neoclassical paradigm. No longer would the science be called political economy but economics. Although the three writers emphasized marginalism and utility in their economics, they each had a different tack. Of the three, two—Menger and Walras—established genuine schools with followers to elaborate and extend their economics.

Menger founded the Austrian School of economics with his *Principles of Economics* in 1871. The school would be famous for its subjectivism and methodological individualism. The school stressed the importance of theory as well as empiricism, as opposed to undirected empirical analysis. Austrians opposed the historicism of the German School.

Walras is the founder of the general equilibrium approach. Economic systems—with firms and consumers

giving way to supply and demand in various markets—have a great degree of interdependence. Markets must determine many prices and quantities simultaneously, and when any one market is not at equilibrium, a situation where there is excess demand or supply means that some other market will also be in disequilibrium. Walras constructed a mathematical model whereby he showed a general equilibrium occurring with consumers maximizing utility and firms maximizing profits.

Although Jevons failed to inaugurate a sizable following, he did manage to pave the way for the Cambridge School, founded by Alfred Marshall. Jevons's focus was on a theory of exchange based on utility-maximizing individuals. He did not formulate a theory of the firm. Jevons also made original contributions in the problem of index numbers and in capital theory.

The final major contributor to this revolution, although he had a later publishing record, was Marshall, founder of the Cambridge School. Marshall's *Principles of Economics*, whose first edition appeared in 1890, sold remarkably well and became the standard text among English-speaking nations for many years.

Marshall's approach to markets was to study them in partial equilibrium, where the ceteris paribus assumption is all necessary. Marshall also divided time into components according to the fixity of certain market elements. Marshall brought to the forefront a theory of the firm. He also worked out the idea of consumer surplus and in a spark of high originality, developed the concept of elasticity. Marshall would build a reputation upon which a considerable number of followers would disseminate his ideas throughout the world.

By the early 20th century, the central features of neoclassical thought were determined: a theory of the firm, the consumer, the industry and market structure, general and partial equilibrium analysis, welfare economics, capital and interest, and money was in place. All rested on the neoclassical paradigm, that is, an analytical scheme that placed rationality and the maximizing efforts of firms and consumers as central in determining equilibrium.

Neoclassical economics fashioned itself as the science of scarcity, whereby opportunity cost becomes the overriding factor in determining individualistic behavior. And it is the individual who reigns supreme in neoclassical thought. The neoclassical school placed much of its effort on microeconomics.

The consumer is assumed to be rational and maximizes utility with a budget constraint. Value is demanddriven in many neoclassical formulations, with the

consumer taking prices as given. The concept of marginal utility—the idea the whole revolution giving rise to neoclassical economics rested upon—plays a crucial role in determining the equilibrium of the consumer. Maximizing utility, along with the law of diminishing marginal utility, means that with given prices and income, the consumer will allocate his budget so that the last dollar spent will yield a similar final marginal utility. This is the famous equimarginal principle. At first economists assumed that utility can be measured in some sense—at least this was necessary to their analytical apparatus.

In the theory of the firm, the marginal principle was also applied. Starting with the notion of a profit-maximizing firm, the firm would hire resources up to the point where their additional values added would be equal to their costs. Thus neoclassical economists were able to construct a theory of value and distribution displacing the old Ricardian framework. No longer would there be a residual landowning class receiving rent as a residual.

This language of mathematics would become the tool for later economists.

In industrial structure the early writers assumed that markets operated at bipolar ends of the spectrum; it was either perfect competition or monopoly. Monopoly was assumed to be the exception so that most production was assumed to take place under competitive conditions. By the 1920s and 1930s the concept of perfect competition was called into question. Joan Robinson and E.H. Chamberlin, each working independently, introduced in 1933, into economic theory, imperfect or monopolistic competition. This form of market structure or industrial organization sought a more realistic picture or framework. It combined elements of monopoly and perfect competition. At first thought to be revolutionary, it was later to be found lacking; however, it made economists aware of the variety of market structures that actually exist and paved the way for the study of oligopolies.

One of the lasting innovations of the neoclassical school was its unabashed adoption of the mathematical approach. Since economics is concerned with quantities, one is naturally inclined to use mathematics as the language of expression. The early writers were sometimes hesitant to put mathematics in the forefront—Marshall was reluctant to put mathematics in the main

text for fear of diminishing general readership. Nonetheless, neoclassical economist relied on mathematics to communicate their most important ideas. There were few exceptions. This language of mathematics would become the tool for later economists working after the era of neoclassical economics, roughly speaking, 1871–1930.

Economists, armed with the toolbox created by the neoclassical writers, began to venture into other areas, such as game theory and the economics of information and knowledge. And though once the mainstream focused on value, production, and distribution within the neoclassical paradigm, a more heterodox approach began to emerge. The American institutionalists, led by Veblen, began to challenge, question, and offer new approaches to the neoclassical paradigm.

In the realm of macroeconomics, the early neoclassical school subscribed to a quantity theory of money with a reliance on the self-correcting mechanisms built therein. The quantity theory of money appeared in various forms, including the transaction cost approach, the cash-balance approach, and the income approach. In its simplest form, the quantity theory of money asserts that the general price level is directly related to the quantity of money. Any immediate doubling of the quantity of money will cause the price level to also double. How this doubling takes place is critical to understanding the dynamics of the quantity theory of money.

Neoclassical economic theory treats poverty rather narrowly. At the microlevel poverty is perceived as "voluntary." In the context of growth theory, where the focus is why poor nations are poor, the emphasis is on the low levels of savings, capital accumulation, and technical progress in low-income countries. As a result, the income gap between the poor and rich nations rises. The policy implication for these theoretical findings for poor countries is to open their economies to free trade and foreign investment to stimulate growth and to enjoy the resulting externalities and economies of scale.

BANKING SYSTEM

Now, as mentioned, the process whereby an injection of money into the system is to cause prices to increase is vital. This may mean stimulation to the economy creating very real effects. In the version of the quantity theory, this happens in the loanable funds market through the interest rate. The banking system comes to play a crucial role in the process of driving prices upward in a monetary expansion. Since the loanable funds market is directly involved, the roles of saving and investment be-

come critical variables in determining national income and equilibrium.

One may almost say that in the realm of macroeconomics, the neoclassical approach is very classical in that it accepted a quantity theory of money along with a self-adjusting mechanism to bring about full employment. John Maynard Keynes, in his *General Theory* would change the face of macroeconomics. Keynes's theory emphasized the role of quantity adjustments as opposed to price adjustments and that the economy may operate below full employment for extended periods of time. The Keynesian revolution swept macroeconomics and created new analytical frameworks for analyzing the economy; for instance, the Hicks IS-Lm framework became a standard tool. Economists have sought to reconcile the Keynesian School with neoclassical thought by constructing the neoclassical synthesis.

Since the 1960s there has been a revival of the classical approach. The rational expectations method has brought the discipline almost full-circle. Tensions, of course, remain. But where the "new classical" economists once debated heatedly with the Keynesians, they now have the more conventional approach.

To assess the contribution of the neoclassical contributions to the literature is almost to evaluate the entire science of economics. One cannot separate neoclassical economics from the writings or approaches of the mainstream economists of this day.

SEE ALSO: Economic Definitions of Poverty; Economic Liberalization; Macroeconomics; Marshall, Alfred; Microeconomics; Mill, John Stuart.

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Neoliberalism

NEOLIBERALISM has become, over the last decades, a synonym for a series of new economic policies related to global free trade. The economic oil crisis of 1973,

when the Organization of Petroleum Exporting Countries (OPEC) quadrupled oil prices for Western countries; the decline of the postwar Keynesian model of economic regulation in the late 1970s; the increasing privatizations of public property; and the deregulation politics of Margaret Thatcher (1979–90) in England and of Ronald Reagan (1981–89) in the United States signaled the emergence of the neoliberal era.

At the same time, an ensemble of various, interdependent processes framed the socioeconomic context of neoliberalism: the internationalization of capital, the denationalization of the state, the modernization of the postnational world economy, and the deregulation of the welfare state, including public administration and social services. New economic principles became influential, like the EEE principle (economy, efficiency, and effectiveness) and the idea of new public management.

The market alone is not capable of resolving possible social crises.

The basic task of neoliberal, post-Keynesian governments was to facilitate enterprises to achieve free trade and free movement of capital in the cheapest way, not only to maximize profits and efficiency but also to obtain economic status through the extension to new international markets. Economic agents like the International Monetary Fund (IMF) and the World Bank were designed by John Maynard Keynes and Harry Dexter White at Bretton Woods (1944) for reasons of financial stability, and initially had no serious power over national economic policies, but are now called upon to play a major role in the neoliberal world order. The Keynesian ideas of the welfare state have gradually been replaced by neoclassical economics and the neoliberal theories of the free market of Friedrich August von Hayek (1899–1992), Ludwig von Mises (1881–1973), and Milton Friedman (1912–).

What is actually "neo" in neoliberalism is the revised interest of governments and economic, multinational, or global elites in the deliberation of markets and free trade in response to the economic crisis that capitalism underwent during the late 1970s and early 1980s. More than ever in its history, the market is considered self-regulating through market pressures and demand.

The idea that the interference of the state damages the movement of the market and the circulation of capital and products is becoming an economic and political orthodoxy. For there is no generally acceptable definition of or theoretical perspective on both liberalism and neoliberalism; the analysis of the concept, economic principles, and theory of neoliberalism and its connections with poverty requires primarily a short analysis of the concept of liberalism.

On the economic level, liberalism expressed the need for a free market. Adam Smith (1723–90), who is considered the first liberal philosopher and economist, theorized in his book *The Wealth of Nations* (1776) that the market is a self-regulating economic space. The competition among economic actors, products, and markets would not result in economic inequality and the poverty of special parts of the population, but in a natural, self-regulating economic and therefore social balance.

According to the theory of economic liberalism and the physiocratic doctrine of *laissez-faire*, *laissez-passer*, for the accomplishment of such goals, governments should minimize all the possible barriers to the free functioning of the market. Such antiliberal barriers to be fought off are the national tariffs system, the economic regulations and measurements assessed by governments, standards like taxation laws or economic legislation, and the restrictions on capital flows and private investments. In liberal terms, social order is achieved through the free market, which must not be a political field of governments, like the judiciary and the military.

INEVITABLE POVERTY

In this frame, poverty is not an accidental characteristic of this division of economic power. It is rather a structural part of economic liberalism and is considered as inevitable. The competition among market agents causes economic inequality. Social groups neither enter the market (the process of production and the labor market) equally nor have the same consumption chances. Their economic behavior and the economic chances they have are rather defined by their social class, which in turn affects their position, status and power in the market.

The task of political power in economic liberalism is not to prevent this kind of inequality and the resulting poverty of greater parts of the population, but—through noninterference in economic structures and processes and the political support of the investing classes—to maintain and reproduce the social stratification out of which economic liberalism cannot operate. Poverty becomes a social and political problem only to

the degree that it threatens the requisites for capitalist conditions of social order and cohesion, and as long as its effects lead to social disorganization.

On the political level, liberalism is related to the theories of social contract, especially that of John Locke (1632–1704). In his *Two Treatises on Government*, Locke opposed absolutism, emphasized the need for individual rights (the natural rights of life, liberty, property), and defended the right to individual property. For the British empiricist, the liberal state should provide economic safety and protection of individual property rights.

Poor individuals are now responsible for their position.

Other philosophers who influenced political liberalism are Jean-Jacques Rousseau (1712–78), with his emphasis on the concept of general will; Jeremy Bentham (1748–1842), with his ideas about utilitarianism as a principle for law- and policymaking; and John Stuart Mill (1806–73) with his revised democratic utilitarianism. From the Enlightenment to the French and American Revolutions, political liberalism expressed the transition from feudalism, monarchy, and low social mobility to capitalism, modernity, and gradually liberal representative democracy and constitutional law. The idea of the individual and his rights against the polity, as well as the fundamental importance of private property in political liberalism, has been combined with the idea of the external power of the sovereign state.

In the theory of political liberalism, the state should guarantee equality for all of its citizens and for all various social groups. Marxist critics (for example Louis Althusser and Nicos Poulantzas), however, have underlined that the achievement of economic equality and the reduction of poverty has barely been the case in liberalism. On the contrary, the liberal state of capitalism is considered to have played a historical role in the reproduction of inequality and social exclusion of economically weaker classes.

ECONOMIC INEQUALITY

In the frame of political liberalism, the state has a double role. On the one hand, the state provides equality on the legal level (although liberals from the beginning have not been for universal suffrage and for the majority's principle). On the other hand, through the promo-

tion of free enterprise and adherence to the competitive entrepreneurial classes, the state contributes to the reproduction of economic inequality.

One of the most fundamental characteristics of the liberal state of capitalism is that it managed to bridge this specific contradiction and conflate economic inequality with legal equality. It managed, in other words, to convert the economic conflict into a political one. This important aspect characterizes not only classical liberalism but also neoliberalism.

Neoliberalism celebrates free trade and the free market as the most important of the economic priorities. It also promotes the image of a neutral state, which no longer intervenes in the rules of the free market, and it is therefore no longer responsible for economic inequality and poverty. But as the so-called Regulation School has shown, the market cannot operate without the intervention of the state. Neomarxist theorists of the Regulation School like Joachim Hirsch, Bob Jessop, and Michel Aglietta have underlined that markets need regulation by the state. This happens for a number of reasons.

First, the formation of an attractive investment environment and competitive capitalism is based on several structures that cannot be provided by the economic agents of capitalism, who *ex definitione* focus on profit's maximization, but by the state, which is responsible for the general reproduction of the economic system. Such tasks are, for instance, public infrastructure, legislation mechanisms, effective laws, and modernized administration systems.

Second, the market alone is not capable of resolving possible social crises caused by market failures and dysfunctions. The avoidance of social crises that could harm the general economy and the maintenance of social order are tasks of the state, also for its own reproduction.

Third, the state and its institutions are not independent and ideologically neutral social agents. They are rather the product of the distribution of power in the society. This does not mean that the state services exclusively the interests of a specific social class, for instance the investing upper class. This kind of clientelism would not allow the neoliberal state to extract the social consensus of the members of society. Claus Offe's view is at this point of paramount importance: "The state does not patronize certain interests, and is not allied with certain classes. Rather, what the state protects and sanctions is a set of rules and social relationships which are presupposed by the class rule of the capitalist class. The state does not defend the interests

of one class, but the common interests of a capitalist class society."

LATE 20TH CENTURY

At this historical stage of post-Keynesian capitalism, namely the neoliberalism of the late 20th and early 21st centuries, the state is once again called to regulate the processes of capital's accumulation, which are now taking place on a global scale. The dismantling of national economic regulations, a new emphasis on economic growth based on private investment, an increasing market individualism, and the ideology of competition are now framing new forms of poverty and social exclusion. Poverty is expanding on a global scale and is becoming more a structural part of the economic system.

Within the ideology of competition caused by the deregulation of the social state, unprivileged social groups, marginalized economic actors, and poor individuals are now responsible for their position. Their economic position is their own fault. What produces poverty and inequality is not the social and economic system, but the individual pathologies and the problematic individual structures. Neoliberalism is being legitimized and naturalized not only to the economic but also to the social level.

Liberalism believed that the market should regulate the social processes and the economic life of individuals and groups, while the state would keep the *ultima ratio* with regard to political decision-making, legislation, and social order. Neoliberalism and the new focus on free enterprise de-emphasize the principle of *ultima ratio* and the idea of a fairer allocation of wealth. Neoliberalism stands out for the continuation of global inequality and the exploitation of poverty in the name of the free market and competition.

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Nepal

NEPAL, A KINGDOM situated at the southern part of the Himalayan Mountains between India and China (Tibet), has been a constitutional monarchy since 1959 (under English influence). The real transition to multiparty democracy started only in the spring of 1990. This late transition influenced Nepal's economic development, because there is a lack of governmental coherence and ability to efficiently use domestic revenues.

Nepal is divided into three ecological zones: the terraces, hills, and mountains. Not all zones can be used agriculturally, so—with a population of 24 million, growing at 2.3 percent per year—the ratio of population to arable land is one of the highest in the world.

These are some of the reasons why Nepal remains one of the poorest countries in the world (despite improvements in the past two decades) with a per capita annual income of about \$250r. The level of absolute poverty is among the highest in Asia: more than nine million people, accounting for about 40 percent of the population, are estimated to live below the national poverty line (\$77 per year).

Not only is income poverty very severe in Nepal, but so is nonincome poverty: almost two-thirds of the adult population is illiterate, and only 71 percent of the total population have access to safe drinking water. The country has the highest infant mortality rate in south Asia, at 75 deaths per 1,000 live births. Even malnutrition is widespread: about half of all children below 5 years of age are underweight.

Large disparities appear when comparing the various geographic regions and the different socioeconomic groups. Income poverty, as well as human development poverty, is higher in rural areas than in urban ones, being the highest in the midwestern and far western hill and mountain districts.

Another very important reason for severe poverty is social exclusion referring to gender, ethnicity, and caste. Gender-based exclusion is deep-rooted in Nepal, with discrimination against women in all aspects of poverty, including even their physical survival, medical care, education opportunities, ownership of assets, mobility, and social reputation.

There is a long tradition of being socially excluded because of belonging to the lower caste (referring to the Hindu caste hierarchy), though recent laws (the new civil code of 1963 and the constitution of Nepal in 1990) ensure equality for all citizens irrespective of caste, creed, or gender. Even today the Dalits (untouchables) earn their living through tasks considered unclean by other castes/social groups, so it is very difficult for the Dalits to escape income and nonincome poverty (that is, lack of education and healthcare).

Ethnicity also is often intertwined with poverty; some ethnic groups still have their own language and cultural roots (Janajaties), some of them are indigenous, and some groups are migrants (for example, of Tibetan origin). They do not belong to the Hindu-based caste hierarchy, some of them live as nomads, and access to education and healthcare opportunities is limited. Political instability, like rapidly changing governments, and the Maoist insurgency contribute to economic decline.

About 50 years ago, Nepal's rulers started to modernize the country. Through the 1990s there was some progress, but during the most recent years, poverty has increased because of serious social and political instability, including the Maoist insurgency, lack of good governance, and changing governments.

Human Development Index Rank: 136 Human Poverty Index Rank: 74

SEE ALSO: Child Mortality; Class Structure; Feminization of Poverty; Malnutrition; Social Exclusion; Women and Poverty.

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Netherlands

THE KINGDOM OF the Netherlands is a modern and industrialized western European country. The country is one of the Benelux group (Belgium, Netherlands, and Luxembourg) and it has prospered economically since the end of World War II. In addition to a strong industrial base, the Netherlands has a productive and modern agricultural sector. The area of the Netherlands is 42,526 square kilometers, of which nearly 20 percent is water. The Netherlands has a long coastline on the North Sea, giving the country access to the oceans of the world. The country claims a 200-nautical-mile "exclusive fishing zone." Located between Germany and Belgium and having three major European rivers within its borders (Rhine, Meuse, and Schelde), the Netherlands has a significant measure of transportation advantage, an attribute that has enhanced its economic growth.

A significant amount of the land is reclaimed from the sea. A series of dikes keeps the North Sea from inundating the low-lying land. It is not surprising that the potential for flooding is the greatest natural hazard faced by the country. The Netherlands has developed a successful agricultural sector. Major products include a variety of grains, potatoes, sugar beets, vegetables, fruits, and livestock. The country's burgeoning industrial sector includes agricultural processing, metalworking, engineering processes of all types, electrical machinery and equipment, chemicals, petroleum products, and microelectronics. Proximity to the North Sea has also allowed the Netherlands to develop an important fishing industry.

Trading partners with the Netherlands are primarily in western Europe, with Germany being the largest. Although the Netherlands produces both crude oil and natural gas, the amounts of each fall far short of that required to keep its economy going. As such, both of these important energy sources must be imported in large volumes.

The population of the Netherlands was 16.3 million in 2002, with a rate of natural increase of 0.4 percent. The latter figure is indicative of a country that has completed the demographic transition and is in a slow growth mode. In fact the estimated population for the Netherlands in 2050 is 16.9 million, an increase of only 600,000 people in 45 years.

Other demographic data for the Netherlands are on a par with other western European countries: life expectancy at birth is 79 years (females 81 and males 76); and Gross National Income per capita in 2004 was



Despite the economic success of the Netherlands, 10 percent of households live below the poverty line, mostly in urban settings.

\$31,220, a figure that is higher than the western European average.

Despite its economic success, it is estimated that 10 percent of households in the Netherlands live below the established poverty line. Those in poverty are primarily immigrants from Turkey, Morocco, and the Antilles. In addition a higher number of households in the large cities (Amsterdam—the country's capital, Rotterdam, and The Hague) live in poverty.

Research indicates that the number of immigrants living in poverty will most likely increase in the near future, as will the elderly and people who are lacking in education. This prospect may be softened if the predicted rise in economic activity in the Netherlands in 2006 is realized.

Human Development Index Rank: 12 Human Poverty Index Rank: 3 (HPI-2)

SEE ALSO: European Union Definition of Poverty; Immigration; Urbanization.

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New Partnership for Africa's Development

THE NEW PARTNERSHIP for Africa's Development (NEPAD) is a vision and strategic network for Africa's renewal. The Organization of African Unity (OAU) mandated that the heads of five African states (Algeria, Egypt, Nigeria, Senegal, and South Africa) create an integrated socioeconomic develop framework for Africa, which was then formally adopted at the OAU meeting in July 2001. This framework was required to combat rising levels of poverty in Africa, underdevelopment, and the continent's marginalization.

The framework aims "to eradicate poverty; to place African countries, both individually and collectively, on a path of sustainable growth and development; to halt the marginalization of Africa in the globalisation process and enhance its full and beneficial integration into the global economy and to accelerate the empowerment of women." NEPAD aims to build on previous, largely unsuccessful attempts to create partnerships through consensus-building and broad-based support from governments throughout Africa.

NEPAD has adopted the following guiding principles: good governance as a basic requirement for peace, security, and sustainable political and socioeconomic development; African ownership and leadership as well as broad and deep participation by all sectors of society; anchoring the development of Africa on its resources and resourcefulness of its people; partnership between and amongst African peoples; acceleration of regional and continental integration; building the competitiveness of African countries and the continent;

forging a new international partnership that changes the unequal relationship between Africa and the developed world; and ensuring that all partnerships with NEPAD are linked to the Millennium Development Goals and other development goals and targets. It is hoped that, by explicitly employing the language and methods of international institutions such as the International Monetary Fund, NEPAD will be successful in fostering international confidence in its ability to support and sustain large-scale flows of foreign direct investment.

NEPAD plans to achieve its goals by establishing the conditions for sustainable development (for example, peace and security, democracy, regional cooperation and integration, and capacity building), policy reforms, increased investment, and resource mobilization. NEPAD is in itself potentially of value, but must be set in the context of generally poor macroeconomic performance in much of Africa; the continued extreme vulnerability to external shocks, famine, and pestilence; and also the very widespread belief that the continent's governments are mostly corrupt. While allegations of corruption are in many cases true, the problem did not prevent states of east Asia from enjoying rapid industrialization, and does not affect international opinion to the same extent as it does in Africa.

The economic basis of the NEPAD program depends to a considerable extent upon the ability to attract inward foreign direct investment, which has been slow to arrive. A lack of transparency prevents investments from seeking market access, and general insecurity has inhibited resources seeking access. Previous attempts at foreign direct investment have become discredited through association with unpopular autocratic leaders, environmental despoliation, and general exploitation of the local people.

In its place, there is a need to upgrade the competitiveness of African industries, especially export industries, and above all, fair access to the domestic markets of developed nations such as was accorded to the Asian Tigers. The 2005 G-8 Summit was very successful in achieving debt relief but less spectacularly successful in terms of economic fairness and market access.

SEE ALSO: Corruption; Debt Relief; Foreign Direct Investment; G-8.

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New Poor

THE NEW POOR ARE THOSE people suffering from poverty as a result of changes in lifestyle and society. They are not, in other words, from the classes of society that have historically been vulnerable to sudden onset of poverty on a large scale. The new poor include divorced women and their children, unskilled urban workers, and those unable to manage the modern emphasis on consumption and personal financial management.

Thrust into debt or poverty as a result of external economic shock or rapid change in personal circumstances, the new poor may find themselves vulnerable to indigence or obliged to resort to selling sexual services or committing crime in order to obtain income. Zygmunt Bauman, the leading sociologist and seminal figure in the creation of the concept of postmodernism, characterizes the new poor as "flawed consumers" who are unable to manage the competing pressures of modern consumer-driven society.

Such people, he argues, are stigmatized as being part of the undeserving poor and, consequently, it is considered inappropriate for government to support them. The process of creating the new poor begins with the transition of society from one of producers to one of consumers. Whereas previously all people produced in similar ways but consumed in different ways according to choice, now social pressure is placed upon the mode and extent of consumption as being a central part of life. Those who are marginalized by their consumption decisions or who prefer to practice self-marginalization are effectively outcast from society and suffer from the deprivations of poverty.

The concept of the new poor is related to that of alienation, which considers the ways in which people may become disconnected from mainstream society and social life, leaving them suffering from a sense of meaninglessness, powerlessness, normlessness, and social isolation. As societies develop, technological advances lead to improvements in productivity that

enable them to move from being based on agriculture to being based on manufacturing, then services, and finally knowledge or information. As this progression continues, people move further and further away from the traditional methods of production and of consumption. They are removed from the land and from forms of work that are intuitively understandable as leading to the production of food or basic items that are usable by people. Instead their work—if work is available—appears essentially pointless, as it cannot be perceived how it leads to worthwhile results. Alienation can result from other causes, but in any case results in negative mental health problems and occasionally violent outbreaks.

As methods of working continue to develop, and the number of people brought into the capitalist system of supply-and-demand-led markets increases, the issue of the new poor also increases both in terms of numbers and in geographical scope. The process of globalization, according to Bauman, will intensify the spread of modernization to all corners of the globe and will ultimately produce generations of useless people with no purpose other than disorder. The number of people, especially young people, battling depression and other mental illnesses is taken as a symbol of this emerging trend.

The new poor are unable to manage the pressures of a consumer-driven society.

Processes of internal and international migration also contribute to the total number of "useless lives" since migrants tend to gather in large urban centers in which public social services are unable to cope, and hence the consumption function desired by migrants is not possible.

A prominent example of a possible process of alienation has taken place in China. The years in which the Chinese government enforced a one-child-per-family policy have led to an imbalance in the number of boys over girls in contemporary society. Once these boys become men, they form part of the so-called bare branches generations who have no access to sufficient women to hope to establish a conventional family life. They, too, will be outcast from common conceptions of society, and will be considered part of the new poor.

SEE ALSO: Capitalism; Exclusion; Globalization; Social Exclusion; Technology.

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New Zealand

NEW ZEALAND CONSISTS of two large and a number of smaller islands in the south Pacific Ocean, more than 1,000 miles from its nearest neighbor, Australia. The chain of islands is more than 1,000 miles long but no more than 280 miles across. New Zealand administers the Tokelau group of islands, while the Niue and Cook Islands are autonomous states that are in partnership with New Zealand.

Aotearoa is the alternative name for New Zealand and recalls a name used by indigenous Maori people, who arrived on the islands in about 800. The country was annexed by Britain in 1840, was administered as a colony, and attained full independence as a member of the commonwealth in 1947. It now has a population of just over four million and a generally high standard of living, with an annual per capita Gross Domestic Product in excess of \$23,000. The country is a parliamentary democracy, which led the way in permitting votes for women.

The principal industry in New Zealand continues to be agriculture, although industrialization has made strides in the last few decades. Agricultural exports drive economic growth and this is often based on low-cost goods that require low wages. The availability of skilled or semiskilled urban jobs is limited, and although average income and quality-of-life indicators are high by international standards, the picture is mixed within society.

Reliance on agricultural commodity exports resulted in economic slowdown in the 1970s and the existing regulatory regime of protected markets was considered to be uncompetitive. Various reform measures have helped to improve the economic system but at the cost of reduced government services, which necessarily falls hardest upon the most vulnerable.

As an open and generally liberal society, New Zealand has witnessed a great deal of discussion and debate about the issue of poverty in the country. Attention has focused on disadvantaged groups in urban areas and from certain ethnic minorities and migrant communities, particularly Maori and Pacific island peoples who have faced particular difficulties in obtaining access to economic opportunities. The Child Poverty Action Group, for example, was formed in New Zealand in 1994 to meet the need to tackle what it believed was "endemic" and "increasingly intractable" family poverty. Low education and societal expectations exacerbate the problems faced.

The government of New Zealand has taken a leader-ship role in helping Pacific island nations achieve their Millennium Development Goals, providing assistance with technical consultation, capacity building, and information sharing. This is led by the creation of NZAID (New Zealand International Aid & Development Agency), which has the principal goal of poverty reduction in the Pacific Ocean and also works in east Asian countries and farther afield. It has provided bilateral and multilateral assistance, emergency, and disaster relief, and other forms of aid.

Human Development Index Rank: 19 Human Poverty Index Rank: Not included.

SEE ALSO: Agriculture; Australia; Millennium Development Goals; United Kingdom.

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Nicaragua

WHILE THE REPUBLIC OF Nicaragua is the largest country in Central America, it is the most sparsely populated. Nicaragua won independence from Spain in 1821 and established itself as a republic in 1838. Over the next century, liberals and conservatives battled for

power in Nicaragua. Civil war broke out in 1978 in response to accusations of government manipulation and corruption, and the Marxist Sandinista guerrilla forces gained power. The conservative U.S. administration supported the Sandinistas. When the U.S. Congress refused to fund aid to Nicaragua because of widespread human rights abuses, the Ronald Reagan administration allegedly sold arms to Iran to finance the Contras.

A series of free elections led to the eventual defeat of the Sandinistas, and Nicaragua began rebuilding its economy. A setback occurred in 1998, when Hurricane Mitch devastated the country at a human cost of 9,000 lives. Over two million people were left without homes, and damages were estimated at \$10 billion. In response the United States established a temporary amnesty program to provide homes for thousands of refugees.

Economic progress in Nicaragua has been threatened by massive unemployment and substantial external debt. In 2004, Nicaragua was admitted to the Heavily Indebted Poor Countries program, which paved the way for a debt relief package of \$4 billion. Negotiations are under way on a free-trade agreement with the United States. Nicaragua also has potential for economic growth through development of natural resources, which include gold, silver, copper, and lead.

With an annual per capita income of only \$2,300, Nicaragua is the second poorest country in the Latin American/Caribbean region. The agricultural sector employs 30.5 percent of the labor force. More than half (52.3 percent) of all workers are engaged in services, and 17.3 percent of the labor force are employed in industry. Currently employment is estimated at 7.8 percent, but 46.5 percent of the workforce are underemployed.

Half of the Nicaraguan population lives below the poverty line. Around 20 percent live in extreme poverty, and 40 percent live in unacceptable conditions. Nearly 80 percent of Nicaraguans live on less than \$2 a day, and 45.1 percent live on less than \$1 a day. One in three children is malnourished, and 29 percent of the total population are underweight. Women and children are disproportionately affected by poverty in Nicaragua, as are rural residents.

Approximately 28 percent of rural residents lack access to safe drinking water, and 30 percent have no access to improved sanitation. Resources are vastly unequal, with the richest 20 percent holding 59.7 percent of resources and the poorest 20 percent sharing only 3.6 percent. Nicaragua is ranked 55.1 percent on the Gini Index of Human Inequality.

Nicaragua's Enhanced Poverty Reduction and Growth Strategy plan focuses on social inclusion and economic growth. The Work-for-Food program pays participants in food rather than in wages, while other programs furnish job counseling and referrals. The Social Security Institute provides temporary financial support for maternity, illness, disability, and bereavement. Pensions are paid on a more permanent basis.

Most hospitals, health centers, and clinics are stateowned in Nicaragua, but many are at least partially privatized. Social Security and the Unified Health System are now separated. Even the poorest people have to pay for services and drugs in hospitals and clinics. There is a severe shortage of basic supplies and drugs, and Nicaragua has only 62 physicians for every 100,000 residents. Life expectancy in Nicaragua is 70.33 years. Females (72.49 years) outlive males (68.27) by around four years. The population of 5,465,100 has a median age of 20.56 years. Just over 37 percent of Nicaraguans are under the age of 14, and 3.1 percent have seen a 65th birthday. Overall 23 percent of Nicaraguans lack access to safe drinking water, and 15 percent lack access to improved sanitation. Because of its location on what is familiarly known as the Mosquito Coast, Nicaraguans in those areas face a high risk of contracting malaria.

Half of the Nicaraguan population lives below the poverty line.

Nicaraguan infant mortality rate is high, but rates have been steadily declining. Between 1980 and 2004, the infant mortality rate fell from 113 to 32 deaths per 1,000 live births. Among all children under the age of 5, the decrease was even more dramatic, falling from 165 to 38 deaths per 1,000. About 13 percent of infants are underweight at birth. One-fifth of all children under 5 suffer from moderate to severe stunting. Immunization rates have increased recently, ranging from 84 to 98 percent among children between the ages of 12 and 23 months.

Fertility rates have also dropped in recent decades. Between 1970 and 2003, fertility decreased from 6.8 to 3.4 children per woman. The adolescent fertility rate is 114 per 1,000 births. Around 69 percent of Nicaraguan women use some method of birth control. According to modeled estimates for 2000, maternal mortality occurs at the excessively high rate of 230 per 100,000 live births. Trained medical staff attend 67 percent of all births in Nicaragua, but many deaths are caused by the lack of prenatal and antenatal care. Mortality rates are one-third higher in rural areas than in urban areas.

Literacy rates are low in Nicaragua, but rates of illiteracy have been dropping for over a period of decades. Currently 67.5 percent of the population over the age of 15 can read and write. In 1980 only 59 percent could do so. Over 85 percent of children are enrolled in primary school, but only 39 percent are enrolled in school at the secondary level. Education has been partially privatized in Nicaragua. As a result, many parents cannot pay the costs of sending children to school.

Human Development Index Rank: 112 Human Poverty Index Rank: 40

SEE ALSO: Debt; Healthcare; Reagan, Ronald (Administration); Social Security; Unemployment.

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ELIZABETH PURDY, Ph.D. INDEPENDENT SCHOLAR

Niger

THE WESTERN AFRICAN nation of Niger, which borders the Sahara Desert, is one of the poorest countries in the world. In Niger 63 percent of the people live in poverty, and Nigerien women make up two-thirds of that number. The Nigerien government offers few social services, even to its poorest residents. Nigeriens live on an average annual income of \$180, with 85.3 percent of the population subsisting on less than \$2 a day and 61.4 percent surviving on less than \$1 a day.

Inequality is prevalent in Niger, and the poorest 20 percent of the population claim only 2.6 percent of resources as compared to 53.3 percent for the richest 20 percent. Niger is ranked 50.5 on the Gini Index of Human Inequality.

With 90 percent of Nigeriens dependent on subsistence agriculture, Niger has done little to develop natural resources, which include coal, iron ore, gold, and petroleum. Niger's uranium deposits are among the largest in the world, but uranium prices have declined in recent years. Because Niger is landlocked, there is

limited access to freshwater sources. Crops are frequently destroyed by prolonged droughts, and poor farming practices have created widespread soil exhaustion and erosion. In 2000 Niger was admitted to the International Monetary Fund's Highly Indebted Poor Countries (HIPC) program and the government committed itself to poverty reduction and improved education and services. Some 50 percent of the Nigerien budget is derived from foreign donors.

The life expectancy of 42.13 years and the median age of 16.25 are indicative of the poor quality of life for most Nigeriens. Nearly half of the population of 11,665,937 is under the age of 14, and only 2.1 percent reach the age of 65. Nigerians have only a 38.7 percent chance of surviving to the age of 40. Nigerians are subject to the common food- and waterborne diseases that affect much of sub-Saharan Africa. Approximately 41 percent lack access to safe water, and 80 percent lack access to proper sanitation. With a 2003 HIV/AIDS prevalence rate of 1.2 percent, 70,000 Nigeriens live with the disease and 4,800 have died. Common health conditions become life-threatening in Niger because of a shortage of physicians and lack of access to affordable lifesaving drugs.

While the infant mortality rate of 154 deaths per 1,000 live births recorded in 2003 is extremely high, the rate is a definite decline from 197 per 1,000 in 1970. During that same period, the mortality rate for children under the age of 5 declined from 330 to 262 out of 1,000. Mortality continues to be high, however, in large part because children lack proper access to nutrition and healthcare. Some 40 percent of all children under the age of five are malnourished, 14 percent severely so. About 40 percent suffer from moderate to severe stunting, and 14 percent experience moderate to severe wasting. Less than 40 percent of Nigerien children receive lifesaving oral rehydration therapy when needed.

Even though childhood immunizations can save lives, immunization rates in Niger are unacceptably low. In 2003, for example, 36 percent of children between 12 and 23 months old were not immunized against measles and 48 percent were not immunized against DPT3. Even so, small gains have been made. Between 1990 and 2002, infant measles immunizations increased from 25 to 48 percent and tuberculosis immunizations rose from 32 to 47 percent. At the same time, DPT and polio infant immunizations increased from 22 to 23 percent and from 20 to 25 percent respectively.

Fertility rates in Niger have shown only minimal improvement. Between 1989 and 2005, the fertility rate fell from 7.6 to 6.75 children per woman. Adolescent

fertility rates remain high at 201 per 1,000. Nigerien women have little knowledge about family planning, and low educational and literacy levels interfere with dissemination of the information available. A scant 14 percent of Nigerien women use any method of contraception, but this is a definite improvement over the 1990 rate of four percent. The maternal mortality rate in Niger is estimated at 1,600 out of 100,000 live births, and this number has been steadily increasing since 1985. Maternal mortality is high because trained medical staff attend less than 16 percent of all births and Nigerien women receive little or no prenatal and antenatal care.

Niger has one of the lowest literacy rates in the world, and only 25.8 percent of males and 9.7 percent of females over the age of 15 can read and write. Even these extremely low literacy rates have improved somewhat since 1999, when rates of 23.2 and 8.1 percent were reported for males and females respectively. Most Nigerien children receive no more than three years of schooling. There has, however, been some improvement in primary school completion rates.

Human Development Index Rank: 177 Human Poverty Index Rank: 103

SEE ALSO: Child Mortality; Education; Extreme Poverty; Sanitation; Subsistence; Women and Poverty.

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ELIZABETH PURDY, Ph.D. INDEPENDENT SCHOLAR

Nigeria

LOCATED IN WESTERN AFRICA on the border of the Gulf of Guinea, Nigeria has the largest population in Africa and its economy is one of the weakest in the world. With 350 ethnic groups speaking 450 dialects, Nigeria has a long history of ethnic and religious tensions. This unrest, combined with government corruption and mismanagement, has been devastating for the people of Nigeria. Approximately 60 percent of the population live in poverty, and 70 percent live in rural areas away from the limited resources that are available to urban Nigerians. With an annual per-capita income of \$1,000, 90.8 percent of Nigerians live on less than \$2 a day and 70.2 percent subsist on less than \$1 a day.

Unequal distribution of income is a major problem in Nigeria, with the poorest 20 percent sharing 1.6 percent of the nation's wealth, and the richest 20 percent claiming 50.6 percent. Nigeria is ranked 50.6 on the Gini Index of Human Inequality.

Although 70 percent of the labor force are engaged in subsistence agriculture, Nigeria is unable to feed its population of 128,771,988 and is forced to import food. Women provide 70 percent of the food that is grown in Nigeria, but they have traditionally been excluded from agricultural resources that would improve the quantity and quality of agricultural products. Crops in Nigeria are susceptible to droughts and flooding.

Nigeria's economic health is largely dependent on petroleum, which makes up 20 percent of Gross Domestic Product and 95 percent of foreign exchange earnings. In 1999, Nigeria adopted a new constitution and subsequently established a civilian government after some 16 years of military rule. The Nigerian government is rebuilding the oil industry after years of revenues lost to government misconduct.

Nigeria has the highest incidence of disease in the entire world, but only 27 physicians for every 100,000 people. Affordable lifesaving drugs are available to less than half the population. Some 38 percent are without access to safe water, and 36 percent lack access to improved sanitation. The Nigerian life expectancy of 46.74 years and the median age of 18.63 years reflect these problems. Some 42.4 percent of the population are under the age of 14 and 3.1 percent are 65 or over. Nigerians have a 34.9 percent chance of dying before the age of 40.

The high mortality rate in Nigeria is a result of many factors, and the 5.9 percent HIV/AIDS prevalence rate takes a major toll. In 2003 it was estimated that 3.6 million Nigerians were living with this disease, which had killed 310,000 people. Nigerians also have a very high risk of contracting food- and waterborne diseases, which include hepatitis A and typhoid fever. The Carter Center of Emory University, founded by former president Jimmy Carter, is heavily involved in programs

in Nigeria to wipe out parasitic diseases such as Guinea worm disease, lymphatic filariasis, schistosomiasis, river blindness, and trachoma. Other preventable diseases that are common include malaria and Lassa fever.

Between 1970 and 2002, Nigerian infant mortality dropped slightly from 120 to 110 deaths out of 1,000 live births. That number dropped further to 98.8 deaths per 1,000 births in 2005. Between 1970 and 2002, mortality rates for children under 5 decreased from 201 to 183 per 1,000. The decrease was virtually wiped out the following year, however, when the rate was recorded at 198 per 1,000. Mortality is high in part because 29 percent of Nigerian children under the age of 5 are malnourished, and nine percent are classified as severely malnourished. About 38 percent suffer from moderate to severe stunting, and nine percent experience moderate to severe wasting.

Nigeria's economic health is largely dependent on petroleum.

In addition to poor nutrition, children suffer from a lack of proper healthcare and exposure to diseases that are preventable through immunizations. Some parents choose to forego immunizations for their children because they do not trust Western healthcare workers. This was the case with a polio epidemic that hit Nigeria in 2003. Rumors surfaced that immunizations were part of a Western plot to make Muslim girls infertile and to spread AIDS.

In 2003, 35 percent of children between the ages of 12 and 23 months failed to receive measles vaccinations, and 65 percent of that group received no DPT3 vaccinations. Infant immunization rates have fared little better. Between 1990 and 2002, infant measles vaccinations dropped from 48 to 40 percent; DPT immunizations decreased from 56 to 26 percent; and polio immunizations declined from 35 to 25 percent. However, infant immunizations against tuberculosis rose from 46 to 54 percent. Less than one-fourth of Nigerian children receive oral rehydration therapy that can save their lives.

Some 68 percent of the Nigerian population over 15 can read and write, but females lag behind males at 60.6 percent compared to 75.7 percent. Between 1980 and 2000, male literacy rates dropped from 55.3 percent to 27.8 percent, and female literacy rates declined from 78.3 to 43.9 percent. Between 1990 and 2002, the primary school completion rate of Nigerian males remained at approximately 82 percent, while female

completion rates rose from 62 percent to 73 percent. The government has identified universal primary education as an unrealized goal.

Like much of Africa, fertility rates in Nigeria are high. In 2005 the fertility of Nigerian women of child-bearing age was estimated at 5.53 children per woman. This rate had decreased from 6.9 in 1980. The adolescent fertility rate is estimated at 122 out of 1,000 births. Some 22 percent of all Nigerian females between the ages of 15 and 19 are mothers. Approximately 87 percent of Nigerian women do not use any method of contraception. Maternal mortality, like child mortality, is high in Nigeria. Annually 800 women die per 100,000 live births. Many of these deaths occur because 65 percent of Nigerian women give birth outside the presence of professional medical staff, even though 64 percent of all pregnancies are considered to incur high risks.

Human Development Index Rank: 158 Human Poverty Index Rank: 75

SEE ALSO: Child Mortality; Disease; Economic Inequality; Healthcare; HIV/AIDS.

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ELIZABETH PURDY, Ph.D. INDEPENDENT SCHOLAR

Nixon, Richard (Administration)

PRESIDENT RICHARD NIXON (1913–94) came to office in January 1969 criticizing the inefficiencies and waste of his predecessor's antipoverty programs. Nevertheless, he did not terminate any major Great Society programs; some were expanded and he introduced some efficiencies. In every budget Nixon proposed, and for the first time since World War II, appropriations for all "human resource programs" were greater than de-

fense spending. Social welfare services received an increase from \$55 million in 1970 to approximately \$132 billion in the 1975 budget adopted in 1974. During Nixon's first term alone, Social Security benefits increased by 51 percent and Medicaid and Medicare benefits rose from \$7.8 billion to \$11.5 billion. Funding for the elderly went up by 71 percent. Cash transfers to those in poverty rose from \$22.4 billion in 1965 to \$34.3 billion in 1973, and in-kind transfers to the poor rose from \$10.8 billion in 1969 to \$26.6 billion in 1974, the last year of Nixon's administration.

WELFARE REFORM

Nixon considered the welfare system the biggest failure of Lyndon Johnson's War on Poverty and identified welfare reform as his Republican administration's highest domestic priority. During the 1968 presidential campaign, he promised to remake a system he considered inefficient, unfair, and demeaning. In his acceptance speech at the Republican National Convention he said, "What we need are not more millions on welfare rolls, but more millions on payrolls." His address reflected the public mood, for a poll showed that 84 percent of Americans believed that too many able-bodied people received welfare.

After entering the White House, Nixon focused on the issue. He observed that equivalent families obtained vastly different amounts of financial assistance depending on where they lived. For example he noted that through varying state contributions, a family in one state would receive only \$39 a month in benefits while a family of the same size in another state would receive \$263 a month.

He found that families without a father in the home received larger payments. Accordingly he felt this encouraged fathers to abandon their families. He noted that from 1961 to 1967, 93 percent of new households on welfare were fatherless and complained about the high rate of illegitimacy in welfare households. He learned that many received more money on welfare than working at the minimum wage and felt that the program penalized responsibility and self-sufficiency and discriminated against the working poor.

Nixon also thought the system was plagued with fraud and fostered racial resentment between poor working whites not receiving benefits and unemployed blacks on welfare. Nixon's objections also reflected his disdain for the federal bureaucracy and contempt for the social worker community, both of which he believed benefited from the status quo.



In every budget Richard Nixon proposed, appropriations for all "human resource programs" were greater than defense spending.

Nixon directed his staff to devise a completely new program that would abandon the broad-based services approach to welfare, whereby the poor received a host of services and assistance (Medicaid, food stamps, school lunches, and Aid to Families with Dependent Children). After months of study and debate within the administration, a process in which Nixon was intensely involved, the president unveiled his stunning Family Assistance Plan (FAP) during a televised speech on domestic policy on August 8, 1969. Its original working title was the Family Security System, but that name was discarded because it sounded like a New Deal enactment. What Nixon offered was bold and in his view risky, but he also felt it was the only true reform with any prospect of winning the support of the Congress and the American people.

Instead of reducing assistance, Nixon proposed dramatically expanding it by providing payments to the working poor as well as the unemployed. The FAP would make three times as many children eligible for federal financial assistance and 13 million more Americans in all. Research showed that FAP would swiftly

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pull 60 percent in poverty above the poverty level. Families with and without fathers in the home would be treated no differently. Heads of households receiving payments would be required to work or submit to job training, unless the head of household was the mother of preschool children. Nixon would call this feature workfare. If a head of household refused to comply, only that parent's portion of the FAP payment would be terminated.

What was revolutionary was the income base proposed. Without expressly saying it, Nixon was calling for a guaranteed annual income, something he had denounced during the presidential campaign, regardless of employment status or the whereabouts of fathers. The minimum income for a family of four would be \$1,600. This was subsequently increased in a 1971 revision to \$2,500. Instead of penalizing those earning wages, Nixon's plan sought to encourage such resourcefulness and promote families' financial stability. Therefore wages earned over the original FAP income of \$1,600 would be discounted. This would allow a working family of four to receive federal payments up to a maximum combined income or salary and FAP of \$3,920. Although states were expected to continue making contributions, their financial burden would be significantly reduced.

The new program would make uniform the administration of welfare through federalization and reduce the overall combined state and federal welfare bureaucracy. Particularly pleasing to Nixon was elimination of the multiple social services strategy. This, he believed would reduce the number of social workers and erase the stigma suffered by the poor under the intrusive and patronizing broad services approach. FAP would require an initial \$4 billion first-year start-up investment, but it was thought that this and more would be recouped as recipients entered the workforce and began to prefer the rewards of employment to the dependency and limitations of welfare.

Due to FAP's progressiveness, Nixon expected opposition within his own party and did receive it from conservatives like Governor Ronald Reagan of California. What surprised him was the opposition from the left. After initial praise in the press, liberals began to attack FAP for providing too little financial assistance, despite the increases, and objected to the employment requirement. Social workers and other interest groups claimed it was oppressive, antichildren, and racist.

Nixon concluded that Democrats could not deal with the fact that a Republican had proposed a minimum annual income, something that President Johnson had rejected as too visionary. Nixon also felt that he had declared a real war on poverty that threatened the vested interests of the welfare state. After considerable effort by the administration, the House of Representatives approved FAP, but it was defeated in a Senate Finance Committee dominated by southern Democratic conservatives. In 1971 the House again approved of the measure, but it died in the Senate, "an idea ahead of its time," according to the president.

Nixon also secured national uniformity in the food stamp program.

Nixon moved to a piecemeal approach. One part of FAP that won easy congressional approval on October 17, 1972, was the Supplemental Security Income (SSI). The proposal had been included in Nixon's 1969 domestic policy speech. SSI federalized many state and local welfare programs and guaranteed a minimal annual income for the elderly, blind, and disabled. Some 6.2 million people were eligible from the start (1.6 million blind and disabled and 4.6 million elderly citizens).

Nixon also secured national uniformity in the food stamp program, increased funding for federal student loans for low-income recipients, and automatic cost-of-living adjustments (COLA) for those on Social Security to remove the issue of increases from the political process and help recipients cope with inflation. However, Nixon, no fan of public housing, lost an effort in Congress to permit public housing residents to purchase their apartments. His National Health Insurance Partnership program, which included health insurance for low-income families, also failed.

AGENCY DESTRUCTION

Despite Nixon's acceptance of much of the Great Society, he targeted certain agencies for destruction, particularly the War on Poverty's flagship, the Office of Economic Opportunity (OEO), with its locally managed Community Action Program (CAPS) and Legal Services Program. The president named Donald Rumsfeld his first OEO director with instructions to move acceptable OEO projects to government departments. A number of programs were relocated and reduced, but Nixon decided to drop the idea of dismantling CAPS because of the disorder it might spark in inner cities where its summer youth employment program offered 861,000 jobs. The administration was blocked by a

court order from ending the OEO's Head Start program but transferred it to the Department of Health, Education and Welfare in 1973.

The Legal Services Program, which conservatives accused of engaging in litigation promoting a liberal agenda rather than everyday legal aid for the poor, was extremely controversial. After Rumsfeld fired the OEO associate director responsible for Legal Services for advocating an independent operation, Rumsfeld's successor, the more ideological Howard Phillips, announced his goal of dismantling OEO in general and Legal Services in particular, but the courts blocked him. Eventually Nixon, the Congress, Legal Services supporters, and the American Bar Association united behind the idea of a nonprofit corporation to administer and distribute federal funds for poverty law services to local legal aid organizations.

Accordingly Nixon presented a bill in May 1971 to establish the Legal Services Corporation (LSC), with the stated aim of bringing stability to legal aid and the insulation of the program from politics. Nixon, however, vetoed the bill after Congress inserted limits on the president's authority to select LSC board members and removed limitations on certain types of legal activities. Nixon also found the amended bill objectionable because a childcare program was attached.

Agreements were finally reached, however, concerning the LSC board, restrictions on legal aid attorneys' activities, and the preclusion of federal funding for legal aid support centers, which were seen as encouraging liberal activism. Nixon signed the measure into law on July 25, 1974, his last important legislative achievement. In later years, many liberal opponents would come to fondly recall Nixon's domestic agenda.

SEE ALSO: Johnson, Lyndon (Administration); Medicaid; Medicare; Social Security; War on Poverty; Welfare; Workfare.

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Nongovernmental Organizations

NONGOVERNMENTAL Organizations, today known almost universally by the acronym NGOs, is a term referring to those organizations, typically arising or working in the less developed countries (LDCs), that are founded outside government initiative and without government direction. Generally they are civil society organizations and agencies that form spontaneously to address specific needs in a community without the direct involvement or support of the state. With the increasing reach of a global consciousness, several famous NGOs are also based in the developed countries (DCs), but cater primarily to those in the LDCs.

As indigenous self-help organizations, NGOs (or CSOs, community service organizations—there are many other acronyms to describe these organizations) have existed for centuries in many nations across the globe, but it is in the 20th century that these organizations demonstrated enormous vitality, growth, and success.

These organizations usually operate in the informal, noncommercial sector, but within the legal framework of the society. Often they work hand in glove with the established institutions in the public sector, foreign governments, and international organizations such as the United Nations and the World Bank. Amnesty International may be one of the most well-known examples of an NGO with a global presence whose work has earned the organization worldwide admiration and a Nobel Peace Prize.

While NGO activities often complement those of the state by seeking out those whom the bureaucratic or market mechanisms fail to reach, typically the very poorest, there are occasions when NGOs can even be seen as substituting for the state, as in upholding the legal rights of their clients. NGOs operating at local, regional, national, and international levels have been highly successful in meeting needs in the social, religious, advocacy, and political arenas.

In recent decades, partly because of the spread of the Internet and globalization, along with an increased distrust of governments, the NGO movement seems to have come of age. In almost every nation and continent from Ethiopia to Bangladesh, from the Urals to the Andes, thousands of NGOs addressing every conceivable area of need in civil society have cropped up. Some indication of the breadth and depth of NGO activities can be gleaned from the following summary figures. Globally there should be about 50,000 NGOs, but the exact number is unknown because the small, informal

nature of NGOs makes them hard to count. These NGOs cover every aspect of social, political, economic, and civic life and they can be roughly categorized as providing environmental and gender-related services and catering to developmental needs—health, education, and economic. As a single NGO often works in all fields, it may be misleading to seek a division of the NGOs into types. Bangladesh alone is said to have over 3,000 NGOs, of whom about 1,200 deal with problems affecting children.

DUBLIN SOCIETY

Perhaps the earliest instance of NGO activity lies in the work of the Dublin Society in the 1730s. In response to the oppression of English rule, made notorious by Jonathan Swift in *A Modest Proposal*, a group of civic-minded Anglo-Irish protested against the callous neglect of their own ruling class. They not only wrote pamphlets but also trained the poor in new techniques, distributed seeds, and awarded prizes to those who succeeded.

The society was effective and its efforts were copied in due course both in Scotland and in England. The Dublin Society also showed the major limitation of the market in dealing with human development—its reliance only on the individualistic, or self-seeking, parts of human nature. But humans are social animals and if we neglect the enormous sacrifices people are happy to make for the sake of others, we lose one of the strongest forces for changing and uplifting society.

NGOs have in a sense taken over those activities that were undertaken by churches and missions in the past. While NGOs based on religion are still quite easy to find, the recent spread of NGOs owes a good deal to modern communications, which have made the world quite compact. NGOs in the developed countries often embody ideals for all humanity—as in the case of Amnesty International for political victims, and in the work of Paul Farmer and Partners in Health for the sick of Haiti.

The rise of NGOs is a response to the demand that economic development be a part of human development and that therefore economic development be accompanied by a widespread fulfillment of basic human needs. The market mechanism has many virtues, but it is limited in that it counts every dollar as being equal, while the human imperative is to count every person as equal. When the state is strong and motivated, it can find ways to supplement the market and provide for equitable human development. But alas, one of the rea-

sons for the persistence of underdevelopment is the plentitude of weak and corrupt states. The NGO can be seen as a response to poverty in the absence of those preconditions, such as a functioning civil society and a strong caring state, that were met by a variety of means in the developed countries of the world.

It is rare for an NGO to be financially self-supporting, and the need to obtain and justify their funding puts a considerable strain on the pure intentions of the NGOs. The process of NGO growth began earnestly in the 1970s and by the mid-1980s, NGOs were so prominent that special issues of development journals were dedicated to them and there was serious talk of funneling aid through the NGOs so as to bypass the reputedly corrupt state.

In the economist's worldview, a market consists of autonomous agents who choose commodities in the marketplace to satisfy their desires. Firms produce those goods that give rise to the highest profits because these profits are a good indication of the intensity of people's desires. When faced with the reality of LDCs, this characterization is readily seen as flawed. Here are some indications of the lacunae in the economist's picture of the poor.

It is almost a definition of poverty that one is dependent upon daily effort just to survive, so the image of individuals who choose among, say, varieties of candy to maximize their preferences, has no bearing on the psychological and sociological reality of the lives of poor people. Individuals are so poor that they live in a regime of need, not of choice. Decisions are made not by all individuals but by a selected subset, typically the males, and hence the voices and needs of the women and children are seldom directly expressed. The preferences of individuals are directed by social forces and manipulated by market greed. When the poor wish for equity or redress, they find legal methods are hard to approach or implement.

The need for NGO activity arises from a consideration of all these limitations of the market. This may be seen by some examples: young girls are married off before they are adults, education and jobs are scarcer and less paid for women—so NGOs for women form a significant part of the NGO movement. Children are largely voiceless and their future stunted by a lack of education and by elementary deficiency of public health; NGOs for primary education, inoculation, and childcare cater to this gap in the market. The profits of powdered milk led companies such as Nestlé to provide powdered milk as a substitute for breastfeeding. Because of the absence of clean water this was a bad move

in any case, but the new mothers were not informed about the medical superiority of breast milk and only shown the convenience of bottle-feeding their babies. Such acts of preference manipulation for profit show how the assumption of individual autonomy needs to be used with care.

BANGLADESH

There are many excellent NGOs all over the world, but as Bangladesh is one of the poorest nations of the world, a review of the development and success of two famous Bangladeshi NGOs will be illustrative. Since its birth as an independent nation in 1971, Bangladesh, widely recognized as a disaster-prone poor nation, has seen a rapid and sustained growth in the NGO sector. Despite rather tight control maintained by the government—there is a separate department in the ministries to deal with NGOs—according to one estimate there are over 3,000 registered NGOs, of all shapes and sizes, in the country.

Many NGOs, such as the Bangladesh Rural Advancement Committee, or BRAC, and the Grameen Bank (GB), are a direct response to widespread poverty, which has haunted the people of Bangladesh for many years. The genesis of BRAC and GB can be traced directly to the violence, scarcity, and hunger that gripped the nation in the early 1970s. Their success is a testimony to the determination and ability of the human communities, however desperate, to solve their problems on their own.

BRAC is a private NGO focused on development efforts in rural Bangladesh. BRAC may be the world's largest NGO that many also consider to be one of the best known and managed of the genre. Founded in the early 1970s, BRAC and its founding executive director, F.H. Abed, have received numerous awards for their work including the Rotary International Award for community development, the World Hunger Award, the UNESCO award for adult education, and the Ramon Magsaysay Award, considered the Asian equivalent of the Nobel Prize.

These awards are in recognition of the success of BRAC in teaching oral rehydration for diarrhea to 13 million women in 68,000 villages; for establishing over 30,000 primary schools in the countryside especially for girls; and for its reputation as a learning organization that is able to scale up rapidly and effectively, according to Catherine Lovell in 1992. By 1991, BRAC employed over 4,700 full-time staff and 6,000 part-time teachers and carried on its educational and develop-

mental work amongst the "poorest of the poor" with an annual budget of \$20 million. In the early 1990s, its projects spawned 4,000 villages, involving over a half million citizens in 7,000 voluntary organizations. Members of the BRAC microcredit programs, mostly women, saved \$3 million and received in excess of \$12 million in loans. Each year over 100,000 new members in 2,000 additional villages are brought into these programs, with annual growth of expansion at 30 percent.

The Grameen Bank (GB) is one of the largest and most successful NGOs in Bangladesh. It has grown to the status of an NGO-microcredit bank partnership, highly regarded for its programs in microfinancing and technology (cell phones) to empower women entrepreneurs in rural Bangladesh. Established in the late 1970s by its founder, Professor Mohammad Yunus, by 1994 the bank counted over two million members.

The success of the Grameen Bank has spawned microfinance banks and programs not only in Asia and Africa but also in Europe, Canada, and the United States in what may be called a first "Third World Technology Transfer" to the industrialized nations. The GB philosophy rests on the principles of self-reliance, entrepreneurship, collective efforts, and viewing the poor as customers rather than simply beneficiaries or welfare recipients.

The bank operates in over 35,000 villages and is an example of what Dr. Yunus calls socially conscious capitalist enterprise, as shown by David Bornstein. A clearer vision of the role played by NGOs can be had by examining the following pledge that all new members give and to which they are expected to adhere. In 1984, in the national meeting of the Grameen Bank, members adopted a document called the Sixteen Decisions, which was to be recited at every meeting:

- 1) We shall follow and advance the four principles of the Grameen Bank—discipline, unity, courage and hard work—in all walks of our lives.
 - 2) Prosperity we shall bring to our families.
- 3) We shall not live in a dilapidated house. We shall repair our houses and work toward constructing new houses at the earliest opportunity.
- 4) We shall grow vegetables all the year around. We shall eat plenty of them and sell the surplus.
- 5) During the plantation season, we shall plant as many seedlings as possible.
- 6)We shall plan to keep our families small. We shall minimize our expenditures. We shall look after our health.
- 7) We shall educate our children and ensure that we can earn to pay for their education.

- 8) We shall always keep our children and the environment clean.
 - 9) We shall build and use pit-latrines.
- 10) We shall drink water from the tubewells. If it is not available, we shall boil water or use alum to purify it.
- 11) We shall not take any dowry in our son's weddings, neither shall we give any dowry in our daughter's wedding. We shall keep the center free from the curse of dowry. We shall not practice child marriage.
- 12) We shall not commit any injustice, and we shall oppose anyone who tries to do so.
- 13) We shall collectively undertake larger investments for higher incomes.
- 14) We shall always be ready to help each other. If anyone is in difficulty, we shall help him or her.
- 15) If we come to know of any breach of discipline in any center, we shall go there and help restore discipline.
- 16) We shall introduce physical exercises in all of our centers. We shall take part in all social activities collectively.

It will be seen how all the bases of functioning in a participatory democracy are encouraged: health, education, civic rights, and economic cooperation are all covered. While gender equity is not explicitly mentioned, it is well-known that the overwhelming majority of successful GB members are women. The point that needs to be emphasized—and it is one that becomes inescapable if one views any of the videos showing actual GB meetings and activity—is that people are being motivated to change themselves and their communities.

Despite their success, developmental NGOs are not without critics.

Not everyone is willing to make such a commitment and plunge into a lifestyle-altering venture. But for those who do, it is rewarding, both on an individual and a social level. Such explicit raising of awareness is not unique to GB. Each member of BRAC also has to learn some 17 points that bind him or her to certain kinds of social behavior. These points are repeated at the beginning of each meeting and are printed at the back of each member's savings book.

Despite their success, and indeed perhaps because of their success, developmental NGOs are not without critics. Some hold that these organizations are beholden to foreign interests and agendas since they derive the bulk of their financing from foreign sources. They have been called the tools of international capitalism by attempting to subvert the inevitable revolution. Skepticism of NGOs is now spreading in the contemporary literature. Indeed, nestled as they are between state and society, and attempting to change both, NGOs almost invite critique. The leftists believe that such organizations can only dissipate radical energies by effecting cosmetic change while the right wants all recipients to rapidly become self-sufficient and avoid social or political radicalism. NGOs cannot be radical, or neither the government nor the foreign donors will tolerate them for very long, while if the NGO projects really were financially viable, the market would serve to do the job.

These are also systemic problems. As NGOs need to compete for funds from donors, this strips them of much-needed autonomy. Current NGO culture has been critically described as follows, by Kendall W. Stiles: "They are apolitical, professional, accountable to foreigners, and often very large and wealthy relative to other civil society actors." The NGOs frequently become captive clients who have to undertake whatever the foreign donor decides to finance. While this is stated about NGOs in Bangladesh, it probably reflects a wider problem.

In such circumstances, the needs of the poor can become secondary to the need of the NGO to survive. The list of criticisms can be extended. Others have charged that NGOs represent foreign interests and undermine national interests, culture, and agendas. They introduce alien ideas, religious and other, and agendas harmful to the indigenous culture. NGOs are too small and localized to make a substantial dent in poverty, which necessitates macrolevel and substantive interventions. Finally NGOs operate below local laws, in a nontransparent manner and are not accountable, conditions that breed corruption and mismanagement.

NGOs rose to prominence in the last three decades because of the shortcomings of the state and of the market. They are local, flexible, and trust-based; hence they can be quick and flexible in dealing with community problems. However, their effect is necessarily limited because of their small size, informality, and weak linkages with the power structure. These same features mean that accounting and transparency are hard to enforce, and this opens the NGOs to suspicion of foreign manipulation.

On the whole, NGOs arise to represent real needs and are caught in an impossible vice between the powerful and the powerless; but when they work well, they are commendable. SEE ALSO: Antipoverty Organizations; Bangladesh, International Nongovernmental Organizations; Microcredit.

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Nonincome Poverty

NONINCOME POVERTY IS poverty status that occurs from restricted access to opportunity and resources necessary for health and safety. Nonincome poverty includes lack of social services and infrastructure such as education, primary healthcare, water, sanitation, roads, and power. It also includes environmental degradation or the lack of natural resources necessary for human well-being. While income poverty, or the lack of adequate household income, is closely linked, nonincome poverty encompasses a wider range of factors that contribute to conditions of poverty. It also helps us to understand the extent and experience of poverty and to develop appropriate poverty reduction strategies.

While nonincome poverty is often defined as the range of contributing factors to poverty that deal primarily with noneconomic issues, such factors directly impinge on the economic well-being of households. Nonincome poverty, for example, includes a lack of asset wealth that people can draw upon to sustain themselves above poverty or use to rise out of poverty. Asset wealth comes in the form of human capital (knowledge

and skill) and in the form of financial assets such as owning property, a home, a business, or a savings account.

MEASURES OF NONINCOME POVERTY

Official measures of poverty typically focus only on income levels, underestimating the importance of household wealth, skills, and opportunities to overall economic health. While considerable literature suggests various ways to measure nonincome poverty (for example, material hardship, social deprivation, isolation, civil conflict), no single variable yields a complete picture.

In the United States, where the official poverty measure is strictly linked to income, other factors associated with hardship suggest that the official measure is not sufficient to identify the extent and nature of human deprivation. Some scholars, for example, found that the incidence of material hardship was differentially correlated with income across different demographic groups, leading to suggestions that noncash benefits, homeownership, and access to credit, among other factors, should be included in calculating official measures of poverty.

A study of household net worth and liquid wealth finds that, despite a sharp decline in the official measure of poverty, which is based on income, the asset-poverty rate in the United States barely changed over the 1984-to-1999 period and the severity of American poverty increased despite economic growth and a booming stock market.

The asset-based poverty rates are, on average, two to four times higher than the official poverty rates for almost all U.S. groups. The underlying theme is that in all nations income-based poverty measures alone are insufficient to capture the true nature and extent of poverty. Moreover the poverty experience varies, depending on culture, asset wealth, and social infrastructure of a society.

EFFECTS OF NONINCOME POVERTY

Structural factors such as economies, social policies, and political decision-making create conditions that reduce or preclude the building of household assets and human capabilities. Moreover nonincome poverty is often the outcome of inequity in the control of resources, reflecting lack of legal rights, political instability, and conflict. It also can result from cultural instability stemming from threats posed to ethnic, racial, and religious groups.

A key source of nonincome poverty is the movement of people from stable living situations. Globalization, for example, produces changes in structural conditions in societies that, in turn, lead to the movement of people between and within countries. Populations also move for security reasons, such as when refugees must flee war zones. Dislocation of populations also stems from environmental factors such as droughts. The changes associated with population movements impact traditional community and family structures based on kinship, ethnicity, and religion. As these structures break down, they often result in a loss of social capital and an increase in non-income-related poverty.

The unequal distribution of power and access to political participation is another source of nonincome poverty. Powerful and wealthy elites often control political systems and limit broad-based development, democratic decision-making, and the protection of a judicial system. The poor, in turn, do not have the wherewithal to access human capital and financial assets; resources for production such as land, credit, and seeds; and protection from crime and manipulation. Nor do they have sufficient power to influence infrastructure development that can reduce conditions that contribute to nonincome poverty, for example, roads for the transport of goods, and transit for accessing jobs, education, or healthcare.

Women and children are vulnerable to the effects of nonincome poverty.

Women and children are particularly vulnerable to the multiple effects of nonincome poverty, especially in rural areas and under conditions of food insufficiency, disease, malnutrition, and inadequate healthcare. In many African nations, as well as elsewhere, infant mortality rates are excessively high, and parents who are sick and dying of AIDS orphan older children. Educational status compounds conditions of insufficient food and healthcare. Nearly one-third of Tanzanians, for example, cannot read or write. Young people without adequate formal education and job training face severely limited opportunities for employment as they move into adulthood.

Gender biases have long been documented in earnings, employment opportunities, and time spent within the unpaid care economy. Women suffer from high levels of poverty not only because they perform a signifi-

cant amount of unpaid or underpaid work, but also because they face burdens in other areas of their lives. Girls' educational enrollment is particularly low in nations such as Chad, Yemen, Benin, Niger, and Ethiopia, representing a major gender constraint in realizing opportunities to move out of poverty. Likewise women systematically face limited access to basic economic and social assets, including ownership and inheritance rights to land. It has been shown, for example, that in Thailand and elsewhere, it is women's lack of access to assetbuilding opportunities rather than lack of income alone that limits the nature and expected trajectory of their economic well-being.

POLICIES AND NONINCOME POVERTY

Policies to promote economic and human development need to focus not only on income but also on factors such as social services, infrastructure development, human security, and democratic political participation. This includes targeted and sustainable improvements in health; education; nutrition; access to basic water, sanitation, and transport; and increased and equal opportunities for marginalized groups in society.

The United Nations Commission on Human Security identifies a number of policy options to comprehensively address the political, social, environmental, economic, military, and cultural systems that provide people with the building blocks of survival, livelihood, and dignity. Access to resources and services for livelihoods and protection from widespread threats and conflict help to reduce poverty by ensuring economic security, freedom of choice and action, social wellbeing, and freedom from corruption, violence, and powerlessness. Building sustainable services for literacy, education, health, medical care, housing, employment, unemployment compensation, survivors' benefits, oldage pensions, maternity benefits, and similar social provisions are all major factors in reducing nonincome poverty.

Studies of development initiatives in the Asian Pacific region highlight the importance of sustainable initiatives such as those mentioned above. Roads reduce travel time and provide better access to basic education and health services. Electricity provides more hours of light, increasing the time for studying and years of schooling. It also increases safety and security and enables better medical services in rural areas.

Ensuring participation in democratic decisionmaking is another highly important factor. As poverty is the result of economic processes as well as social and political interactions, it can be addressed, in part, by involving the poor in formal democratic processes thus enhancing the allocation of resources, development of services, and their involvement in the processes of accountability. Economic growth policies, however, remain central because they can increase government revenues, stimulate private-sector development and employment, and provide critical resources for investments in social services, infrastructure, and environmental services.

Government investments in physical and human capital can increase rates of social development and economic return. Nonincome poverty, for example, is directly linked to individual and household asset ownership, the resources and capacities that enable people to become more self-sufficient.

Asset policies are needed to enable people to 1) build human capital through adult literacy, universal primary education, and maintaining good health; 2) acquire financial assets through land reform and acquisition, home and business ownership, access to credit, and an infrastructure to promote and protect savings and opportunities for growth such as investment in transit and electricity; and 3) create and preserve an asset foundation by supporting sufficient wages and other protections that ensure livelihood, such as primary healthcare, unemployment compensation, and laws and other social protections that provide mutual safeguards in cases of economic, social, or environmental instability.

Maximizing human resources and ensuring the means to build assets and meaningful social and economic mobility for individuals and households constitute the broad policy approaches needed to reduce and eventually eliminate nonincome poverty.

SEE ALSO: Asset-Based Antipoverty Programs; Income; Income Distribution Theories; Income Inequality; Income Poverty.

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Nonworking Poor

SINCE THE FEDERAL definition of poverty is the income-based Orshansky measure, it is no surprise that there is a correlation between not working and poverty. In 2003 nearly two-thirds of those aged 25 to 65 did not work in the week prior to being surveyed by the Current Population Survey (CPS), compared to one-quarter of the entire CPS sample.

However, the term *nonworking* includes both the unemployed and those out of the labor force, which are very different outcomes. For example, within the unemployed are those without work for cyclical reasons, which tend to be short spells. Those out of the labor force and living below the poverty line represent a more interesting paradox since they are choosing not to use employment to climb out of poverty.

Economists use the reservation wage to explain this phenomenon. The reservation wage is the minimum acceptable wage for someone to take a job. A potential worker compares the reservation wage with the wage offer, which could be an actual offer or just information about the wage for a given job. If the wage offer is below the reservation wage, then it is rational not to work.

The reservation wage represents the value of one's time. Several factors, including those specific to the individual and a geographic area, affect the reservation wage. Individual factors include attitudes/preferences toward work and leisure, education level, opportunities for home production, number of children, marital status, and household income.

In general, as education increases, the reservation wage increases since a highly educated worker views him/herself as more productive. As family size increases, the effect on the reservation wage is unclear. As the number of children increases, so do family budgetary needs but also childcare costs if working is done in place of staying home with the children. Geographic factors include idiosyncratic attitudes about the types of available jobs (for example, the industry and occupation). This rationale is the compensating differentials theory of wage determination.

Geographic differences create pockets of unemployment and poverty.

Several of the above factors also affect the wage offer. As education increases, the worker is likely to be more productive and therefore receive a higher wage offer. The wage offer could also vary across industries and/or occupations because of productivity differences, perhaps stemming from differences in the capital stock. The geographic market also affects the wage offer. If a potential worker lives in an area with high unemployment and/or few employment prospects, firms may be able to bid the wage down because of the surplus of available workers.

It is these geographic differences that create pockets of unemployment and poverty, such as inner cities, Appalachia, and the Mississippi Delta. Since the wage offer includes both job offers and information about a wage, information differences also affect the wage offer. For example, there is evidence that job seekers differ in the ability to gather job market information.

Fluctuations in the rates of poverty, the unemployed, and those out of the labor force are often driven by macroeconomic trends. The majority of the literature examining this link focuses on the relationship between unemployment and poverty, though employment growth is obviously an important part of this relationship. In general, macroeconomic expansions that create jobs increase employment and lower unemployment and poverty, though this relationship does not always hold. Some experts argue that expansion in the mid-1980s did not lower poverty as much as earlier expansions because of real wage declines for low-skilled workers.

Another line of research is the impact of government social safety nets on work incentives. If the state offers a generous welfare system, there is little incentive to become employed. The longer the spell of unemployment continues, the more difficult it becomes to

transition into work. The latter effect is referred to as the dependency problem. The literature finds that welfare, specifically Aid to Families with Dependent Children and food stamps, creates negative work incentives. Specfically the presence of these programs decreases labor force participation. In addition, higher welfare benefits tend to increase participation in these programs. However, the literature also suggests these programs are not necessarily responsible for poverty among the nonworking. Many of those who receive welfare benefits (and therefore live below the poverty line) would likely still be poor in the absence of the program.

SEE ALSO: Aid to Families with Dependent Children; Food Stamps; Minimum Wage; Unemployment; Welfare Dependence.

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Normative Standards

NORMATIVE STANDARDS FOR conditions of poverty arise in Western philosophy from the nature of ethics. They also rise from religious beliefs. Normative standards can be developed by groups, such as professional organizations, in the way that rules of a game like baseball or contract bridge have been developed by convention.

Ethics, a branch of the theory of value or axiology, is concerned with questions of right and wrong or of good and bad. In regard to poverty, it is usually viewed as bad when it is suffered involuntarily rather than voluntarily. Economics is concerned with the allocation of scarce resources, material goods, and services, and is actually a part of ethics; until about 150 years ago economics was taught as a part of ethics. However, the rise of a scientific approach to human problems and their

study ethics has been separated from economics. In fact the separation is artificial. All of economics is the concern of politics and both ethics and politics is the concern of ethics. Their ethical nature is concerned with the fact that they cannot be separated from humans. What happens to humans, how they treat each other and use the power of government to allocate the resources of land, labor, and capital, is inherently ethical.

The same ethical nature is at the heart of labor or work. People who are organized into groups, in corporations, companies, communes, or any other kind of economic enterprise, must of necessity have relationships. How they treat each other, how they are managed, and how their labors are rewarded are of vital ethical concern.

In the history of the West, Christian moral philosophy has viewed the voluntary assumption of poverty for the sake of service as an ideal. In Roman Catholicism monks and priests renounce the ownership of goods in order to be free to serve the church without being distracted by worldly cares. In Protestantism ministers are supported by their congregations so that the ministers may serve the congregation without the worldly concern to make a living.

Poverty is also a voluntarily assumed status undertaken by Buddhist and Jain monks as well as others. The goal of self-assumed poverty in Eastern religions is to renounce the world as an ascetic in order to gain spiritual enlightenment or purity. In Hinduism poverty is viewed as the just deserts or the working-out of the law of karma. The person who is poor is suffering from the effects of past deeds. It is therefore not the duty of a Hindu or other adherents to Eastern religions to reduce the suffering of the poor by charity.

For most of the people of the world poverty is viewed as a negative condition in life. People who are poor are deprived of opportunities for education, travel, growth, or even the necessities of life. In the Abrahamic religions of Judaism, Christianity, and Islam it is the duty of believers to aid the poor. In the case of Judaism and Islam there are merits acquired because of the good deeds done in feeding the hungry or stopping the injustices that cause economic inequality. These beliefs are a part of their views on social justice.

In Christianity, which preaches salvation by the grace of God through the atoning death of Jesus Christ, good works have no saving merit. However, they are considered a sign of the faith of the true believer. Some of the gravest condemnation for false belief in the New Testament is reserved for those who professed faith but ignored the needs of the thirsty, the hungry, the naked,

children, orphans, widows or others in need. Social justice and charity are thus considered in Christianity to be good works, and are expected because they are a sign of a grateful heart thanking the Savior for the gift of salvation. Good works do not produce faith, but without them faith may be an illusion and may even be the cause of damnation.

The history of Christianity since the 1870s has included a social gospel movement that is part of a social justice movement. Its concern arises from the humanist view that people are important. This belief is shared with the humanist moral element in socialist and communist movements, which have also viewed the treatment of people, especially of workers as a major ethical issue.

In recent decades human rights philosophies have been used to justify critiques of the economic status quo. The claim has been asserted as a moral principle that all people are created equal and are therefore entitled to a fair share of the world's production of goods and services.

SEE ALSO: Catholic Church; Exclusion; Hinduism and Poverty; Mendicant Orders; Poverty Rate; Social Exclusion; Social Poverty.

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North American Free Trade Agreement

THE NORTH AMERICAN Free Trade Agreement (NAFTA) is a treaty among the United States, Mexico, and Canada that abolishes or diminishes taxes and other obstacles to trade and investments among the partner states.

NAFTA was signed on December 17, 1992, and was implemented on January 1, 1994. The treaty is seen as a first step toward the creation of free trade within the

Americas, the Free Trade Area of the Americas (FTAA). Far from receiving unanimous support, NAFTA has provoked serious concerns from labor; religious and environmental groups claim that U.S. industries relocate to Mexico, taking advantage of lower wages and fewer work regulations. Its critics argue that NAFTA is not an effective agreement to fight poverty and that its ambitious promises have failed to materialize. At the other end of the political spectrum, economic nationalists also oppose NAFTA.

Many large corporations and big-business interests support NAFTA.

NAFTA establishes free industrial trade within the partner countries to be implemented within 15 years. Duties on many import categories were removed soon after the signing of the treaty, while the clauses on agriculture will be applied by 2008. The agreement also includes the lifting of trade barriers not directly linked to taxes, such as quotas or sanitary measures. Sectors explicitly excluded by NAFTA are air transport, telecommunications, and government services. Special bodies were created to supervise the implementation of the treaty, such as the Free Trade Commission, the Commission for Labor Cooperation, the North American Commission for Environmental Cooperation, and the North American Development Bank. Yet these institutions have very little power. On the contrary, the institutions created to settle possible disputes arising within NAFTA provisions enjoy wider power. The rulings of arbitration panels such as the International Center for the Settlement of Investment Disputes (ICSID) cannot be appealed in national courts.

Many large corporations and big-business interests support NAFTA. They claim that the treaty will create new well-paid jobs in the United States, improve living standards in partner countries, and give strength to Mexico's developing economy. Supporters of NAFTA point out that there has been an incredible increase in trade among the partner countries, especially between the United States and Mexico, since the implementation of the treaty.

Yet its detractors argue that NAFTA has failed to deliver its promises of increased wealth and environmental preservation. On the contrary, the treaty seriously damaged the economic and living conditions of both American and Mexican citizens. They estimate, for example, that the relocation of American businesses to

Mexico has cost over a million U.S. manufacturing jobs. The companies that relocated to Mexico made the most of the low wages in the country and local workers are still without any tangible legal rights that they can use to raise their wages.

According to Martha Ojeda, director of the Coalition for Justice in the Maquiladoras, Mexican workers in industries along the border are paid as little as \$4.20 a day, a figure that is the same as 10 years ago. Official trade unions are unwilling to fight for pay arises and for better working conditions. Workers' attempts to organize in independent unions have been met with open hostility, which included plant closure and police repression. Those Americans who lost their jobs to relocations have usually found less secure jobs than their original ones. In addition only a limited area of Mexico benefited from the trade agreement.

Commercial and industrial growth was restricted to the border region. The agricultural sector in Mexico has suffered greatly from NAFTA. Small farmers have been the most damaged category, with over one million farm families losing their business. These landless campesinos were forced to emigrate to American and Mexican cities, increasing overcrowding and unemployment. To accommodate NAFTA terms, the Mexican parliament abolished Article 27 of the country's constitution, which allowed communal landownership. The Mexican middle class is becoming increasingly impoverished as a result of NAFTA.

Environmental and human rights groups fiercely oppose NAFTA. They have announced that the border area between Mexico and the United States, where the industrial benefits of NAFTA are most apparent, has suffered considerable health and environmental problems. The lack of sewage treatment and safe drinking water has increased the rate of environmental diseases such as hepatitis to two or three times the national average. Human rights in the border area were also damaged by the introduction of NAFTA.

Immigration controls along the border have increased, and border patrols have more than doubled throughout the 1990s. In 1999 alone, 356 migrants died in desperate attempts to avoid patrols while crossing the border.

The philosophy behind opposition to NAFTA is best summarized by Zwelenzima Vavi, the head of the South African Congress of Trade Unions: "In the pursuit of profit governments are told to remove worker protections, and then use that as an inducement for investment. But development is a wider concept. It includes social development, and the living conditions of

the people. Development can't exist with mass unemployment and poverty."

SEE ALSO: Canada; Environmental Degradation; International Trade; Mexico; Outsourcing/Offshoring; United States.

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Norway

THE KINGDOM OF Norway makes up the westernmost area of the Scandinavian peninsula. Approximately 70 percent of the country's area is uninhabited, covered only by mountains, glaciers, moors, and rivers. After two centuries of Viking raids from the 8th to the 10th centuries, Norway was converted to Christianity. For the next 400 years, Norway was merged into Denmark. In 1814, Norway refused to become part of Sweden, opting instead to adopt a new constitution.

Sweden's subsequent invasion could not stamp out rising nationalism, and Norway established itself as a constitutional monarchy in 1905. During World War I, Norway's neutrality did not protect the country from devastating economic losses to the shipping industry. Neither did neutrality prevent German invasion during World War II. After World War II, Norway abandoned neutrality to join the North Atlantic Treaty Organization. The question of membership in the European Union (EU) has continued to be a volatile issue in Norway over the last several decades. Despite its decision not to become a member, Norway does contribute to the EU budget.

Offshore oil and gas were discovered in Norway in the late 1960s, paving the way for Norway's emergence as the fourth richest nation in the world, with an annual per capita income of \$40,000. Norway is the third largest oil exporter in the world, after Saudi Arabia and Russia. Other natural resources include iron ore, copper, lead, zinc, nickel, and hydropower. The Norwegian economy is heavily dominated by services, which employ 74 percent of the labor force. Some 22 percent of

the workforce are engaged in various industries, and the remaining four percent of workers are involved in agriculture, forestry, and fishing. Currently unemployment stands at 4.3 percent.

Norway has an extensive welfare system that is derived from a combination of capitalism and government intervention. While the state maintains control of key industries, including the oil industry, efforts to privatize other industries continue. Well aware that the oil and gas resources are finite, the government has placed surpluses in a trust fund of some \$150 billion. The quality of life is understandably high in Norway. For several years the United Nations Human Development Report has ranked Norway as the top country in the world on quality of life issues.

As a result of the high standard of living and the low wage differential, Norway has a minimal amount of poverty. A 1995 study revealed that 4.4 percent of the population earned less than 50 percent of the minimum wage. By 2005 that number had risen to 6.4 percent. Over four percent of the population live on less than \$11 a day.

Although inequalities are not comparatively low in Norway, they do exist. The poorest 20 percent of the population claim 9.6 percent of resources, and the richest 20 percent share 37.2 percent. Norway is ranked 25.8 on the Gini Index of Human Inequality.

Norwegians most likely to be poor are children, young people, single providers, and non-Western born residents. The Action Plan Against Poverty was established in 2002 to combat existing poverty. The program promotes employment while targeting welfare schemes and enhancing social inclusion. Child support standards have also been amended to improve the quality of children's lives.

Norwegians enjoy a life expectancy of 79.4 years. With a project life span of 82.17 years, females generally outlive males (76.78 years) by about five years. The population of 4,593,041 has a median age of 38.17 years. Nearly a fifth of the population is under the age of 14 and almost 15 percent have reached the age of 65. All Norwegians have access to safe drinking water and proper sanitation. Healthcare is readily available, and there are 367 physicians for every 100,000 residents. Less than five percent of the population are unable to afford essential drugs.

Between 1970 and 2005, infant mortality in Norway fell from 13 to 3.7 deaths per 1,000 live births. During that same period, the mortality rate among all children under the age of 5 declined from 15 to five deaths per 1,000. Five percent of Norwegian infants are under-



Despite having remote regions with difficult access, such as Balstad Harbor above, Norway has been ranked by the United Nations Human Development Report as the top country in the world for several years on quality-of-life issues.

weight at birth. Childhood immunization rates range from 88 to 91 percent.

The Norwegian fertility rate is 1.78 children per woman. For adolescents the fertility rate is 10 out of 1,000 births. Approximately 74 percent of women use some method of birth control. Trained medical staff attend all births in Norway, and all women have wide access to healthcare. Based on modeled estimates for 2000, maternal deaths occur at a rate of 16 per 100,000 live births.

All of the population over the age of 15 can read and write, and all Norwegian children complete primary and secondary school. About 70 percent of the relevant age group receive a college or university-level education.

Human Development Index Rank: 1 Human Poverty Index Rank: 2 (HPI-2)

SEE ALSO: Employment; Equality; Social Assistance; Welfare State.

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Nutrition

THE BIOMEDICAL LITERATURE clearly establishes a strong link among malnutrition, ill health, and premature death. Malnutrition is a major world problem, affecting 40 to 50 percent of the world's population. Malnutrition takes two broad forms: protein deficiency

and micronutrient deficiency. Protein-deficient diets are a leading cause of underweight babies and children. The arrested development in children is associated with major physical impairments in adulthood. Moreover once severe protein deficiency develops, the likelihood of death is approximately 25 percent. Estimates indicate that protein deficiency affects more than one-third of the world's children.

Micronutrient malnutrition is largely related to dietary deficiencies of three key elements: iodine, iron, and vitamin A. Iodine deficiency is the leading cause of preventable brain damage in the world. This deficiency causes a variety of physical and mental disabilities, including enlargement of the thyroid, dwarfism, and various degrees of mental retardation. The most common nutritional deficiency, affecting more than one billion people worldwide, is iron deficiency. Low levels of iron give rise to impaired learning, low work capacity, low birth weight, and increased maternal mortality. In developing economies more than 40 percent of women are anemic.

By some estimates, 20 percent of maternal deaths are caused by severe iron deficiency. Finally vitamin A deficiency inflicts eye damage and increased severity of infections on more than 200 million people worldwide, with some 13 million people suffering night blindness or total blindness. It is estimated that yearly, between 250,000 and 500,000 preschool children go blind from vitamin A deficiency and some two-thirds of these die shortly after becoming blind.

INCOME, NUTRITION, AND HEALTH

Economists have long established that income has a strong effect on nutrition and health. The adverse health consequences of declines in living standards in poor countries can be catastrophic. Even for countries at a middle level of development, a deteriorating economy can have serious health effects on the population. For example, in the former Soviet Union and eastern Europe, malnutrition was not a general problem from the early 1960s until the mid-1980s. Indeed in these countries the per capita availability of calories, proteins, and fats rose significantly.

However, there were serious imbalances in people's diets, especially among urban dwellers and low-income groups. In brief, diets tended to have too high a proportion of cholesterol-rich products (such as eggs and animal fats), sugar, bread, and alcohol, and too small a share of fruits, vegetables, and good-quality meat. Such dietary imbalances led to anemia and micronutrient de-

ficiencies and their related health problems as well as a high prevalence of overweight people and cardiovascular diseases.

Such health problems have been greatly exacerbated by the economic problems associated with the transition to a market economy in eastern Europe since the late 1980s. For example, in the period 1989–92, living standards in eastern Europe declined between 18 and 39 percent. Food intake was lowered and diets became even more unbalanced, especially among the poor. Nutritional deficiencies appear to have put at greater risk groups such as young children and pregnant women who require proportionally greater amounts of protein and micronutrients.

Economists have established that income has a strong effect on nutrition and health.

For example, two surveys by the Bulgarian Institute of Pediatrics indicated an eightfold rise in underweight infants by the early 1990s. Moreover, since the early 1990s, the ultrapoor in eastern Europe probably have had calorie intakes insufficient for long-run survival. This is suggested by the sharp rise in mortality rates throughout eastern Europe, with the exception of the Czech Republic and Slovakia.

NUTRITION AND ECONOMIC DEVELOPMENT

While changes in income are clearly linked to health outcomes, the converse question is also of considerable interest: will improved nutrition raise incomes or more generally, improve labor market outcomes? More theoretical controversy and less definitive evidence exist here. To begin with, a strong correlation exists among nutrition, height, and income across both rich and poor countries.

For example, data on height and wages show that for Brazilian men, a one percent increase in height is associated with almost an eight percent increase in wages. For U.S. men the corresponding figure is much smaller, around one percent. Of course, correlation does not imply causation. There are many other factors that can explain higher wages. For example, with respect to Brazilian men, taller men tend to have more education and this factor accounts for part of the higher wages. However, holding education level constant, a one percent difference in height is still associated with a 4.6 percent increase in wages.

Consequently, to gain precise knowledge of the effect of improved nutrition on labor market outcomes requires advanced statistical studies that carefully confront a large number of difficult empirical issues related to data specification, availability, and measurement. In the past decade, however, substantial progress has been made in dealing with these complex statistical issues.

First, the empirical literature provides strong support for the link between good health and increased labor supply. The evidence is less strong that poor health affects productivity and wages and requires further discussion. One key issue is the role of protein intake versus an adequate intake of micronutrients such as iodine, iron, and vitamin A. Until fairly recently, the conventional wisdom was that poor nutrition influences worker productivity largely via energy (protein) deficiency. It is now widely accepted that micronutrients also play a key role. A careful study supporting this view is a time-series analysis of 302 male rubber tree tappers and weeders in Indonesia, about half of whom were anemic.

The initial productivity of anemic workers was some 20 percent lower than the productivity of the healthy workers. Furthermore the study randomly assigned all workers to one of two groups. One group was given a special iron supplement for 60 days while the other group received a placebo. At the end of the treatment period, the productivity of the anemic workers receiving the iron supplement almost equaled that of the nonanemic workers.

Several additional studies show a strong link between per capita household calorie availability and farm output and wages. For example, a study of farm households in Sierra Leone indicates that a worker consuming 1,500 calories daily is only about 60 percent as productive as a worker consuming 2,400 calories daily. A similar study of rural workers in Rwanda measured caloric intake based on 24-hour food recalls, averaging the intake data over seven consecutive days for the entire household. This method minimizes random measurement error, a major problem in this kind of nutrition study. Again the study found that caloric intake is a significant determinant of the probability that male workers in Rwanda engage in "strenuous" and more productive labor.

EFFICIENCY WAGE THEORY

An intriguing theory that has application to many subfields in economics is efficiency wage theory. The essence of efficiency wage theory is that in some circumstances it may be profitable for producers to pay wages higher than the market equilibrium wage. Specifically, higher profits may result in cases where a producer's nonwage production costs depend in part on the wages paid to the firm's workers. For example, labor turnover costs are often a significant cost to firms. In such cases, if a firm pays wages above the market equilibrium level, that is, above what other firms are paying for this kind of work, the firm's labor turnover costs may decrease sufficiently that the firm's total profits actually rise.

With respect to developing economies, Harvey Leibenstein of Harvard University advanced a nutrition-based efficiency wage theory more than 50 years ago, with many rigorously developed variants of this theory now in the literature. This nutrition theory posits that above-market equilibrium wages are profitable in poor economies in cases where higher wages lead to better nutrition and sufficiently better productivity. While more productive workers will clearly benefit in this case, the result is the opposite for less healthy workers.

A striking implication of the theory is that if firms are induced to pay higher than market-equilibrium wages, then some involuntary unemployment will exist. And at low levels of economic development, this result suggests massive starvation. However, recent reviews of the relevant literature indicate that nutrition-based efficiency wage theory is not well supported. In particular, there is no evidence that widespread starvation is a market-equilibrium condition in poor economies. Widespread starvation clearly occurs from time to time in poor countries but for other reasons (such as climatic or politically induced famines).

In summary, contrary to the conventional wisdom held only 20 years ago, credible evidence now exists that improved nutrition has a significant and favorable impact on worker productivity, wages, and employment. In addition a smaller body of evidence suggests that the impact of improved nutrition on labor market outcomes is strongest in poor countries and weakens as economic development proceeds.

SEE ALSO: Child Malnutrition; Famine; Malnutrition; Maternal Mortality and Morbidity; Starvation; United Nations Development Program.

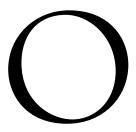
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WORLD POVERTY



OECD Countries

THE ORGANIZATION FOR Economic Cooperation and Development (OECD) emerged from the Organization for European Economic Co-operation (OEEC), which was established in 1947 with support from the United States and Canada to coordinate the Marshall Plan for the reconstruction of Europe after World War II. Created as an economic counterpart to the North Atlantic Treaty Organization (NATO), the OECD took over from the OEEC in 1961.

The mission of OECD is to help governments achieve sustainable economic growth and employment and rising standards of living in member countries while maintaining financial stability, thus contributing to the development of the world economy. The founding convention calls on the OECD to assist sound economic expansion in member countries and other countries in the process of economic development, and to contribute to growth in world trade on a multilateral, nondiscriminatory basis. Since its inception, the OECD emphasis has been to build economies in its member countries, improve efficiency, foster market systems, expand free trade, and contribute to development in industrialized and developing countries.

Becoming a member of the OECD is not an automatic process. The member countries through the Council of the Organization decide whether a particular country should be invited to join the OECD and on what conditions. This decision is made at the end of the so-called accession process.

The OECD consists of 30 member countries. Twenty countries originally signed the convention on the Organization for Economic Cooperation and Development on December 14, 1960. Since then a further 10 countries have become members of the organization. The member countries of the organization are: Australia (June 7, 1971), Austria (September 29, 1961), Belgium (September 13, 1961), Canada (April 10, 1961), Czech Republic (December 21, 1995), Denmark (May 30, 1961), Finland (January 28, 1969), France (August 7, 1961), Germany (September 27, 1961), Greece (September 27, 1961), Hungary (May 7, 1996), Iceland (June 5, 1961), Ireland (August 17, 1961), Italy (March 29, 1962), Japan (April 28, 1964), Korea (December 12, 1996), Luxembourg (December 7,1961), Mexico (May 18, 1994), Netherlands (November 13, 1961), New Zealand (May 29, 1973), Norway(July 4, 1961), Poland (November 22, 1996), Portugal (August 4, 1961), Slovak Republic (December 14, 2000), Spain (August 3, 1961), Sweden (September 28, 1961), Switzerland (September 28, 1961), Turkey (August 2, 1961), United Kingdom (May 2, 1961), and the United States (April 12, 1961).

The OECD provides a framework for governments to compare their policies, identify and seek solutions to common challenges, and coordinate domestic and international policies. It helps governments to foster prosperity and fight poverty through economic growth, financial stability, trade and investment, technology, innovation, entrepreneurship, and development cooperation.

The OECD secretariat, headed by the secretary general, is located at the Château de la Muette in Paris. The OECD secretariat provides a regular flow of information to governments of member countries. The secretariat collects data, monitors trends, and analyzes and forecasts economic developments. It also researches social changes or evolving patterns in trade, environment, agriculture, technology, taxation, and other areas. The secretary general also chairs the council, providing the link between national delegations and the secretariat.

Representatives of the member countries meet in committees that specialize in specific policy areas, such as economics, trade, science, employment, education and financial markets. There are about 200 committees, working groups, and expert groups.

The OECD works in two official languages: English and French. The funding comes from member countries and national contributions to the annual budget are based on a formula related to the size of each member's economy. The largest contributor is the United States, which provides approximately 25 percent of the budget. With the approval of the council, countries may also make separate contributions to particular programs not funded from the main budget.

The size and the use of the OECD budget (around 330 million euros a year) are determined by the council.

After more than four decades, the OECD is shifting focus from its own members and is setting its analytical sights on the rest of the world that embraces the market economy. In recent years, the member countries, which produce 60 percent of the world's goods and services established active relationships with more than 70 developing and emerging market economies, including Brazil, China, Russia, as well as some of the least developed countries in Africa.

The opening of the OECD broadened its scope to include the issues and challenges of globalization. This is reflected in work on issues such as sustainable development, bringing together environmental, economic, and social concerns across national frontiers for a better

understanding of the problems and the best way to tackle them together.

Over the past decade, the OECD has tackled a range of economic, social, and environmental issues while further deepening its engagement with business, trade unions, and other representatives of civil society. Negotiations at the OECD on taxation and transfer pricing, for example, have paved the way for bilateral tax treaties around the world.

Among other areas, the OECD has taken a role in coordinating international action on corruption and bribery, creating the OECD Anti-Bribery Convention, which came into effect in February 1999.

The OECD is also expanding its relationship with civil society. Initially focused on relations with business and labor, these have broadened to include a wide range of nongovernmental organizations. Negotiations at the OECD on taxation and transfer pricing, for example, have paved the way for bilateral tax treaties around the world.

The OECD has set ambitious goals for combating poverty. The main points of the guidelines on poverty reduction are:

- 1) Eradicate extreme poverty and hunger (reduction by 50 percent the number of people whose income is less than \$1 a day and who suffer from hunger between 1990 and 2015).
- 2) Achieve universal primary education (ensuring that by 2015, children everywhere, boys and girls alike, will be able to complete full primary schooling).
- 3) Promote gender equality and empower women (eliminate gender disparity in primary and secondary education preferably by 2005 and at all levels of education no later than 2015).
- 4) Reduce child mortality (reduction by two-thirds, between 1990 and 2015, in the under-5 mortality rate).
- 5) Improve maternal health (reduction by three-quarters, between 1990 and 2015, in the maternal mortality ratio).
- 6) Combat HIV/AIDS, malaria, and other diseases (halting and reversing the spread of HIV/AIDS, malaria, and other major diseases).
- 7) Ensure environmental sustainability (integrating the principles of sustainable development into country policies and programs and reversing the loss of environmental resources; reducing by 50 percent, by 2015, the proportion of people without sustainable access to safe drinking water).
- 8) Develop a Global Partnership for Development (development of an open, rule-based, predictable, nondiscriminatory trading and financial system that will in-

clude a commitment to good governance, development, and poverty reduction, both nationally and internationally). Addressing the special needs of the Least Developed Countries (LDCs) must include tariff- and quota-free access for LDC exports, enhanced program of debt relief for indebted countries and cancellation of bilateral debt, and more generous support for countries committed to poverty reduction. In addition a global partnership needs to address the special needs of land-locked countries and small island developing states.

There are two primary criticisms of the OECD. One comes from the developing world and focuses on the fact that the OECD traditionally has been biased toward the growth strategies and institutional arrangements primarily designed for industrialized countries. The other, more narrowly focused criticism pertains to the OECD tax policies. According to this criticism, powerful countries are trying to impose a "worldwide tax cartel" that will damage smaller nations.

SEE ALSO; Globalization; International Monetary Fund; World Bank.

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Oman

THE SULTANATE OF OMAN in the Persian Gulf has been ruled by Sultan Qaboos bin Said Al Said since 1970. Under the sultan's brand of progressivism, Oman has maintained military ties with Great Britain while keeping an independent but cordial relationship with other Middle Eastern countries. With a per capita annual income of \$13,100, Oman is an upper-middle-income nation with valuable natural resources that include petroleum, natural gas, copper, limestone, and asbestos.

Oman's economy is diversified, and most of the Omani labor force is employed in services. Agriculture is limited by periodic droughts and a lack of freshwater resources. Unemployment stands at 15 percent, but Oman is experiencing low inflation (0.2 percent) and a trade surplus. As part of the liberalizing process, Oman

joined the World Trade Organization (WTO) in 2000 and actively courts foreign investors.

While no poverty rate is available, it is clear that women are more likely than men to be poor in Omani society. To remedy this situation, Oman's Social Security Act provides financial assistance to women who have been widowed, divorced, or abandoned. Benefits are also allotted to unmarried girls and to women with a family member in prison. Among the general population, social security assists orphans, the disabled, and the elderly.

Oman is in the process of decentralizing healthcare services, and over 96 percent of Omanis are covered by accessible healthcare centers. There are 137 physicians for every 100,000 residents, and less than 20 percent of the population are unable to afford essential drugs. Because of water shortages, 61 percent of Omanis lack sustainable access to safe drinking water. However, only eight percent do not have access to proper sanitation. Between 1980 and 2005, life expectancy in Oman climbed from 58 to 70.92 years for males and from 61 to 75.46 years for females. Around 43 percent of the population are under the age of 14, and 2.5 percent have reached the age of 65.

Childhood health indicators in Oman are generally indicative of the government's position on improving healthcare. Between 1970 and 2005, infant mortality was drastically reduced from 126 to 11 deaths per 1,000 live births. The drop in mortality among all children under 5 was even greater. From 200 deaths per 1,000 in 1970, childhood mortality plunged to 12 deaths per 1,000 in 2005. Nevertheless 24 percent of all children under the age of 5 are underweight in Oman, and four percent of these are severely malnourished. Approximately 23 percent of children under 5 are moderately to severely stunted, and 13 percent are moderately to severely wasted. On the positive side, childhood immunizations are almost 100 percent among children from birth to 23 months old.

Even though fertility in Oman remains high at 5.84 children per woman, the fertility rate has been reduced from an average of 7.2 children per woman in the 1970s. The adolescent fertility rate is 53 per 1,000 births. Less than one-third of Omani women use birth control methods, but that number has more than tripled since 1994, when the Omani government initiated a family planning program and began dispensing free birth control. The emphasis of the program has been on improving maternal and infant health through birth spacing. Approximately 95 percent of all births occur in the presence of trained medical staff, and 93.4 percent take

place in hospitals or clinics. Between 1995 and 2000, Oman reduced maternal mortality from 22 deaths per 100,000 live births to 16 per 100,000. Thereafter, mortality rates began to spiral upward. By 2003, 37.5 deaths were occurring out of every 100,000 live births. The prevalence of anemia among pregnant Omani women is a major cause of maternal death because it increases the chances of hemorrhage during delivery.

Over the past several decades, the rate of illiteracy has been drastically reduced in Oman, particularly among females. In 1980, 48.6 percent of males and 83.7 percent of females were illiterate. By 2005, the rate of illiteracy had plunged to 16.9 and 32.5 percent for males and females respectively. Plans are under way to make basic education free in Oman. Most students now attend school for at least 10 years, but primary school completion rates have declined slightly and gender inequity has increased. Between 1995 and 2000, for instance, male primary school completion dropped from 76 to 70 percent, while female completion decreased from 76 to 67 percent.

Human Development Index Rank: 71 Human Poverty Index Rank: 46

SEE ALSO: Child Mortality; Maternal Mortality and Morbidity; Women and Poverty.

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One Campaign

THE ONE CAMPAIGN is a political campaign seeking to eliminate extreme poverty and AIDS in the poorest countries in the world. The campaign seeks to mobilize Americans into sufficient numbers so that the government of the United States can be persuaded to give one percent of its annual budget to eliminating poverty in

the poorest countries. One Campaign's political goal is to influence the government of the United States to join in achieving the Millennium Development Goals by donating one percent of its budget to eliminating AIDS and extreme poverty in the poorest nations. To achieve this goal, the One Campaign rallied political opinion in support of influencing the 2005 Republican administration as it prepared to meet at the G-8 Summit at Gleneagles, Pethshire, Scotland. The G-8 meeting in July 2005 was interrupted by deadly terrorist bombings in London; however, the One Campaign and other groups seem to have influenced the flow of funds to the poorest nations because an aid package of \$50 billion was pledged.

The One Campaign was founded by 11 American nonprofit, advocacy, and humanitarian organizations. They are Bread for the World, CARE, DATA, International Medical Corps, International Rescue Committee, Mercy Corps, OXFAM America, Plan USA, Save the Children, World Concern, and World Vision. They represent a broad coalition of antipoverty groups.

The One Campaign seeks to unite Americans one by one, from all walks of life, into its campaign. By August 2005 the One Campaign had gathered the signatures of over one million Americans. These people included students, professors, ministers, punk rockers, "NASCAR moms," television and movie actors, and others.

Numerous public personalities joined the effort in support of the One Campaign. These included Bill Gates, Brad Pitt, Dave Matthews, George Clooney, Jamie Foxx, Kate Hudson, Pat Robertson, Penelope Cruz, Rick Warren, Salma Hayek, Tom Hanks, Bono (lead singer for the musical group U2), Michael W. Smith, Dikembe Mutombo, Agnes Nyamayarwo, Antonio Banderas, Kate Bosworth, Steve Buscemi, John Cusack, Cameron Dias, Danny Glover, Mary-Louise Parker, Susan Sarandon, Claudia Schiffer, and many others. Musical groups that have signed include The Newsboys, Jars of Clay, No Doubt, Relient K, The Silos, REM, Switchfoot, The Nadas, Third Day, toby-Mac, and many others.

Corporate and nonprofit partners included MTV Networks, Sun Microsystems, National Basketball Association, Global Health Council, The Better Safer World Coalition, Action Against Hunger, Aerdo, Christian Children's Fund, Citizens for Global Solutions, Heartland Alliance, and many others. Religious partners included American Jewish World Service, the Episcopal Church, United Methodist Church, Mennonite Central Committee, Christian Reformed

Church, Nazarene Compassionate Ministries, The Sojourners, Church World Service, and others.

The One Campaign is directly related to the international effort to achieve the United Nations Millennium Development Goals. These goals, established in 2000, aim at eliminating several diseases, attaining universal education globally, and ending poverty. The One Campaign has found it necessary to address the corruption endemic to poor countries. Much of the corruption is rooted in nepotism that arises from tribal and traditional expectations. The One Campaign is promoting aid delivery to those directly affected around the world, and grassroots investigatory action by the poor themselves.

SEE ALSO: Brot für die Welt; CARE; Mercy Corps; Millennium Development Goals; OXFAM; Save the Children; World Concern; World Vision International.

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Outsourcing/Offshoring

OUTSOURCING REFERS TO two different practices of Western business, only one of which has a significant effect on the number of people living in poverty. Contracting out is a practice by which businesses contract with local firms that supply temporary workers (called contractors or temps) to satisfy a portion of their staffing needs instead of hiring the extra workers as employees.

For the individual business, benefits of contracting out are increased flexibility in staffing because temp workers can be let go without cause at any time; lower administrative costs because temp workers get no employee benefits from the hiring firm; and presumed greater productivity both from the temps, who know they could be fired at any time, and from the company's employees, who fear being replaced by temps.

The main cost is lower-quality work because temp workers lack experience with the company's products and have no more loyalty to the company than the company has to them. However, the wages paid to temp workers are not always dramatically lower than they would earn as employees, so contracting out per se has little impact on poverty rates.

Offshoring (outsourcing on an international scale) is a practice by which businesses either contract out some work to firms in foreign countries with lower wages and costs of living or else relocate their productive facilities to those countries. As with contracting out, the result is that businesses need fewer employees domestically, but offshore contractors sometimes produce work of inferior quality, as mentioned by O. Kharif.

Offshoring has an additional social cost in that at least in the short term, it causes a net loss of jobs and productive capacity in the country from which offshoring is done. There is also some evidence that offshoring leads to long-term decline of the economies that practice it, but this is less certain and is disputed both by offshoring's advocates and by mainstream economists.

Offshoring takes different forms, as described by J. Bhagwati et al. It can be an "arm's length" purchase of services that would otherwise be bought domestically, it can be an arm's length purchase of services that would otherwise be performed by a firm's employees in its host country, or it can be a firm's relocation of its productive facilities to a developing country where wages and factory costs are lower.

BUSINESS DRIVERS OF OFFSHORING

Companies offshore jobs and productive capacity for several reasons. The most important is to reduce labor costs. Because of differences in the cost of living, companies can pay much lower wages in developing countries than workers can afford to accept in developed Western economies. Adjusted for lower living costs, a 2002 salary of \$70,000 in the United States was equivalent to a salary of \$25,690 in Hungary, \$15,120 in China, \$14,420 in Russia, and \$13,580 in India, the last of which is the favored destination for many offshoring projects. Also, U.S. tax laws have allowed profits of offshored operations to be taxed at a lower rate than profits made domestically: 5.25 percent versus the normal corporate tax rate of 35 percent, according to R. Hira and A. Hira.

The growth of the internet as a business tool has meant that many knowledge jobs can be done anywhere. Finally most Western countries do not believe that corporate top management has any responsibility to protect workers' jobs. This stands in contrast to

countries such as Japan, where corporate top management is expected to protect workers' jobs if at all possible, as explained by L. Dobbs. For Western economies, the result is a seemingly relentless exodus of jobs and productive capacity to developing countries.

ECONOMIC ARGUMENTS FOR OFFSHORING

Mainstream economists tend to see offshoring as just another variety of free international trade in goods and services. They rely on the standard economic theory of international trade, which predicts that free trade increases the total wealth of the trading countries.

"Arguing that offshoring hurts is arguing that free trade hurts," said Haseeb Ahmed, an economist at Economy.com, a Pennsylvania-based economic research firm. Gregory Mankiw, economic advisor to the G.W. Bush administration as well as former Harvard professor and author of a popular economics textbook, agreed: offshoring "is just another form of trade, and it is probably good for us in the long run."

Economic theory predicts that offshoring will increase most people's income.

The economic case for offshoring rests on the principle that when two nations trade, their total production of goods and services can be higher than if they were not trading. The principle was stated by economist Adam Smith in his influential book *The Wealth of Nations* (1776); economics since 1776 has been called a series of "footnotes to Adam Smith." A more sophisticated version of the principle was stated by David Ricardo in *The Principles of Political Economy and Taxation* (1817). At the beginning of the 21st century, Ricardo's analysis was still the dominant view among economists.

Smith showed that if country A was more efficient than country B at producing good 1, while B was more efficient than A in producing good 2, then both could increase their output by specializing in the good for which they had an absolute advantage. By trading, each country would end up with more total income than it had before.

Ricardo built on Smith's analysis. He showed that even if country A was more efficient than country B in producing both goods 1 and 2, output could still be increased if each country specialized in making the good for which it had the greater comparative advantage. If

country B was slightly worse than A at making good 1 but much worse at making good 2, then country B had a comparative advantage in making good 1. Under Ricardo's analysis, B should make mainly good 1, and perhaps a little of good 2, while A makes mainly good 2 and perhaps a little of good 1. Then trading increases the income of both countries.

PROBLEMS OF APPLYING RICARDO

Ricardo's analysis, as far as it goes, is undisputed. However, it does not address the fact that even if it increases a society's total income, trading alters the distribution of that income in ways that can be harmful. In particular, in the short term, offshoring tends to reduce the income (or eliminate the jobs) of Western workers while it increases the income of corporate stockholders and top management.

On the other hand, offshoring does have short-run benefits for workers in developing countries. Because it transfers capital investment, technology, and know-how into those countries, it creates new jobs, increases wage levels, and tends to decrease poverty in those countries. The short-run result is that Western workers lose while stockholders, corporate top management, and workers in developing countries make gains.

Economic theory predicts that in the long run, off-shoring will increase most people's income, both in the developed country where it originates and in the developing country where it ends up. However, that result is not guaranteed and, as economist John Maynard Keynes pointed out, "in the long run, we are all dead." The short run is quite long enough for careers to be lost and for a country to lose its industrial and skill base.

However, Ricardo's analysis includes an important reservation that offshoring advocates ignore. Ricardo assumed that capital would usually not move from one country to another: "If the profits of capital employed in Yorkshire should exceed those of capital employed in London, capital would speedily move from London to Yorkshire ... but it would not follow that capital and population would necessarily move from England to Holland, or Spain, or Russia, where profits might be higher." When offshoring occurs, especially when it involves offshoring of productive capacity, then capital (including technology and know-how) is transferred from a Western country to a developing country. Combined with the developing country's lower cost structure and an adequately educated labor force, this infusion of capital, technology, and know-how can give the developing country an absolute advantage in pro-



Though it has its positive attributes for business, one of the negative aspects of offshoring is that it creates short-term (and possibly long-term) unemployment and wage decreases in developed Western economies.

ductivity rather than a comparative advantage. Thus offshoring is not "free trade" in the sense intended by Smith and Ricardo. As a result, the Western country from which offshoring is done can lose even in the long term. Considerations like these prompted Nobel laureate economist Paul Samuelson to pronounce that the conventional wisdom is "dead wrong about the necessary surplus of winnings over losings." He explained that "sometimes a productivity gain in one country can benefit that country alone, while permanently hurting the other country by reducing the gains from trade that are possible between the two countries."

In the United States, large numbers of jobs have already been lost to offshoring, and the process is ex-

pected to continue. One study, by the consulting firm Global Insight, generally supported offshoring, but predicted that offshoring of information technology (IT) services would reduce the growth of IT employment in the United States by 50 percent from 2003 to 2008, leading to a drop in the number of U.S. IT jobs created from 490,000 to 244,000. The report by L.J. Bivens predicts that new jobs in transportation and construction will replace the missing IT jobs, but that is unlikely to help out-of-work American computer programmers. Another study, by Forrester Research in Massachusetts, predicts that U.S. companies will offshore \$1.3 billion in wages and 3.3 million white-collar jobs by 2015, as found in an article by P. Engardio et al.

Offshoring also applied downward pressure on wages of those Americans still employed. In the period 2001–03, 5.3 million U.S. workers lost their jobs; by January 2004, 65 percent had found new full-time or part-time jobs, while 20 percent were still unemployed and 15 percent had dropped out of the labor force. Of those who found new full-time jobs, 57 percent had to take pay cuts.

ASSESSMENT OF OFFSHORING

Offshoring has mixed results. On the positive side, off-shoring increases total world output of goods and services. It creates new, higher-paying jobs in developing countries, thus helping to reduce poverty and unemployment in those countries. It transfers capital, technology, and know-how to developing countries, thereby laying the foundation to lift entire societies out of poverty and into the developed world economy. It raises the incomes of corporate stockholders and top management in developed Western economies. It reduces the prices of some goods and services in Western economies. And at least in the short term, it is highly profitable for companies that engage in it.

On the negative side, offshoring creates short-term (and possibly long-term) unemployment and wage decreases in developed Western economies. It lowers the incomes of the poor and middle classes while increasing the income of the most well-to-do members of society, thereby exacerbating inequality. And by moving capital, jobs, technology, and know-how to developing countries, it drains those advantages from the Western countries where they originated, possibly crippling their future competitiveness.

SEE ALSO: Economic Liberalization; Globalization; Labor Market; *Laissez-Faire*; Ricardo, David; Smith, Adam; Technology; United States.

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Overall Poverty

OVERALL POVERTY IS CONSISTENT and enduring socioeconomic isolation stemming from an absence of sufficient assets and opportunities. It is a condition of marginalization that limits the access of individuals and households to the resources and services required for basic livelihood needs; the enjoyment of fundamental human rights, including personal security; and freedom from manipulation and discrimination by stronger groups. Overall poverty is the outcome of inequity in the control of opportunity and resources, particularly reflecting a lack of legal rights, political participation, and freedom from conflict. It is frequently associated with an interrelated set of outcomes such as hunger, disease, child mortality, gender bias, and environmental degradation.

The 1995 Copenhagen Declaration of the World Summit for Social Development described overall poverty as a set of circumstances in which people suffer from a constellation of challenges experienced over a period of time. This includes "lack of income and productive resources sufficient to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments; and social discrimination and exclusion. It is also characterized by a lack of participation in decision-making and in civil, social and cultural life."

DEVELOPMENT OF THE CONCEPT

From at least the time of Adam Smith, scholars have differed over the definition of overall poverty, whether, as Smith argued, it is deprivation relative to the larger society or whether it is composed of an absolute and measurable standard based on extant human need. Recent research suggests that overall poverty is an objective condition of external deprivation but that its severity is conditioned in part by the larger culture.

Overall poverty often is described in absolute/extreme, subjective or moderate, or relative terms. Absolute/extreme poverty means having less than an objectively defined standard of existence for optimal health and development. Households in extreme poverty cannot meet basic needs for survival: they are chronically hungry, unable to access healthcare, lack safe drinking water and sanitation, do not have access to education, and often lack rudimentary shelter and basic clothing. Subjective or moderate poverty is not having enough to get along adequately, with basic needs just barely met or sometimes going unmet.

Relative poverty exists when household income and assets fall below a given proportion of average national income, and households have less than most others, where a range of available assets and opportunities exist. Overall poverty comprises the first two categories although it can have a somewhat different meaning in different societies and cultures.

Only slightly up the ladder are the 1.5 billion poor who may live just above subsistence.

In this context, overall poverty exists on a continuum of the experience of marginalization, from the most basic survival level of extreme poverty in which many highly adverse circumstances converge to a level of general or relative poverty in which more, but often insufficient, assets and opportunities exist for meeting basic human needs. Jeffrey Sachs has calculated that one billion people, one-sixth of humanity, are too hungry and destitute to get a foot on the first rung of the development ladder. They are the extreme poor fighting for survival each day, with cash earnings of only a few pennies a day.

Only slightly up the ladder are the 1.5 billion poor who may live somewhat above subsistence, but who face chronic financial hardship and lack basic amenities such as healthy diets, safe drinking water, functioning latrines, and adequate housing. These two groups, comprising 40 percent of humanity, are considered to be living in overall poverty. Another 2.5 billion are not middle-class by Western standards, but they are able to secure some comfort in housing, indoor plumbing, a

bike or motorized vehicle, sufficient clothing, adequate nutrition, and education. Beyond this level are another one billion people whose well-being is more than sufficient.

SOURCES AND EFFECTS

Overall poverty stems from economic conditions insufficient to support livelihood (such as joblessness, low wages, and resources), the lack of social institutions to build a foundation (such as support networks and infrastructure), and political and legal marginalization, especially during times of civil conflict. Overall poverty typically is driven by factors related to economic underdevelopment. Economic circumstances mediate the interaction of other factors such as disease, physical isolation, climate stress, and environmental degradation. Governments often lack the economic resources or political will to make crucial investments, ensure meaningful opportunities, or affirmatively secure the safety and political rights of citizens.

The concept of overall poverty is linked to asset ownership—the resources and capacities that enable individuals to maximize opportunity and build secure lives. Asset development builds opportunities by focusing on 1) human capital assets, such as equal and full access to education, and skills for moving out of poverty conditions; 2) financial assets such as land and housing, tools for production, and savings or resources that can be used to maintain basic livelihood needs in times of crisis; and 3) creating and preserving an asset foundation by supporting sufficient wages and other protections that ensure livelihood such as primary healthcare, unemployment, or old-age income, and laws and other protections that provide mutual safeguards in cases of economic, social, or environmental instability.

A lack of assets can make overall poverty intergenerational. Households without a sufficient asset base often do not have significant resources and opportunities to pass on to their children to advance their economic and social situations.

POLICIES TO ADDRESS OVERALL POVERTY

Government policies are key to reducing overall poverty and their impact is evident in such determinants of well-being as rising life expectancy, falling infant mortality rates, rising educational attainment, increasing access to water and sanitation, and increased equality of opportunity and access across gender, racial, and ethnic lines.

Overall poverty reduction strategies frequently target different areas. A primary focus is macroeconomic policy and infrastructure. Economic growth is necessary to reduce overall poverty because it results in increased government revenues, and provides critical resources for increased investments in social services, infrastructure development, and environmental protections. But economy-related poverty reduction strategies do not work in isolation.

To be effective they must be coupled with broadbased asset development policies to build sustainable social services for literacy, education, health, medical care, housing, employment, and various arrangements for unemployment compensation, survivors' benefits, old-age pensions, maternity benefits, and similar social provisions.

Nonincome aspects of overall poverty are particularly susceptible to policy interventions in areas such as credit, health, nutrition, sanitation, and literacy. A related focus is on creating opportunities for empowerment by putting mechanisms in place for the participation of the poor in the political process. The strength of the economic, political, and social institutions is critical to a sustainable effort to alleviate poverty.

The United Nations Millennium Project has developed a strategy for reducing extreme poverty by 2015. The Millennium Development Goals (MDGs) provide benchmarks of progress in a global attempt to alleviate poverty and set a minimum level of human and social well-being. Eight goals and associated targets address a complementary set of factors that together are the cause of much poverty and that can be addressed through policy choices at the international and national levels. While the MDGs are targeting elimination of extreme poverty, if achieved, the project estimates that the process will lift more than 500 million people out of overall poverty, among other anticipated outcomes. The MDG goals are:

Eradicate extreme poverty and hunger.

Achieve universal primary education.

Promote gender equality and empower women. Reduce child mortality.

Improve maternal health.

Combat HIV/AIDS, malaria, and other diseases.

Ensure environmental sustainability.

Develop a global partnership for development.

Maximizing human resources and ensuring the means to build assets and meaningful social and eco-

nomic mobility for individuals and households constitute the broad policy approaches needed to reduce and eventually eliminate overall poverty.

SEE ALSO: Environmental Degradation; Extreme Poverty; Human Capital; Moral Poverty; Social Exclusion; Sociology of Poverty.

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Owen, Robert (1771-1858)

ROBERT OWEN, CONSIDERED the father of the cooperative movement, was born in Newtown, Wales. His father was a saddler and ironmonger. While he was an intelligent boy who did very well at his local school, his father nevertheless sent him to work in a large drapers in Stamford, Lincolnshire. After spending three years in Stamford, Owen moved to drapers in London. This job lasted until 1787, and now aged 16, Owen was employed at a large drapery business in Manchester.

At the age of 19, he became manager of a cotton mill employing 500 people, and in just a few years, thanks to his administrative skill, he became manager and one of the partners of the Chorlton Twist Company in Manchester. After his marriage to Caroline Dale in September 1799, Owen purchased four textile factories in New Lanark for £60,000 from David Dale, his father-in-law.

When Owen assumed the control of the New Lanark factory, more than 2,000 people were employed,

500 of whom were children. Many of them were as young as 5 and were working for 13 hours a day in the textile mills. He immediately stopped employing children under 10 and reduced the labor of those over that age to 10 hours a day.

He greatly improved housing, opened a store where the people could buy quality goods at little more than cost price, and placed the sale of alcohol under the strictest supervision. His greatest success, however, was in the education of the young, to which he devoted special attention. Convinced that education was of the utmost importance in the developmet of a person, he was the first to found infant schools in Great Britain.

A firm believer that a person's character is shaped by the environment, Owen was convinced that by creating the right environment, good and humane individuals can be produced. Like ancient Greek philosophers, he argued that people are deterministically influenced by the way they are raised or treated. Consequently he banned physical punishment in all schools in New Lanark. His views were embodied in his first work, "A New View of Society, or Essays on the Principle of the Formation of the Human Character," an essay appearing in 1813. While Owen's views theoretically belong to a very old system of philosophy, his originality was to be found in his bold and benevolent application of those views.

In his report to the House of Commons regarding the Poor Laws, Owen asserted that poverty had been primarily caused by the competition between human labor and machinery. His proposal to alleviate poverty was a call for united human action and the subjugation of machinery. The basic recommendation was the formation of 1,200-person communities, each settled on a piece of land ranging from 1,000 to 1,500 acres. People would live in one large building in the form of a square and use a public kitchen. Each family would enjoy its own apartment, and children after the age of 3 would be brought up by the community. Initially Owen's plans for the cure of poverty were well received. The leading newspapers, The Times and the Morning Post, as well as the Duke of Kent, father of Queen Victoria, were impressed by his ideas. However, Owen's personal animosity to "all the received forms of religion" provoked strong opposition to his theories.

In 1825 Owen moved to the United States and purchased an area of Indiana. The community was called New Harmony and one of Owen's sons, Robert Dale Owen, became the leader. Nevertheless a peculiar mixture of community members, and the issues of individual sovereignty and private property contributed to the

rapid failure of New Harmony. Upon his return from the United States, Owen concentrated his activities in London, where he became a leading proponent of socialism and secularism.

Owen attempted to form new communities at Ralahine, Ireland, and East Tytherly in Hampshire, England. However, like New Harmony in America, both experiments came to an end after disputes among members fractured the communities. The failure of these projects and most of his political campaigns did not deter Owen from working on his "new moral order" until his death on November 17, 1858. His major works include New View of Society, the report communicated to the Committee on the Poor Law, Book of the New Moral World, and Revolution in the Mind and Practice of the Human Race.

SEE ALSO: Children and Poverty; Poor Laws; Social Exclusion; Social Inequality; Socialism.

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OXFAM

ALTHOUGH OXFAM is now closely associated with development programs in Third World countries to fight gender inequality, encourage fair trade, and provide emergency relief work, it was in the beginning an organization for the relief of poverty and hunger in Europe. The Oxford Committee for Famine Relief, which was later to become known primarily with its abbreviated telegraph address (OXFAM), was set up during World War II, after Nazi Germany had invaded Greece. The Allied forces had declared a blockade in 1942 and, as a result of this, Greek civilians suffered from severe shortages of food and medicines.

Committees were set up throughout Britain appealing to the Allies to let essential supplies through the

blockade. They also started to raise funds for refugees across Europe. The Oxford Committee for Famine Relief first gathered on October 5, 1942, and, in December, Cecil Jackson-Cole, a London businessman, was appointed honorary secretary. The committee was officially registered as a charity in 1943 and its first appeal, Greek Week, raised £12,700 for the Greek Red Cross.

While many of the relief committees throughout Britain disappeared after the war, the Oxford Committee for Famine Relief intensified its activities to alleviate the suffering caused by the war. Offices were opened in Oxford in 1947 and a gift shop was established a year later, becoming the first permanent charity shop. When the Marshall Plan made most European relief committees superfluous, the Oxford Committee once again enlarged its field of action to relieve "suffering arising as a result of wars or other causes in any part of the world."

Under the direction of Howard Leslie Kirkley starting in 1951 and lasting for 24 years, the Oxford Committee attracted wide public attention for its campaigns whereby Third World poor were not stereotypically represented as passive victims but as human beings with dignity. The 1960s witnessed the expansion of the organization, which, in 1965, adopted OXFAM as its official name. OXFAM programs in developing countries increasingly focused on the support of self-help programs.

The organization played a major role in Freedom from Hunger, the United Nations campaign to fight famine through plans to allow people in Third World countries to grow their own food rather than receiving food aid. In 1964, OXFAM started its first fair trade branch, the so-called Bridge Programs, which initially marketed handicrafts produced by local communities in developing nations. The mid-1960s were also characterized by the rise of the OXFAM network of shops, which became an important source of funding for the organization. OXFAM shops sold donated items or

fair-trade products and their success made them common in every main street in Britain. Throughout the United Kingdom, there are now 750 OXFAM shops.

In the 1970s, the self-help strategy inaugurated during the previous decade led to the decision to let local people run the relief programs. The decade also saw OXFAM engaged in difficult campaigns, such as those to reduce the disastrous humanitarian effects of the civil war in Cambodia and of the war of independence in Bangladesh. The organization also started its own center for recycling, the Wastesaver Centre in Huddersfield, United Kingdom.

The success of OXFAM shops prompted the creation of a mail-order catalog, whose sales soon exceeded £1 million in the early 1980s. The decade was devoted to programs for emergency relief in the Horn of Africa, especially in Ethiopia and Sudan. Thanks to the increase in the organization income, OXFAM was able to devote part of its budget to research and publications addressing the problems related to economic globalization, such as debt burdens, unfair terms of trade, and inappropriate agricultural policies. The dramatic events following the end of the Cold War and the rise of international terrorism opened new areas such as the Balkans and the Middle East to the work of OXFAM volunteers.

SEE ALSO: Charity; Destitution; Nongovernmental Organizations; United Kingdom; World War II.

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WORLD POVERTY

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Pakistan

AFTER THE END OF British colonial rule on August 14, 1947, the Islamic Republic of Pakistan came into existence. The Indian subcontinent was divided into India and Pakistan. The new country started the nation-building process amid problems like government deficits, a dependence on foreign aid, growing population, increasing defense expenditures, and military coups. In 1950, agriculture made up 53 percent of the Gross Domestic Product (GDP). Pakistan faced wars with India, ethnic strife, and a rising civil war in East Pakistan.

The 140 million people of Pakistan are among the poorest of the world, with two-thirds residing in rural areas. The population that falls below the poverty line is 44 percent. With a population growth of three percent, poor governance, low levels of literacy, and low spending on social sectors, the economic development of the nation is hampered. It is one of the few countries in the world where economic growth has slowed down, poverty incidence is increasing, and there is a declining trend in spending on development.

Pakistan presents the challenging situation of a poor nation with only 45 percent of the population having access to health services. The infant mortality rate is high, and 38 percent of children are malnourished. The decline in GDP growth rate is the immediate cause of increasing poverty in Pakistan. In the last decade of the 20th century, about 12 million people joined the population living below the poverty line.

However, Pakistan has shown signs of economic recovery in the early 21st century through foreign aid, entry into global markets, and various programs from international bodies and nongovernmental organizations (NGOs). The government is undertaking reforms, and its spending on development increased to four percent of its GDP in 2003, from two percent in the 1990s. Tax reforms have increased the government's revenue and effort has been made toward reforming various institutions. State-owned enterprises have been privatized. Agricultural trade has been liberalized, and incentive is given to cultivators. There has been an increase in industrial production, and the dependence on agriculture is diminishing. The foreign-exchange reserve is stable because of growth in exports and remittances by nonresident Pakistanis from other countries. Inflation has been contained and it has remained below five percent. Compared to an earlier number of 44 percent, presently 32 percent of the population live below the poverty line.

In June 2002, the Asian Development Bank (ADB) entered into partnership with the government in its poverty reduction strategy. Access to basic education and primary health services was stressed. The ADB provided about \$3.7 billion for poverty eradication programs and helped in a major way to create the Khushhall Bank, benefiting about 200,000 households in remote areas. Assistance was given for rural modernization projects and development of the city of Karachi.

The United Nations Development Program (UNDP) in Pakistan is trying to achieve poverty eradication through its programs of sustainable livelihood, better governance, and female empowerment. The World Bank's Global Development Marketplace program created a novel program entitled Mazoori Majboori Nahin ("Labor Is Not Helplessness"), supporting projects to prevent disability, improve medical rehabilitation services, and promote public awareness programs. Financial support of \$25,000 was given to each institution and individual to implement various projects. Through its Country Assistance Strategy, the World Bank is supporting the government's poverty reduction strategy. The World Bank will also double its assistance in 2008 to \$1.5 billion. The Aga Khan Development Network is very active in northern areas of Pakistan through its projects relating to health, education, and rural development.

To improve the livelihood of the poor, nongovernmental agencies have come to the forefront. The Rural Support Programmes Network (RSPN) is the largest organization, focusing its activities in rural areas through its 10 support programs. The Social Policy Development Center (SPDC) of Karachi offers help to the government and civil society of Pakistan through its research activities relating to poverty. An international NGO, Action Aid Pakistan, deals with poverty and educates various underprivileged groups. The Khidmat Foundation helps landless cultivators and laborers.

There are also NGOs based in different provinces participating in poverty eradication programs. With almost half of the population being female, the gender dimension of poverty in Pakistan is alarming. The rigid social mores, the lesser role of women in decision-making processes, and adherence to the *Shariyat* (Islamic laws) are responsible for a secondary role for females. The labor force participation for women is only 13.7 percent. The government and NGOs have recognized the importance of empowering women in the overall strategy of poverty alleviation.

The First Women Bank Limited (FWBL) looks after banking needs of women. The United Nations De-

velopment Fund for Women (UNIFEM) is helping to meet the essential needs of women through employment. Steps are being taken to stop the trafficking of women and children. The condition of bonded labor families in Pakistan is miserable, and the Human Rights Commission of Pakistan is actively engaged in releasing them from the clutches of feudal lords. Through a comprehensive poverty reduction strategy, the people, civil society, and government hope to achieve their Millennium Development Goals by 2015.

Human Development Index Rank: 135 Human Poverty Index Rank: 68

SEE ALSO: India; Islam and Poverty; Millennium Development Goals; Social Inequality; Women and Poverty.

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Palau

THE REPUBLIC OF PALAU, which is composed of 340 islands in the western Pacific Ocean, is both politically and economically stable with a high standard of living. Only nine islands are inhabited: Kayangel, Babeldaob, Koror, Peleliu, Angaur, Sonsorol, Pulo Anna, Hatohobei, and Helen Reef. Formerly under the administration of the United States as part of the United Nations Trust Territory of the Pacific, Palau was granted independence in 1994. As part of the compact with the United States, Palau continues to receive aid until 2009, when new terms may be negotiated. Since this financial assistance remains crucial to the island economy, the government has created a trust fund to ensure that the Palauan standard of living will not be seriously affected when the compact expires. Palau also receives foreign aid from Japan and Taiwan.

With a per capita annual income of \$9,000, Palau is an upper-middle-income nation and one of the wealthiest nations in the Pacific region. The economy is heavily dependent on subsistence agriculture and fishing, but tourism is the major revenue source for the islands. The government is the nation's biggest employer. The service industries contribute 80 percent of the Gross Domestic Project. Unemployment stands at 2.3 percent. Even though Palau is one of the most highly developed countries in the Oceanic region, data on major social indicators are often unavailable. This makes it difficult to accurately access poverty on Palau; however, it is clear that the standard of living on the islands is relatively high.

Over the past decades, life expectancy among the Palauan population of 20,303 has steadily improved. Between 1980 and 2005, life expectancy for males rose from 56 to 66.98 years. At the same time, the projected life span for females increased dramatically from 59 to 73.48 years. The median age is 31.43 years. Over 26 percent of the population are under the age of 14, and 4.6 percent are at least 65 years of age. While most Palauans have access to safe drinking water, 21 percent do not. Virtually all of the islands' residents have access to improved sanitation. Healthcare is widely accessible. There are 110 physicians on the island, and 95 to 100 percent of islanders are able to afford essential drugs.

Infant mortality on Palau is relatively low. According to government statistics, between 1990 and 2003, infant mortality fell from 34.5 deaths per 1,000 live births to 6.4 deaths per 1,000 live births. At a mortality rate of 12.99 deaths per 1,000 live births, female infants are hardier than males at 16.6 deaths per 1,000. Between 1990 and 2003, the mortality rate of children under the age of 5 declined from 34 to 28 deaths per 1,000. Nine percent of all infants born on the islands are underweight. Only one percent of children between the ages of birth and 23 months have not been immunized against measles, DPT3, polio, and tuberculosis.

According to estimates for 2005, the total fertility rate on the islands is 2.46 children per woman. About 47 percent of all Palauan women use some method of contraception. Trained medical staff attend all births on Palau.

Palauan literacy is high, and 92 percent of the population over the age of 15 can read and write. Some 93 percent of males and 90 percent of females in this group are literate. The majority of children on the islands attend both primary and secondary school. Between 1996 and 2003, primary school enrollment rose from 97 to over 100 percent.

Human Development Index Rank: Not included. Human Poverty Index Rank: Not included. SEE ALSO: Education; Healthcare; Japan; Subsistence; United States.

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Palestine

UP UNTIL WORLD WAR I, Palestine was a neglected part of the Ottoman Empire. Economic progress during the late 19th and early 20th centuries came from European settlers, and especially from the emerging Zionist movement. When the British took over from the Ottomans during World War I, they had promised both the Jews and the Arabs the same territory for a nation-state. The interwar period was characterized by a steady economic development of the Jewish settlements despite ongoing ethnic confrontations between the Arabic and the Jewish population. The decline of the traditional Arabic economy coincided with the political events.

After World War II the British were no longer able to control the so-called Palestine Mandate and handed it over to the United Nations. The United Nations divided the territory into two states, a Jewish state and an Arab state. The Jewish side accepted, whereas the Arab side was incited by the neighboring Arab nations to decline the partition offer and to wage war against the new state of Israel. The Arab nations were defeated.

The social situation of the Arabs living in what has just become Israel had changed dramatically: on the one hand the Arab neighbors had asked the Arabs on Israeli soil to leave the territory for the time of the hostilities (in expectation of a return after a defeat of Israel); on the other hand there was an expulsion in some places under Israeli control. At the end of the war in 1949, an important percentage of Palestinian Arabs were dislo-

cated from their former homes and refugee camps emerged as well in the non-Israeli part of the former Palestine Mandate as in the neighboring Arab states.

The remaining territories of the mandate, which the United Nations had designated as a state for the Arab Palestinians, were now claimed by Jordan (West Bank) and by Egypt (Gaza). Whereas the Arab Palestinians in the West Bank could participate in the general economic development of Jordan, the Arab Palestinians in Gaza, under control of Egypt, were separated from the Egyptian economy and had to face a deteriorating economic experience.

One of the most important sources of income for the Arab Palestinians was and still is the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). At the beginning in 1949 and 1950, this organization assisted some 750,000 people, but now provides aid to nearly four million people, as it counts all descendants of refugees as refugees. That means that by now, UNRWA helps not only the needy inhabitants of remaining Palestinian refugee camps of 1948 but also well-integrated Arabs of Palestinian descent in other Arab states.

In 1967, Israel took over control of both the West Bank and Gaza after defeating several Arab states. Whereas the 1970s showed a slow economic recovery, especially in Gaza, the ongoing Palestinian-Israeli confrontation from the mid-1980s (so-called Intifada) hindered any economic progress. Many Palestinians living in the territories had found employment in Israel, but after any serious Palestinian terror attacks on Israel, the territories were blocked, thus depriving the Palestinians of their workplace in Israel.

The peace process in the 1990s led to important financial support for economic recovery, especially by the European Union, but widespread corruption within the Palestinian Authority annihilated the success of such programs. The beneficiaries of the aid programs were usually not the Arab Palestinians living in the territories for the last half of the 20th century, but cronies of the leadership, returning from exile in Tunisia.

The economic and social situation of the Palestinians, especially in the Gaza Strip, was still poverty-stricken in 2005. Tourism as a major possible source of income is spoiled by the ongoing terror activities of radical Palestinian groups. A change may only be achieved with the end of terrorist activities, a real peace process in the area, and a fundamental reorganization of the Palestinian Authority, coinciding with a tough anticorruption policy.

Human Development Index Rank: 102 Human Poverty Index Rank: 7

SEE ALSO: Economic Inequality; Israel; Nongovernmental Organizations; Social Inequality.

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Panama

THE REPUBLIC OF PANAMA is the southernmost of the Central American nations. After winning independence from Spain in 1821, Panama united with Colombia but spent the next eight decades trying to divorce itself from the alliance. In 1903, with United States backing, Panama finally seceded from Colombia. Afterward Panama allowed the United States to build a canal that provided a gateway between the Pacific and Atlantic Oceans. In exchange the United States was given sovereignty over a strip of land on either side of the canal.

On September 7, 1977, in compliance with the original agreement, President Jimmy Carter began the process of transferring ownership of the canal and the surrounding area back to the Panamanians despite intense controversy. The transfer was officially complete in 1999. During the interval, the United States helped to remove dictator Manuel Noriega from office. Noriega was subsequently imprisoned in Florida on drug trafficking charges, and the U.S.-backed candidate became president of Panama. Colombian rebel and paramilitary forces continue to make frequent raids in Panama, and concern has arisen over increased incidents of violence and drug and arms smuggling.

Panama's economy is heavily dependent on services, which employ 61.2 percent of the labor force and account for four-fifths of the Gross Domestic Product. These services revolve around banking, the Colón Free Zone, insurance, container ports, flagship registry, and tourism. The agricultural sector continues to be of im-

portance in Panama, employing 20.8 percent of the labor force. An additional 18 percent of the workforce are involved in industry. Panama is facing an unemployment rate of 12.6 percent.

At the end of the 20th century, Panama experienced a temporary economic slump in response to a global slowdown and the withdrawal of remaining U.S. military forces. The government initiated tax incentives and stepped up exports to offset the losses. As part of an ongoing recovery program, the Panamanian government has proposed tax and social security reforms while promoting tourism and negotiating new regional trade agreements. Panama's natural resources, which include copper, mahogany forests, shrimp, and hydropower, also have the potential to boost the economy.

With a per capita annual income of \$6,900, Panama is an upper-middle-income nation with severe external debts. It is a country of vast inequalities, with the richest 20 percent of the population holding 60.3 percent of resources while the poorest 20 percent live on 2.4 percent of resources. Panama is ranked 56.4 percent on the Gini Index of Human Inequality. To some degree, Panama has been successful in reducing poverty in the past. Between 1983 and 1997, for instance, the level of poverty was reduced from 46 to 37 percent. During that same period, extreme poverty fell from 28 to 19 percent.

Nevertheless the poverty rate remains at 37 percent, exacerbated by regional and cultural disparities. It is estimated that rural poverty may be twice as high as that in urban areas. Women and children are disproportionately affected by poverty, as are peasants and agricultural workers. Approximately 26.5 percent of Panamanians are extremely poor, and one-fifth of the population is malnourished. Around 17.2 percent live on less than \$2 a day, and 7.2 percent live on less than \$1 a day. Panama enjoys a high to medium standard of living in relation to other countries in the Latin American/Caribbean region.

Health expenditures comprise the highest element of Panama's social budget. Yet the Social Security Department, which is the chief provider of health and social security services, suffers from serious financial difficulties. Medical care is generally accessible in urban areas, and there are 121 physicians for every 100,000 residents. Rural residents, however, often lack access to healthcare. As a result, they have more illnesses, higher mortality rates, and a general lower standard of living. From six to 20 percent of the population have no sustained access to affordable essential drugs. About 10 percent of the population lack access to safe drinking

water, and eight percent lack access to improved sanitation.

Panamanians enjoy a life expectancy of 71.94 years, and life expectancy has been steadily rising for several decades. In 1980 the projected life span was 68 years for males and 72 years for females. Panama's population of 3,039,150 has a median age of 26.18 years. Almost 30 percent of the population are under the age of 14, and 6.4 percent have reached the age of 65.

Panama has made significant gains in reducing infant mortality, but more needs to be done in rural areas. Between 1970 and 2004, infant mortality fell from 46 to 19 deaths per 1,000 live births. Among all children under the age of 5, the mortality rate dropped from 68 to 24 deaths per 1,000 during that same period. Eight percent of under-5s are malnourished, and 14 percent are moderately to severely stunted. Around 10 percent of all infants are underweight at birth. Generally childhood immunization rates have risen in Panama over the last few years, but immunization rates lag behind in rural areas. Immunization rates for children from birth to 23 months old range from 79 to 92 percent.

Panama has one of the highest literacy rates in the Latin American/Caribbean region.

Fertility rates in Panama have declined considerably in response to wide dissemination of birth control information. About 90 percent of Panamanian women use some method of contraception. Between 1970 and 2005, the fertility rate decreased from 4.9 to 2.45 children per woman. The adolescent fertility rate of 67 per 1,000 births has been a major cause for concern. Trained medical staff attend 90 percent of all births, but access to healthcare in rural areas is sometimes poor. Maternal mortality continues to be high, occurring at a rate of 160 deaths per 100,000 live births.

Panama has one of the highest literacy rates in the Latin American/Caribbean region. Among the population over the age of 15, 92.6 percent can read and write. Literacy rates have increased significantly, particularly for females. In 1980, 14.4 percent of males and 15.9 percent of females were illiterate. Both public and private schools are now required to teach English as part of the curriculum.

Education in Panama is free through the ninth grade. Most Panamanian students attend school for 13 years. Primary enrollment rates have reached 99.6 percent, and 63 percent of the relevant age group are en-

rolled in secondary school programs. Among those who enroll, 98 percent of all students complete primary school. On the average, poor students receive 4.3 grades less education than students from more affluent families.

Human Development Index Rank: 56 Human Poverty Index Rank: 9

SEE ALSO: Carter, James (Administration); Education; Income Inequality; Rural Deprivation.

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ELIZABETH PURDY, Ph.D. INDEPENDENT SCHOLAR

Papua New Guinea

LOCATED BETWEEN THE Coral Sea and the south Pacific Ocean, the Independent State of Papua New Guinea is made up of a group of islands that include the eastern half of the island of New Guinea as well as the outlying islands of Manus, New Britain, New Ireland, and Bougainville. After being under the administration of Australia throughout most of the 20th century, Papua New Guinea was granted independence in 1975. Generally the country is politically stable, but over 20,000 people were killed in a secessionist revolt on the island of Bougainville that lasted from 1987 to 1997.

Natural resources that include gold, copper, silver, and natural gas are not fully developed because of difficulties involved in accessing the rugged terrain and managing the high costs of development. However, mining provides 72 percent of export earnings. As part of an agreement with Australia, Papua New Guinea receives \$240 million annually. While the economy has improved in recent years, the government faces a formidable task as it continues efforts toward privatization and attracting investors. Approximately 85 percent of the labor force are engaged in subsistence agriculture.

Although the exact rate is unknown, unemployment is high on the islands. The shaky economy is frequently affected by weather-related events that include earth-quakes, mudslides, tsunamis, floods, droughts, and killer frosts. Volcanoes are also active on the island.

Papua New Guinea is a low-income, moderately indebted nation with a per capita annual income of \$2,200 and a poverty rate of 37 percent. Some 27 percent of islanders are malnourished. Available resources are unequally divided, and the poorest 20 percent of the population subsist on 4.5 percent while the richest 20 percent share 50.9 percent.

Life expectancy is low in Papua New Guinea, and the population is relatively young. However, life spans are increasing. Between 1980 and 2000, life expectancy increased from 51 to 56 years for males and from 52 to 58 years for females. Women generally outlive men by more than five years. The median age in Papua New Guinea is 21.09 years. More than 38 percent of the population are under the age of 14, and 3.8 percent live to see the age of 65. Islanders have a 19 percent chance of dying before they turn 40.

HIV/AIDS is of growing concern in Papua New Guinea. In 2003 it was estimated that the prevalence rate had reached 0.6 percent. Around 16,000 islanders have contracted HIV/AIDS, and 600 have died from the disease or its complications. Health is further threatened by the fact that 58 percent of the people lack access to safe drinking water, and 82 percent lack access to proper sanitation. Rural residents are more likely than urban residents to lack these basic necessities. Islanders face a very high risk of food- and waterborne diseases, and dengue fever and malaria present a threat in some areas. There are only six physicians for every 100,000 residents on the island, but 80 to 94 percent of the people have access to affordable essential drugs.

Infant mortality is high in Papua New Guinea, but it has substantially improved over the last decades. Between 1970 and 2003, infant mortality decreased from 106 to 69 deaths per 1,000 live births. Among children under the age of five, mortality fell from 147 deaths per 1,000 in 1980 to 93 deaths per 1,000 in 2003. About 35 percent of all children under the age of five are malnourished, and 11 percent of infants are underweight at birth. Immunization rates for children from birth to 23 months old have remained stagnant for at least a decade, with percentages ranging from the high 40s to the low 70s.

Fertility continues to be high in the Papua New Guinea, even though it has declined since 1980, when women produced an average of 5.8 children each. Cur-

rently the fertility rate stands at 3.96 children per woman. The adolescent fertility rate is 66 per 1,000 births. Although the number of women using birth control is low at 26 percent, contraceptive use has risen significantly since 1980, when only four percent of island women practiced birth control. Just over 53 percent of births occur in the presence of trained medical staff. This low rate of attended births, coupled with limited access to antenatal care, has resulted in high maternal mortality. Based on modeled estimates for 2000, maternal mortality in Papua New Guinea occurs at a rate of 300 deaths per 100,000 live births.

Nearly 65 percent of Papua New Guineans over the age of 15 can read and write. At 57.7 percent, female literacy lags behind the male literacy rate of 71.1 percent. Even though literacy rates are low, the rate of illiteracy has declined since 1980, when 42.9 percent of males and 61.3 percent of females were not able to exercise these basic skills. Most children on the islands attend school for at least six years. Between 1980 and 2002, primary school completion rates for males increased from 54 to 64 percent and female completion rates rose from 51 to 56 percent.

Human Development Index Rank: 137 Human Poverty Index Rank: 78

SEE ALSO: Agriculture; Australia; Privatization; Subsistence.

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ELIZABETH PURDY, PH.D. INDEPENDENT SCHOLAR

Paraguay

THE REPUBLIC OF PARAGUAY was originally settled by natives but was conquered by Spain during its conquest of South America. Paraguay revolted against Spain in 1811 and established itself as a republic. Between 1865 and 1870, Paraguay was involved in the War of the Triple Alliance, which ultimately cost the nation two-thirds of its male population and a good deal of territory. It took over 60 years before Paraguay's economy began to recover from the period of stagnation created by the war.

Over 30 percent of Paraguayans live on less than \$2 a day.

The overthrow of Paraguay's military dictator in 1989 signaled a turn toward democracy and free elections. Yet the political environment in Paraguay continues to be characterized by infighting, corruption, an outdated infrastructure, and high internal and external debts. Accusations of smuggling, drug trafficking, and money laundering in conjunction with the unstable political environment have served to keep foreign investment at a minimum.

Paraguay's market economy is largely informal, profiting from the reexport of imported consumer goods to surrounding countries and from thousands of microenterprises and urban street vendors. About 45 percent of the labor force are engaged in agriculture, much of it subsistence-level. The agricultural sector accounts for 25.3 percent of the total Gross Domestic Product (GDP). Services generate half of the GDP, and industries are responsible for the remaining 24.9 percent. Unemployment stands at 15.1 percent.

With a per capita annual income of \$4,800, Paraguay is a lower-middle-income nation with a headcount poverty rate of 36 percent. Poverty rates have been increasing at the same time that social spending has decreased. Inequality is prevalent, with the richest 20 percent of the population holding 60.2 percent of resources and the poorest 20 percent sharing only 2.2 percent of resources. Paraguay is ranked 56.8 percent on the Gini Index of Human Inequality. Over 30 percent of Paraguayans live on less than \$2 a day, and 14.9 percent subsist on less than \$1 a day. Approximately 14 percent of the population are undernourished.

Women head up most poor households in Paraguay, and poverty has become more entrenched among indigenous women and those who live in rural areas. Women who work tend to be employed in low-paying jobs, and most women have no social security coverage. Paraguay worked with international groups to develop the Community Development Project (PRODECO) to

provide poverty relief and promote social inclusion, but changes have been only incremental. A large number of Paraguayans have no access to health services. There are only 49 physicians for every 100,000 residents, and up to 49 percent of the people lack access to affordable essential drugs. Improvements have been made in providing access to safe drinking water and improved sanitation. Currently 78 percent of the population have access to safe drinking water, and 94 percent have access to improved sanitation.

In 1980, life expectancy in Paraguay was 65 years for males and 69 years for females. By 2005, life expectancy had increased to 74.89 years overall. With a projected life span of 77.55 years, females tend to outlive males (72.35) by over five years. Among the population of 6,347,884, the median age is 21.2 years. Almost 38 percent of the population are under the age of 14, and 4.8 percent have reached the age of 65.

Paraguayan infant mortality is among the highest in Latin America, but rates have steadily declined. Between 1970 and 2005, infant mortality fell from 57 to 26 deaths per 1,000 live births. Among children under the age of 5, the mortality rate dropped from 76 to 29 deaths per 1,000 during that period. Five percent of all children under the age of 5 are malnourished, and nine percent of infants are underweight at birth. With one exception, immunization rates for children between the ages of 12 and 23 months range from 77 to 82 percent. Around 97 percent of infants have been immunized against tuberculosis.

Despite the fact that Paraguay has had a National Plan for Reproductive Health since 1997, fertility rates continue to be high. Both government and private organizations have launched campaigns to teach Paraguayans about family planning and safe sex. Approximately 57 percent of all women now use some method of birth control. Women produce an average of 3.8 children each. Teenage pregnancy is also high, and the adolescent fertility rate is 71 per 1,000 births. Trained medical staff attend 71 percent of all births in Paraguay. Abortion is identified as the third most frequent cause of maternal death, but unofficially it is believed to be the leading cause of death. According to modeled estimates for 2000, 170 maternal deaths occur out of every 100,000 live births.

The Paraguayan population is highly literate, and 94 percent of the population over the age of 15 can read and write. Illiteracy rates have declined significantly since 1980, when 10.5 percent of males and 17.6 percent of females were illiterate. Around 92 percent of children are enrolled in primary school, and 50 percent

of the relevant age group are enrolled in secondary school. In urban areas, there is little difference in school enrollment between boys and girls. In rural areas, however, the enrollment ratio is 86 girls to 100 boys. Literacy is also lower among females in rural areas. When Paraguay made formerly same-sex colleges coeducational in 2004, it created a national outcry and led to open aggression toward female attendees.

Human Development Index Rank: 88 Human Poverty Index Rank: 17

SEE ALSO: Corruption; Healthcare; Maternal Mortality and Morbidity; Spain; Women and Poverty.

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Participation

THE TERM AND CONCEPT of participation originally took force in the 1980s and 1990s, as noneconomist social scientists began to question traditional forms of worldwide development. Previous to this time, institutions, including the World Bank, the United States Agency for International Development (USAID), the Overseas Development Agency (ODA) in the United Kingdom, and the United Nations Development Program (UNDP), maintained a philosophy of supporting disadvantaged—or Third World—countries through "top-down" approaches. Agencies would donate finances for projects to national governments that would spend the money accordingly. Thus revenues were believed to trickle down to those who were in need. However, this system was appearing to have little impact on those who required support the most.

Donor agencies then began to channel funding through nongovernmental organizations (NGOs). Many NGOs were already working on a range of issues in communities around the world. Yet even with this "bottom-up" approach, not all projects remained sustainable through time. The reality was that life on the ground was diverse and complex. Local contexts, local points of view, and local needs were still subsumed under NGO aims and perspectives. Participatory approaches began to surface within the agricultural and farming context, as it was recognized that local farmers had a great deal of knowledge about their environment. Participatory Rural Appraisal (PRA) primarily developed in natural resource management, where users became more involved in the planning, management, and monitoring of programs, as discussed by R. Chambers.

To make participation more empowering, a shift in methodology is also present.

The participation of stakeholders in program development has become mandatory, not only for the success of projects to increase but also to secure funding. The World Bank addressed its own policy on participation in the early 1990s. The bank's long-term goals included the promotion of participatory development to governments and other lenders, encouraging beneficiaries to consult and work with stakeholders, and conducting participatory techniques in evaluation. Thus participants would engage with programs more than before and essentially take on some ownership.

However, the levels and scope of participation vary extensively. A community-based project with local support and membership does not necessarily equate with participatory decision-making or power. Extra effort still needs to be made to include and mobilize the marginalized, mainly women and the poor.

Chambers argues that there are three main ways that participation is used: first, like a cosmetic, in order to attract funding, but the discourse is applied with no real change of management style; and second, a coopting style of integrating stakeholders to take part in what is still an externally lead project.

Last, participation can be empowering. A shift in thinking and direction is required in order for users to be given more tools to direct and manage their projects. External support is then in the form of facilitation, equipping local people to take the reins.

In order to make participation more empowering, a shift in methodology is also present. In research and development across the social sciences, techniques are used that have a participatory philosophy and practice. Participatory Appraisal (PA) methods commonly utilize

visual engagement, such as maps and diagrams that draw out vital contextual information, as well as local preferences or barriers to programs. Tools can be used with individuals or groups to explore people's perceptions and relationships to issues at hand. Monitoring and evaluation tools also involve strengthening the capacity of local users to take forward the findings and outcomes of a program.

While participation in development has allowed a shift of control from financial-based institutions to local people, the process does remain one of alleviating symptoms. Inclusion and rights of the poor and others facing exclusion remain limited. Participation will remain an ideal until the causes of poverty and the global relations of power are truly shifted.

SEE ALSO: Community-Based Antipoverty Programs; Nongovernmental Organizations; United Nations Development Program; World Bank.

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Partnership to Cut Hunger and Poverty in Africa

THE PARTNERSHIP TO CUT Hunger and Poverty in Africa (PCHPA) is an independent organization of leaders from U.S. and African governments and private institutions that undertakes initiatives to reduce African poverty and hunger. The primary focus of PCHPA is to increase the level and improve the effectiveness of investments in African agriculture and rural development.

PCHPA was created in 2000 from concerns that the U.S. response to increasing hunger and poverty in Africa was inadequate. The partnership seeks increased assistance for Africa from the United States, the World Bank, and other international organizations and seeks to create a consensus among Africans and Americans



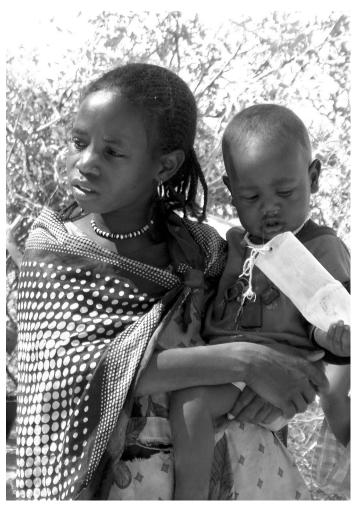
Immunizations are just one part of activities encouraged by the Partnership to Cut Hunger and Poverty in Africa. The group also promotes participation by nongovernmental U.S. organizations in African poverty relief.

about the best ways to reduce poverty and hunger in Africa.

The activities of PCHPA focus on four primary objectives. The partnership seeks to convince the U.S. government to make the reduction of hunger and poverty in Africa one of its highest priorities. PCHPA encourages the World Bank to restore agriculture and rural development as a priority for its funding. The partnership promotes increased funding for USAID's agriculture and rural development programs and improved technical capacity within the agency to increase U.S. support for African development. The group also encourages increased participation by nongovernmental U.S. organizations and seeks to concentrate U.S. aid on agricultural and rural development.

PCHPA seeks to develop and implement long-term strategies that will alleviate African poverty and create sustainable economic development. The partnership believes investment in Africa's agricultural sector will increase productivity, expand trade, and lead to the creation of other successful businesses in rural areas. American responses to short-term emergencies have been generous but insufficient for the successful development of an agricultural sector that will enable Africa to feed itself on a sustained basis.

The partnership believes one of the obstacles to the elimination of hunger and poverty in Africa is an incomplete understanding of development issues. Consequently, PCHPA initiatives seek to change some perspectives of African economic development. The partnership believes the United States should grant Africa more control over its economic development. The United States, Africa, and its partners must recognize the interdependence among agricultural and rural development and other social goals, such as health, nutrition, gender, and environmental concerns. The group



A displaced young woman with her baby seeking aid in the faminestricken Darfur region of Sudan.

also argues there is an insufficient appreciation of the diversity of political and economic conditions in African countries.

PCHPA favors the use of U.S. aid to support African-led initiatives that successfully integrate Africa into the global economy and that assist the poorest members of African society by increasing their productivity. The partnership's efforts to increase public and private investment in Africa include attempts to increase the level of African resources devoted to economic development, to encourage more overall U.S. investment in Africa, and to increase the loans and grants for African agricultural and rural development by the World Bank and other international agencies. PCHPA efforts to improve the effectiveness of U.S. aid seek to ensure that assistance efforts respond to African-led initiatives in agricultural and rural development; coordinate with initiatives of the World Bank

and other development organizations; complement other U.S. policies that affect African development, such as trade and debt relief; involve the private sector; and focus on building the capacity and institutions in Africa to achieve significant hunger and poverty reduction.

SEE ALSO: Africa Faith and Justice Network; African Development Foundation; Foreign Aid; United States.

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Paternalism and Welfare

IN CONTEMPORARY Western welfare systems, particularly in the United States, participants are required to exchange work effort and behavioral conformity to program mandates for cash aid. Such mandated prescriptive behavior by the government is termed *paternalistic*.

Under paternalism, critics argue, government programs treat their clients like wayward, misbehaving children who need instruction, direction, and correction enforced by threats or imposition of punitive sanctions in the form of reduction or denial of cash aid in order to get them to conform to standards of behavior.

Welfare policies were not always so overtly paternalistic in the United States. Prior to the era of welfare reform, which had its birth in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, welfare largely trusted clients to adhere to societal standards of hard work, family care, and moral probity. In order to qualify for cash aid in the earlier system, one had to merely prove need (and, in the early years of welfare, be deemed worthy of cash aid by being white and a single mother by circumstance rather than choice), not demonstrate a work ethic or conformity to a governmentally mandated behavioral code.

However, as welfare rolls increased dramatically in the 1950s through 1970s, the public demanded accountability of welfare recipients. Often the media and politicians depicted recipients as deviant from society in their lack of commitment to work or efforts to become economically self-sufficient. In response, politicians embraced welfare-to-work programs, first in programs with nonenforceable work requirements that more cajoled than coerced, and then in programs that threatened and implemented the removal of support for acts of noncompliance.

Today cash aid is provided only when a recipient works 35 hours per week or participates in limited activities designed to generate employment activities. Failure to do so results in the aforementioned sanction. Even more paternalistic is the notion that government can and should enforce standards of family formation. Mothers who receive cash aid are forced to cooperate in child support enforcement, even in cases where the mother does not desire or is fearful of contact and involvement with the father.

There are several problems with paternalism, aside from the issue of welfare justice.

Further, pilot programs are currently being tested in 10 sites around the United States where welfare clients are penalized for not marrying or staying married. With marriage in these programs comes greater monetary aid. Failure to marry or dissolution of marriage results in reductions in cash aid. Welfare clients also receive marital counseling and relationship workshops. In the near future, it is possible that such marriage incentives and nonmarriage sanctions may become welfare policy de jure.

Paternalistic welfare policies turn a blind eye to social realities for clients. The paternalistic Theory of Labor Force Attachment, upon which welfare is predicated, argues that work is abundantly available for welfare clients. However, in their dependency on cash aid, welfare clients refuse to take work. No barriers to work exist, such as lack of appropriate and affordable childcare or transportation. In their dependency and lack of work, welfare clients are freed to reject societal norms and act in ways that threaten the social order. Punitive sanctions become the only means by which government is able to enforce socially acceptable behavior and adherence to work standards.

Studies do not provide evidence supporting the claims of the Theory of Labor Force Attachment. Nor do they justify the use of paternalism in welfare policies. In fact it appears paternalism may be harming welfare clients unjustly. If it is the case that welfare clients

are dependent on welfare because jobs are not available to them that pay living wages, and thereby enable them to be independent of cash aid, then paternalism will not reduce the need for dependency. Further, if barriers to work do exist, as numerous studies show, then punitive welfare policies will only cause families to suffer, not become self-sufficient.

Despite the evidence contradicting the need for paternalistic welfare policies, such policies in the United States will likely continue to be in place for the foreseeable future. While evidence may be lacking, there is no shortage of public support for paternalistic welfare. It would seem from current policy discussions that welfare is going to become even more paternalistic, with mandatory full-family sanctions, increased work obligations, and fewer acceptable exemptions to work.

There are several problems with paternalism, aside from the issue of welfare justice. Paternalistic welfare is expensive, as it requires close supervision of clients by an effective monitoring system. More welfare caseworkers, not fewer, are needed to ensure that clients who do not conform are identified and appropriately addressed. Paternalism is antithetical to the American ethos, including violations of central tenets of freedom, individual worth, and limited government involvement in the private lives of citizens. Finally paternalistic welfare may generate deeper dependence on welfare, as clients who face deepening financial woes become clients of other governmental systems, such as child welfare agencies, hospitals, or mental health agencies.

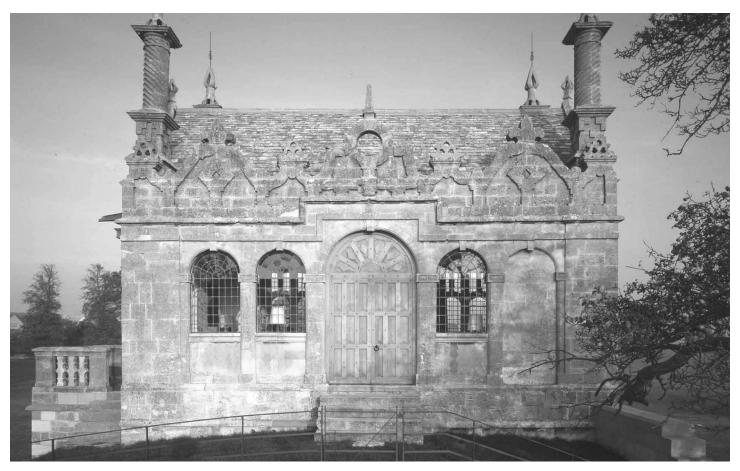
SEE ALSO: Welfare; Welfare Dependence; Welfare Rights; Work-Welfare Programs.

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Pauperism

PAUPERISM IS A TERM introduced into the English language with the passage of Poor Laws in the early-modern period of English history (ca. 1450–1750). Al-



An almshouse in England, where paupers sought relief under the Poor Laws. Pauperism was the "English disease" that came with the "English system," industrial capitalism.

though it was derived from the Latin *pauper*, meaning "poor," it meant not only the state of being poor or impoverished but the legal condition of being in receipt of public assistance administered under the Poor Laws and, as such, carried the social stigma of being a public burden. It implied a long-term condition of dependency and destitution.

A person entitled to poor-law relief had to be destitute as determined by magistrates or other government officials, and the moment a person obtained public relief, he or she became a pauper. As a term of opprobrium, it made its way into French, German, and other European languages by the early 19th century to describe the severe dislocations, indigence, and extensive systems of public assistance that accompanied the capitalist Industrial Revolution on the continent.

In England, measures to relieve pauperism were mainly designed to suppress vagrancy and begging as threats to public order. The Henrician Poor Law (1536) and the Parish Poor Rate (1572) set the stage for the pas-

sage in 1601 of the Elizabethan Poor Law, which maintained paupers by legislating compulsory local taxes administered by a parish; monitored them by registration, surveillance, and periodic interrogation; and compelled the able-bodied poor to work. It also required children to work if their parents were unable to support them. Local reluctance to support paupers from other locales led to settlement laws restricting migration, and poorhouses took the aged, infirm, and insane paupers off the streets and boarded them under one roof.

The Poor Law was renewed by subsequent acts and modified over time, reflecting the shifting views of elite lawmakers on how paupers and pauperism should be handled. Compelling paupers to work at any job was a common theme. Starting in Bristol in 1697, workhouses were established where paupers were expected to support themselves by work or lose support. Also in 1697, those receiving relief were obligated to wear badges of pauperism (a large red or blue "P" sewn on the right shoulder of their outermost garment along

with the first letter of the name of their parish) or face suspension of payments. Badging the poor publicly identified and stigmatized the pauper, a humiliation that continued until 1810.

In 1723 the Workhouse Act officially introduced the workhouse test, and any pauper who refused to live and work under the horrible conditions prevailing in such houses lost entitlement to support. The test was repealed in 1782 and able-bodied paupers were able to receive relief at home (called "outdoor relief" as opposed to the workhouse or "indoor relief"). The New Poor Law of 1834 curtailed outdoor relief and, hoping to compel paupers to perform any sort of work, pegged payments at a level below the pay of the poorest laborer. It remained in force until 1930. Critics of pauperism on the continent in the early 19th century saw it as a dark side of capitalist social relations. Pauperism was the "English disease" that came with the "English system," industrial capitalism.

BURDENS ON THE COMMUNITY

One early commentator, the Franco-Swiss historian and economist Simonde de Sismondi (1773–1842), wrote that pauperism (he insisted on using the English word to describe this form of destitution) was inevitable when wage workers became unemployed in a free-enterprise system, because they owned no productive property or assets nor belonged to a trade association (such as a guild) that could support them in challenging economic times.

When workers were unemployed, if they did not resort to criminal activity to make ends meet, they had no other recourse but to become publicly assisted paupers and burdens on the community. The associated stigma was not individual but adhered to an economic system that produced such economically insecure individuals.

SEE ALSO: Exclusion; Poor Laws; Poverty in History; Social Exclusion; United Kingdom.

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Pension Programs

AN ADEQUATE PENSION SYSTEM for the elderly is the key to providing income security and reducing poverty. In fact, for countries with well-developed pension systems, pensions have been instrumental in reducing the poverty rates of the elderly to lower levels than for any other age group in the population. For example the poverty rate for the elderly in the United States fell from 35.2 percent in 1959 to 10.2 percent in 2003. The overall poverty rate for the United States in 2003 was 12.5 percent.

Nonetheless, pensions are virtually nonexistent in many countries. Without adequate pensions, the elderly are forced to rely on their families, maintain their employment, or live in poverty. Expanding pension coverage, either through the government or the private sector, is an important part of improving social welfare for aging populations.

Indeed pensions will become increasingly important in the future for several reasons. First, a worldwide trend of decreasing mortality rates is causing more people to live into old age. Elderly women face particular risks because they often outlive their husbands and must rely on any survivor benefits they can receive through their husband's work record. Reduced fertility rates are also creating strains for pension systems, because there will be fewer young people to support the increasing numbers of old people.

Most countries will experience rising old-age dependency ratios, and while industrial countries have highly developed pension systems, these systems will be increasingly pressured because the number of elderly will increase rapidly in the coming years in relation to the working-age population. Additionally migration and industrialization are breaking the links among family members and making it more difficult for children to support their elderly parents. Without the income security provided by pensions or other means, these new elderly will find it difficult to avoid poverty.

TYPES OF PENSIONS

Pensions can be found in a variety of forms. From the government they can either be developed as social insurance, in which a person's pension is directly related to her contributions into the system, or they can come through social assistance and welfare programs that provide a minimum income to those elderly with sufficiently low income and assets. In 1889, Germany began the first national old-age social insurance program. Pen-

sions can also be provided privately as a part of the compensation package for workers. A few corporate pension programs began in the late 19th century or earlier, but large-scale corporate pension programs would not become widespread until the 20th century. For social insurance or private pensions, the pension can either take the form of a defined-benefit scheme or a defined-contribution scheme, each with various advantages and disadvantages. Some workers are able to take advantage of both a public and a private pension, while other workers qualify for one or no pension.

The International Labor Organization provides a set of general objectives for national pension programs. They include the idea that pension coverage should be extended to all members of the population. Pensions should protect against poverty in old age, during disability, or after the death of the family breadwinner. They should also provide an income to all contributors to replace lost earnings from voluntary or involuntary retirement. Pension amounts should be adjusted to account for inflation and the general rise in living standards. Finally a country's pension framework should be designed to allow further voluntary provisions for retirement income.

OLD-AGE SECURITY

The World Bank has also developed a framework for pension systems to help provide income security during old age. The five elements of the World Bank's strategy include a minimal pension payment available to everyone regardless of contributions, a pension based on contributions that provides a replacement for some portion of a worker's earnings at retirement through a defined-benefit system, an additional defined-contribution system that works as an individual savings account, additional pension systems of a voluntary nature, and dependence on family. With these five systems in place, elderly will have strong support to avoid poverty.

Where they exist, pension programs are generally categorized as defined-benefit (DB) plans or defined-contribution (DC) plans. Between these two types of plans, there remain many possible variations. Generally a DB pension plan provides benefits that are not directly related to earnings.

Once a worker has been with an employer long enough to become vested in the program, the worker's pension benefit is based on the number of years of employment. Occasionally the worker's earnings will also play a role in determining the pension amount. Government DB plans often work on a pay-as-you-go basis,

with current workers paying for the benefits of current retirees. Historically DB programs have been more common, though they are losing popularity in recent years as the rising old-age dependency ratios strain these systems.

A main advantage of DB programs for workers is that their market risk is reduced in terms of needing to make the appropriate investments in stocks, bonds, and other financial assets. The risk of poor investment performance is shared across a larger number of workers, and even to an extent across generations. A disadvantage of DB plans for workers is that they are less portable, and a worker who frequently shifts between jobs may have a lower pension upon reaching retirement age. But this is an advantage to employers, because a DB pension program will motivate workers to stay with the firm and the employer will experience less employee turnover.

The workers will bear the full burden of risk for their retirement pension.

Workers have also faced the risk of their employer canceling DB pension programs, though countries such as the United States now insure workers for such risks. Disadvantages for employers with DB plans are that they can be more expensive to administer and can be subject to greater government regulation.

In recent years, DC plans are increasingly replacing DB plans. This is seen in countries such as Chile that have adopted DC plans at the national level, and it is also the direction of reform advocated by President George W. Bush for Social Security in the United States. For a DC plan, the employee and/or employer deposits a portion of the employee's salary into an individual savings account. The worker is then responsible for deciding how this money is invested. This allows the worker greater control to choose the appropriate level of risk and also helps to assure workers that they will receive what is in their account, but it also forces the workers to bear the full burden of risk for their retirement pension.

If a worker makes investment mistakes or is unlucky, the resulting pension could be small. Workers who change jobs will also benefit from the portability of their pension. These programs can be easier to administer for companies and they are subject to less regulation, because it is not necessary for the employer to prove that it will be able to pay the promised pension

benefits. Such programs are also easier to explain to employees. The disadvantage for employers is that since they have less control to design the pension rules, they lose the ability to use the pension as a tool to get workers to retire at the ages desired by firms.

Pension issues remain an important challenge for countries throughout the world, but for different reasons. Developing countries often lack adequate pension systems, and demographic and economic forces are reducing the ability of the traditional family system to provide for the elderly. On the other hand, developed countries often have extensive pension systems, but the trends of reduced fertility rates and reduced mortality rates could eventually overwhelm the funding mechanisms for these programs. This will particularly strain pay-as-you-go or defined-benefit pension systems that rely on population growth to ensure that the current generation of workers can provide for the current generation of retirees.

SEE ALSO: Age Discrimination; Aged and Poverty; Bush, George W. (Administration); Social Security; Workers' Compensation.

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Peripheral Poverty

PERIPHERAL POVERTY IS THE impoverishment of isolated or marginal areas. This conception of poverty can be used to examine poverty within a single nation or region or can be extended to examine the socioeconomic conditions of peripheral nations within the world system.

While the lived experience of peripheral poverty is similar in nature to interstitial poverty, peripheral poverty is located on the outskirts of areas of power and wealth. Peripheral poverty can also share many of the same qualities found in persistent poverty.

While there are similarities within poverty types, those experiencing peripheral poverty may face additional obstacles to success. While those experiencing rural poverty may be more likely to experience poverty because of a lack of landownership, those experiencing peripheral poverty may actually own land. However, the type of land they own or have access to, is often nutrient depleted, difficult to farm, and may have a scarcity of water.

Without these critical factors the ownership of these lands is not useful and does not allow one to pursue agricultural efforts to gain adequate nutrition or additional resources through the sale of produce. While there may be limited ability to farm the land owned, many are unable to leave these areas for structural reasons or because there are few other social options available. Thus the inability of people living in peripheral poverty to farm their lands or to leave their land may enforce their inability to meet their basic needs, let alone move out of their economic position.

Water is an essential need of all people, so this limited resource may reinforce the inability to leave a land that has little water, particularly if surrounding areas have even fewer or unproven water resources. Without adequate water transportation systems there will be little increase in agricultural output. Even if water should become available to help enable limited agricultural output from these infertile soils, there may be limited or no available means to market these goods. The lack of water resources has been especially influential in various African and Arab arid environments and has resulted in some of the poverty in existence outside of more developed urban centers.

Without a transportation infrastructure and accessible market source, people who are able to produce goods while subsisting in peripheral poverty do not have an opportunity to improve their socioeconomic status. However, from the structural perspective there may be little social concern to address the issue of peripheral poverty, as these persons are less able to be involved in sociopolitical life and influence social change. Ultimately the peripheral poor may be neglected and forgotten not only for their limited political and economic influence, but also because of their social invisibility. These persons are less able to be seen in the more economically developed centers because of their limited resources and transportation potential.

Recent efforts in Germany to address issues of peripheral poverty have found that by actively seeking to

involve these citizens within the political decision-making process, there is an increased vested interest in their cause. Representation that is influenced by those experiencing peripheral poverty has an increased incentive to actively voice the concerns of this underrepresented group.

In the United States those experiencing peripheral poverty are also limited in their access to sociopolitical change. Those speaking on the behalf of these impoverished groups are often grassroots organizations that may be poorly funded and limited in their influence.

SEE ALSO: India; Permanent (Collective) Poverty; Poverty Profiles; Primary Poverty; Water.

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Permanent (Collective) Poverty

PERMANENT POVERTY IS AS the term implies: a condition of permanent material deprivation. Because it persists over time it is different from the temporary condition of poverty caused by flood or famine. Poverty that is permanent has a stable pattern of insufficient resources available for satisfying the needs and wants of all the people of an area. It is different from the transitory and impermanent cyclical poverty caused by nature or by human calamity.

Permanent poverty is concentrated over a large area among a large number of people who may have little else except for their poverty in common. Permanent poverty shared in groups may also be transmitted from generation to generation. This occurs as the result of patterns of behavior that are nonproductive and often destructive in character.

Even if resources become available, they will be squandered because of destructive cultural patterns. Permanent poverty can be found in many areas of the globe, from east Kentucky to east Africa or east Asia. People numbering in the hundreds of millions are trapped in permanent poverty where life is lived as a marginalized existence.

In places where poverty has settled in to become permanent, the effects are such that life expectancy is low, infant mortality rates are high, and the people are often further impoverished by poor health. The health factors alone allow diseases to flourish. Poor diet and the lack of modern medical services cause the energy levels of the poor to be so low that just existing day to day takes all of their strength.

Places experiencing permanent poverty have low rates of economic development. The total production of permanent poverty areas would not be better, even if all the available resources were distributed equally. The solutions to permanent poverty proposed by many concerned people or agencies are to expand the Gross Domestic Product of areas, increasing agricultural and industrial production.

Working against ending permanent poverty in many areas is the problem of overpopulation. There are a number of forces that are opposed to population control. These include sheer ignorance, traditional beliefs, the biological imperialism of some religions, the fact that children are the social security system of the aged in much of the world, and other forces. Without population control the gains made in increased agricultural and industrial production are easily negated by population growth. In a Malthusian situation the population grows more rapidly (a geometric progression) than do resources (arithmetic progression), so the improvements are negated. However, the one factor that does seem to lead to decreased population is the education of women—this empowers them to have control over reproduction.

Population growth is directly related to the reduction in mortality rates for infants that comes as the result of improving the availability of modern medical services. The survival of more infants leads to birthrates of three or four percent, which can double a population in 20 years or effectively in a generation. Some countries have tried or even imposed various birth control or family planning programs.

In the case of many areas of permanent poverty and in the countries that contain these areas, there is often an unequal distribution of the wealth, such that there are a few very wealthy "haves" and a great many "havenots." This pattern of inequality is very likely to continue despite production increases, because the powerful are able to extract an increased share in the

productive gains. The trickling-down of more than was permanently available to the poor is usually negated by the population increases, so that vast numbers of people are permanently imprisoned in subsistence conditions, where there is little likelihood of freedom from poverty. Overall the results of efforts to reduce or eliminate permanent poverty have been discouraging to many. The results have often been too meager for the resources expended.

CHARACTERISTICS OF POVERTY

One of the claims of scholars who study poverty is that crime is caused by poverty and unemployment. In a cause-effect relationship, it is argued that as poverty increases, so will crime. However, other studies have shown that this is not necessarily the case. Opponents of a necessary relationship between crime and poverty have presented data to show that the absolute poverty of the Great Depression did not produce a higher crime rate or social disorder, as happened in the 1960s and 1970s, when poverty was declining but the crime rate was increasing. These critics point to other factors, such as the decline of marriage and family, which allows for the abandonment of responsibility, especially by males.

Other advocates for the poor stress the humanity of people as an inherent human right to live and not just to survive. For these advocates human rights include the right to a share of the world's production so that permanent poverty can be eliminated by sheer redistribution. This involves the end of all discrimination by businesses or governments, so that all may have equal access to jobs or other resources without regard to age, race, religion, nationality, social status, disability, or other factors. The Western world has made great strides in eliminating these restrictions on human freedom, but a variety of discriminatory practices still abound in the poor countries of the world.

Permanent poverty can be found in rural areas of the world, where people in peripheral poverty are isolated from resources, markets, education, or other opportunities. However, permanent poverty can also be found in industrial societies. The urban areas of many industrial nations are populated by people in permanent poverty. As refugees from rural poverty, they have come to urban areas, only to be marginalized because they lack the needed skills for success in a market-driven industrial society.

To the native population of people in permanent poverty in the industrial order that is now emerging can be added a new population of illegal immigrants who have come seeking a richer life. Many, however, have found that they are in excess supply, as did many immigrants in the last several centuries. Their life may be better materially than in their previous situation, but it will also still be a life of poverty.

Solutions to the problem of permanent poverty vary. For industrialists, business people, or other investors the solution is to build production centers and markets in areas that have entrenched poverty. However, to those in the trade union movement the exploitation of cheap labor is detrimental to the future prosperity of labor in the industrialized world. Consequently labor movements are often opposed to business investments in permanent poverty areas. Opposition can also come from native elites. They may feel threatened by the arrival of foreign investors because of their enormous power.

The whole society shares in poverty and wears it as a badge of honor.

Poverty is a stark fact of life for at least one billion people in the world, but it is also a condition that previous generations have experienced. During the Great Depression huge numbers of people, including millions of Americans, were reduced to a condition of poverty that bordered on permanent absolute poverty. However, the culture of the times was accepting of some people who were poor, because it was a commonplace experience. Yet millions of the poorest were to experience discrimination and exploitation. The most compelling examples of these poor people were the Oakies who went to California. Their plight was portrayed by writer John Steinbeck in his book *The Grapes of Wrath*. For many people the experience forged them into a community of suffering.

The condition of the Palestinian Arabs who are living in permanent poverty is a collectively shared condition. The whole society shares in poverty and wears it as a badge of honor in their Intifada war against the Israeli occupying forces. The wartime conditions of the civil strife are the primary causes of this permanent poverty, but this is acceptable to most because the community is accepting poverty as the price of self-determination.

Conditions of permanent poverty create prime recruiting grounds for those who wish to engage in armed struggles against the status quo. There are a number of revolutionary ideologies, most commonly of the communist variety, that have declared the conditions of permanent poverty as unacceptable because they violate conditions of equality. Where these ideologically motivated groups arise, some turn to terrorist strategies. The result is that global stability and peace are threatened by these groups. In effect permanent poverty is a leading cause of political violence. The causality is more of a concomitant than a direct cause. Poverty per se does not cause revolutionary violence; however, it does leave people without hope, which the revolutionary ideology can exploit.

Consequently, instead of economic solutions to permanent poverty, the revolutionaries offer a political solution. The solution could work because the revolution, if successful, could have the power to so reorder the society that traditional practices that inhibit economic development, as well as the inhibiting old social order, can be swept away and replaced with a new order that allows for mechanisms to be instituted that can eliminate permanent poverty.

The current violence in Nepal is an example of revolutionary violence that is an expression of a struggle between the "haves" and the "have-nots." The outcome of the struggle is very likely to produce a changed society in which the old patterns of ownership and poverty are permanently changed.

Other forms of violence where permanent poverty exists can be found in the Darfur region of Sudan in Africa. The arid nature of the area has never permitted the population to be prosperous. However, a life of sufficient livelihood has been available. However, the virtual genocide by irregular Arab forces is reducing the area to one of permanent nomadism, where the nomadic way of life will be the new order. This would create an expansion of permanent poverty in the Sahel region.

SEE ALSO: Cyclical Poverty; Deprivation; Extreme Poverty; Peripheral Poverty; Poverty Profiles; Social Exclusion.

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Peru

THE REPUBLIC OF PERU is a country in South America, located to the west of Brazil and Colombia and bordered also by Chile, Bolivia, and Ecuador, with a long coastline along the Pacific Ocean. It has a population of approximately 28 million and an average annual per capita income exceeding \$2,300. Although a large store of natural resources and agricultural land offers promise for a successful national economy, the legacy of colonization, armed conflict, and corruption has contributed to a situation in which millions are still mired in poverty.

The history of Peru is dominated first by the indigenous empires of the Incas and others, which were conquered by the Spanish conquistadors in the 16th century. This resulted in 300 years of colonization in which control over profitable economic activities was taken into Spanish hands, while the indigenous population was denied access to economic or social opportunities. Independence was not achieved until 1824, when Peru was the last remaining colony in Latin America. Nearly 100,000 Chinese workers were imported to undertake some of the dirty, dangerous, and diligent jobs in the economy.

Wars with Chile and Ecuador also led to various realignments of political borders and hindered economic growth. Throughout the 20th century, military autocracy rotated with democratic or semidemocratic governments as popular support for reform was repressed by the political and economic elite. Absolute ownership of the means of production by the elite led to a system of endemic corruption in which interlocking interests reinforced each other across the whole range of economic activities.

When periods of democracy did lead to laws from which the poor could benefit, the elite class instituted extralegal means to prevent change by suborning the legal system to provide them with precedents that outweighed the common law—known as *títulos supletorios*. Military forces were available to carry out "disappearances" of those who might offer political dissidence,

and the system of repression could be justified by the activities of the Maoist resistance group the Shining Path.

Shining Path was a communist guerrilla organization that focused on empowering the native people and undertaking armed conflict against the economic interests held in Spanish hands. Tens of thousands of people died during the period of activity of Shining Path, which declined as a result of the capture of its charismatic leader, Abimael Guzmán Reynoso, in 1992.

A considerable improvement in economic conditions and equality has taken place, first under the administration of Alberto Fujimori, now living in exile in Japan, and subsequently Alejandro Toledo, who assumed power in 2001 and is a native who arose from obscurity and poverty to govern his country. As an economist and a former advisor to the World Bank, he has been unable to deliver the increase in social spending and welfare required. One significant and persistent economic problem has been inflation, which reached 45 percent in 1991 and remained significant subsequently. This has further contributed to the general unwillingness of external investors to locate inward investment in Peru.

In 1997 it was estimated that 37 percent of the population lived in poverty and 16 percent lived in extreme or primary poverty. As might be expected, the situation in rural areas was significantly worse than for the urban population, although inequalities are higher within cities. People living in different parts of the diverse geography of the country are often excluded from the economic system entirely.

A substantial number are still tempted into the production of coca for cocaine, especially when they can see no other option to earn income and the threat of capture appears low. The El Niño phenomenon has also had a negative impact upon the economy, as it has interrupted local agricultural production patterns. The country's poverty reduction strategy has, meanwhile, made some steps in documenting the extent of the poor and formulating some plans to tackle the issue.

Human Development Index Rank: 79 Human Poverty Index Rank: 26

SEE ALSO: Corruption; Income Inequality; Natural Disasters; War and Poverty; World Bank.

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Philippines

LOCATED BETWEEN THE Philippine Sea and the South China Sea in southeastern Asia, the Philippine islands were of strategic importance to both the Allies and the Axis during World War II. Although Japan overran the Philippines, the United States assisted Filipino forces in evicting them. Independence was declared on July 4, 1946.

Since the authoritarian rule of Ferdinand Marcos was forcibly ended in 1986, the Philippines have experienced a period of political instability, filled with corruption and failed coup attempts. The Filipino economy escaped the worst effects of the Asian financial crisis of 1998, but the country experienced a slow-down from which it is only gradually recovering.

Oil prices, interest rates, and inflation (5.5. percent) remain high. Some 36 percent of the labor force are involved in agriculture. Over half of the labor force is involved in service industries. The economy is also dependent on regular remittance from Filipinos who work abroad, adding \$7 billion to \$8 billion in revenue each year.

Political instability, massive flooding, landslides, earthquakes, and tsunamis have all taken a toll on the Philippines. Some 40 percent of the population live in poverty. Poverty analysis in 2000 identified 5.1 million Filipino families and 30.8 individuals as poor. Some 46.4 percent of the population live on less than \$2 a day, and 14.6 percent survive on less than \$1 a day. Approximately 22 percent of the population are undernourished. Unemployment is currently estimated at 11.7 percent and is steadily increasing. Filipinos experience great inequality, with the poorest 20 percent holding 5.4 percent of resources as compared to 52.5 percent for the richest 20 percent. The Gini Index of Human Inequality ranks the Philippines at 46.5 percent.

Life expectancy in the Philippines is 69.91 years, and the median age is 22.27 years. Some 35.4 percent of the population are under the age of 14, and four percent have reached the age of 65. More than 90 percent of all Filipinos are likely to see their 40th birthday. Some 14 percent of the population lack access to safe

water, and 17 percent lack access to proper sanitation. As a result of the lack of basic health precautions and the weather-related crises, Filipinos face high risks of contracting food- and waterborne diseases such as hepatitis A and typhoid fever. Rabies is a persistent threat. In some locations, dengue fever and malaria are common. There are 115 physicians for every 100,000 residents, and over half of the people can afford essential drugs.

Between 1970 and 2005, the Filipino infant mortality rate fell from 60 to 23.51 deaths per 1,000 live births. Among children under the age of 5, mortality was more than halved, dropping from 90 to 36 per 1,000. Approximately 32 percent of all children under the age of 5 are malnourished. Some 31 percent of under-5s suffer from moderate to severe stunting, and six percent experience moderate to severe wasting. Childhood immunizations are lower in the Philippines than is necessary to ensure the health of a nation's children, and rates have steadily declined from 80 to 70 percent in recent years.

Fertility is higher in the Philippines than in other southeastern Asian countries, but it declined significantly from 6 in the 1970s to the current rate of 3.16 children per woman. Fertility is higher in rural areas than in the rest of the islands. Adolescent fertility is recorded at 33 out of 1,000 births. Nearly half of all Filipino women use contraceptives of some sort. Trained medical staff attend 60 percent of all births, an increase from 46 percent in 1999. The estimate for 2000 reported maternal mortality at 200 deaths per 100,000 live births. This rate has increased since the 1970s, when the death rate was 170 out 100,000 live births.

Education is widely accessible in the Philippines, and most Filipinos attend school for at least 12 years. Virtually all children complete school at the primary level. Over 92 percent of both males and females over the age of 15 can read and write. Literacy rates as well as school attendance and completion rates are lower in rural areas. Therefore the rural population is more likely to be poor and to remain so because of a lack of education and skills.

Human Development Index Rank: 84 Human Poverty Index Rank: 35

SEE ALSO: Child Malnutrition; Corruption; Disease; Inflation; Rural Deprivation.

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Physiocrats

THE PHYSIOCRATS WERE a group of French Enlightenment thinkers of the 1760s who called themselves economists. The term *physiocracy*, introduced by Dupont de Nemours (1767), is derived from the Greek words *physis* ("nature") and *kratein* ("rule"), implying thus a principal postulate of this school of thought: the rule of nature.

The founding document of Physiocratic doctrine was François Quesnay's Tableau Économique (Economic Table), published in 1759. It has been argued that Quesnay developed this idea because, as a physician, he drew an analogy between the circulation of blood and the "homeostasis" of a body. However, the idea of a natural balance of income flows had already been elaborated in the economic theories of Pierre de Boisguilbert and Richard Cantillon, Cantillon, an Irish banker who lived in France, published Essai sur la nature du commerce en géneral (Essay on the General Nature of Commerce) in 1756, laying out the essential principles of physiocracy. Besides Quesnay, a physician to Madame de Pompadour and Louis XV, other prominent physiocrats included the Marquis de Mirabeau, Mercier de la Rivière, Dupont de Nemours La Trosne, and Abbé Baudeau.

NET PRODUCT

The crux of the Physiocratic doctrine was the notion that only agriculture yielded a surplus, which it called a *produit net* (net product). Physiocrats attacked monopolies, exclusive corporations, vexatious taxes, and various other abuses that had grown up under the mercantile system. Manufacturing, the Physiocrats argued, does not create net product since it uses as much value as inputs into production as it created in output.

Unlike the mercantilists, who believed that the wealth of a nation lies in its stocks of gold and silver, Physiocrats insisted that the real wealth of a nation is

exemplified by the size of its net product. They, however, did oppose commerce and manufacturing, and questioned government policies that distorted the entire economy with protective tariffs, controls, and various monopolies, none of which created net product. Physiocrats insisted that the principal aim of government policy should be maximizing the value and output of the agricultural sector. In the specific circumstances of 18th-century France, that implied the removal of restrictions of internal movements of goods and labor, removal of state monopolies, and embracing the laissez-faire attitude.

The Physiocrats were against a complex tax scheme that might cause poverty.

Quesnay derived his *laissez-faire* doctrine by modifying the natural rights theory prevalent in the 18th-century literature and gave it an optimistic interpretation. He distinguished between the natural order created by God (*ordre naturel*) and the man-made positive order (*ordre positif*) and asserted that man does not give up any natural rights by entering society. For the natural order, Physiocrats identified three classes: the productive class (agricultural laborers and farmers who cultivate the soil and pay a rent to the landed proprietors), the sterile class (*classe stérile*; industrial laborers, artisans, and merchants who produce no surplus), and the proprietor class (*classe disponible*, who appropriated the net product as rents).

Incomes flowed among sectors and, consequently, from class to class. A natural state of the economy is achieved when income flows do not cause the expansion of one sector and contraction of others. The natural state implies a balance and when achieved, the economy reproduces itself indefinitely. According to Quesnay, economic evils originate from restrictions generated by the positive order, since these disturb the harmony in the natural order. Consequently the best government is the one that governs the least. Similarly the Physiocrats were against a complex tax scheme that might distort the economy and cause poverty. They advocated the single tax on landed property.

Although their ideas and principles proved favorable to the French Revolution, the Physiocrats were monarchists who promulgated the idea that the king and his government were to enforce the economic laws of nature. The Physiocrats never obtained much direct popular influence, even in their native country, though

their writings strongly attracted many of the more gifted and earnest minds. Their heavy style did not find acceptance with the public.

Contemporaries such as Voltaire, Jean-Jacques Rousseau, and Denis Diderot loathed their pompousness and mysticism. Adam Smith borrowed a lot of ideas from them, sarcastically observing that the Physiocratic system "never has done, and probably never will do any harm in any part of the world."

The principal contribution of the Physiocrats was in laying the foundation of the system that became a principal position for studying economic phenomena. In addition their economic analysis revealed the weaknesses of the mercantile system and distortive government policies. Laissez-faire was a needed doctrine for the rapid economic growth at the end of the 18th century. The main weakness of the Physiocrats was their mechanistic and dogmatic approach to social and economic phenomena. While agriculture creates value, so do commerce and manufacturing. Similarly the singletax concept erroneously implied that income of the productive and sterile class is at the existence minimum. Nevertheless, in his main work, Progress and Poverty, Henry George espoused the concept of a single tax as a most efficient remedy for the widespread poverty and income disparity in the United States.

SEE ALSO: Economic Growth; France; Laissez-Faire; Mercantilism; Poverty in History; Smith, Adam.

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Pierce, Franklin (Administration)

FRANKLIN PIERCE WAS BORN in 1804 in Hillsboro, New Hampshire. His father was a prosperous farmer and Democratic politician, later becoming gov-

ernor. Pierce was elected to the state legislature at the age of 24, where he soon became speaker. In 1833 he was elected to the first of two terms in the U.S. House of Representatives, moving to the Senate in 1837, as that body's youngest member. In 1842 Pierce resigned from the Senate and returned to the practice of law, rejecting several offers to return to politics, including an offer to become James Polk's attorney general. He did serve as federal district attorney for New Hampshire.

At the outbreak of the Mexican-American War, Pierce enlisted as a private, but because of his political prominence was promoted to brigadier general, serving under General Winfield Scott. Following the war in 1848, Pierce rejected the Democratic nomination for governor and returned to private practice.

A deadlock at the 1852 Democratic Convention resulted in Pierce's nomination for president on the 49th ballot. Pierce's nomination came as a surprise to him—and most other people. He had not been seeking the nomination nor planning any return to politics. The party was deeply divided over slavery, making most pro-slave southerners or anti-slave northerners incapable of getting the necessary two-thirds vote for the nomination. Pierce was an attractive compromise because he was a proslavery northerner. He was also young and charismatic. His absence from politics also saved him from having too many political enemies who might have blocked his nomination.

The election itself was as divided as the party. Both parties tried to avoid any discussion of the slavery question. When Whig candidate Winfield Scott, Pierce's former commander, finally spoke out on his anti-slavery positions, his support in the south dried up, giving Pierce an easy victory.

Pierce entered the presidency on a somber note. Two months before his inauguration Pierce was in a train accident with his family. His last surviving son was killed. Both he and his wife were devastated. His wife fell into a deep depression and he was not much better. Thus he began his presidency without a real focus on the job. The Pierce administration upset northerners by taking pro-southern stands. He immediately alienated northerners by selecting the radically pro-slavery Jefferson Davis as his secretary of war.

Pierce's most controversial act was his reluctant support for the Kansas-Nebraska Act. Since 1820 it had been federal law that no northern territory could become a slave state. The act repealed this rule, allowing the residents of those territories to decide whether to be admitted as slave or free states. This resulted in a bloody war, primarily in Kansas, as advocates from both

sides tried to use violence and intimidation to win the fight. Many abolitionists and slave owners were murdered simply for moving into the territory and trying to influence the decision to keep the territory slave or free. Pierce had originally opposed the act, but acceded to Senator Stephen Douglas's argument that federal support for such a law was the only way to prevent eventual southern secession.

NO ROLE FOR GOVERNMENT

Poverty was not really a government issue, and certainly not a federal issue. Although poverty certainly existed, especially in many farming communities and in cities with growing immigrant populations, no one in either party saw a role for government in resolving these problems.

Nevertheless many policies had implications for poorer Americans. Thus Pierce's pro-slavery positions alienated most northerners, although it did encourage the growing Irish immigrant communities in the northeastern cities to join the Democrats. These immigrants opposed more free blacks who would compete with them for jobs. Pierce's presidency drove anti-slavery advocates out of the Democratic Party and caused the party to dump Pierce for the less controversial James Buchanan at the 1856 convention. It also led to the creation of the Republican Party and the election of Abraham Lincoln in 1860.

An initiative to purchase Cuba from Spain was seen as a way of adding another slave state. A proposal by minister to Britain Buchanan that advocated taking Cuba by force leaked to the public and caused great embarrassment to the administration. There were also unsuccessful expansionist efforts to acquire Hawaii, Santo Domingo, and Alaska. One successful acquisition was the Gadsden Purchase, which acquired the Mexican Territory, now the southern parts of Arizona and New Mexico, with the aim of building a transcontinental railroad along a southern route. This was also seen as a benefit to southern interests.

Foreign relations played a relatively minor role at the time. The Pierce administration worked to prevent British colonization in Central America. It also recognized the dictatorship of William Walker in Nicaragua. Walker was an American who became dictator of Nicaragua, trying to establish a pro-slave nation that might have eventually joined the Union as a slave state had he succeeded.

After leaving office, Pierce made unsuccessful efforts to prevent civil war. He blamed abolitionist ex-

tremism for the war and was an outspoken critic of the Emancipation Proclamation and many of Lincoln's other wartime measures. His pro-southern views caused him to be a political outcast in his own community. He died in 1869.

SEE ALSO: Lincoln, Abraham (Administration); Poverty in History; United States.

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Planning

AN ACT OF FORMULATING a program for a definite course of action may be thought of as planning. The process of planning includes anticipating future occurrences and problems, exploring their probable impact, and detailing policies, goals, objectives, and strategies to solve the problems. This often includes preparing option documents, considering alternatives, and issuing final plans.

Planning is also a managerial function concerned with making forecasts, formulating outlines of things to do, and identifying methods to accomplish them. Planning involves the cognitive process of thinking about what you will do in the event of something happening and also includes the act of developing or creating a program for a definite course of action. The process of anticipating future occurrences and problems, exploring their probable impact, and detailing policies, goals, objectives, and strategies to solve the problems is required. With respect to goal attainment, planning involves the process of choosing who, what, how, when, and where for the plan.

The concept of planning is a continuing process of analyzing program data, making decisions, and formulating plans and contingency plans for action in the future aimed at achieving specified goals. Planning may also be thought of as the process of identifying the means, resources, and actions necessary to accomplish an objective. A well-crafted planning process contains milestones that correspond to the completion of each phase. This allows the project to maintain alignment with the development schedule. The process of producing a plan considers the aims to be achieved, how they will be achieved, who is involved in achieving them, and the necessary finances and resources. Outcomes of the plan must be specified together with relevant success criteria.

Plans may be made to achieve goals at differing population or organizational levels. They may also be developed to respond to specific types of goal attainment inquiries, such as a strategic plan to determine the focus or direction of effort, a project plan to respond to a time-limited effort, an operational plan to determine the resources necessary to achieve a goal, a financial plan to raise or manage funds, or an evaluative plan to determine the success of a response or intervention.

Plans often begin as abstract thoughts, which are later written down. They are generally stored so that they are quickly accessible as needed to multiple decision-makers at multiple locations or differing times. Plans are often held as potential contingencies unless, and until, the need for developing and implementing them is foreseen. Plans vary in formality.

For example, business or organizational plans and military plans generally have a higher degree of formality and detail. Both detail and accessibility contribute to the plans' capacity for collaboration or execution if needed. Plans are the proposed or intended method of getting from one set of circumstances to another. They are frequently organized chronologically to move from a present situation toward the achievement of one or more future-oriented objectives or goals. Plans vary in complexity from the making of simple lists of tasks to complete to complex policy formulations with multiple complex outcomes over time.

CHARACTERISTICS OF PLANNING

Sustainability of products and services to large-scale consumer markets or populations of need requires that commercial entities and governments continually assess the fluctuating supply, inventories of products, and variable needs for consumption through continuous planning efforts. Assessing the relative need over short-term and long-term cycles of demand or consumption is highly complex.

Product sustainability is achieved in part through continuous assessment and decision-making for countless goods and raw materials and ongoing assessments of services needed to maintain both products and services. These decisions and their effectiveness are mediated to some degree by the relative environmental and social effects various goods and services may have on those being served. There is substantial interconnection between decisions made by producers and suppliers and the utilization patterns of consumers in a particular region during specific time frames.

Planning has a number of characteristics that attempt to anticipate and prepare for these variations, to both meet needs and maintain the viability of resource providers over the long term. To some extent, the success of planning efforts is reliant on timely and accurate information about fluctuations, and as related to conditions that may inhibit or increase rates of need or consumption, including transportation, economics, political and social changes, and environmental conditions.

Though planning involves anticipating and attempting to meet periodic needs on a crisis or disaster basis, for the most part planning involves planning for human growth and for human advancement and the myriad problems associated with these two contingencies. Therefore to begin to make a plan, a problem must be perceived or conceived and then defined, such that there is a common understanding of the problem and its importance.

As a result of planning, alternative responses may be further developed.

Those in a position to plan or make decisions begin to organize efforts to meet anticipated need by developing rational strategies or programs designed to address defined problems. Thus strategizing and decision-making characterize planning. Then a planned strategy or program is implemented. This may include such actions as arranging permissions and contracts, locating suppliers and producers, determining best methods of transportation and communication, prepositioning essential goods or products prior to the onset of a problem, and numerous other actions designed to reduced the effect of the perceived or anticipated problem. However, to determine the effectiveness of the planning effort, a method of reliable and consistent feedback is needed to determine if the plan and subsequent actions are having the desired effect.

The effectiveness of the planning implementation is also characterized by the requirement of feedback,

often reliant on the extensive use of available communication and information-sharing technologies. These technologies are generally designed to identify or impose patterns on information and on information processing, and to routinize essential information-gathering tasks, and then to search for discernable patterns of information relative to the perceived problem by either routine or continuous monitoring. Apportioned or sequential decisions are then made to address changes in the status of the perceived problem, and take action incremental and relative to need.

Increasingly, environmental, epidemiological, consumer, economic, and demographic information is routinely amassed and organized through sophisticated computing and information technology apparatus. Communication media, including graphical interfacing and imaging technologies, are also utilized in planning to explore complex data and to identify trends relative to defined problems, or to inform and support planning decisions and provide feedback on planning effectiveness with respect to the tasks performed and the goals achieved.

EFFECTS OF PLANNING

Planning has the effect of defining needs and improving responses to needs. Needs may be assessed either as observed or as anticipated through planning methods. Therefore planning also has the effect of anticipating need. Various assessment methods may be created to increase accuracy in organizing to meet these needs with minimal waste of effort or resources. Planning has the capacity to improve assessment methods as developed for various problems. Goals and objectives are then established based on these reasonably accurate assessments so that problems are minimized and successful outcomes are more likely. Planning therefore may be expected to have the effect of potentially improving or increasing the rate of successful outcomes.

As a result of planning, alternative responses may be further developed and selected by decision-makers based on the type and duration of the problem observed or anticipated. These alternative plans for responses, then, create numerous opportunities to develop options for implementation that may be prepared for, so that the selected responses may be tailored to provide resources that are considered most critical for resolving specific problems. Thereafter, evaluation or feedback on the effectiveness of planning and the implementation of the plan allows for improvement to responses over time. Planning can be expected, therefore,

to have the effect of improving overall responses to perceived problems over time.

Planning, then, has the effect of improving effectiveness of effort; improving the capacity for services or programs to meet goals; improving the development of resources, including human resources; building relationships among decision-makers; and improving information sharing, while also providing information on the degree of successfulness of implementation effort.

PLANNING AND WORLD POVERTY

Planning has the capacity to either increase or reduce world poverty based on the degree to which planning decision-makers select planning contingencies that implement programs of equivalent distribution of services and goods globally while controlling distribution costs. Planning efforts may be considered nationalistic or regional in nature and implemented on behalf of protecting the economic, resource, and service security of one group without consideration of others. Planning that is limited or narrowly defined tends to create supply-and-demand imbalances, as do disasters, conflict, and disease.

For example, in 2000 the United Nations Millennium Development Goals were formulated, which set forth an ambitious plan designed to radically decrease or end global poverty.

Goals of this plan included eradication of extreme poverty and hunger; achievement of universal primary education; promotion of gender equality and empowerment of women; reduction of child mortality; improvement of maternal health; combating HIV/AIDS, malaria, and other diseases; ensuring environmental sustainability; and developing a global partnership for development.

The degree to which the global planners of these goals will be able to gain and maintain the long-term endorsement and support of key national and international decision-makers and adhere to the characteristics of effective planning while simultaneously anticipating variations of need will ultimately determine their success. Though admirable, these goals may not adequately forecast such factors as the emergence of a pandemic illness, catastrophic global disaster, military or political conflict, unexpected economic or supply shortfalls, disruption of distribution methods, and other unforeseen contingencies. Such is the nature of planning that preparation for contingencies is the surest method for ensuring substantial reduction or the possible elimination of world poverty.

SEE ALSO: Distribution; Millennium Development Goals; Needs; Sustainability.

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Poland

THE REPUBLIC OF POLAND HAS a history that has been filled with attempts by other countries to eradicate the identity of the Polish people and refuse to recognize the country's right to exist. Between 1772 and 1795, agreements among Russia, Prussia, and Austria gave each country a section of Poland. A brief period of Polish independence between the two world wars was followed by German invasion in August 1939, setting off events that turned into World War II.

Following the war, the Soviet Union annexed Poland into the communist bloc. Poland exercised a fairly liberal brand of communism that allowed it to reassert its own identity to some extent. In 1980 the Solidarity movement evolved from the formation of a trade union that a decade later transformed Polish politics when the Soviet bloc dissolved. The new government initiated a "shock therapy" brand of economics that turned Poland into one of the strongest economies in central Europe. The period of low growth and high unemployment that followed resulted in the electoral defeat of the Solidarity Trade Union. In 1999, Poland joined the North Atlantic Treaty Organization and became a member of the European Union five years later.

The Polish economy is diversified, with over half of the workforce involved in services and nearly a third engaged in industry. One of Poland's greatest resources is



A smokestack plume over the skyline of Warsaw, Poland, illustrates the the country's industrial base, which is continuing its economic privatization. Nearly 20 percent of the population were unemployed in 2005.

its 45.91 percent of arable land. Over 16 percent of the labor force are employed in agriculture, which is affected by periodic floods, inefficiency, and an investment shortage. Other resources include coal, sulfur, copper, natural gas, silver, and lead. Privatization and liberalized business laws have increased the number of small and medium-sized firms in Poland. Unfortunately, legal and bureaucratic problems persist, heightened by frequent charges of government corruption.

Poland is an upper-middle-income nation with a per capita annual income of \$12,000 and a growth rate of 5.6 percent. However, 18.4 percent of Poles live in poverty, and 19.5 percent of the labor force are unemployed. Efforts to improve living standards through healthcare, education, and pension system reforms overtaxed the state budget to the point that cutbacks of around \$17 billion have been initiated. While inequal-

ity is not great in Poland, it does exist. The poorest 20 percent live on 7.3 percent of available resources while the richest 20 percent share 31.6 percent. Poland ranks 31.6 percent on the Gini Index of Human Inequality.

The rights of Polish women are not always respected, although legal discrimination against women is a thing of the past. Women continue to lag behind men economically, and women (20.6 percent) are more likely than men (18.3 percent) to be unemployed. Women are also likelier than men to become victims of long-term unemployment.

Female employment is to a large extent dependent on adequate childcare, and many women have left the workforce in light of the fact that quality childcare has become increasingly difficult to afford since the government liquidated 50 percent of subsidized facilities in response to a declining birthrate. Government-subsidized kindergartens have been cut by 30 percent generally and by 40 percent in rural areas. In 2003, 12 percent of unemployed women were receiving some government assistance.

Life expectancy in Poland is 74.41 years. Nearly 17 percent of the population are under the age of 14, and 13 percent have seen a 65th birthday. All Poles have access to safe drinking water and improved sanitation. Healthcare is readily available in Poland, and there are 220 physicians for every 100,000 residents. From 80 to 94 percent of Poles can afford essential drugs.

In 1970, infant mortality occurred at a rate of 32 deaths per 1,000 live births. In 1990 the mortality rate had dropped to 19 per 1,000 live births. By 2003, infant mortality had further declined to six deaths per 1,000 live births. Between 1970 and 1990, the mortality rate of children under the age of 5 fell from 36 to 19 deaths per 1,000. In 2003, under-5 mortality decreased to seven deaths per 1,000. Six percent of Polish infants are underweight at birth. Infant immunization rates for children from birth to 23 months old range from 98 to 99 percent.

In the 1970s and 1980s, Polish women bore an average of 2.3 children each. In the 1990s, the fertility rate began to decline, and by 2003 the fertility rate had fallen to 1.39 children per woman. Fertility among adolescents is 16 per 1,000 births. Some 49 percent of all Polish women use some method of contraception, but access to abortion is limited. Based on modeled estimates for 2000, the maternal mortality rate in Poland is 13 deaths per 100,000 live births.

Literacy is nearly universal in Poland, and 99.8 percent of all Poles over the age of 15 can read and write. There is only a negligible difference in this ability between males and females. Most Polish students attend school for 15 years. Primary school completion rates have increased over the last decade, currently standing at 98 percent for males and 99 percent for females.

Human Development Index Rank: 36 Human Poverty Index Rank: Not included.

SEE ALSO: Communism; Economic Liberalization; European Union Definition of Poverty; Women and Poverty.

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ELIZABETH PURDY, PH.D. INDEPENDENT SCHOLAR

Polanyi, Karl (1886-1964)

THE HUNGARIAN POLITICAL economist Karl Polanyi rejected the economic orthodoxies of liberalism, documenting in his works the dangers of laissezfaire capitalism. His most celebrated work, The Great Transformation (1944), dated the breakdown of 19th-century world-order civilization, which many intellectuals felt in the aftermath of the two world wars, to "a hundred years back in that social and technological upheaval from which the idea of a self-regulating market sprang in Western Europe. The end of this venture has come in our time; it closes a distinct stage in the history of industrial civilization."

Polanyi criticized the ways in which a mere political and economic doctrine such as liberalism was transformed into an act of faith and was finally accepted as the law of a natural order. As economic globalization is increasingly coming under critical scrutiny, Polanyi's challenge to an unregulated free market has acquired a renewed vitality and remains powerful.

Polanyi's family background was firmly rooted in the bourgeois milieu of the Austro-Hungarian Empire. Yet Polanyi's life was characterized by exile and uprootedness. He was born in Vienna, Austria, but grew up in Budapest, Hungary. He was the son of a prominent railway industrialist who, in spite of his varying economic fortunes, was able to provide Polanyi with a complete education

Polanyi soon became a protagonist of Budapest intellectual life and joined left-wing circles, helping to found the Galilei Club during his university years. He became acquainted with promising radical intellectuals such as Georg Lukacs and Karl Mannheim. In 1908, Polanyi obtained his Ph.D. in philosophy and, four years later, he graduated in law. He was soon called to the bar, but disliked the profession. At the outbreak of World War I, he was one of the cofounders of the Hungarian Radical Party. Polanyi also served briefly as a cavalry officer during the war, but soon returned to

Budapest, where he supported the Republican government of Mihaly Karolyi and its social-democratic orientation.

However, the Karolyi government was short-lived, as the communist revolutionary Bela Kun successfully overthrew it in 1919 to establish the Hungarian Soviet Republic. Polanyi then chose exile to Vienna, where he worked as an economic and political journalist for prestigious newspapers, eventually becoming joint-editor of the weekly *Der Oesterreichische Volkswir*. In his Viennese years, Polanyi grew increasingly interested in Fabianism, a political movement originating in Britain that sought to establish a socialist society through social-democratic reforms rather than armed revolution.

Interactions among men were far more important than market relations.

Polanyi emigrated to Britain when, in 1933, fascist movements began to take hold of Austrian society. In the 1930s, Polanyi also started to work on his major book, *The Great Transformation*, which he would publish a decade later to great acclaim. He also toured the United States, invited by the International Institute of Education to speak at American universities and colleges on current world affairs.

In 1940, Polanyi moved to New York to teach at Bennington College. After the war, Columbia University offered him a teaching position in the sociology department, which Polanyi accepted. Because his wife, Ilon Duczynska, was a former communist and a major figure in the Hungarian Revolution of the early 1920s, Polanyi was forced to commute to New York from Canada, where it was easier to get a visa for her. His seminars at Columbia University were highly regarded as thought-provoking and he was the recipient of a large grant from the Ford Foundation to research the economic systems of ancient empires. This research resulted in *Trade and Market in the Early Empires* (1957).

Polanyi considered economics as embedded in social and cultural relations. His approach was defined as "substantivist" and caused Polanyi the hostility of mainstream economists, but attracted the attention of anthropologists and political scientists.

According to the substantivist approach, capitalism is an anomaly because it defines social relations in terms of economic ones. According to Polanyi, interactions among men were far more important than market relations in economic history. Capitalism, however, re-

jected such interactions, and this was the great transformation that Polanyi saw as brought about by the Industrial Revolution.

Capitalism was therefore far from natural and self-regulating. The Hungarian economist saw it as originating from the demands by the mercantile and bourgeois classes of the state to protect their firms and their uncertain social status. Therefore, Polanyi challenged the classic conception that capitalism and free-market economy were premised upon limited state intervention and proceeded to demonstrate how governments were their necessary helpers.

SEE ALSO: Capitalism; Economic Growth; Fabian Society; Laissez-Faire; Socialism.

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Luca Prono Independent Scholar

Polish Humanitarian Organization

THE POLISH Humanitarian Organization (PHO) is an international nongovernmental organization registered in Poland that works nationally and internationally to "make the world a better place through alleviation of human suffering and promotion of humanitarian values." The PHO has established missions in Iraq, Afghanistan, Chechnya, Bosnia, Sri Lanka, and other nations. It aims to fulfill its mission by "helping communities in crises to regain responsibility for their own future and become self-reliant. PHO shapes humanitarian attitudes among the public and creates a modern culture of mutual help. PHO combines effectiveness with the respect for human dignity."

The PHO was founded by Janina Ochojska, who suffered from polio in childhood and eventually was sponsored by the French government to travel to France to receive treatment in the 1980s. While there, Ochojska encountered members of the Equilibre Foundation, who were then organizing truck convoys to Poland on humanitarian grounds. Enthused by this work, she

transformed the existing Polish Equilibre branch to become the PHO and led a number of missions to the former Yugoslavia and elsewhere. Ochojska has been honored with a number of prestigious awards. Program activities include emergency response, field missions, wooden puppets, humanitarian education, and a refugee counseling center. The Wooden Puppet program was inspired by the story of Pinocchio, who, like the children they wish to assist, suffered from an empty stomach.

It is estimated that there are 330,000 children in Poland who require nutrition support, but state capacity to deal with this issue is very limited. Children suffer particularly where collectivized agriculture had been practiced during the preceding communist regime. The collapse of that regime led to the closure of the collective farms but no adequate substitutes have been organized. Hence poverty and starvation are significant issues in those areas and broadly throughout the country, where unemployment reaches 90 percent in some communities.

The Refugee Counseling Center assists people wishing to come and live in Poland. Around 500 people seek to take advantage of this service annually. The center aims to help refugees obtain fair access to the system and to persuade them of their possibilities and opportunities under Polish law, despite the many difficulties, while encouraging them to become active in society.

The principles of assistance are as follows: "The refugee should clearly state his expectations and co-determine the problem-solving procedure; the refugee must know the price of the assistance he/she receives. He/she should be aware of how many people are involved in assisting him and assistance received implies an obligation to assist others." These principles are examples of attempts to create an inclusive society.

This is a secular and humanitarian response to environmental and man-made disaster, especially in targeted "post-conflict societies." In a speech in 2002, Ochojska illustrated the principles of the PHO: "First: assistance means solidarity with those in need and helps to build a civil society in both donor and recipient countries. Second: assistance should unite people and not divide them. Third: humanitarian aid must respect and support human dignity, not destroy it."

SEE ALSO: Children and Poverty; Communism; International Nongovernmental Organizations; Poland; Solidarity.

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Polk, James (Administration)

JAMES K. POLK (1795–1849) was the 11th president of the United States and served from 1845 to 1849. He arose from comparative obscurity to political prominence largely through his own merits, but also benefited from personal connections.

His time in office was marked by general managerial competence at the cost of some measure of personal unhappiness, as revealed by his presidential diary. He was also a voluntary slave owner for economic reasons, and this and other character attributes has clouded his reputation subsequently.

Born in North Carolina, Polk served in the Tennessee legislature and became an associate of President Andrew Jackson, whose policies Polk strongly supported. When other potential Democrat candidates decided against backing an expansionist policy, especially in Texas and Oregon, Polk was raised to presidential candidate somewhat beyond his expectations. Successful in the election, he took office after Congress had already taken steps to annex Texas, which meant he faced confrontation with Mexico from the outset of his administration.

The focal event of the Polk administration was the war with Mexico. It resulted in an expansion in American territory almost as dramatic as that achieved through the Louisiana Purchase. It made the United States a truly transcontinental power. And it demonstrated American military hegemony in the Western Hemisphere. By the Treaty of Guadalupe Hidalgo, Mexico ceded some 40 percent of its territory to the United States, including territories that would become the states of California, Nevada, Arizona, and New Mexico, as well as portions of the subsequent states of Utah, Wyoming, Colorado, and Texas.

Given the current status of California, which is the nation's most populous state and has an economic output that would rank seventh in the world if it were a separate nation, it is difficult to overstate the significance of this "minor" war.

One of the long-term consequences of this war that bears directly on the issue of poverty has been the disenfranchisement and subsequent economic exploitation of the substantial Mexican population who lived in the territories ceded to the United States.

This population has not only made significant contributions to the culture of the southwest and of the nation at large, but it has also provided much of the labor on the farms and ranches, in the mines, and in the factories of the region.

In the last quarter of the 20th century, Mexican-Americans did make significant gains in terms of their economic and political power, but their situation has been complicated by the increasing numbers of illegal immigrants entering the states of the southwest from Mexico, including large numbers of political and economic refugees in transit from other Central and South American nations. The border issues have intensified following the North American Free Trade Agreement (NAFTA), creating a tariff-free trading zone among the nations of Canada, the United States, and Mexico.

Oddly enough, despite his aggressive nationalism, Polk was an advocate of free trade and signed into law the Walker Tariff of 1846, which significantly reduced the existing protectionist duties levied on imported goods.

It is also worth noting that Polk signed an order requiring that imports be warehoused until the tariffs on them were paid in full and that tariffs be paid in specie that would be deposited in new federal "treasuries" not affiliated with any existing commercial financial institutions. So, even though Polk was willing to reduce federal revenues from tariffs, he was determined to collect all of the revenues due to the government.

The successful expansion of territory led Polk to establish the Department of the Interior, while other innovations included a founding role for the Smithsonian Institute and the United States Naval Academy. Within a single term of administration, Polk managed to create several important institutions and kept his relationship with Congress and other key political constituencies through astutely choosing his battles.

Polk was particularly disheartened by the constant stream of people seeking to gain access to his office to plead for preferment to one position or another. This had a serious impact on his health, and he died within three months of leaving office. President Zachary Taylor, another president to suffer from ill health, succeeded him.

SEE ALSO: African Americans and Poverty; Jackson, Andrew (Administration); Mexico; Monroe, James (Administration); Taylor, Zachary (Administration).

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Poor Laws

POOR LAWS ARE LEGAL institutions that have historically been used to regulate and administer the treatment of the poor in many different countries. They tend to reflect the cultural and religious natures of the societies in which they were enacted. Swedish poor laws, for example, changed from a system of largely faith-based charitable provision to a modern, government-based and -funded central provision of welfare services to all individuals according to need. Islamic societies most commonly have charitable giving integrated into the heart of social life because it is proclaimed as one of the Five Pillars of Islam. Consequently, well-funded organizations existed to meet the needs of the poor.

British systems of poor law have perhaps been most influential internationally because of their introduction in spirit if not always according to the letter of the law in many former colonies, including what is now the United States. Various laws were passed in the 16th and 17th centuries that made provisions for feeding the poor and putting them to work. Those who were considered to be persistently idle were to be placed in correctional facilities until such time as they improved their attitude.

The concept of the deserving and the undeserving poor was already well established by this time. In other words, it was believed possible to identify some people as worthy of receiving assistance and others who were morally defective and worthy of little or no mercy, irrespective of the cause.

Children too were put to work if they did not have parents or guardians to provide for them. The poor themselves were generally considered to represent a public nuisance, located in urban areas, as author Daniel Defoe made clear: "The Multitude of Poor, who beg in the streets, are a Publick Grievance to all the Inhabitants of the City and Suburbs; and notwithstanding the Methods which have hitherto been taken to prevent it, their Numbers daily increase; they are continually interrupting Business with their Importunities, they besiege the Entrance to our Churches, and fill our Ears, in all Places of Resort, with lamentable Complaints of Distress."

Workhouses had been established from early in the 17th century as places to house the poor, which were mostly based on the parish system, that is, attached to local churches. This was to prevent internal migration. The vision of rootless poor roaming the countryside has been a discomforting situation for the ruling elites throughout history in countries such as Great Britain and China, where residential registration is still required for most people.

The 20th century witnessed various improvements to social conditions.

Workhouses, as the name suggests, provided work for the poor to do in return for their accommodation. Inevitably entry into a workhouse generally meant a long-term sentence, as it was very difficult or impossible to accumulate a sufficient surplus to enable a person to move out into private housing. This difficulty was exacerbated by those workhouses that were established as unregulated corporations seeking to make profits from the labor of the incarcerated poor.

The Speenhamland system developed a meanstested targeted approach to the provision of relief to the poor, which enabled the old and infirm to find accommodation at poorhouses while outdoor relief was provided for those able to work. This worked by establishing a form of minimum wage available to all workers and workers unable to earn this amount would receive the difference from the public purse via a levy passed on all parish members.

However, this was problematic in that it encouraged employers to reduce wages in the knowledge that the shortfall would be met by the public sector. The system, like most forms of poor laws, also allowed the ruling elite to control to a considerable extent the moral and spiritual lives of the poor, ensuring their attendance at the privileged religious ceremonies, segregating men from women, and banning the use of any product or

substance deemed morally injurious. It was also used to try to prevent the spread of revolutionary political ideals, in order to retain power for the ruling elite, of which workhouse administrators were a part, for its own sake and also because, in cases of a religious basis to the foundation, that religious belief almost universally supported the status quo in terms of society.

The Speenhamland system, which had spread in some form to many parts of the country, was replaced in 1834 by the Revised Poor Law on the basis that it encouraged laziness. People, it was believed, would rather work slowly or infrequently and wait for charitable handouts to ameliorate the indigency they almost immediately faced. This view is still held by many people, who are persuaded to accuse other people of cheating or duplicity, from which they excuse themselves.

In its place, the new Poor Law aimed to punish the poor, reinstating workhouses and organizing them on a national basis to ensure equality of standards of harshness while giving priority to independent laborers in preference to those receiving assistance. This helped to stigmatize those in receipt of poor law relief, and the shame attendant upon it was in some ways as painful to endure as the physical conditions. Nevertheless conditions outside the workhouse were often just as difficult or even worse. Various social reformers throughout the 19th century were able to achieve limited success in ending some of the worst cases of maltreatment of the poor and also of those with mental illness.

The 20th century witnessed various improvements to social conditions as emancipation of the working class and the social impact of the First World War led to a greater desire for equality in society. This was manifested in the creation of the forerunner to the welfare society and the National Health Service, which rendered poor laws obsolete, although they continued in some form until the 1940s. This trend was matched by events in most of the industrialized countries, including Germany and Japan.

The process of modernization led to the belief in scientific management, and these principles were also transferred to the management of the poor. Fortunately, in addition to the attempted transformation of people into the cogs of a machine, modernistic scientific management methods also shed more light on the structural and economic bases for poverty and, therefore, more appropriate methods for trying to combat it.

SEE ALSO: Children and Poverty; Poverty Politics; Poverty Trap; Social Exclusion; Social Insecurity; United Kingdom; Welfare State.

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Portugal

PORTUGAL IS ONE OF EUROPE'S smallest countries, whose expectations of economic growth have increased after joining the European Union in 1986. In 2002, Portugal was also among the first countries to adopt the euro. The economic policies of privatization pursued by the different governments that have ruled the country stimulated a steady growth of Gross Domestic Product (GDP) during the 1990s.

Several state-controlled firms were privatized and entire sectors were liberalized. In 2004, estimated Gross Domestic Product reached \$188.7 billion, although in the new millennium, the country has attracted lower foreign funds because of major competition from eastern and central European states and Asian nations. In addition, it has been calculated that the 100 largest companies in the country account for 17 percent of the total GDP, pointing to an imbalance in the distribution of wealth. Despite the positive record of the 1990s, poverty has played, and still plays, an important part in the history of Portugal.

The early history of Portugal, from the Middle Ages to the mid-17th century, was marked by its leading role in the explorations and colonization of the world. Settling Brazil, several African areas, India, China, and Japan, made Portugal a rich nation. Yet, after a disastrous earthquake in 1755 and the defeat inflicted by Napoleon, Portugal began to lose its power. During the 19th century, economic recession affected the country, leading to higher levels of widespread poverty and social unrest.

The economic decline of Portugal continued during the 20th century, when the country was shaken by different coups d'etat and lost all its colonies. The longest regime was the fascist Estado Novo (New State), which Antonio Salazar established in 1933 and the bloodless Carnation Revolution overthrew in 1974. Salazar and his follower Marcelo Caetano proved unable to keep the economic development of Portugal at the same pace as the other European countries.

Thus while Europe enjoyed economic growth, Portugal remained behind, as the regime feared that industrialization would destroy the traditional values upon which it had built its political power. This policy left Portugal one of the poorest countries in western Europe and its citizens were forced to escape poverty by emigrating to other nations.

The phenomenon of emigration started in the 1950s, but took dramatic proportions the following decade when more than one million Portuguese went to take up jobs in northern and central Europe and another million emigrated to the United States. With the restoration of democracy in the mid-1970s and the economic boom that followed, emigration slowly diminished.

In spite of the economic successes of the post-Salazar years, poverty remains a serious problem in Portugal. The economic development that the country has enjoyed since joining the European Union (EU) has benefited only a sector of the population. Poverty still restricts the lives of 20 percent of Portuguese citizens. If the state subsidies received by those considered at risk of poverty are not taken into account to calculate the poverty line, the percentage rises to 26 percent.

Poverty still restricts the lives of 20 percent of Portuguese citizens.

Portugal has witnessed the largest income gap among the 15 richest EU members, and it also has had the highest growth in social inequality among western European states. The distribution of wealth has also experienced a geographical imbalance. The big cities of Lisbon and Oporto, along with other urban centers along the Atlantic coast, have experienced steady growth at the expense of the rural, inland areas.

Sociologist Luis Capucha has also estimated that 35 to 40 percent of Portuguese families spend "less on food than is considered necessary to satisfy their basic nutritional needs." A conservative estimate of how many Portuguese suffer from hunger and receive aid provided by the Food Bank Against Hunger (BACF) and by other charity institutions reaches a figure of

200,000 people. Portuguese society is still pervaded by a sense of shame attached to poverty and hunger, which has prevented a conscious recognition of the problem and the consequent adoption of effective measures to control it.

Human Development Index Rank: 27 Human Poverty Index Rank: Not included.

SEE ALSO: European Relative-Income Standard of Poverty; European Union Definition of Poverty; Poverty Dominance; Welfare State.

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Luca Prono Independent Scholar

Poverty and Race Research Action Council

THE POVERTY AND RACE Research Action Council (PRRAC) is a nonprofit organization headquartered in Washington, D.C. It was organized in 1999 by major civil rights, civil liberties, and antipoverty groups. The purpose of the Poverty and Race Research Action Council is to set the advocacy of policy positions on poverty and race issues upon a sound foundation of social science research. The goal is to address problems at the points where race problems and poverty intersect.

PRRAC is national in scope and nonpartisan in its approach. It has two missions. It develops, assembles, and disseminates research on the relationship between race and poverty. It also promotes the development and implementation of policies and practices that ameliorate social, economic, and political conditions associated with poverty that are caused by race. The council

also brings together advocates and researchers in order to encourage and further their work on race and poverty issues. It also networks with researchers who are working on poverty and racial issues. Moreover it supports social research that is linked to local, state, and national advocacy strategies.

Research is guided by a Social Science Advisory Board, which is composed of scholars at leading institutions who are engaged in poverty research or civil rights research. The major areas invested in are race and racism, poverty and welfare, community organizing, criminal justice, economics and community development issues, education and poverty, employment and jobs policies, environmental issues related to race and poverty, family issues especially involving single mothers, food, hunger, nutrition, health, housing the homelessness, immigration, and rural poverty. Researchers are helped by PRRAC with funding.

PRRAC acts as a notice board for agencies or foundations that issue grants for research. In other instances it provides notices of research or poverty-work job opportunities. Publications include a newsletter (*Poverty & Race*), which is issued five times a year. Other publications include books, articles, and short pieces for use by poverty researchers and workers, including policy briefs such as "Civil Rights Implications of the 2005 Flexible Voucher Bill." A board of directors governs PRRAC. Many of the members of the board are the heads of agencies working in the area of poverty or civil rights. Others are attorneys specializing in civil rights law.

SEE ALSO: Antidiscrimination; Poverty Research; Public Policy; Racial Discrimination.

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Poverty Assessment

MEASURING THE WELL-BEING OF individuals, households, and nations—the process and techniques of poverty assessment—is critical for policymakers, governments, international organizations, aid agencies,

and social scientists. Measuring poverty is complex. It is generally agreed that poverty is a multidimensional phenomenon with both monetary and nonmonetary aspects in need of analysis. Poverty can involve, among other things, reduced incomes, consumption and employment, insufficient or poor-quality nutrition, poor health conditions, limited access to education, low levels of participation in decision-making, and lack of personal empowerment, reflected in the limited possibility to influence one's life. Poverty can also be absolute or relative, temporary or chronic, and the determination of who is poor can be highly subjective depending on one's perspective and specific assessment methodology in hand.

QUANTITATIVE APPROACHES

Conventionally, poverty has been largely defined in terms of income or expenditure based on the assumption that a person's or household's material standard of living largely determines her well-being. The poor are then identified as those with a material standard of living below a certain level or poverty line. Where this level is set determines how many people are poor and how many are not, itself a rather subjective process.

Nevertheless, institutions dealing with the alleviation of poverty, such as the World Bank and the United Nations, regularly utilize the poverty threshold. Since countries and regions within a country differ in terms of their standard of living, most experts agree that the poverty threshold must be set at different levels depending, among other things, on the specific country, region, and urban/rural location.

An absolute definition of poverty assumes that it is possible to define the basic needs of the generic individual regardless of one's physical location in the world, based on the minimum standard of living and one's physiological needs for water, clothing, and shelter. In contrast, the relative approach defines poverty in relation to a generally accepted standard of living in a specific society at a specific time.

An advantage of the absolute approach is that there are some reasonably objective norms that could be applied to peoples and societies worldwide and thus allow for cross-country comparisons of poverty rates, while with the relative approach the decision of what is an acceptable minimum standard of living can be subjective and depend on the societal and personal norms of the researcher.

Systematic poverty assessment techniques have been in place since the 19th century. In 1899 a study of

poverty in the city of York, England, primarily used a quantitative approach, relying on household income and expenditure surveys. Today, cross-country comparisons of poverty are done by comparing the relative median incomes of households on what the World Bank economists have devised as the purchasing power parity (PPP) level, and by comparing the percentages of the total number of households in a given country living under poverty. In 2000, for example, based on various survey studies worldwide, the World Bank estimated that over 25 percent of the population of the developing world lived below the poverty line of \$1 per person per day on the PPP basis.

The percentage of households under the poverty threshold is normally found to be higher when using income rather than expenditure as the gauge, since income data are normally subject to underreporting by subjects. The measuring of actual incomes can be further exacerbated by the demonetization of economies, situations wherein bartering of goods and in-kind payments are common.

There are problems in comparative assessments of poverty.

The World Bank, which heavily relies on quantitative methods, mainly national household budget surveys, in addition to short-term visits by highly paid economists, has been criticized when comparing cross-country data on poverty for having painted too rosy a picture in the global progress made in reducing poverty. The choice of an appropriate poverty line or threshold is thus political in that the percentage of a given country's population living under poverty depends on the definitions and measures used.

A major shortcoming of the use of household surveys in assessing poverty is the lack of disaggregation of data within the household unit, thus not allowing, for example, for the measuring of the gender income gap within households. To remedy this shortcoming, measures of individual dimensions of poverty, including income, health, and education, have been recommended, including qualitative nonfinancial methods of poverty assessment involving consultation with communities, and self-evaluation of needs via participatory assessment methods.

Another criticism of quantitative techniques of poverty assessment is the measurement of urban poverty. The urban—as opposed to the rural—poor are

known to rely heavily on the cash economy and are as such more vulnerable to income fluctuations. But for the urban poor, there are also severe environmental and health hazards because of crowded living conditions in urban slums, dimensions usually not covered by mere quantitative monetary methods of poverty assessment.

Measuring well-being and poverty using the dimension of health and education has been emphasized by many social scientists. There are problems in comparative assessments of poverty based on health statistics, however. Countries worldwide gather information on the population's health at different times and at varying degrees of accuracy. As such, indicators of well-being and poverty via health indicators of infant mortality and life expectancy vary widely in their quality of assessment across countries.

QUALITATIVE APPROACHES

Likewise, education indicators of well-being, normally comparing the percentage of primary and secondary school attendance of children across countries, have serious shortcomings. Another measure or assessment of poverty is looking at vulnerability, which can be defined as the percentage of households in a given country that are—depending on the criteria used—susceptible to variations of income, and increases in violence, natural disasters, and hunger. There is no single agreed-upon method or indicator of measuring vulnerability, though measuring such variables as household key assets (such as farm animals, when dealing with largely rural states), human capital (education, skills, etc.), income diversification, and links to social and economic networks would be good components of a vulnerability measure of poverty.

Qualitative and participatory methods, such as the utilization of group discussions, case studies, and individual open-ended interviews, to determine the individual and group perceptions of poverty, community priority needs, and concerns and to gain insight on the effectiveness of existing policies and antipoverty programs are all good alternatives or complements to the quantitative methods.

The capability method of poverty assessment focuses on an individual's capacity to live a healthy life, free of avoidable morbidity, having adequate nourishment, being informed and knowledgeable, enjoying personal security, and being able to freely and actively participate in society.

Complex livelihood analyses, through qualitative methods, can help identify the most relevant indicators

measuring poverty, which can then be taken up in quantitative surveys. Because of the lack of resources and capacity in poor countries, however, monitoring should concentrate on a relatively small number of indicators that are not too difficult to measure. In many developing countries, national and sectoral policymaking is hampered by the absence of regular monitoring and data collection. For optimum assessment of poverty, holistic methods of data collection involving both quantitative and qualitative methods and their regular longitudinal use are encouraged.

The United Nations Development Program Human Development Index (HDI), which annually rates the overall well-being of nearly all countries worldwide, is one of the best-known poverty assessment tools utilizing multidimensional assessment techniques of measuring well-being. HDI takes into consideration such country indicators of well-being as life expectancy, adult literacy rate, a combined school enrollment measure, and per capita Gross Domestic Product (GDP). As such, in its 2003 report, the United Nations rated the countries of Norway, Iceland, Sweden, Australia, and Netherlands as the five highest-scoring countries on the HDI scale.

The World Bank has been criticized for not sufficiently applying gender dimensions.

Statistics aimed at measuring poverty but based on the level of analysis of the household are likely to bypass individual differences of poverty within a given household, especially as pertains to gender. Gender disparity in income has increased for economies in transition, such as the Commonwealth of Independent States (CIS). Statistics generated from household measures are likely to underestimate the real extent to which women are affected by poverty. Increasingly, however, feminist literature, which has long emphasized the gender disparity of economic activities, is becoming mainstream.

The World Bank, for example, regularly analyzes the status of poverty of developing and transitional (former communist) countries via its poverty reduction strategy papers (PRSPs). In the past, the bank has been criticized for not sufficiently applying gender dimensions to such assessments, failing to apply gender in a development approach, which would require measuring inequalities between males and females and proposing programs to eliminate these inequalities. As a result of criticisms, the bank is increasingly attempting to apply

"mainstreaming of gender" to ensure analyses of sexdisaggregated data of poverty and to see that both women and men are involved in project development design, planning, and implementation.

SEE ALSO: Absolute-Income-Based Measures of Poverty; European Relative-Income Standard of Poverty; Indicators of Poverty; Living-Standards Measurement Study; United Nations Development Program; World Bank.

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Poverty Clock

THE POVERTY CLOCK BEGAN as an idea to demonstrate the extent of poverty in the world. The United Nations Development Program (UNDP) set up the first poverty clock during the fourth World Conference on Women, in Beijing, China, on August 31, 1995. This "clock" consisted of a digitally displayed number that ticked up at a rate of 47 per minute, representing the number of babies born into households suffering from absolute poverty since the beginning of the conference.

The commonly used standardized measure of absolute or extreme poverty is the \$1-a-day level, which corresponds to a per capita annual income of \$365 adjusted for inflation and international differences in costs of living (also known as purchasing power parity, or PPP). By the end of the 10-day conference, 541,228 children had been added to the rolls of those in absolute poverty.

The poverty clock was subsequently moved to the United Nations' (UN) headquarters in New York City and turned on again on January 17, 1996, to mark the beginning of the UN's International Year of the Eradication of Poverty. The clock, which increased by roughly 25 million persons per year, remained on throughout the year as a stark reminder of the problem of absolute poverty throughout the world. The clock was also prominently featured on the UNDP's website.

The clock was eventually turned off because of the theoretical difficulties of measuring changes in the number of persons in poverty solely by calculating the number of children born into poor families. The poverty clock made no allowances for moving its numbers backward when economic development lifted families up from under the poverty line.

Indeed, over the period during which the poverty clock was increasing by 25 million per year, the actual number of people living in absolute poverty declined. By the \$1-a-day threshold, the number of people living in poverty in 2001 was just over 1 billion while the corresponding statistics were 1.40 billion in 1980 and 1.14 billion in 1990.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Children and Poverty; International Poverty Rates; United Nations Development Program.

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Poverty Dominance

THE DETERMINATION OF whether an individual, a family, or a household is living in poverty is most often accomplished by comparing their income with a poverty line, a monetary value identifying a poverty

threshold. A univariate, or single factor, measure of this type has come under criticism because it may be arbitrary in origin and does not take into account all of the major attributes that identify poverty.

For example, a World Bank description of poverty in 2000 suggested that the poor are hungry, lack adequate shelter, may well be ill and not cared for, and they are likely to be illiterate and lacking sufficient education to make them employable.

The World Bank statement goes on to claim that the poor are vulnerable to adverse conditions outside their control and that they are often treated badly or ignored both by the government that has the responsibility to protect them and by more affluent members of society who shun them.

Application of the poverty dominance method in Uganda yielded positive results.

Implicit in the World Bank definition is the need to consider more than just single factors in identifying and measuring poverty. It is clear that poverty is a complex condition, and simplistic and arbitrary procedures to identify and measure this social condition are inadequate to the task. Poverty is marked by multiple dimensions, which will vary depending on the socioeconomic system being studied.

For instance, poverty in countries of sub-Saharan Africa cannot be directly compared with poverty on the Native American reservations in the United States other than to say that a degree of serious deprivation exists. A study of poverty in South Africa solicited the views of poor people. Those living in poverty recounted that their alienation from the community was a particularly distressing factor. In addition the poor recounted their inability to feed their family, the problems associated with living in crowded conditions, having to use basic forms of energy (wood, dung) for cooking and heating, the inability to find and hold jobs that paid well, and the difficulty of living in a fragmented family.

Multiple measures of poverty are used by the United Nations Development Program in its Human Development Index, a tabulation of four attributes. These include life expectancy at birth, adult literacy, an indicator of education level attained, and Gross Domestic Product per capita. A review of the data for individual countries in this tabulation clearly indicates that one place may be very low in one of the criteria and

higher in the others. Another country will have a different set of values.

Another index used in measuring poverty is the asset-based indicator. This measure tabulates, for example, the characteristics of the household, identifying the number of rooms and the presence or absence of indoor plumbing. An additional inventory may take into account the appliances within the home, such as a television set, gas stove, and refrigerator. The aggregation of inventory information can then be used to measure the variability across a group of households identified as living in poverty. All of these measures of poverty (indexes, asset-based inventories, surveys of the poor) suggest strongly that income level alone is not an adequate and unbiased method to use in measuring the living standards of those identified as being poor.

One of the more robust and powerful approaches to measure poverty is poverty dominance (or poverty gap dominance). In this approach, groups are measured against each other using multiple indicators of poverty (health indicators, adequacy of housing, income, etc.). Poverty dominance uses a quantitative approach in measuring the attributes in question, and the technique is capable of more accurately identifying groups that remain in poverty over many years and those who are in poverty for only a short time.

Multivariate approaches, including factor analysis, in the poverty dominance family of statistical techniques are being widely discussed in the literature of poverty measurement.

Application of the poverty dominance method in a recent study of Uganda yielded positive results. A comparison was made of the historical change in the poverty line (a univariate income measure), household expenditure per capita, and the heights of children, a surrogate indicator of a child's general health. The study results indicated that incomes improved significantly while measures of child health over the same period of time did not improve to the same degree. The study adds to the growing body of evidence that 1) poverty is an exceedingly complex concept and 2) single measures of poverty do not represent the most meaningful approach to gaining a full understanding of the problem.

SEE ALSO: Absolute-Income-Based Measures of Poverty; International Poverty Rates; Poverty Assessment; Poverty Rate; United Nations Development Program.

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Poverty Gap

THE POVERTY GAP IS the difference between the poverty line and the actual income of all households below the poverty line in a country. In other words, the poverty gap is the total amount of money that would be required to bring all of a country's poor up to the poverty line. The term can also be applied to the difference between the poverty line and the actual income of a single individual or household. The poverty gap differs from the commonly used statistic of the headcount index, which simply measures the proportion of the population below the official poverty line, in that it measures not just the prevalence of poverty but also the depth of poverty. The poverty gap index is a related statistic that measures the shortfall between the poverty line and actual income averaged over the entire population.

As with the headcount index, care must be taken in comparing poverty gaps across nations. First, countries with bigger populations will tend to have larger poverty gaps since the poverty gap is a gross measure of the income required to bring an entire population up to a certain income standard. In addition the official definition of poverty may differ significantly from country to country. International agencies have attempted to correct for this deficiency by standardizing definitions of what constitutes poverty.

The most commonly used standardized measure of poverty is the \$1-a-day level, which corresponds to an annual income of \$365 adjusted for inflation and international differences in costs of living (also known as purchasing power parity, or PPP). By the \$1-a-day thresh-

old, the poverty gap for the developing world was \$111 billion in 2001, meaning that \$111 billion in annual income would be required to bring all persons in the developing world up to a daily income of at least \$1. This figure represents a significant decrease from past numbers largely because of declining poverty gaps in India and China. In 1981 and 1990, the poverty gaps for the developing world were \$189 billion and \$129 billion, respectively; however, because of population growth the world poverty gap has fallen less rapidly than the world headcount index.

A further concern that some economists have with the poverty gap as a measurement tool is that all persons who fall below the poverty line are treated equally in measuring the poverty gap, regardless of how far below the line they fall. Thus a change in the income of an utterly destitute person alters the poverty gap equally to a change in income for someone just below the poverty line cutoff. For this reason, some economists advocate the use of the squared poverty gap index to account for variations in income below the poverty line.

While not under the definition generally accepted by economists, the term *poverty gap* is also commonly used to refer simply to the difference between the incomes of the poor and the rich. Because under such a definition the poverty gap may widen even as the poor increase their incomes, if income growth among the poor is slower than that of the rich, the use of this definition of the poverty gap as a general measure of well-being is problematic.

SEE ALSO: Headcount Index; International Poverty Rates; Poverty Gap Index; Squared Poverty Gap Index.

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Poverty Gap Index

THE POVERTY GAP index, also known as the poverty gap ratio, is a measure of poverty that calculates both the prevalence and the depth of poverty in a country. It is computed by calculating how far each poor individual is below the official poverty line as a percentage of

the poverty line itself, and then averaging these proportional poverty gaps over the total population. Persons above the poverty line are assumed to have a poverty gap of zero. Alternatively the poverty gap index can be calculated by multiplying the percentage of the population below the poverty line (also known as the head-count index) by the average shortfall in income for those persons below the poverty line as a percentage of the poverty line.

For example, suppose a country has 10 million citizens and has a poverty line of \$1,000 per year. If one million citizens have incomes below \$1,000 per year, and the average income of these one million poor persons is \$500, then the headcount index is 10 percent (one million below poverty line divided by 10 million total population). The poverty gap index is five percent (10 percent of the population in poverty multiplied by the average shortfall in income of \$500 divided by the poverty line of \$1,000, or 50 percent).

As with the headcount index, care must be taken in comparing the poverty gap index across nations since the official definition of poverty may differ significantly from country to country. International agencies have attempted to correct for this deficiency by standardizing definitions of what constitutes poverty around the world.

The most commonly used standardized measure of poverty is the \$1-a-day level, which corresponds to an annual income of \$365 adjusted for inflation and international differences in costs of living (also known as purchasing power parity, or PPP). By the \$1-a-day threshold, the poverty gap index for the developing world was 5.9 percent, meaning that total poverty in the developing world was the equivalent of having 5.9 percent of the population earning no income whatsoever. This figure represents a significant decrease from past numbers, largely because of reductions in the poverty gap indexes in India and China. In 1981 and 1990, the poverty gap indexes for the developing world were 14 percent and 8.1 percent, respectively.

A further concern that some economists have with the poverty gap index as a measurement tool is that all persons who fall below the poverty line are treated equally in calculating the index, regardless of how far below the line they fall. Thus a change in the income of an utterly destitute person alters the poverty gap index equally to a change in income for someone just below the poverty line cutoff. For this reason, some economists advocate the use of the squared poverty gap index to account for variations in income below the poverty line.

SEE ALSO: Headcount Index; International Poverty Rates; Poverty Gap; Squared Poverty Gap Index.

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Poverty in History

POVERTY IMPLIES THE STATE of being poor and not having the ability to acquire basic material needs or comforts. If this general definition of poverty is applied historically, there is virtual certainty that this condition has been part of human society for as long as people have inhabited the earth. The ancient historical record does not, of course, provide empirical evidence of the existence of poverty, although biblical references to it are abundant. The earliest recorded reference to poverty is probably the missionary journeys of Paul of Tarsus in the 1st century C.E. Paul's journeys took him to modern-day Turkey, Greece, and Rome. Paul's missionary work was primarily evangelical in nature, but he paid attention as well to helping the poor to develop the notion of living the worthy life.

Paul was followed by literally thousands of individuals who took up the banner of missionary and traveled to the four corners of the earth, spreading and extolling the virtues of the religious life and helping the poor. By the 15th century, missionaries had traveled widely in Africa and south Asia in their quest for converts and to assist those in need.

With the discovery and occupation of the western hemisphere, missionaries were close companions of the European explorers sent to open and claim these new lands. The primary mission of the colonial effort in Latin America was economic. Resources of all types, including gold and silver, were gathered and sent back to Portugal and Spain as the new lands were occupied. Missionaries were there to convert the indigenous people to the ways of Christianity and to introduce the "good life" as they perceived it to be.

Early in the 17th century, missionaries had ventured into east Asia and missions were established in China and Japan with varied success. By the 19th century there was no inhabited continent that did not have a host of missionaries at work. Throughout the history of mis-



"Barnabas and Saul Go Out as Missionaries," a Christian depiction of early evangelicalism and poverty relief.

sionary work, it is clear that the number of missionaries continued to increase, the regions in which they operated expanded dramatically, and their efforts became directed more to helping the alleviation of poverty and less to the activity of religious conversion. The latter goal, of course, remained of great importance.

However, it was realized that starving people living on the edge of survival first had to be made healthy. When that necessary task was accomplished, the attempts at conversion would have a better chance of succeeding.

FEUDALISM

The European period of feudalism, which lasted from about 850 to the 13th century, had clearly identifiable characteristics of poverty. Feudalism, a term first coined in the 17th century, was based on the Latin term feudum, which referred to a fief or land granted to a regional leader or lord. Three characteristics identify feudalism: lords, vassals, and fiefs. The lord owned the land and a vassal received a parcel of land from the lord on a loan basis.

In exchange for the land, the vassal agreed to provide protection for the system in the form of military service. The land was worked by peasants who owed their allegiance to the lord and produced agricultural products. Peasants were obligated to pay taxes to the lord in the form of crops grown in the fields. The peasants were allowed to retain only as much of the product as was necessary to ensure their basic needs. As such, it may be stated with confidence that the peasants were basically poor and lived in a form of poverty.

Starving people living on the edge of survival first had to be made healthy.

By the 14th century, Europe's economy had begun to shift from its primary emphasis on agriculture to one that was money-based and considerably more diversified. In addition the geopolitical situation in Europe was changing. Movements were under way that eventually led to the growth of strong, centrally controlled monarchies and the precursors of the age of nationstates in the 16th century.

The end of feudalism, however, did not bring about an end to poverty. There were still peasants working the land and their status within the changing societies of Europe did not appreciably change. By the time of the Industrial Revolution, which got its start a few decades following the beginning of Europe's agricultural revolution in the 17th century, poverty continued, but in a new form.

INDUSTRIAL REVOLUTION

The Industrial Revolution created a sea change in the socioeconomic fabric of Europe. The revolution soon spread from England to the European mainland and then to North America and Russia. The major changes brought about were the beginnings of the factory system of production, the urbanization of the population and the growth of cities, and geometric increases in the productive process.

The Industrial Revolution ushered in the age of machines, the factory system of mass production, and the demise of local crafts industries. It sped up the movement of people to the cities, a shift that had already begun decades before as the agricultural system absorbed all the labor it could handle. In the cities, people were readily employed in the growing factories and introduced to long hours of labor in poor working condi-

tions, crowded housing, and a generally unsavory lifestyle.

The situation was exacerbated by the fact that those in charge of the factories and the new economy were doing well economically, and for most of the 19th century little was accomplished by the government to address and rectify the problems experienced by those living in poverty. The Marxist view of conditions in England in the 1840s was extremely harsh. Friedrich Engels made the following charge in his 1844 book, *The Condition of the Working Class in England*: "At the bar of world opinion, I charge the English middle class with mass murder, wholesale robbery, and all the other crimes in the calendar."

"Never before, at least, had a stink risen to the height of an historic event."

Engels and other critics of conditions in the factory towns drew attention especially to the prevailing unsanitary conditions and resulting illnesses that seemed to be ever-present. To aggravate the situation, there seemed to be little if any concern expressed by those in charge. However, beginning in the 1830s in England, documents appeared that brought attention to health problems in the workplace and in the crowded living quarters of the poor. One commentator suggested that thoughtlessness and apathy were the only barriers to changing the situation.

An 1838 survey conducted by the Poor Laws Commission in England concluded that families were engaged in dangerous and unhealthy working conditions; living in "ill-furnished, uncleanly, ill-ventilated" homes; and surviving on "meager and ill-nutritious foods." These unfortunates, the study stated, were becoming the "victims of dissipation." By the end of the 19th century, an enlightened English government had enacted a number of laws that addressed the plight of the poor and had passed legislation to clear the smoke-filled air and clean the water systems in the cities. A report by the British Royal Commission on Sewage Disposal in 1858 graphically exposed the degree of filth choking the waters of the Thames: "For the first time in the history of man, the sewage of nearly three million people had been brought to seethe and ferment under a burning sun. ... The result we all know. Stench so foul we may well believe had never before ascended to pollute this lower air. Never before, at least, had a stink risen to the height of an historic event."

Other observers at the time concluded that there probably was no unpolluted river in the whole of England. Closely associated with the Industrial Revolution and intimately tied to its success were the territorial acquisitions by European countries during the second period of colonialism, which began in the third quarter of the 19th century.

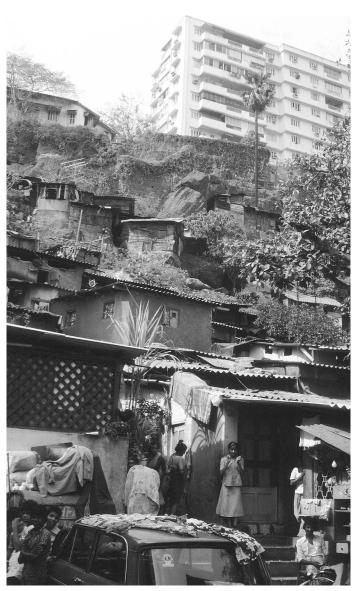
COLONIALISM

The Berlin Conference in 1884 convened to decide which European country would occupy and control which regions of Africa. The primary emphasis for the occupation was economic. The burgeoning European economies were in need of raw materials to continue their growth and future markets for goods being produced in ever-increasing volumes. In the subsequent "carving up of Africa," the major theme of the conference, England and France collectively occupied an estimated 70 percent of the colonial territory in Africa. Portugal, Belgium, Italy, and Spain also claimed smaller amounts of land. It was not until the early 20th century that Germany became a colonizer on the "Dark Continent."

Colonialism, from the perspective of the occupying countries, was extremely lucrative. Having complete control of the territory and superior strength, the Europeans had a virtual free hand in extracting the riches of the region and sending the materials back to Europe for processing in the growing factory cities. The occupiers were able to accomplish these efforts with a minimum of infrastructural investment. That is, the amount of development within a colony was limited exclusively to the projects that ensured the extraction and shipping of the targeted resources.

At no time did the occupiers engage in full regional development, which would have benefited the indigenous culture groups within the colonies. For example, railway lines were put in place in Nigeria that led to the source areas for resources to be shipped back to England. These lines terminated at the coastal ports, where materials were loaded for shipment out of the colony. No attempt was made to bring the lines farther to the north, where a region of fertile land existed. It was not until the 1960s, when the period of colonialism finally ended, that the Nigerians were able to open up and develop this region to agriculture.

If the colonial era in Africa had positive outcomes for the European occupiers, such was not the case for the indigenous culture groups. To begin with, the economic system put in place in this period was identified



Slums in the shadow of modern apartments in India echo the pattern of the "haves" and "have-nots" in history.

as mercantilism. In this system, the colonies provided the unprocessed resources, which were then shipped to the European country for processing. The producers of finished products gained the monetary benefits of the value added in the manufacturing process, whereas workers in the colonies were given very low compensation for their efforts.

An additional aspect of this economic relationship was the stipulation that the colonies were prohibited from producing the products within their region that were made in Europe. This system produced an extremely inequitable economic relationship between the European occupiers and the people in the colonies. This era marked the beginning of the "core-periphery"

relationship, which exists in a modified form even today.

When the era of colonialism ended in the 1960s and the colonies received their independence, the economic problems for the newly independent countries did not end. With limited capital and a cadre of inexperienced leaders, many of them faced the daunting task of completing their basic infrastructure (road and railroad networks, undeveloped agricultural regions, adequate housing and sanitation facilities, and health and educational systems), which had been neglected by the European occupiers.

There can be little doubt that living conditions for the indigenous culture group during the period of colonialism were decidedly poor. Although no definitive numerical information is available on income levels or other empirical measures, it is clear that people in occupied African lived in conditions of poverty or close to it. When the colonial territories were established, the boundary lines were set up for convenience along rivers. This procedure paid no attention to the fact that the areas occupied by the native culture groups focused on the river and extended outward on both sides of the river.

So from the onset of colonialism, dozens of culture groups were physically split, with one part of the society coming under the rule of one European country and those on the other side coming under the rule of another. In addition, under colonial mandate, indigenous people were not allowed to travel outside their assigned area, nor were they allowed to migrate to the cities within their area unless invited to do so for employment.

Following the end of colonialism, conditions in the previous colonies worsened. In the decades since the 1960s, the populations in the African countries increased dramatically, many of the new countries were plagued with droughts and environmental degradation, and the region of sub-Saharan Africa endured the ravages of an HIV/AIDS epidemic, from which it still suffers.

Data from the United Nations indicate that the populations of 11 countries in Sub-Saharan Africa are living on less than \$1 per day and that 20 percent of them are living on less than \$2 per day. These same countries also have the highest incidence of adult illiteracy rates, children underweight for their age, and the highest probability that newborns will not survive to age 40. In addition this region of the world has the highest percentage of the population without access to safe drinking water. This unfortunate combination of nega-

tive socioeconomic attributes unequivocally defines poverty in its most insidious form.

MILLENNIUM DEVELOPMENT GOALS

In 1990 the United Nations initiated its Millennium Development Goals (MDGs) program to address the most serious problems faced by countries in the developing world and particularly those in sub-Saharan Africa. The three major goals identified for completion by 2015 are 1) to cut in half the proportion of people whose income is less than \$1 per day, which is a level characterized as extreme poverty; 2) to cut in half the proportion of people who suffer from hunger; and 3) to ensure that children everywhere, both boys and girls, will be able to complete a full course of instruction in a primary school.

These three goals represent an umbrella policy that will look closely at the percentage of children who are underweight for their age, the numbers of people not receiving the appropriate caloric and protein intake, the establishment and/or improvement of schools to ensure that students have the opportunity to complete at least grade five, and increased employment prospects in all affected countries. These are laudable goals that could be attained if there is an adequate degree of enthusiasm and financial support from the developed world. Without significant assistance from the rest of the world's countries, it is highly likely that the goals will remain far out of reach. To attest to the gravity of the problem, attainment of the goal to cut in half the number of people living on less than \$1 per day would require that 40 percent of the population of sub-Saharan Africa and southern Asia would be elevated to a higher per capita income. The next step upward in the United Nations measurements is \$2 per day, hardly a level of affluence that would represent solving the poverty problem.

It is abundantly clear that the higher the population of those in poverty, the greater will be the effort to bring these people to a satisfactory and healthful living condition. By 2005 work on the MDGs had succeeded in bringing about some alleviation of the suffering of poor people in the regions of greatest need. However, the further outcomes of significant poverty reduction and complete poverty eradication seem virtually out of reach by 2015.

DEVELOPED WORLD

Historical poverty trends in the United States and other affluent urban-industrial countries reveal quite a differ-

ent picture. The procedures for determining poverty differ greatly and the category of extreme poverty, applicable to most of the developing world, fortunately is inappropriate for the United States and other countries in the developed world.

In the United States, for instance, the Census Bureau determined that a family of four in 2003 needed \$18,810 to meet basic needs. Assignment of a specific monetary income is an example of using an absolute poverty measure. The 2003 income level identified approximately 12.5 percent of the population as "poor" and consequently living in poverty, which meant that 35.9 million people in the United States were living in poverty.

In 1959, the first year for which poverty estimates are available, the measure for poverty was set at \$2,973 for a family of four. In that year, an estimated 22.4 percent of people in the United States were living in poverty. Since that year, the percentage of people identified as living in poverty has steadily declined as the absolute poverty level has increased, as a reflection of inflation and higher average earnings.

The percentages of people living in poverty in the 1950s not only in the United States but throughout the developing world spurred President John F. Kennedy to include several references to the problem in his inaugural address in 1960. It is clear that Kennedy's goal for his presidency was to directly address the plight of poor people in the world and to specifically aim at rectifying the problem in the United States. Unfortunately Kennedy's time in office was abruptly cut short. When Lyndon B. Johnson became president, he set an agenda for civil rights that included many of the goals that Kennedy had articulated. Johnson's famed War on Poverty was a reflection in large part of Kennedy's thinking.

MAKE POVERTY HISTORY

In May 2005 a worldwide program to eradicate poverty was initiated. Identified as Make Poverty History, the program united over 500,000 people across the globe to demand that the G-8 leaders live up to their duties to 1) cancel developing-country debt that is beyond the capability of the poor countries to repay; 2) deliver more and better aid to destitute people in the poorest countries; and 3) work to establish fair trade relationships between the developed and developing worlds.

This initiative was matched in both spirit and goal by the work of prominent personalities in industry and entertainment. In fact, three of these personalities, Bill and Melinda Gates of Microsoft and Bono, a rock star with the group U2, were named Persons of the Year in 2005 by *Time* magazine for their work in assisting people living in poverty in the developing countries.

Bono is particularly critical of countries in the developed world for not taking a more active role in assisting the poorest in the world. His belief is that poverty can be defeated if enough resources are brought to bear on the problem. In this quest, the greatest enemy is not poverty and disease but indifference. This conclusion mirrors the statements of prominent English physicians and government officials who wrote about the ills exposed in the factory cities of the 19th century, where the greatest deterrent to alleviating the suffering of the workers and their families was apathy.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Extreme Poverty; Feudalism; History of Poverty; Industrial Revolution; Medieval Thought; Millennium Development Goals.

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Poverty Law Resources

THE LAWS covering matters pertaining to poverty are very numerous, but not always easy to locate. Usually the titles of poverty issue legislations have names such as Hunger-Free Communities Act of 2005 or Senior Nutrition Act of 2005. This means that a researcher seeking to locate poverty legislation will need some

form of guide. There are numerous books on many aspects of poverty. Some of these deal with specific legislation, covering such topics as welfare, elder law, family law, child law, disabilities law, workman's compensation law, AIDS law, consumer protections, debtor-creditor law, and more.

In the 1960s, as part of the War on Poverty of the Lyndon Johnson administration, legal aid was established within the U.S. government. In 1974, Congress created the Legal Services Corporation (LSC) to funnel funds to the nonprofit legal aid offices around the country. One of the most important resources on poverty law is the legal aid societies. These include persons trained in the legalities of poverty who provide legal services to the poor to help them with a number of issues. They are the oldest and largest providers of legal services to the indigent in many countries, including Canada and the United States.

Legal aid societies provide legal help with civil cases (private legal issues between private persons or corporations) and with criminal defense work. They also represent juveniles on behalf of poor families in family courts. Their goal is to make sure that a lack of money does not prevent people from having access to the justice system.

The attorneys who work with a legal aid society do so *pro bono*, meaning they have donated their legal services. Because legal aid societies have rejected funding that may have barred their attorneys from handling certain types of cases, they are in a position to represent clients in immigration, welfare, criminal, and wrongful imprisonment cases. One of their biggest areas is the use of class-action suits to protect the poor from onerous legislation or bureaucratic decisions.

LEGAL AID SOCIETY OF NEW YORK

As one example, the Legal Aid Society of New York offers services and operates much like other legal aid societies found on a state or city level throughout the United States. The New York office describes itself as follows: "The Legal Aid Society is the nation's oldest and largest provider of legal services to the indigent. Founded in 1876, the society provides a full range of civil legal services, as well as criminal defense work, and juvenile representation in Family Court, ensuring that poverty is not a barrier to accessing the justice system.

"Our core service is to provide free legal assistance to New Yorkers who live at or below the poverty level and cannot afford to hire a lawyer when confronted with a legal problem. Through neighborhood and court-based offices in 18 facilities in the five boroughs of New York City, more than 800 lawyers working with approximately 600 paraprofessionals and other supporting staff, handle 300,000 cases annually.

"Legal Aid's fiscal budget is \$140 million; 90 percent comes from public funding, principally for criminal defense work and representation of juveniles in child protective and delinquency matters. The remaining funding comes from the fund-raising activities of the organization, which include private donations from law firms, associates, corporations, foundations, individuals and special events. The largest source of current support is the New York legal community."

The American Bar Association (ABA) provides a center for people who are indigent with its *pro bono* program. It also has a program for people of modest means. The ABA has a *Pro Bono* Standing Committee that maintains both a directory of *pro bono* resources and a center for *pro bono* work. The center provides resources and advice to bar associations, *pro bono* programs, different kinds of legal services offices, and many others. It also operates a clearinghouse of materials on a great many *pro bono* topics and directs a Peer Consulting Project. This project provides legal assistance to peer consulting teams, legal services, bar associations, and others in the field.

In 2000 the ABA began the Rural *Pro Bono* Delivery Initiative. This program was supported by the Open Society Institute. The goal is to create models for delivering effective legal services in rural areas to clients who would not otherwise have adequate legal representation, and would thereby be denied access to justice. Around the world there are numerous legal aid societies. Some of these are supported by and operate in European countries. Lawyers who are trained in the civil law systems abroad provide volunteer legal service in Africa.

SEE ALSO: Human Rights and Poverty; Poverty Laws; Poverty Lawyers; Poverty Research Centers.

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Poverty Laws

LEGISLATION AFFECTING THE poor covers a great many legislative topics regardless of the country or culture in which the legislation may be adopted. In general, poverty laws are concerned about the poor both domestically and internationally. The main issues are reducing the numbers of poor, affording them protection from thieving exploiters, providing services and goods, and regulating the poor.

Many countries have laws dealing with providing relief in foreign lands or with providing aid for economic development in foreign countries. Sometimes the legislation is straightforward. At other times it may be mixed with other topics. For example, a law that extends military aid to a country may also contain provisions to promote and establish environmental protection or economic opportunities to the poor. In some situations, such as the ethnic cleansing occurring in the 1990s and early 2000s in the Darfur region of Sudan, peacemaking conditions could be tied to family relief or to humanitarian concerns that protect people who are usually poor.

Currently in the United States Code there are approximately 50 titles dealing with poverty in one form or another. However, none of these titles are easily identified as specifically addressing poverty-issue legislation. Yet every year Congress addresses numerous bills or resolutions that are concerned with poverty. This means that the topic of poverty is spread across the code. Poverty laws are included in a great many topics, such as landlord-tenant relations, government benefits, housing discrimination, laws on the elderly, child law, and the personal life issues faced by people living in poverty.

In other words, the titles used for bills will not be such things as "legislation to end poverty," or a "bill to provide food for poor elderly people." Rather the titles will be like the "Hunger-Free Communities Act of 2005" or the "Senior Nutrition Act of 2005."

Poverty laws that seek to provide some benefits will cover matters such as disaster relief, welfare payments, low-income housing, food stamps, commodity programs, medical services, small-business financing, and student loans using a means test that favors the poor. Local regulations will also be concerned about benefits for the poor. Some local ordinances encourage or promote charitable organizations so that local centers or organizations to aid the poor can have legal recognition. As a result most communities have a variety of low-income housing that is subsidized by taxes.

Most communities have some form of community health center that was created as the result of a local law. These are operated at taxpayer expense and provide subsidized care for the poor for things like vaccinations for children, flu shots for the elderly, and treatment for HIV/AIDS victims who are so impoverished that they can no longer afford a private physician. Healthcare services are also available at all public hospitals in America. A person who is rejected by private physicians must be treated by law at a public hospital. The costs are usually incorporated in the costs of treatment paid by those who have private insurance, if there is no taxpayer-paid program to cover the costs.

Legislation may also seek to protect the poor from exploitation, dealing with different aspects of the lives of the elderly and children. For example legislation to prevent and punish child abuse, housing discrimination aimed at prohibiting children, subsidized housing, housing used by the poor such as mobile home parks, immigrant legislation, immigrant children legislation, migrant laws, and regulations covering the benefits granted to the poor are all designed to ensure fairness and to prevent fraud.

Legislation that prohibits loan-sharking or usury protects all classes of people, but it is an important protection for the poor, who are more likely to be caught in a debt trap. Bankruptcy laws also enable debtors to be somewhat absolved of debt, or at least permit a restructuring of debt. This legislation is an aid to those who are poor and who may have been caught in a cycle of credit card debt.

Court rulings have ordered all levels of government to provide an attorney for indigents for capital crimes, felonies, and even misdemeanors. Legal aid or service agencies also provide legal help for poor people. Legislation that regulates the poor may be laws regulating their movement (vagrancy) or regulating their finances (bankruptcy).

HISTORY OF POVERTY LAWS

Legislation regulating the poor has a long history. During the Reformation in England, new laws for dealing with the poor were adopted. These laws were generally aimed at regulating the poor. The laws reflected the change in the ideas of holiness that accompanied the Reformation.

In medieval practice the poor were actually needed, because the penitential system of religious discipline encouraged people to give to the poor as an act of charity. The charity was considered meritorious; the acts of giving would help people to work toward their salvation. However, with the recovery of the doctrine of salvation through grace alone, Martin Luther and the other Protestant Reformers emphasized that Christ had already earned salvation by his atoning death on the cross. The appropriate response of the Christian was to live life in gratefulness for that atonement. Not to work therefore became a sign of an unredeemed life. It was an offense to grace. Begging was therefore outlawed.

The poor would desperately take any work rather than go to the institutions.

English poor laws were to remain in effect for centuries and were to form the basis of American legislation as well. Distinctions were made between the deserving poor (widows and orphans, the physically or mentally ill) and the undeserving poor. The latter were those who could work but were not working. Work opportunities for the poor were established. Those who were poor were put into either poorhouses or workhouses.

These offered shelter and work opportunities of last resort, provided by the government. They were so onerous that the poor would desperately take any kind of work rather than go to these institutions. A stigma of shame would often accompany the family of a person who was placed there.

The late 19th century saw a transition from poor laws that were generally punitive to a welfare state that sought to provide support for the poor through a wide variety of legislative action. In Europe progressive and socialist ideas were incorporated into the legislative programs of numerous countries. The welfare state was the result. Generally the goal was to help the poor with universal medical care or with unemployment benefits during economic downturns. However, these programs became very expensive and are now in retreat in the face of the need to increase economic productivity in a global economy.

Since the Great Depression of the 1930s, the United States, despite its strong capitalist market economy, has enacted numerous laws that are aimed at protecting and providing for the poor. Yet while some laws afford some protection and benefits for the poor, other legislation seeks to control them as vagrants or indigents.

SEE ALSO: Poor Laws; Poverty in History; Poverty Law Resources; Poverty Lawyers; Welfare State.

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Poverty Lawyers

POVERTY LAWYERS ARE those who devote part, or all, of their careers to providing legal representation to low-income people. The term *poverty lawyers* is not one that has been defined officially. Even the word *lawyer* varies widely around the world. For example, in some countries only some of the lawyers are authorized to appear in court, and in some countries, some of the lawyers may do work limited to what is done by notaries in other countries.

In almost every country other than the United States, law is studied for the first university degree and a mandatory apprenticeship follows. In the United States, students attend three years of professional legal school after obtaining their first university degree, and after receiving both degrees they must pass a test to be licensed in whichever state they intend to practice but do not have a mandatory apprenticeship.

A poverty lawyer is any lawyer who represents lowincome people in the civil courts, that is, most would not apply the term to attorneys who simply represent the accused in the criminal system. The term would most likely be applied to attorneys working full-time in the public sector, but some would apply it also to lawyers who devote any part of their time to representing a low-income person, such as those who contribute their time for free (pro bono), those who do contingency fee work (in some countries, lawyers can agree to take a case and be paid a percentage of the money won if the case is successful), those who take cases paid by feeshifting statutes (some countries provide for the cost of attorneys' fees to be paid by a losing defendant in certain types of lawsuits), or those who do reduced-fee work for the poor. In some countries, all lawyers are required to spend a certain part of their time representing those who cannot afford a lawyer.

Other candidates for poverty lawyers might be those who work in nongovernmental organizations (NGOs). Thousands of these entities, such as Lawyers Without Borders, exist around the world and many have missions like ending poverty, fighting disease, and encouraging economic development to alleviate poverty. Lawyers working in some governmental or intergovernmental organizations also do work directly related to the alleviation of poverty.

In the United States, a national system of legal aid or legal services offices is in place. Lawyers working in these organizations indisputably would fit within the definition of poverty lawyer. These organizations are in the nonprofit sector and are funded by a combination of federal, state, and local government allocations, foundation funds, and contributions from individuals. Starting at the end of the 19th century, these legal aid offices were created and funded by bar organizations in some U.S. cities. In the 1960s, as part of the War on Poverty of the Lyndon Johnson administration, legal aid was established within the U.S. government.

In 1974, Congress created the Legal Services Corporation (LSC) to funnel funds to the nonprofit legal aid offices around the country. Congress also required that every county in the country be served by these organizations, but funding was only provided to serve at most about 20 percent of those financially eligible, defined as those making less than 125 percent of the U.S. poverty line. The high point of federal funding for poverty lawyers was in late 1981, when the LSC briefly received enough federal funds (\$321 million) to hire one lawyer for every 5,000 eligible people. In 2005, federal funding was only \$330.8 million—after adjusting for inflation, far less than in 1981.

Some poverty lawyers represent individuals on any type of legal problem that the person may have, but because of a lack of attorneys to serve the poor, most poverty lawyers take only high-priority cases that deal with serious life-threatening needs of the poor, such as those relating to their health, housing, government benefits, or family crises like domestic violence. Sometimes poverty lawyers represent large groups of clients in class-action suits to address legal problems shared by many low-income people, or lobby for laws to benefit those in poverty.

Funding for poverty lawyers has long been caught up in ideological battles. Legal aid enjoys support from bar groups and attorneys of differing political persuasions, yet some opponents of legal aid say that poverty lawyers should limit themselves to representing the poor only on routine legal needs faced by rich and poor alike. These opponents charge that some poverty lawyers have their own agenda to change the system on behalf of the poor. In the mid-1990s, the U.S. Congress tightened restrictions on what federally funded poverty lawyers could do. Congress prohibited LSC-funded attorneys from bringing class actions, collecting statutory attorney's fees, lobbying, challenging the new welfare law, or representing prisoners and many categories of immigrants.

Lawsuits challenging some of these restrictions have been successful and other lawsuits are ongoing. As restrictions were imposed on what lawyers could do in these federally funded legal aid offices, other legal non-profit organizations have formed to do the work in those parts of the country where, and if, they can raise funds from sources other than the federal government.

In addition to the services provided by legal aid offices funded by the federal government and those that have formed as a result of changes in the federal LSC system, the poor are represented by many private *probono* attorneys who contribute part of their time free of charge; by attorneys in private practice who work in areas of law that contribute to the public good; by private attorneys who create public-interest law firms; and by many nonprofit organizations, whose missions are devoted to issues such as human rights, mental health, environmental poverty, and community economic development.

Only about 20 percent of the legal needs of low-income people are met.

Despite these many and diverse efforts, the American Bar Association consistently finds that only about 20 percent of the legal needs of low-income people are met, and correspondingly, 80 percent of the need is unmet. Also many middle-class people are finding the costs of litigation beyond their means. The U.S. Supreme Court, in the landmark case *Gideon v. Wainwright*, found a constitutional right for low-income people to have free legal representation when accused of a crime.

Decades after that decision, civil *Gideon* lawsuits are being brought to extend that same right to cases within the civil system, but none have succeeded yet. Thus the vast majority of low-income people and middle-income people remain unrepresented even in the United States,

the wealthiest country with the highest proportion of lawyers in the world.

SEE ALSO: Crime; Johnson, Lyndon (Administration); Lawyers Without Borders; Nongovernmental Organizations; Poverty Law Resources; Poverty Laws; United States; War on Poverty.

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Poverty Pimp

POVERTY PIMP is a derisive term used to disparage people who advocate for the poor. By appealing to the government or to private charity for support to relieve the suffering of the poor, advocates open themselves to the charge that their motives are impure. This impure motivation is presented in the claim that advocates have a hidden agenda.

Such advocates are usually white, middle-class people with no real experience of poverty and are accused of not being motivated to help the poor, but rather of helping themselves to aid given to help the poor. For users of the term, poverty pimps want an opportunity to steal from funds offered to help the poor. The derogatory term *poverty pimp* may be applied to an individual or group. The poverty pimp is disparagingly compared to a pimp who uses prostitutes to gain funds for himself. *Poverty pimp* serves as a convenient label for those who are opposed to either government funding or to appeals for charitable aid. It enables the opponents of poverty funding to dismiss the call for aid without considering whether there is actually any merit to the appeal.

Using the term *poverty pimp* is a form of character assassination. Logically, dismissal of poverty advocates with the term *poverty pimp* uses an ancient informal fallacy called *argumentum ad hominen abusive*. The poverty claimant is abused for daring to ask for help for others, but the evidence of the argument, that the "have-nots" really need the aid and the "haves" do have the re-

sources to use, is ignored. Instead it is implied that relieving the misfortune of others is not the true motivation, but profit to the advocate is; and if the profit were removed, the real steps to alleviate poverty could take place.

Those who lobby for public funds are the most common targets for accusations of poverty pimping. However, the term is also used against some of those who solicit private charity. Conservatives, libertarians, Republicans, and others use *poverty pimp* in political debate over poverty programs. Those to whom the term is applied are usually liberal, socialist, social gospel (liberal) Christians, or the poor themselves. Users of the term may themselves be motivated by hatred of the poor, hatred of the advocates, or unwillingness to bear the cost of helping the poor.

The term has some validity, because there are some real cases of poverty pimping. One historic case appears in the New Testament. Mary, the sister of Lazarus, poured an expensive bottle of pure nard onto Jesus of Nazareth. Judas Iscariot, who was the treasurer of the apostolic band, complained that Mary had wasted perfume that could have been sold and the money given to the poor. However, the Gospel of John makes it plain that Judas stole from the apostolic treasury, and that his protest in behalf of the poor was really because he was a "poverty pimp."

In the debates over supporting or not supporting poverty programs, those who use the term *poverty pimp* often complain that too much of the cost of charity goes to the administrators of the welfare program or to overhead. The excuse is offered that well-intentioned poverty administrators get most of the poverty funds and the poor get little or nothing.

The signs of poverty pimping are those of any organization that has forgotten its mission and is focused mainly on serving its needs rather than the needs of its clients.

SEE ALSO: Corruption; Crime; Moral Poverty; Power and Poverty.

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Poverty Politics

WE COULD DEFINE THE politics of poverty as those systems and practices of thought through which the poor, as a social class, are constantly reinvented. The concept of poverty as a social condition, invented with the advent of a monarchical type of government and of the merchant civilization in the 10th to 7th centuries B.C.E., acquired two values during antiquity: one indicated disempowerment, relational lack, and material dispossession; the other expressed poverty as a symbol of justice and virtue.

Whereas the latter developed in the Christian concept of voluntary privation and other forms of asceticism, the former developed in the history of thought in parallel with the concept of value, and embodied a social condition that is constantly being redefined. Material dispossession has its historical roots in the fracture of social solidarity, which produced a society based on ownership. The aspect of poverty as the pursuit of virtue can be referred to these activities of self-realization based on the just composition of the single and the collective. Within these two patterns (poverty as disempowerment, counterfigure of value; and poverty as virtue, as one's own force of self-realization), two corresponding politics of poverty are visible: the substitution of virtue with value, and the very invention of poverty itself.

In antiquity the concept of poverty designated a lack of social ties with the advent of sovereignty, on one hand, and the reliance on money to complete economic transactions (coinage), on the other. This rupture of the social web resulted in substituting virtue with value. In 10th-century B.C.E. Israel/Palestine, the rise of monarchy coincided with the destruction of the common tribal structure of social solidarity—it is at this time that poverty as a social condition was born.

One way to examine poverty in antiquity is to analyze the role of the slave. What the slave indicates is the fracture of the common, the fracture between single and collective work, between intellectual and manual labor, between what Aristotle defines with the concept of dynamis (potency) and that of energeia (energy)—dynamis as force and possibility of realization, and energeia as its actualization.

Poverty also expresses itself on an individual level as the loss of autonomy and self-possession. When one lacks the means to support one's autonomy, a rupture takes place between society and a human being, expressing a separation. The slave is, according to Aristotle, "a human being belonging by nature not to himself but to another"; he is "an article of property" and an article of property is "an instrument for action separable from its owner." He does not possess reason as a self-actualizing condition—the slave lacks the means to decide his life. He has nothing in common with his master. He is the one who is defined by another and whose capacity of self-realization does not belong to him.

The status of the slave, even if he or she is not poor on a material level, expresses the disconnection of virtue and value and the substitution of one with the other. The slave's virtue, his capacity of producing his life, as well as his reason, belongs to someone else. As an article of property, his value operates separately from himself. His virtue has been substituted with his value.

The introduction of money (during the 7th century B.C.E. in Greece) is another element that aided the substitution of virtue with value by setting a common measure. Coinage makes equivalence among things of different natures possible and allows their exchange.

In fact the operation of proportional setting into equivalence can be done only if the things in relation are equal. This unity, says Aristotle, is the *chreia* (need), which keeps society interdependent. The reduction to unity of the different characters of things indicates the formation of social relations on which society is based, also known as the temporary forms of social trade. This *koinonia* (common), on which society is based, is created through an operation of abstraction, which does not bear the traces of the different natures of its own formation.

The link that binds a society is the need (chreia), and this relation of equivalence among things for their exchange abstracts from their differences. Its expression is a common leveler called nomisma (money). Nomisma replaces, for convention, chreia (need). In the market, the passage from need to money results in a shift: whereas the common element of the need is a material status, it is through an operation of abstraction that a new common measure, money, is introduced (the value of one house equals "x," for example, the value of five beds).

In modern times, the situation is similar: the wealth project/system, instead of producing real richness corresponding to the need of everyone's self-realization toward happiness (virtue), works for reaffirming the medium of money (value), which abstracts from differences and takes away the freedom of each individual to access his own self-realization. A new approach to poverty politics should address the fact that the lack with which poverty as a social condition has been until now identified is not the material dispossession itself,

but the continuous production of the relational lack, that is, the subtraction of the social relation that causes material dispossession.

One of capital's features is that it creates ungraspable relations. Defining poverty through material dispossession is one example: we understand poverty only as relational lack, and this precludes the possibility of any positive interpretation, that is, the possibility of a space of its own sovereignty (autarchy), of those collective ways of being and production, which reestablish a person's capacity of self-realization. If the very aim of autarchy is the pursuit of happiness, only a political system that allows for the understanding of these "ungraspable relations" can reduce the continuation of indigence and the production of misery.

A new relation of poverty-potency should be established.

If poverty is the space of breaking off the social composition, the substitution of material relations of production with abstract relations, it is at the level of this material-immaterial interplay that we can start to reconstruct a diagram of a different mode of production. One of the first tools and most important factors of the possibility of a new politics of poverty is the relation between knowledge and production, as described by M. Rahnema.

The common ground that we strive for is knowledge, that is, the degree of composition of things achieved only in virtue of their differences. It is the legacy between aid organizations and the world productive system, the mechanisms of globalization and those of development at a national level, that should be our field of investigation.

Our common ground of knowledge lies:

- 1) In the territory, that is, in fact both the accidental context and the necessary cognitive engine.
- 2) In the localized production setting itself against abstract (global) production. Each specific territory bears differential value.
- 3) In the relation between proximity and processes of materialization. The physical and virtual proximity produce material knowledge.
- 4) In the conversion of economic value into production of knowledge. There is a singular value of knowledge, which reassesses the plane of virtue.
- 5) In the relation between virtual network and territorial space. When the medium is the virtual network,

the territorial space, instead of becoming abstract, becomes material.

- 6) In the relation between consumption and use in knowledge. Knowledge is not consumed when it is used.
- 7) In differential identities. The common multiplying engine of the cognitive system bears differences.
- 8) In that the multitudes of the poor are the heirs of cognitive labor, making of immaterial labor the productive, creative engine of the cognitive system.

To create the premises for a new poverty politics that addresses it not as a relational lack but as the potential place of the construction of a new common discourse, we need to reverse our definitions. Value should be reverted into virtue; the concept of money, resulting in the production of needs, should be dismembered. A new relation of poverty-potency should be established.

SEE ALSO: Ancient Thought; Empowerment of the Poor; Moral Poverty; Voluntary Poverty.

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Poverty Profiles

POVERTY PROFILES ARE analytical descriptions of the poor. They provide an analytical tool for people studying poverty so that information gathered about the poor can be more effectively used. Poverty profiles try to answer questions such as, who are the poor: are they old, young, ethnic, rural, or urban? Where do the poor live? What are the chief features that define their poverty? What caused them to be poor? Poverty experts who develop poverty profiles use data from a number of sources, such as records of services delivered to the poor, surveys, and analyses of a country policy. The goal is to create a snapshot of poverty in a country at a certain time.

The data used in a poverty profile should come from both qualitative and quantitative sources. It should answer the questions posed about income and consumption, human capabilities, and access to public resources, including schools, transportation, and information. The poverty profile should give those who read the profile information that shows the extent, scope, and severity of poverty. It should also identify all the groups who comprise the poor in an area or a country. Analysis in the profile should show the characteristics that mark the poor. It should state the circumstances and issues that are of major concern. The profile reader should be able to understand how severe the poverty is.

For example, a poverty profile on current conditions in Malawi could begin with a situation analysis that reports that, beyond the current endemic poverty, a drought was occurring in 2005. The food stocks in the affected regions were low, and the reduced harvest will lead to a shortage of food for numbers of people located in identifiable areas. Imported relief supplies would be needed to make up the differences. A poverty profile would analyze the Malawi situation, and an action plan to meet the needs could be coupled to it as well.

Once a poverty profile is constructed, it can be a useful guide for influencing the policy process of a country. The policy process starts with identifying the problem. Once the problem is defined, it must be put on the agenda of the decision-makers, who will then work to formulate solutions. After a policy or a set of policies (usually identified as a program) is adopted, it must be implemented and then later evaluated for effectiveness. Then the cycle starts anew, depending upon the results of the evaluation stage of the policy process.

Policy profiles aid the early stages of the policy process. When policies are being formulated to solve a problem, such as malarial sicknesses, the poverty profile can be a basis for assessing the impact that a policy proposal will have. For example, a malarial infection map could be part of a poverty profile. If the map showed that dry, higher elevations were not troubled by the disease, then a policy proposal could be modified to concentrate resources upon the areas of greatest need. This assessment of the possible impact of a policy proposal is important because once policies are adopted, it is hard to modify them.

Poverty profiles often use poverty maps to graphically illustrate the different characteristics of the poor as well as their locations. Agencies such as OXFAM, the World Bank, and national governments have developed country poverty profiles.

SEE ALSO: Mapping Poverty; OXFAM; Poverty Assessment; Poverty Rate; Poverty Threshold; World Bank.

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Poverty, Race and Inequality Program

THE POVERTY, RACE and Inequality Program (PRIP) is one of the five principal research areas of the Institute for Policy Research (IPR), which is based at Northwestern University in Evanston, Illinois. PRIP's main activities focus on research, together with publication of research findings and advocacy. Under the leadership of sociologist James Rosenbaum, PRIP activities include analyses of the effects of poverty and welfare reforms, the spending patterns of low-income families, and the effects, particularly economic effects, of the HIV/AIDS epidemic.

Researchers also consider the Gautreaux and Moving to Equality residential mobility programs. The Gautreaux program derives from the 1966 court case in which Dorothy Gautreaux successfully sued the Chicago Housing Authority in America's first publichousing desegregation lawsuit. This led to the provision of vouchers, moving allowances, and counseling to approximately 7,000 families so that they could move to suburban areas. In 2002 another 500 families were similarly offered vouchers to move into low-poverty residential areas that had low proportions of ethnic minorities.

The PRIP is studying the effects of this move on both those who chose to take advantage of it and those who preferred to stay where they were. This is a longitudinal, qualitative study aimed at understanding and documenting from a systemic perspective the overall impact of accommodation and environment on economic and social opportunities. This program and the related Moving to Opportunity program have demonstrated positive results with respect to improved mental health, especially among women.

Other researchers are studying issues such as ethnographic analysis of the impact of welfare reform, the implications of temporary contracts and unemployment, and the impact of having a roommate of a different socioethnic background. The research program generally is aimed at evaluating the proposition that inferior ability, diligence, or aptitude explains why poor people are poor, rather than lack of access to better economic opportunities.

This clearly has an ethnic implication since so much of America's housing, particularly public housing, has led to the creation of single-ethnic-group residential areas. The Gautreaux program demonstrated that, given suitable opportunities and more amenable housing, all but a handful of those families participating were able to escape from permanent poverty.

The PRIP is linked with four other research programs at the IPR, which are the Child, Adolescent and Family Studies Stream; Law and Justice Studies; Philanthropy, Voluntarism, and Nonprofit Organizations; and Politics, Institutions, and Public Policy.

In common with the PRIP, research centers are involved with both research and publication of findings in a variety of formats, policy formulation and advocacy, and related activities. The work of relocating poor people from disadvantaged to better-designed accommodation has had a positive effect on the lives of many families.

SEE ALSO: HIV/AIDS; Housing Assistance; Poverty Research; Racial Discrimination.

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Poverty Rate

THE U.S. CENSUS BUREAU defines poverty rate as the percentage of people (or families) who are in poverty. The concept of poverty has no single universally accepted definition. There are three basic definitions of poverty that are used most frequently. These include 1) absolute poverty, 2) relative poverty, and 3) social exclusion.

The absolute (or extreme) poverty approach would identify an individual or family who does not have sufficient resources to maintain a healthy lifestyle, and is based on a predetermined income level. Relative poverty identifies a more subjective approach to determining the living standard. For example, poverty may be defined as the number of households earning less than 30 percent of the median income.

The concept of social exclusion is a relatively new approach to measuring poverty. Social exclusion would take into account the manner in which poor people and families would not have the same degree of accessibility to the positive attributes of the socioeconomic system as would more affluent people. Such things as employment opportunities, adequate housing, and high-quality health services would not be as accessible to the poor simply because of their poverty status.

One of the most frequently used definitions uses a measure of income as a threshold to assign a poverty level. Since it uses a specified income level, this definition exemplifies the absolute poverty approach. An individual or family living below the assigned income level would be classified as living in poverty. For example, in 2004 the poverty rate, or annual poverty rate, in the United States was 12.7 percent. This meant that over 37 million people in the United States were living in poverty. The overall poverty rate masked the rates for individual ethnic groups and age cohorts.

In 2004 the African-American population had 24.7 percent of its people living in poverty, nearly twice the poverty rate of the overall country average. The poverty rate for Hispanics nearly matched that of the blacks, 21.9 percent. At the lower end of the scale non-Hispanic whites had only 8.6 percent of their people living below the poverty rate. Asian Americans were slightly higher than whites in that year with a poverty rate of 9.8 percent.

The difference in poverty rates between the youngest and oldest age cohorts in the United States is striking. While nearly 18 percent of children under the age of 18 lived in poverty, a figure nearly half again as high as the percentage for the country, approximately

11.3 percent people aged 65 and above lived below the threshold. In spite of U.S. wealth and affluence, the poverty rate for children in the United States is nothing to boast about. Further, it is clear that the problem of high child poverty rates in high-income countries is not limited to the United States.

A 2005 study by the United Nations revealed that nearly 50 million children in wealthy countries are living in poverty. The actual number of children in the United States living in poverty was estimated to be 13 million in 2004. That number accounts for 26 percent of the total number of children living in poverty in the wealthy countries. Further comparisons of the wealthy countries in this regard are revealing. It is interesting that three of the northern European countries, Norway, Finland, and Denmark, all have child poverty rates that were below three percent in 2004.

Another example of an absolute poverty rate pertains to the \$1-per-day minimum survival figure associated with countries in the developing world. This minimal amount of income is used as a proxy for identifying what must be considered a bare survival level. Nearly every country in sub-Saharan Africa and many countries in southern Asia have significant percentages of their population surviving below that level. Some of the African countries have as many as 60 to 70 percent of their people in this category. Any country in which the population is subsisting on \$1 per day is experiencing what is identified as a state of extreme poverty, a level that is as close to the edge of death as can be imagined. Regardless of the poverty definition applied to countries at this level of survival, it is clear that they are living in destitution.

In recent years, a number of proposals have been made to revise the methods used to determine and measure poverty. The single-threshold line of income has been judged inadequate because it does not take into account the subjective and comparative approaches used in both the relative poverty and social exclusion determinations. In the case of the United States, it is argued that marked changes have occurred in the economy and society and in the public policies affecting the well-being of individuals and families who are not reflected in the income thresholds.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Extreme Poverty; International Poverty Rates; Relative Income-Based Measures of Poverty.

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Poverty Reduction and Growth Facility

THE INTERNATIONAL Monetary Fund (IMF) established the Poverty Reduction and Growth Facility (PRGF) approach in September 1999. The purpose of PRGF is to tie the lending operations of the IMF more closely to its objective of poverty reduction and economic growth.

The idea for the IMF was first proposed in July 1944 at Bretton Woods, New Hampshire, near the close of World War II. Delegates from 44 Allied nations sought to avoid the disastrous economic policies of the Great Depression by creating a mechanism to promote the international exchange of payments for purchases between countries in an orderly and stable way. Its aims are to foster economic growth and high levels of employment, to encourage international monetary cooperation, and to help ease balance of payments when a country encounters payment difficulties.

The International Monetary Fund does not make development loans, nor does it lend to specific projects. Rather it lends money to countries that are experiencing balance-of-payments problems. The purpose of the IMF is to smooth the fluctuations in balance-of-payments so that countries can be sound trading partners. The IMF's lending is financial assistance that helps debtor countries to rebuild their international reserves, stabilize their currencies, make payments on imports, and restore conditions favorable to sound economic growth. The IMF is an international organization allied with the World Bank. It is an institution owned by 184 member countries that are its shareholders. To qualify for IMF financial assistance, a country must be a member of the IMF. It must request the loan and must be unable to find alternative financing. The loan will carry stipulations that will correct policies that have contributed to the payments problem, and which will allegedly aid restoration of strong economic growth.

The IMF was given a mandate to integrate the objectives of poverty reduction and economic growth into its lending operations. The PRGF replaced the practice used previously of issuing a concessional assistance instrument known as the Enhanced Structural Adjustment Facility (ESAF). A review was to be conducted of the PRGF after two years of lending. Among the changes expected from countries under PRGF lending agreement stipulations was reorientation of spending from military or other sectors into social sectors, basic infrastructure, or other activities that would very likely benefit the poor. In addition, tax reforms could be instituted so that stable funding for public needs could be met.

Instituting the PRGF was accomplished with the assistance of the borrowing countries. The PRGF requires IMF staff members to explain to the Executive Board of the IMF how members of the civil society of the borrowing country had been involved in the policy modifications needed to change policies and practices that had led to the balance-of-payments problem. Along with this explanation were strategies for meeting the goals of poverty reduction and economic growth. Attention was also given to the social impact of loans. If major reforms were to be instituted in the policies of the borrowing client state, then a social impact statement was needed to see what the likely impact upon the poor would be.

In 2002 the IMF staff conducted its first review. A second was conducted in 2004. The Independent Evaluation Office of the IMF did the reviews. An assessment by the Executive Board of the IMF in September 2005 found that the macroeconomic indicators for borrowing countries under the PRGF design had improved significantly; however, per capita income in general had not improved despite the increase in pro-poor public spending. The PRGF-guided lending is supported by programs that are framed by Poverty Reduction Strategy Papers (PRSPs). Borrowing countries with active participation by members of civil society and other development partners prepare the PRSPs. Part of the consideration for the terms for IMF lending by the Executive Board are issues involving debt relief for Heavily Indebted Poor Countries (HIPCs).

The PRSP method has been linked to the United Nations Millennium Development Goals (MDGs), which seek to reduce extreme poverty in the world by one-half by 2015. To accomplish this goal the HIPC initiative has been included in IMF lending practices. The HIPC initiative seeks to ensure that no poor country is forced to meet a debt burden that it cannot manage. The

HIPC initiative gathers actions by the international financial community, global agencies, and governments to adopt a policy of debt forgiveness. Loans are then written off as uncollectible and the poor country can make a fresh start at economic solvency.

SEE ALSO: Debt Relief; International Monetary Fund; Millennium Development Goals; World Bank.

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Poverty Research

THE VAST MAJORITY of poverty research examines some aspect of the cause of poverty, and is typically driven by current events that have changed the amount and/or depth of poverty. Perhaps the first wave of poverty research came in the midst of the Industrial Revolution, which brought fast economic growth but also dire working conditions and urban poverty.

In 1879, Henry George captured this paradox in his popular book, Progress and Poverty. This was only the beginning of several books and articles from this era, including Life and Labour of the People in London, a 17volume study published between 1889 and 1903 by Charles Booth; The Philadelphia Negro by W.E.B. DuBois (1899); and Robert Hunter's Poverty (1904). These works are significant for several reasons other than bringing attention to poverty. First, these texts represent some of the earliest attempts at data analysis. Second, many of these early analyses use logic that mirrors modern economic theory. For example, DuBois's summary of black poverty in Philadelphia is remarkably close to human capital theory, noting that black disadvantage is partially due to lower skills and education caused by slavery. DuBois also argues that relatively few high-skill trades held by blacks suffer from competition from European immigrants. Other arguments from this era are later echoed in economic theory that proposes removing trade restrictions to increase income, and argues for increasing consumption by decreasing saving.

During the late 19th and early 20th centuries, the great migration into the United States led to a significant amount of ethnic conflict. Since many immigrants worked low-skilled jobs, they often faced an ethnic backlash and poverty at the same time. *Polish Peasant*, a five-volume set by William Thomas and Florian Znaniecki published from 1918 to 1920, examines the connection among ethnicity, social adjustment, and poverty. Just after the Great Depression, the most common poverty works focused on its causes, unemployment, and predicting the impact of Franklin Roosevelt's New Deal. Major works on unemployment during the Great Depression analyze the role of family relations in the recovery from the Depression and discuss unemployment's sociological impact.

The next major wave of poverty research came during Lyndon B. Johnson's War on Poverty in the mid-1960s. War on Poverty legislation created federally funded programs that fought poverty at both the national and local levels. Major national programs included the establishment of Medicare and Medicaid, tax cuts, and college grants for the poor. The vast majority of local poverty initiatives were created by the Economic Opportunity Act of 1964 (EOA), which established a variety of community-run but federally financed programs, including Head Start, Job Corps, Meals on Wheels, adult basic education, food pantries, and homeless shelters.

Whether or not the War on Poverty was successful fills a significant amount of literature. According to U.S. Census data, over 18 percent of American families lived below the poverty line in 1960, and by 1968 this figure had dropped to 10 percent. While this is a dramatic decrease, it is unclear how much was caused by War on Poverty legislation and how much was caused by the long economic expansion of the 1960s. Many researchers would later find connections between poverty and the macroeconomy via employment growth. Since many living below the poverty line are also unemployed, job creation during economic expansions often pulls those who find work above the poverty line.

Defining poverty also became a separate research area during this time. In 1963 Mollie Orshansky, an economist working for the Social Security Administration, developed and published an index in two articles for the Social Security Bulletin. Though Orshansky did not intend the line to be a strict measure of poverty, the

federal government adopted Orshansky's measurement for its formal definition of poverty. Orshansky's line is simple: she multiplied the cost of a family's minimum nutritional needs by three because at the time households spent about one-third of their budgets on food. She used food because it is one of the few, if not the only, household expenditures whereby there is a consensus on the minimum necessary for survival. The Census Bureau, which compiles poverty statistics, continues to use this line today.

The deterioration of the African-American family contributed to high unemployment.

The poverty line has received criticism from its inception to today. One problem is that the percentage of the household budget spent on food has decreased dramatically since the 1960s, because of technology advances in agriculture that lowered the price of food. In its place are increases in the percentage of household budgets spent on childcare, housing, and healthcare. Notable attempts at defining poverty include the National Academy of Sciences, which developed a measure that included net taxes (paid minus credits) and cost-of-living differences, and others that calculate the poverty level on consumption rather than income.

The War on Poverty also produced a rebirth in poverty research for specific demographic groups. While these were not the first attempts at understanding poverty within a racial or ethnic group, this line of poverty research continues today. These studies recognize the heterogeneity of poverty. For example, the depth and causes of poverty for inner-city blacks are likely to be substantially different than for Hispanics along the Rio Grande.

PATRICK MOYNIHAN REPORT

For African-American poverty, the Moynihan Report (1967) set off a firestorm of debate and led to a large amount of poverty research. The Moynihan Report argues that the deterioration of the African-American family contributed to high unemployment, low educational attainment, and other characteristics highly correlated with poverty. The intent of the Moynihan Report was to influence the federal government to create policies tailored toward combating African-American poverty rather than overall poverty, which had been the aim of War on Poverty legislation. Despite the

harsh backlash, many of its more controversial assertions were summaries of sociological research from the 1950s.

The Moynihan Report contains a variety of statistics, summaries of major works on poverty, and hypotheses but no formal empirical testing that opened the door for social scientists looking to confirm or refute Moynihan's arguments. At the center of many of post-Moynihan Report works was whether poverty caused family deterioration, low education, unemployment, and other negative outcomes, or if these negative outcomes caused poverty. Much of the post-Moynihan Report poverty research done by sociologists and anthropologists supported the former explanation, thereby arguing against those who linked poverty to cultural differences in the 1950s. Oscar Lewis wrote several books and articles supporting this theory.

Instead of discussing sociological and cultural factors, economists focused on how much of the African-American wage differential can be explained by market factors such as lower education, trends in monetary education returns, and racial differences in industry and occupation. Researchers produced the first formal analyses of discrimination, which continue to be referenced today. Soon after, scholars used a decomposition technique to attribute the wage differential to the above factors.

These authors identify a number of structural trends working against blacks, some of which could be traced to discrimination and others likely not. For example, since schools are funded locally and blacks have lower earnings than whites, blacks are more likely to attend low-quality schools.

Also the growth of the high school-college wage differential in the 1980s disproportionately hurt blacks and any other group with below-average college graduation rates. Income inequality also increased in the 1970s and 1980s, which again hurt any group with below-average earnings. This research does not rule out the role of discrimination, which could be in the unexplained portion of the wage gap or a cause of the differences in the market factors mentioned above.

WOMEN AND HISPANICS

Around the same time, similar works studying women and Hispanics appeared, using many of the same techniques. Studies examined the male-female and Hispanic wage differential. In general these studies found that the majority, but not all, of the wage gap is due to differences in skills (that is, education and experience) and the type of job. Again this research does not necessarily rule out the role of discrimination.

There is also a large literature on regional poverty. Poverty tends to be concentrated rather than evenly spread out. Further, poverty in these isolated areas tends to be persistent despite employment and education policies that have targeted these regions.

One popular line of regional poverty research is the spatial mismatch hypothesis. The spatial mismatch hypothesis states that racially segregated neighborhoods often leave African Americans in areas with few employment prospects, which contributes to their poverty. Several researchers tested the spatial mismatch hypothesis for a particular metropolitan area, and are generally supportive of the hypothesis. William Wilson makes an argument similar to spatial mismatch, but focuses on the behavioral consequences of concentrated poverty rather than employment. Of the many articles and books written by Wilson on this topic, The Truly Disadvantaged (1987) is the most often cited. Other impoverished regions in the United States receiving attention in this literature are Appalachia, the Rio Grande, the Four Corners, and the Mississippi Delta.

Another line of regional poverty research is convergence. Convergence studies assess how fast adjacent rich and poor areas converge to the same economic outcome via the movement of labor, capital, and technology. Tests of convergence initially appear for different countries, but are later applied to regions within a given country, particularly the United States. These papers find that the convergence process is slow, as regions take advantage of their amenities (for example, climate and coastline) to attract both labor and capital.

SEE ALSO: African Americans and Poverty; Demographics; Depression, Great; George, Henry; Immigration; Industrial Revolution; Johnson, Lyndon (Administration); Patrick Moynihan Report; Roosevelt, Franklin (Administration); War on Poverty.

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Poverty Research Centers

POVERTY RESEARCH CENTERS are research institutes that bring together teams of experts and needed resources to conduct research into issues related to poverty. They are most commonly affiliated with one or more universities, and may obtain central government funding from departments or agencies with which they share priorities. Their activities include basic and applied research. Basic research generally follows the research agenda of an individual or research team. These individuals may be university faculty or doctoral students and will be driven by personal interest and the need to contribute to existing knowledge. Universities and centers may provide funding for this kind of research if it meets their overarching objectives and adds to prestige.

Applied research is asked for by external clients who are prepared to fund it in whole or part. In some cases, national- or state-level programs exist to provide funding for some forms of applied research. Like basic research, applied research may involve primary research, which necessitates discovering new data, and secondary research, which involves analyzing data that already exist. Most projects require a combination of both primary and secondary research.

Primary research may be either qualitative or quantitative in nature. Quantitative research involves the use of research instruments such as questionnaires or organized forms for collecting numerical measures, for example income, calorie intake, and inequality. Qualitative research involves data that cannot be meaningfully quantified among many individuals, including opinions, emotional responses, and personal taste.

In addition to conducting research, research centers customarily publicize their research findings through a variety of different formats, depending on the particular audience. This includes maintaining a website, publishing newsletters for the general public, putting out policy briefs for legislators, and showing peer-reviewed journal papers to the academic community.

Research is used to create policies for government at state, national, or even international levels, and may also be supported by advocacy, which means lobbying or using public relations or working through the popular media to attempt to persuade legislators to act on their recommended policies. In some cases, research centers may sponsor outreach programs, which draw upon research findings to create empowerment and educational programs for individuals and organizations in society.

Poverty research centers are customarily governed by a chief executive or executive director who will herself have been most likely an eminent researcher in the field of operations and who is answerable to a board of governors that represents the interests of the funding partners. Other stakeholders may also sit on the board to help ensure that the objectives of the center are met appropriately. Staff includes a mixture of university faculty or full-time professional researchers, graduate student research assistants, and support staff.

The degree of independence researchers have, and their responsibilities for collecting funds or searching for outreach opportunities, all vary considerably from center to center and over the course of time. Changes in the political environment mean that research priorities also change. Notable poverty research centers include the Rural Poverty Research Center, the Joint Center for Poverty Research, and the Institute for Research on Poverty in the United States. Numerous others exist internationally.

SEE ALSO: Institute for Research on Poverty; Joint Center for Poverty Research; Poverty Research; Rural Poverty Research Center.

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Poverty Threshold

POVERTY THRESHOLDS ARE the minimum income levels, adjusted for family size and number of

children, below which household members are deemed to be living in poverty. Necessarily, poverty thresholds vary from country to country because of different levels of income and standards of living. They will change in time in response to the rate of inflation and insofar as governments aspire to bring more people out of the currently accepted definition of poverty.

Customarily the poverty threshold in developed economies is set as a proportion of the median income; mean income is an inappropriate measure because of the hugely growing inequality caused by spiraling income for the very rich in many developed countries over the past decade.

In 2004, for the United States, the poverty threshold for a single individual was \$9,827 annually for people under 65 and \$9,060 for people aged 65 and over. This rises to \$12,335 for two-people households, \$15,071 for three people, and then by approximately \$3,000 to \$4,000 per additional person (U.S. Department of Commerce figures). This was calculated by multiplying the 2003 average weighted thresholds by the percentage difference in consumer price indexes across the two years, equal to just less than 1.027.

Poverty threshold methodology is subject to criticism both on ideological and practical grounds, since it is not established that the Consumer Price Index is necessarily the best way of measuring poverty in the way it is customarily defined.

In particular, it is not true that consumption patterns remain stable over extended periods of time, and so poverty thresholds calculated by reference to the past will in themselves be inadequate. Clearly governments will have an incentive to keep thresholds lower than they might be to minimize costs.

In the United States, for example, maintaining poverty thresholds equivalent to the 1964 level would entail increasing current thresholds by some 165 percent; 1964 was the year when President Lyndon Johnson's War on Poverty was declared. Significant change has affected typical household composition since that time. Meanwhile in parts of many European countries, housing prices have risen disproportionately as a result of lack of space, and this has distorted the meaning of income levels.

Alternatives to poverty thresholds include proposing a range of meaningful, measurable variables, such that a person falling beneath any of them will be deemed to be living in poverty. However, more complex methods tend to be less successful in less developed countries because of the difficulties in obtaining timely, credible statistics. Besides, different social structures

and support networks affect the incidence of poverty in some societies.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Deprivation Index; Headcount Index; Human Poverty Index; Low-Income Cut-Offs.

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Poverty Trap

POVERTY TRAP IS a term used to describe several similar phenomena. As an unemployment trap, it refers to a situation in which an increase in income from working leads to an overall decrease in income because of a loss of benefits or other payments. Another form of poverty trap is that suffered by low-wage workers who are unable to find alternative forms of employment that would lift them out of the comparative poverty in which they live.

This kind of poverty affects sectors such as domestic care, factory work, and cleaning. The incidence of people trapped in this way has risen in industrialized countries when the ability of workers to organize themselves across different workplaces is limited, where there is a high rate of (official or unofficial) labor migration acts to depress wage rates, and when international or regional outsourcing is possible.

Women are likely to be particularly affected by the poverty trap, as they are more likely to have responsibilities for childcare, and working outside the house means that it is necessary to make new and often costly arrangements for child supervision. People who receive benefits for disability, illness, or other inability to work are also subject to this condition. Anecdotal evidence of large numbers of people misusing the benefit system in this way is rarely borne out by genuine analysis.

Means of combating the poverty trap include earned tax credits, implementing a minimum wage rate and keeping it at a suitable level, and providing additional child support or healthcare services, among other forms of redistribution. Each of these methods is likely to be expensive and potentially incommensurate with a low tax-rate regime. Societies will decide whether they prefer to maintain comparatively high levels of tax so that revenue can be redistributed to those trapped in poverty, with the attendant benefits that are associated with greater levels of equity.

Alternatives include promoting labor mobility, so that people are more prepared and willing to move into different types of jobs or different geographical locations where higher-paying work is available. This may also require transfer payments to meet retraining or relocation costs. Countries with very powerful philanthropic or religious organizations, such as the United States and Saudi Arabia, can avoid these costs if they are borne by such charities. In most developing countries, as pointed out powerfully by Hernando de Soto, the inability of the poor to have their property properly recognized in law means they are unable to obtain benefits, such as loans or other forms of financing, to invest in their futures. In these cases, thoroughly established and policed property rights regimes are most urgently needed.

A third use of the term *poverty trap* is that which represents the national level. The United Nations Conference on Trade and Development (UNCTAD) has argued that many of the least developed countries are caught in a form of poverty trap when they are reliant on primary commodities for national wealth. Globalization processes, as currently constituted, intensify these sets of problems.

The way to counter national poverty traps, it argues, is through more effective aid and debt relief, a more supportive international environment, and policies recognizing the marginalization of the world's poorest countries and the interdependencies of the global economy.

SEE ALSO: Earned-Income Tax Credit; Redistribution; Structural Dependency; Women and Poverty.

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Power and Poverty

POWER IS THE ABILITY TO affect the world and effect changes in it. Poverty represents powerlessness because it describes a state in which a lack of resources at a personal level precludes the ability to effect change. The French philosopher Michel Foucault considered power to be an inevitable aspect of human society that defined people in terms of whether or not they belonged to a social elite. Those who are excluded from the elite, depending on the nature of the society, are forced into an institution, such as a prison or mental health facility, that both represents their situation and constrains their ability to affect the environment or, alternatively, leaves them in a state of destitution (that is, without resources).

Poverty in the global north, therefore, is represented by exclusion from social institutions, while poverty in the global south is characterized by absolute or primary poverty, which is life-threatening and almost impossible for people to escape.

An alternative approach is provided by the work of Hernando de Soto, which follows the idea that the poor remain poor because they are unable to enforce their ownership of their property. Without an adequate system of rights that documents ownership and, hence, enables the poor to leverage their assets to raise funds for investment, the poor remain locked into the state of poverty. Enforcing a strict rule of law applying to all members of society would empower those members of society to improve their social situation through their own efforts when, today, many millions of people are prevented from transforming their lives by lack of power, not lack of resources, ability, or will.

One example is the Grameen Bank in Bangladesh and other microcredit programs, in which small amounts of money are lent to families, specifically women, for designated investment projects: buying a second cow, a sewing machine, or some other item that can be used in household production for commercial gain. Many of these programs have led to households drawing themselves out of poverty into comparative wealth.

At the national level, power to end poverty can be linked to democracy, though this is not a sufficient ground for empowerment on its own. As de Soto has observed, no famine has ever taken place in a state in which a functioning democracy was in place. The power to vote is often taken for granted in Western countries, in which democratic choices appear to be limited and irrelevant to actual social concerns. However, voting does

limit the ability of predatory governments to enact policies that bring about famine either deliberately or through negligence. The link between nonaccountable governmental systems and famine suggests that many, if not all, famines are avoidable. Hence global social change, including the conversion of nonaccountable regimes to accountable ones, would assist in ending famine and, in due course, poverty.

The process of colonization, whether physical or virtual, is aimed at establishing binary structures in which privileged members of the imperial elite are empowered to enclose natural resources for their own use, and the rights of the nonprivileged are removed. The British colonization of Hong Kong, for example, involved the importation of Indian soldiers to police the Chinese, who were disenfranchised and excluded from many social institutions, both by formal means and by informal means, such as the attachment of social stigmas.

Critics say that such strategies have almost universally resulted in widespread poverty.

The European colonization of Indonesia, over the course of centuries, changed the archipelago from a society of wealthy, healthy, and culturally advanced people into a physically stunted, impoverished, and culturally deprived set of millions. It is an often-ignored fact that, at the dawn of colonization, those destined to be colonized were frequently more physically and socially able than their oppressors, who had obtained an organizational and industrial advantage.

The charge laid by some against the presence by Western military forces and other institutions, including the World Bank and International Monetary Fund (IMF), is that these too are forms of colonization that are aimed at removing power from local people and the state and arrogating it elsewhere. The structural adjustment programs (now rebranded as poverty reduction strategies) imposed by the IMF in return for approving much-needed loans most frequently removed the ability of state governments to influence the economy.

Privatization, enforcing flexibility in the labor market and enforcing free-trade markets, decreases the (often democratically elected) government's ability to control prices, employment, and welfare payments. Critics say that such strategies have almost universally resulted in widespread poverty in the affected countries, charging that colonization still exists.

SEE ALSO: Colonialism; de Soto, Hernando; Foucault, Michel; International Monetary Fund; Microcredit; World Bank.

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Pratham

PRATHAM WAS CREATED in 1994 through the offices of the United Nations to work with preschool and early-years children with the mission of "every child in school ... and learning well." Pratham was started in Mumbai, India, which is home to a number of India's estimated 140 million underprivileged children. In 2002 an accelerated learning program was put into place to help children with literacy and basic arithmetic.

More than 160,000 children have been taught to read and write since then, and more than a million overall have been helped. Street children in India are especially vulnerable to economic and personal exploitation, and basic literacy and numeric skills can make a vital contribution to quality of life, as well as providing additional benefits in terms of instilling confidence and offering networking support. The word *pratham* means "first" in Sanskrit.

Pratham has received many awards and has successfully spread operations to 13 other provinces of India. Chapters of Pratham supporters have been established in the United Kingdom, the Middle East, Canada, Germany, and the United States to help promote and support the cause. A variety of overseas funding bodies have also decided to support Pratham, while many corporate sponsors have lined up to support the cause, with ICICI Bank becoming the chief funding partner.

Government support has also been solicited and secured, enabling the project to achieve a secure infrastructure for establishing a presence across India.

Pratham's success has been based on four underlying elements: geographical coverage, all-encompassing vision, replicability, and strong foundations. The tripartite support among civil, public, and private sectors helps to create these four elements, while avoiding obtaining expensive immovable assets helps to provide a model that many others can emulate.

Identifying underused resources, including volunteers, represents an important, low-cost method of effective organization that has wide application in other developing countries, where there has frequently been the temptation to re-create Western models of nongovernmental organizations that require more intensive financial expenditure.

Pratham is now involved in a range of different activities related to its core mission. These include the production of learning and teaching support materials; remedial, outreach, and health-education programs; and cooperation with primary research projects. The mobile book library has proved to be an extremely successful initiative.

The organization's goals by 2010 are to provide education for its constituents: "In an environment that is mentally stimulating and physically attractive, with teachers who are committed, dedicated, skilled and happy, where children are not only taught the essentials of reading, writing and arithmetic but also good living habits including personal hygiene, the importance of a clean and healthy environment and respect for other people, their beliefs and their property, within a community provides its very best to child care and development and cherishes the children as the future of our nation."

SEE ALSO: Children and Poverty; Education; India; Non-governmental Organizations; UNICEF.

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Prebisch, Raul (1901–86)

RAUL PREBISCH WAS an Argentine economist who became known both for his contributions to structuralist economics and dependency theory and for being founding secretary-general of the United Nations Conference on Trade and Development (UNCTAD), which was a position he held from 1964 to 1969. He also served as head of Argentina's Central Bank.

Prebisch's early work and thought were greatly influenced by the plight of Argentina and other South American countries, much of which remained mired in poverty despite theirs many apparent comparative advantages in terms of primary products. This led Prebisch and his followers to believe that the world was divided into a dual system in which core and periphery interacted on an unequal basis.

The core nations, which included the United States, the Soviet Union, and western Europe, operated at the center of economic and political systems in which the peripheral nations acted to provide primary goods to the core nations at preferential prices, dictated by the economic and political power of the core. Core nations used the primary goods to manufacture secondary goods, which could maintain their price levels even during economic recessions when the prices of primary goods decreased.

Consequently, peripheral nations are destined to remain in their subordinate situation. This influential stream of thinking suffered from the lack of empirical or conceptual evidence to support some but not all of its premises. However, the Singer-Prebisch theory (created with the German economist Sir Hans Singer) continues to receive attention among those working with economic development.

Structuralism and dependency theory ideas were subsequently used in the work of Immanuel Wallerstein, Andre Gunder Frank, and the World System Theory scholars. They are central to several ongoing debates on economic development, and Prebisch is considered one of the most eminent Latin American intellectuals of the modern world.

As founding secretary-general of UNCTAD, Prebisch was involved with establishing the body as an important intergovernmental forum for north-south issues. He also presided over the creation of the Generalized System of Preferences (1968), which required developed countries to grant greater access to their domestic markets to products from lesser developed nations. This would help exports of manufactured goods from the periphery to the core, which was one of Pre-

bisch's policy prescriptions, resulting from his dependency theory work. Further, International Commodities Agreements were also brought established that were aimed at stabilizing commodity (primary product) prices.

Mostly because of Prebisch's leadership, the Economic Commission for Latin America became a center for radical economic thought and attracted many followers. Prebisch also became involved with the Import Substitution Industrialization (ISI) model of economic development that was so successfully used by countries such as South Korea. The ISI emphasizes the importance of restricting imports of consumer goods while doing all possible to industrialize manufacturing production to replace what consumer goods would have been imported, with additional policies to improve education at all levels and encourage savings.

Despite the evidence demonstrating the value of the ISI, most economists reject it because it does not adhere to economic theory. Prebisch advocated that the ISI for Latin America should also involve regional economic integration, thereby providing economies of scope and scale and lower transaction costs. These policies were put into practice in much of Latin America and received some initial success, but this was not sustained in the long run, as a result of various political issues and, ultimately, the oil crisis of 1973.

SEE ALSO: Argentina; Frank, Andre Gunder; Structural Dependency; Structuralist School; Wallerstein, Immanuel.

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Presbyterian Hunger Program

THE PRESBYTERIAN HUNGER Program (PHP) is described as "a ministry of the Presbyterian Church (USA), [which] works to alleviate hunger and eliminate

its causes, responding with compassion and justice to poor and hungry people in local communities in the United States and internationally." Supporters contribute to the PHP through both the yearlong Hunger Fund and the One Great Hour of Sharing campaign. Donations total approximately \$4 million annually and are used for direct food aid, strategic grant making, and provision and dissemination of information in print and through the internet. Other areas of activity include policy advocacy, participatory activities, and lifestyle integrity. Though they come from specifically nominated collections, PHP funds are ring-fenced against budget cutting and are much more likely, therefore, to be spent on the activities for which they were gathered.

The PHP was established in 1981 and is guided by the Common Affirmation on Global Hunger (1979, amended 1987 and 1999). The affirmation notes that "the crisis of world hunger is of such proportions that it will be with us for decades to come; the gap is widening, not only between the rich and poor countries, but also between the rich and poor within both developed and developing nations and world hunger is one of the key issues with which humankind must deal for global survival in the last decade of the twentieth century."

Facing these issues, the affirmation calls on its adherents to use their spiritual beliefs to guide their responses: "That God our Creator has made the world for everyone, and desires that all shall have daily bread. That God has been at work through history, even as evidenced in those mighty acts on behalf of the people of Israel to liberate the poor and oppressed that they may serve and glorify their Maker with their whole life. That God's prophets through the ages have pronounced judgment upon those who exploit and neglect the poor and the hungry. That Jesus Christ our Savior identified with the world's poor and came to announce good news to them. That the Holy Spirit is at work in the church, calling us to embody our Savior's compassion and struggle for justice on the earth. That God seeks the reconciliation of peoples and nations whereby the cries of the hungry and oppressed shall be answered."

In other words, the PHP is based on a religiously inspired belief in the fundamental equality of humanity and that individuals are bound to act to reduce hunger as an integral part of those beliefs.

Special programs of the PHP include Joining Hands against Hunger, which aims to build bridges between religious and nonreligious organizations to raise awareness of growing inequalities arising from globalization; the Food and Faith Initiative, which aims to bring about

food systems that are socially just for religious reasons; the Campaign for Fair Food (formerly Taco Bell Boycott), which works to promote ethical behavior in corporate buying practices; and Enough for Everyone and Just Trade, which help to promote awareness of fair-trade issues and their consequences. These programs require comment on international trade deals and institutional arrangements as, for example, in the stance taken against free-trade agreements. Politics and religion, therefore, become intertwined.

SEE ALSO: Christian Antipoverty Campaigns; Hunger; Protestant Churches; Protestant Ethics; Religion.

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Primary Poverty

PRIMARY POVERTY REFERS to a condition of absolute poverty in which the individual or household concerned cannot afford the basic necessities of life. The definition of absolute poverty of this sort varies from country to country and according to time. Most common definitions of poverty consider an income of less than \$2 per day to indicate poverty, and less than \$1 per day to indicate primary poverty. This level of poverty is endemic in a number of sub-Saharan African countries, in individual less developed countries such as Laos in southeast Asia, and among specific regional or ethnic groups in many different countries.

Primary poverty is generally a bigger problem in rural areas rather than urban areas, because of the greater difficulty in obtaining government welfare and other service, and the likely reliance on low-income subsistence agriculture or the production of agricultural commodities. In areas of vulnerability, where people rely upon nature for their income, sudden external shocks can lead to an immediate outbreak of primary poverty.

For example, flooding; drought; the December 26, 2004, tsunami; and environmental change have all resulted in poverty of this kind. Illness in the family, requiring comparatively expensive medical treatment, can also lead to poverty.

The term is generally considered to be interchangeable with the word *indigence*. Literature on poverty tends to divide into two distinct strands. One strand concerns the belief that poverty affects primarily the morally bankrupt, the lazy, or those who are incapable of understanding what it is necessary to do in order to achieve. People subscribing to this belief tend to consider religious charity appropriate to assist the poor but that no other provision should be made and, indeed, that it would be wrong to burden the nonpoor with the support necessary.

The other strand tends toward the belief that the great majority of people who are suffering from poverty do so for underlying, structural reasons for which moral concerns are completely irrelevant. Research shows in very many cases that, when people in poverty are provided with well-targeted and -administered schemes of assistance, they nearly always manage to escape poverty successfully.

The Poverty, Research and Inequality Program, for example, showed that moving African Americans away from ghettoized low-cost housing schemes into mixed residential areas overwhelmingly enabled them to achieve a higher standard of living as a result. The Grameen Bank microcredit scheme that emerged first in Bangladesh demonstrated the same phenomenon among the rural poor. Many other examples exist. People subscribing to this belief, therefore, favor government intervention to enable the poor to escape their situation not just for its own sake, although that would be sufficient, but also because enabling the poor to contribute to society and the economy would benefit all members.

There is some evidence to suggest that the prevalence of primary poverty is related to governmental type. The Nobel Prize-winning Indian economist Amartya Sen has argued that no famine has ever occurred in a functioning democracy. In other words, when governments are accountable to the people, they are unable to carry out the kinds of policies that can lead to widespread hunger. Consequently, it is necessary for people to encourage democratization around the world. Again, this is important not just for its own sake but also to increase security, since famines customarily lead to large-scale movement of refugees.

In urban situations, people suffering from primary poverty may resort to begging or unsafe forms of behavior and may also suffer from homelessness. This makes them vulnerable to abusive behavior by other people and also, in many cases, members of the authorities. Successful policy interventions in such cases generally feature provision of housing and gainful employment as well as act to reduce abusive behavior. An important issue is to establish an equitable legal framework that can be enforced, since one of the principal causes of poverty is the inability of people to register their property according to law and thereby use it to raise funds to invest in the future.

SEE ALSO: Extreme Poverty; International Poverty Rates; Poverty Assessment; Poverty Dominance.

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Privatization

A DEFINING CHARACTERISTIC of economic systems is the ownership of property. In command economies, it is the state (that is, the public sector), while in free and competitive market economies it is the private sector that owns the factors of production and produces goods and services in the economy. In practice, however, even in pure market economies, certain goods must be produced by state economic enterprises.

Thus the state engages directly in the production of certain goods, the so-called public goods. Public goods have two unique features: they are nonrival and non-excludable. That is, once they are produced they are available for everyone, and their consumption by one does not exclude consumption by others. Hence they are accessible by everyone regardless of economic status.

Examples of public goods run a wide array, from water and clean air to public parks and schools. Public goods are an example of market failure: profit-maximizing private businesses would have no incentive to produce them because it is impossible to avoid free riders in the market, so the production of such goods would not be profitable.

The traditional solution to this problem has been to have public goods produced by the state. The transfer of the production rights of public goods to the private sector has serious repercussions, especially on economically disadvantaged groups that can no longer afford the consumption of these goods. Privatization inevitably is accompanied by price rises that convert public losses to private profits. Price increases ration out those who cannot pay that price, barring their access to the market and increasing their economic vulnerability.

Garrett Hardin, in his 1968 "Tragedy of the Commons" article published in *Science*, argued that unregulated public ownership of property can be inefficient and wasteful, leading to overuse because of the lack of built-in incentive/disincentive mechanisms. The advocates of privatization have used his argument to mean that private ownership is essential for the rational use of resources.

Rational private property owners guided by a longterm profit motive would make decisions such that waste and ineffiency are minimized if not completely avoided. In this way, Hardin's argument has been embraced by the private sector, especially in the 1980s as privatization became a trend.

In spite of privatization, evidence regarding its effectiveness is ambiguous.

While privatization is generally perceived as the transfer of public assets to the private sector in order to increase the efficiency of the economy to allocate goods, various specific privatization methods are in place. From a theoretical perspective, property rights can be reassigned to the private sector, or government economic functions can be relocated to the private sector to diminish the burden of the government.

Asset sale is the prominent tool of the first method, especially in developing countries, but vouchers, private-public partnership (that is, managed competition), and contracting out are other common tools that help governments relocate their functions to the private sector, at least for a limited time period. In the 1980s, the Margaret Thatcher administration in the United Kingdom and the Ronald Reagan administration in the United States started the trend in privatization.

Later in the decade, privatization became a concomitant part of the Washington Consensus (WC), the blueprint of neoliberal economic reforms imposed on developing countries under the auspices of the International Monetary Fund (IMF) and the World Bank (WB), and more recently the World Trade Organization (WTO).

The IMF/WB/WTO policies aimed to minimize the role of government in the economy and opened devel-

oping economies to transnational corporations, which have penetrated almost the entire spectrum of developing countries. Nancy Brune argues that IMF conditionality has been a force behind massive privatization in developing countries. The International Finance Corporation (IFC) of the World Bank has also been pushing aggressively for privatization, especially in education and health. The World Bank even argues that in most poor developing countries, government services fail to reach the poor and privatization would help the poor access these services. In addition, they argue, public authorities are corrupt and are not held accountable and/or are not well enough trained to carry out their responsibilities. The World Bank recommendation therefore is to reform the governments and at the same time decentralize and privatize their functions to strengthen the delivery of services to the poor. To speed up the privatization process the bank even published a step-bystep guide.

Over the period 1988–2000, annual privatization revenues increased almost fourfold, peaking in 1997 and leveling off thereafter. Privatization activity was concentrated in east and central Asia, the Pacific region, and Europe. Sales of large-scale public infrastructure and utilities have been a major source of privatization revenues for developing countries, amounting to over \$1 trillion, and additional revenues were collected from the privatization of public enterprises in manufacturing and primary sectors (for example, petroleum, agriculture, mining, and natural resources).

In spite of this massive wave of privatization, evidence regarding its effectiveness is ambiguous. Some studies have found that privatization contributed to firms' performance significantly, whereas others contend that there is no unambiguous supporting evidence. At the macrolevel Jeffrey Sachs argues that significant gains in productivity, efficiency, and output have been made in countries where production activities in industry, agriculture, and services are privatized. However, Sachs also argues that the public sector should play a major role in human capital development and in public infrastructure and utilities in an economy. In the transition countries of central and eastern Europe and in Baltic states, privatization has succeeded more than in Russia and central Asian states.

In theory, privatization is based on the following three arguments: efficiency, decentralization, and the corruption of public officials. First, publicly owned enterprises are often nonprofit economic organizations and hence do not have an incentive to be economically and technologically efficient. The result is that they incur losses that are subsidized by governments and covered by inflationary financing methods.

Consequently, fiscal constraints alone are enough to make a strong case in favor of privatization. Second, decentralization frees the decision-making power from public officials and bureaucrats regarding allocation of resources and opens it to wider public inclusion and discussion, rendering it more democratic. Finally, political pressure often leads to the concentration and misuse of monopoly power held by public officials, in turn leading to bribery and corruption.

This mainstream neoliberal economic teaching has shaped the world economy over the last two and a half decades. The IMF/WB and the WTO promoted a neoliberal development strategy that guaranteed the global mobility of capital to pursue cheap labor in developing countries. This mobility shaped the labor markets, raising unemployment and further reduced wages. Both of these developments ensured continued profitability, avoiding overaccumulation and postponing a potential capitalist crisis.

Since the 1990s, globalization of economic activity and privatization engineered by the IMF/WB/WTO has allowed transnational corporations to dominate developing economies and has weakened the role of the nation-state. The contemporary origin of the weakening of the nation-state is embedded in the "Third Way" argument. Originally proposed by Anthony Giddins as a new form of social democracy, it unveiled itself as one of the more controversial economic strategies of our times.

The main argument is that economic globalization has threatened corporations in industrial countries by opening them up to global competition and hence causing a significant reduction in profitability. To avoid the dire consequences of dwindling profitability in the industrial capitalist system, Giddins proposes radical changes. The most important one is to take the state from the demand-side of the economy, where it has traditionally been located, and place it in the supply side of the economy as a partner to the corporate sector. In its new role, the state is expected to take all the necessary measures to enhance corporate productivity and profitability.

In addition, the Third Way has targeted the economically disadvantaged and the labor markets. The role of the modern welfare state in Western society has been that of the lender-of-last-resort. The entire social welfare system has been constructed upon this premise. The Third Way targets the welfare system, arguing that it is expensive and also that it causes large governments

that are counterproductive to for-profit private business. The argument also extends to the labor markets. Pro-labor legislation and trade unionism are also regarded as counterproductive because they raise labor costs. Flexibility, especially downward flexibility, in the labor markets is considered necessary to reduce costs and is achieved through privatization and the weakening of the state, which historically backed trade unionism for political reasons. This weakening of the nation-state is a necessary condition for extending corporate ownership of the public realm in developing countries. After all, new business opportunities mean new profit sources. As a result, public assets are transferred to private corporations, a process David Harvey refers to as accumulation by dispossession.

Recently, a relatively new economic sector, the social sector, has emerged as an alternative to the private and public sectors. The social sector is an economic organization run directly by the stakeholders. Within this paradigm, the problem of economic scarcity addressed by every economic system is approached from an altruistic perspective emphasizing solidarity and collective decision-making in production and distribution. It also emphasizes a mode of production that is self-sustaining and socially and environmentally responsible.

Even though it is a relatively recent development, it is seen as a viable alternative to a free-market system and to a mixed economy and could become a key model for sustainable and responsible development. The participation in decision-making provides economic democracy and is freedom-enhancing (to use Sen's terms in Development as Freedom), because it unleashes individuals' capabilities, especially the capabilities of workers directly participating in the production process, who become stakeholders in the social sector, contributing to decisions directly affecting their welfare. Examples of the social sector are plenty. They run a wide range, from for-benefit organizations (for example, civil society organizations) in the United States to worker-managed Mandragon in Spain and Zanon (a ceramics factory) in Argentina.

ALSO SEE: Corruption; International Monetary Fund; Neoliberalism; Privatization; World Bank; World Trade Organization.

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Program on Poverty and Social Welfare Policy

THE UNIVERSITY OF Michigan Program on Poverty and Social Welfare Policy is jointly managed by the Gerald Ford School of Public Policy, by the School of Social Work, and by the University of Michigan Law School. The Michigan program was begun as a joint endeavor of the three schools. Its purpose is to promote an interdisciplinary approach to research on policy questions. The applied research conducted by the program seeks to answer specific policy questions. The program both sponsors and encourages research into the following questions using a multidisciplinary research approach. What are the effects of poverty and welfare on families and communities? When evaluated, what are the strengths and weaknesses of welfare reform? What results have been obtained from anti-poverty initiatives at the local, state, and federal levels?

The program sponsors and encourages field studies of welfare and social service agencies to both describe and evaluate their practices. It provides information for testifying before legislatures on social welfare policy issues. The goal is to expand knowledge in all of the social sciences on a broad range of topics related to poverty and public policy. Faculty development and professional development of welfare practitioners through poverty and social welfare seminars are part of the program's work. In addition, it conducts research training for graduate students in social welfare studies. Students are also linked with internships in agencies working with poverty issues. Or it provides invaluable practicum experiences for students in social welfare or poverty programs.

The Program on Poverty and Social Welfare Policy has recently concluded a number of important studies. Recent studies include research on barriers to the employment of welfare recipients, especially women who are welfare mothers. Other studies have included work on evaluating the New Start Employment Project, which seeks to provide transitional jobs for individuals who are reentering the workforce after a period of absence. The New Start project was a program conducted by Goodwill Industries of Great Detroit, Inc. The program also completed a low-income community services survey that examined changing variables in the lives of families who have been affected by the 1996 welfare reforms

Research themes currently encouraged by the program are those focusing on welfare reform, the well-being of families, children, the effects of poverty on family well-being, mechanisms for that lead to poverty being transmitted across generations, and the impact of poverty economically, socially, and psychologically. Other themes include issues related to working women, teen pregnancy, and adolescent motherhood.

SEE ALSO: Poverty Research; Welfare; Welfare Dependence; Welfare Housing.

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Pro-Poor Growth

THE TERM PRO-POOR GROWTH became popular in mainstream economic circles in the late 1990s as opposition to the negative impacts of neoliberal globalization on poor people around the world grew among grassroots organizations and global civil society groups. Pro-poor growth has encouraged mainstream economists to analyze how changes in both growth and inequality affect poverty reduction. Advocates of pro-poor growth, especially those within the World Bank, argue that in the long term only pro-poor economic growth can bring poor countries out of poverty. While there is much debate about the issue of distribu-

tion, pro-poor growth also focuses on changing the distribution of relative incomes through growth.

Still, after decades of debating various notions of pro-poor growth, there is little clarity or agreement either about what the term means or how to measure it. In addition, policymakers remain uncertain about policy programs to increase the pace of poverty reduction through economic growth. Questions also remain about the role and impact of country-specific conditions in affecting distributional growth patterns.

In order to address these lingering issues, the World Bank has undertaken a Program for Operationalizing Pro-Poor Growth. This program attempts to define and measure pro-poor growth, identify policy drivers for pro-poor growth, and determine the extent to which this understanding is reflected in specific countries' poverty reduction strategies. The program is based on case studies from a number of countries, including Bangladesh, Bolivia, Brazil, Burkina Faso, El Salvador, Ghana, India, Indonesia, Romania, Senegal, Tunisia, Uganda, Vietnam, and Zambia. The program has confirmed regular tradeoffs between growth and poverty reduction.

Recent research and policy discussions identify two definitions for measuring pro-poor growth. The first is a relative definition, which compares changes in the incomes of poor people with reference to changes in the incomes of people who are not poor. Under this definition, growth is pro-poor when distributional changes accompanying growth favor poor people. This definition emphasizes inequality reductions rather than poverty reductions per se.

The second absolute definition considers growth to be pro-poor only when poor people benefit according to a standard measure of poverty. The measure of propoor growth depends on changes in the rate of poverty with reference to both the rate of growth and distributional patterns. Attempts are made to measure the "pro-poorness" of growth under each definition.

Underlying most perspectives on pro-poor growth is an unquestioned commitment to growth based on economic liberalization and the belief that higher rates of growth are essential in fighting poverty. Emphasis remains placed on competitive market economies that favor private-sector productivity and investments, and this preference, to the exclusion of alternatives, frames most discussions of pro-poor growth. The World Bank bias toward growth is clear in its assertion that while reductions in inequality might be welcomed, even becoming policy objectives, they are of limited operational use if they do not account for the impact of such actions on

growth. There is no conclusive means for determining the extent to which poverty reduction is an outcome of growth. Similarly, one cannot predict with any confidence that economic growth will translate into reductions in poverty.

There is recognition that data and analyses must be viewed from a gendered perspective.

Indeed, after decades of growth-oriented policy regimes, including neoliberal structural adjustment programs and trade agreements, poverty in poor countries is not declining. In many countries, especially in Africa, the poverty rate has increased in rural areas even where the general economy has shown growth.

Often the linkage of poverty reduction to economic growth through liberalization becomes little more than a justification for advocating structural adjustment programs to enhance investment incentives or strengthen private property rights. Each of these may contribute to the deepening, rather than the reduction, of poverty.

It is improper to attribute pro-poor growth to any one specific factor such as policymaking or economic adjustment programs, since the growth might be an outcome of preexisting conditions. While not giving up problematic assumptions related to liberalization, advocates do recognize that pro-poor growth strategies and policies differ among countries in relation to available resources, technology levels, and, of course, historical and social contexts. Furthermore, there is growing recognition that data and analyses must be viewed from a gendered perspective. Much information on which estimations of pro-poor growth are made says nothing about the distribution of wealth within households.

Various approaches emphasize three necessary characteristics for growth to be potentially pro-poor. First, growth must be labor-intensive and create employment since labor is the most significant asset available to poor people. Second, because most poor people live in rural areas, growth must be focused there. Third, growth must be based on activities and products that are essentially related to poor people's living conditions.

SEE ALSO: Economic Growth; Economic Growth and Poverty Reduction Strategy; Economic Liberalization; Globalization; Neoliberalism.

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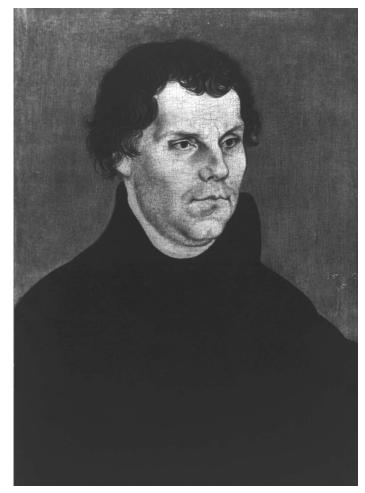
Protestant Churches

PROTESTANTISM IS COMMONLY referred to as one of the three major branches of Christianity, the others being the Roman Catholic Church and the Eastern Orthodox Church. However, Protestants represent a diverse range of theological and social perspectives, including unique views concerning poverty. With all three branches combined, Christianity is the world's largest religion, with an estimated 2.1 billion adherents—about one-third of the total world population. Of those, about 590 million are Protestants. They include 170 million in North America, 160 million in Africa, 120 million in Europe, 70 million in Latin America, 60 million in Asia, and 10 million in Oceania.

Twenty-seven percent of all Christians worldwide are Protestants. However, these numbers do not take into consideration what may be the largest group of Protestants in any country. China officially is atheist and reports that only two percent of its estimated 1.3 billion people are Christian—26 million. However, the majority of Christians in China worship in unofficial churches, usually private homes, prompting speculation that the total is closer to 90 million—most of them Protestant.

Protestant churches are generally considered to be those that do not recognize the Roman Catholic pope as the infallible leader of modern Christianity. Historically, Protestant churches were started on October 31, 1517, when German theologian Martin Luther protested what he saw as heresy within the Catholic Church. Over the next three years, Luther—himself a Catholic university professor, theologian, ordained priest, and former Augustine monk—published a series of convincing challenges to key Catholic doctrines.

At the heart of his protest was his theological contention that a believer gains eternal salvation as a free gift of grace from God through Christ's death on the cross, contrary to the Catholic dogma that salvation is earned through faithful participation in sacraments such as church attendance, confession of sin, and re-



Martin Luther's break with the Catholic Church 500 years ago has spawned thousands of Protestant denominations today.

ceiving communion. Luther's protestations were supported by a host of other Catholic theologians and gained a wide popular appeal. As a result, his many supporters included followers from all levels of society, from landless peasants who considered him a local hero, to knights who swore to protect him, to German princes who jumped at the chance to end what they saw as the distant Roman pope's meddling in local politics.

Concerned about open rebellion, the pope sent an emissary to Luther ordering him to retract his challenges to the pope's infallibility. Luther rebutted with new lists of objections. As a result, the pope excommunicated him and anyone who followed or assisted him.

Holy Roman Emperor Charles V wanted to arrest and execute Luther, but feared provoking civil war, as Luther had become immensely popular and had the protection of the local German prince, Elector Frederick the Wise. So Luther was summoned to a religious tribunal at the city of Worms. There, when ordered to recant, he replied on April 16, 1521: "I cannot submit my faith either to the Pope or to the Councils, because it is clear as day they have frequently erred and contradicted each other. Unless therefore, I am convinced by the testimony of Scripture, I cannot and will not retract."

Luther slipped out of Worms in the dark of night, just ahead of Charles V's soldiers sent to arrest him. What followed was a religious revolt with Luther, his German allies and northern European supporters defying the Holy Roman Empire, France, Italy, and the pope.

In 1529, the Lutheran princes were informed that their option of deciding whether Luther's teachings and worship would be allowed had been revoked. They raised a series of protests, defied the edict by embracing Lutheranism, and became known as Protestants.

The term persists today—although most of the groups so labeled deny they are protesting anything 500 years later. So what is today's Protestant church? In the categories that follow, only general affiliations are listed since there are tens of thousands of individual Protestant denominations.

ANABAPTISTS AND BAPTISTS

The term Anabaptist comes from the Greek words ana and baptizo and means "rebaptizers." It comes from their practice of performing full-immersion baptism for believers whose previous baptism, as infants, the Anabaptists claimed was not valid. As early as the 2nd and 3rd centuries, theologians Montanus and Tertullian denied the orthodoxy of infant baptism and rebaptized anyone who had experienced it. In the 16th century, the term was used to describe dissenters descending from the followers of Menno Simons, particularly the Amish, Hutterites, and Mennonites.

Anabaptists generally condemned the making or taking of oaths, refused to be "sworn in" on the grounds that the Bible forbids it, and harshly criticized any Christian suing another or taking another Christian into a court of law for judgment. They believed that Christians must not bear arms or offer forcible resistance to wrongdoers either as police or members of the military. They taught that civil government belongs to the un-Christian world. The believer who belongs to God's kingdom must not fill any office or hold any rank under government, which is to be passively obeyed. Sinners or unfaithful "backsliders" are to be excommunicated, and excluded from the sacraments and from intercourse with believers unless they repent, but no force is to be used against them.

Early English Baptists were also referred to as Anabaptists, and today still "rebaptize" any professing believer who was baptized by some mode other than voluntary immersion. In the United States, there are a wide variety of Baptists, including National Baptists, American Baptists, Free-Will Baptists, Primitive Baptists, United Baptists, Regular Baptists, Missionary Baptists, and the largest group, Southern Baptists.

The state of Rhode Island was founded by Baptist leader Roger Williams, who fled England to escape persecution of Baptists and other Protestants. There are an estimated 45 million Baptists worldwide, with about 33 million in the United States.

Baptists generally practice local autonomy in church government. Each congregation is an independent entity that sends delegates or messengers to annual meetings or conventions. However, the national entities do not have authority over the local churches, do not hold title to local buildings, and do not assign clergy.

Southern Baptist congregations generally participate in a cooperative fund that finances a variety of outreaches, including foreign and domestic missionaries, disaster relief, and charities to the poor. In the aftermath of natural disasters within the United States, Southern Baptist volunteers are a regular sight, lending a hand, helping to feed emergency crews, and helping the uninsured or underinsured clean up.

God does not intend that poverty be completely eradicated or eliminated.

Baptists tend to view poverty and human suffering around us not only as a socioeconomic challenge but as a God-given opportunity and obligation—as well as an opportunity for evangelization. They cite Christ's words that the poor will always be with us, meaning that God does not intend that poverty be completely eradicated or eliminated. Instead they believe that his divine law and command is that Christians should lovingly and sacrificially share their blessings with those less fortunate among them, and while lending a hand, should also share their personal testimony of how God has made a difference in their lives, blessing them and bringing them through the storms of life.

ANGLICANS AND EPISCOPALIANS

The term Anglican (from the "Angles," referring to the Church of England) describes religious congregations

worldwide nominally led by the Archbishop of Canterbury. The movement was founded when English King Henry VIII was refused permission from the pope to divorce his wife, who had failed to bear him a male heir. All Catholic churches in England were ordered by Henry to sever ties with Rome and instead answer to the former Catholic archbishop at Canterbury Cathedral, who was declared head of the new Church of England.

The term *Episcopalian* was coined during the American Revolution, when all Churches of England on U.S. soil severed their official ties with England. Today, those ties have been loosely restored, with U.S. churches maintaining independence from Canterbury, yet looking to England for leadership. Adherents of Anglicanism worldwide number around 70 million—more than half of them in the Third World. Rivaling the American and English churches are the enormous and theologically conservative Anglican churches of Nigeria and Uganda, two of the poverty-stricken areas of Africa.

Theologically, Anglican congregations are closer to Roman Catholic than to any Protestant denomination. Anglicans do not accept the universal infallible authority of the pope, but their communion-centered worship services are in keeping with Catholic tradition.

The Episcopal Relief and Development (ERD) organization is the international relief and development agency of the Episcopal Church of the United States. An independent nonprofit organization, ERD provides emergency assistance in times of crisis and helps rebuild after disasters. Among its cited goals are to "enable people to climb out of poverty by offering long-term solutions in the areas of food security and health care, including HIV/AIDS and malaria."

CALVINISTS, REFORMED AND PRESBYTERIAN

Calvinism espouses a stern Christian theology advanced by John Calvin, a Protestant reformer in the 16th century, and John Knox, founder of the Presbyterian Church. The Puritans were Calvinists. Calvinism is perhaps best known for its doctrine of predestination, which holds that man is incapable of obtaining salvation through his own efforts because God alone is the initiator at every stage of salvation, including the formation of faith and the personal decision to follow Christ.

This doctrine teaches that some are ordained to gain eternal salvation while others are condemned without hope. It was codified during the Synod of Dordrecht (1618–19). Calvinism places strong emphasis not only on the abiding goodness of God's original creation, but

also on the total ruin of man's accomplishments and the frustration of the whole creation caused by sin, and therefore views salvation as a new creating work of God, rather than an achievement of those who are saved from sin and eternal damnation. Another outgrowth of Calvinism is the Restoration movement, which in the 1840s spawned what have become today's Christian Church (Disciples of Christ), Churches of Christ (noninstrumental, which means that they spurn the use of any musical instruments during worship), and the Christian Churches (North American Christian Convention), all of which grew out of a revival led by Calvinists Barton W. Stone and the brothers Thomas and Alexander Campbell.

French philosopher Jean-Jacques Rousseau observed that the stern, moral Calvinists lived "like monks within the world." Indeed, an examination of the personal habits and statements of John Calvin (1509–64) shows that the great reformer's adult life focused on self-denial.

Calvinists see wealth and poverty as signs of divine judgment, and that the poor are responsible for their own plight because of disobedience to God. Whereas in medieval times giving alms to the poor was seen as a route to salvation, according to Calvinist and Puritan doctrine, poverty is the result of some moral flaw. God is withholding his blessing due to some hidden transgression or an unconfessed, unrepented sin.

The Puritans also believed that the Bible teaches that if a man will not work, neither should he eat. This means that merciful Christians should not support idleness or laziness by gifts that circumvent God's will or encourage ungodly behaviors. Instead, where there is avoidable poverty Puritans should show tenderness, compassion, and correction. The greatest help is when Puritans can educate men and women to search their hearts and lives and find what must be corrected before God's blessings will flow.

The Calvinist also believes in imparting lessons of healthy living and maintaining high moral standards to the poor. The poor must learn to trust in God's goodness and the reality that money will bring neither satisfaction nor happiness to the human soul. Instead, Calvinists must first seek God's heavenly riches, a closer knowledge and relationship with God.

METHODISTS, WESLEYANS, HOLINESS

Methodism was started by 18th-century British brothers John and Charles Wesley, both pastors in the Church of England. They sparked a religious revival

that focused on Bible study and a methodical approach to Christian living.

The term *Methodist* was a college nickname bestowed upon a group Oxford students who met regularly between 1729 and 1735 communicate every week, fast regularly, and to abstain from most forms of amusement and luxury. They also frequently visited the poor and sick as well as prisoners in jail.

From its beginnings, Methodism laid emphasis on social service and education.

Early Methodist evangelists attempted to stir the apathy of the Church of England by conducting openair meetings and establishing Methodist societies worldwide. Traditionally, Methodism has believed in free will and salvation through God's grace as opposed to Calvinist predestination. John Wesley was not a systematic theologian, though Methodist ministerial students and trainee local preachers do study his sermons for his theology.

A popular expression of Methodist theology is in the hymns of Charles Wesley. Since enthusiastic congregational singing was a part of the evangelical movement, Wesleyan theology took root and spread through this channel.

A distinctive feature of Methodism is the use of covenant services. Although practice varies, most Methodist churches annually follow the call of John Wesley for a renewal of their covenant with God. Wesley's Covenant Prayer is still used: "Christ has many services to be done. Some are easy, others are difficult. Some bring honor, others bring reproach. Some are suitable to our natural inclinations and temporal interests, others are contrary to both. ... Yet the power to do all these things is given to us in Christ, who strengthens us. I am no longer my own but yours. Put me to what you will, rank me with whom you will; put me to doing, put me to suffering; let me be employed for you or laid aside for you, exalted for you or brought low for you; let me be full, let me be empty, let me have all things, let me have nothing; I freely and wholeheartedly yield all things to your pleasure and disposal."

The first American Methodist bishops were Thomas Coke and Francis Asbury. Circuit-riding preachers, many of whom were laymen, traveled by horseback to proclaim the gospel and establish churches until there was scarcely any community in America without a Methodist church. One of the most famous

circuit riders was Robert Strawbridge, who lived in the vicinity of Carroll County, Maryland, soon after arriving in the colonies around 1760.

Today's United Methodist Church was formed in 1968 as a result of a merger between the Evangelical United Brethren and the Methodist Church and has approximately nine million members. Another related denomination is the Church of the Nazarene. Some of the charismatic or Pentecostal churches, such as the Pentecostal Holiness Church and the Assemblies of God, also have roots in or draw from Wesleyan thought. The Holiness Revival was primarily among people of Methodist persuasion who felt that the church had once again become apathetic, losing the Wesleyan zeal. Some important events of this revival were the writings of Phoebe Palmer during the mid-1800s; the establishment of the first of many Holiness camp meetings at Vineland, New Jersey, in 1867; and the founding of Asbury College in 1890 and other similar institutions in the United States around the turn of the 20th century.

From its beginnings in England, Methodism laid emphasis on social service and education. Numerous originally Methodist institutions of higher education were founded in the United States in the first half of the 19th century, and today altogether there are about 20 universities and colleges named as Methodist or Wesleyan still in existence.

Over 40 denominations have descended from the Wesley brothers' Methodist movement, such as the African Methodist Episcopal Church, the Free Methodists, and the Wesleyan Church.

The Salvation Army was founded by William Booth, a Methodist. In many respects it resembles a Protestant religious order since members devote their lives to helping the poor and the destitute. Throughout England and the United States, rescue missions, soup kitchens, and after-school programs run by the Salvation Army reach out to the poor and to disadvantaged children, and attempt to help skid-row alcoholics, homeless, and drug abusers.

The Salvation Army believes that there are many practical ways in which Christians can help the poor and alleviate human suffering. The Salvation Army does not hesitate to work in the worst neighborhoods where the poor are discouraged, neglected, stigmatized, and even brutalized. Following Jesus's example, adherents should make deliberate efforts to regularly visit and make friends of the poor and neglected and show God's love.

Society as a whole can be involved by being given practical ways to help during disasters, such as donating clothing, money, food, blankets, and medical aid supplies. This fosters a spirit of togetherness, love, solidarity, and satisfaction as everyone rallies together to rebuild and upgrade the quality of life of the poverty-stricken. Attention should be given to helping the poor get employment or learn skills that make them employable. The poor also need the Christian gospel preached to them, says the Salvation Army.

LUTHERANS

The Lutheran Church, of course, is where the term *Protestant* began. Today's Lutheran churches adhere to Martin Luther's teachings, particularly concerning poverty and caring for the poor. The Reformation did not repudiate caring for the poor. On the contrary, when Lutheran princes confiscated Catholic Church property, one of the beneficiaries of the income from that property was the poor.

For example, in 1522 the city of Leisnig (in today's Germany) took over the administration of lands formerly belonging to a local Catholic monastery. The document of agreement stipulated that income from the confiscated properties be used to support monks who had been displaced in the process, and that the rest of the income was to be used for various community causes.

The document identifies the beneficiaries of the income as the aged and infirm poor, orphans and dependent children, the "working poor," and jobless newcomers. An elected committee of 10, consisting of two from the nobility, two from the incumbent city council, three from among the common citizens of the town, and three from the rural peasantry, was to allocate the funds, and each of the four constituencies was to have its own key so that no single group could open the locked chest without the approval and presence of the others.

The Leisnig document mentions the damage done by the practice of usury—charging excessive interest. Luther called it "an odious and hateful practice" that benefited the rich and further obligated the poor. He was equally aware of the miserable effects of begging. The common chest explicitly challenged these practices by rejecting any endowments that had grown through profits from usury and by forbidding begging. The poor were to be cared for adequately so that begging would be unnecessary.

In America, many of the Lutherans of the 1700s were among the poor. The oldest continually worshiping Lutheran congregation is in the Virgin Islands,

where Danish mission work among African slaves had borne fruit. In 1800, the 1,000 Lutherans there were about equally divided between slave and free.

In Pennsylvania, many of the German immigrants who arrived before 1800 came as indentured servants, agreeing to work without pay for up to seven years in exchange for the price of a ticket to America. Even among these struggling new immigrants, concern for the poor did not languish. Refugees arriving in America from Austria founded an orphanage near Savannah, Georgia, in 1737. Lutheran colonists in Delaware and on the Hudson River were urged to give to the poor and to help with calamities in families, such as the loss of a breadwinner.

In 1750 the newly founded Lutheran Ministerium of Pennsylvania arranged for the appointment of a guardian for children who had been orphaned during the voyage to America to see "that they were not deprived of their rights by deceivers and unjust persons."

By the early 1800s, a number of Lutheran societies had been founded, including the American Education Society, which provided scholarships for the poor; the American Temperance Society; various antislavery societies; and organizations working for the establishment of public schools, raising the status of women, and providing orphanages.

The two world wars stirred Lutherans to create a new method for meeting human need—the national funding appeal. During World War I, the money first went to benefit soldiers and sailors, then through the Lutheran World Service to help Europeans. In its first 10 years, that program raised over \$8 million and involved one in four U.S. Lutherans. Some of the money went to Third World missions that had been cut off from European financial support because of the conflict.

During World War II, Lutheran World Action and Lutheran World Relief provided homes for at least 300,000 refugees relocated in the United States and helped with resettlement of many others overseas.

Today, Lutherans continue to focus on poverty and its causes. Pilot projects have introduced the concept of asset mapping to groups involved in faith-based community organizing and a Help the Children initiative aimed at changing the attitudes of middle-class Lutherans toward those who live in poverty.

Rural poverty was a factor in the creation of Rural Ministry Resources and Networking in 1999. That same year, Lutherans designated \$3 million for poverty-related programs at home and overseas, and organized the Ministry Among People Living in Poverty.

SEE ALSO: Catholic Church; Christian Antipoverty Campaigns; Christian Community Health Fellowship; Church of England; Church World Service.

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Protestant Ethics

THE PHRASE *Protestant work ethic* was coined by the German Max Weber, one of the most influential sociologists of the 20th century. Weber linked it to the development of capitalism in his classic essay "The Protestant Ethics and the Spirit of Capitalism." He argued that the emergence of Lutheran and Calvinist theology during the 16th century stimulated in the following century the development of a work ethic, which became associated with the religious doctrine of Puritanism.

Protestantism created the basis for what Weber defined as "inner-world asceticism," a philosophical vision that considered work as a moral activity and an end in itself. In his reading of capitalism and Protestantism, Weber found that the former could develop primarily through a particular cultural climate rather than because of particular economic conditions: "One of the fundamental elements of the spirit of modern capitalism, and not only of that but of all modern culture: rational conduct on the basis of the idea of the calling, was born—that is what this discussion has sought to demonstrate—from the spirit of Christian asceticism."

This Protestant view clashed with the premodern and precapitalist Catholic attitude toward work, which

conceived it as curse or a necessary evil, at best. The formation of a Protestant work ethic promoted industriousness over idleness and favored views that equated poverty with sin. This is well exemplified by the Protestant idea that "idle hands are the devil's workshop." This persuasion, which in its secularized version faults the poor for being lazy, continues to inform the way poverty is described by certain sectors of contemporary society.

Capitalism requires workers to combine high levels of production with an attention to diligence and punctuality. Protestant theology encouraged this combination by the doctrines of vocation and double predestination. Luther's theorization of vocation, Weber explained, not only had an impact on religious faith but also applied to any occupation or trade. To Martin Luther, individuals full of spirituality may be engaged in the most menial of vocations. In addition, John Calvin's doctrine of double predestination, according to which men did not all belong to the category of the saved, made Protestantism a religion of doubt rather than of certainty. Weber stressed how, as a result, Puritanism equated wealth and industry with morality. The crisis generated in the believers about their prospects for salvation prompted an increased level of productivity, as they started to look for signs that could reveal that they had been saved. The constant quest for worldly activity was mainly a quest for God's presence in the world. Economic success became a symbol of God's grace. Hard work was identified as the inevitable way to personal and collective salvation.

Because of their careful reading of the Bible, Puritans found many sources that confirmed their vision of hard work as ennobling. The exclusion of Adam and Eve from the Garden of Eden, which forced Adam to work for their subsistence, was read by Puritans as the indication that work could rectify man's faults. They found support for their rational pursuit of economic gain in Proverbs 10:4, which says, "Poverty brings a man low: but the hands of the vigorous make rich."

In the same vein, they found a rejection of idleness in Proverbs 6:6: "Go to the ant, O sluggard; and see and emulate his ways, and become wiser than he. ... Or go to the bee, and learn how diligent she is, and how earnestly she is engaged in her work; whose labours kings and private men use for health, and she is desired and respected by all: though weak in body, she is advanced by honouring wisdom. How long wilt thou lie, O sluggard? and when wilt thou awake out of sleep?"

These beliefs shaped the 18th- and 19th-century vision of poverty as moral degeneration. For those who

equated industry with morality, social problems were obviously the outcome of collective personal weakness. They also pointed out that social defects did not derive from faults of society itself. Puritans saw in hard work an antidote to the major failings of individuals, and therefore of society. There was evidence that at first glance seemed to confirm the belief in self-improvement through industry and thrift. The diffusion of Puritan asceticism made the accumulation of wealth an end in itself, leading the way to the formation of capitalism. Paradoxically, according to Weber, Protestant theologians started a process that would lead to an increased secularization and rationalization of the world.

By the time Weber wrote his essay at the beginning of the 20th century, the Protestant ethic had been so universally embraced that it did not need any theological support. Weber takes the writings of the American inventor and statesman Benjamin Franklin as documents of the capitalist spirit, which they contain "in almost classical purity." Franklin represents the beginning of the secularization of the Protestant work ethic in the United States.

Weber quotes Franklin's proverbs, according to which "time is money" and "money is of the prolific, generating nature," and concludes that Franklin's philosophy is one of avarice. Its peculiar ethic, Weber argues, "appears to be the ideal of the honest man of recognized credit, and above all the idea of a duty of the individual toward the increase of his capital, which is assumed as an end in itself." It is this attitude of "worldly asceticism," this accumulation of wealth "combined with the strict avoidance of all spontaneous enjoyment of life" that, to Weber, is responsible for the establishment of the "iron cage" where we are all confined.

Franklin embodies the capitalist ethos, which makes the accumulation of wealth an end in itself, thus conferring to "material goods ... an increasing and finally an inexorable power over the lives of men as at no previous period in history." More than a century after Weber's essay, the iron cage still influences the way we see and represent poverty and the poor.

SEE ALSO: Catholic Church; Christian Antipoverty Campaigns; Church of England; Protestant Churches; Weber, Max.

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Public Goods

THERE ARE CERTAIN CASES, known as market failures, in which free markets do not efficiently allocate resources. Public goods are an example of such market failures. A free market tends to underprovide public goods (or overprovide public bads) because people do not have an incentive to pay their full personal valuation for the good. This is the free-rider problem. Examples of public goods include national defense, lighthouses, the ozone layer, vaccinations, and even abstract ideas such as the legal system, financial stability, and peace.

Globalization is increasingly interconnecting countries, which is leading to the development of global public goods. Governments can promote the efficient consumption of public goods through taxes, international cooperation, or other systems that force people to pay their true valuation. Providing the proper amounts of public goods is an important tool to combat poverty.

A pure public good has two defining characteristics. First, it is nonrivalrous, meaning that once the good is provided to one person, there is no additional cost to society for providing the good to others. Consider the services of a lighthouse: once the lighthouse becomes available to a boat at sea, other boats can also use the lighthouse without increasing the costs to the lighthouse. The other important characteristic of a public good is that it is nonexcludable. This means that once the good is provided to one person, it is not possible to prevent others from consuming the good.

For example, consider a fireworks display above a city. There is no realistic way to exclude certain people from enjoying the fireworks above their homes. As for another example, if a nation provided an army to defend itself from attack, it would not be realistic for the army to protect only one house from an invasion. Generally, all homes will be equally protected. Few goods could truly be classified as pure public goods, though

many goods exhibit some characteristics of public goods. Note that the definition of public goods is unrelated to government provision. Some public goods are not provided by governments, and some private goods are provided by governments, such as housing subsidies and medical care. The key distinction is that private goods are rivalrous and excludable. The owner of a pizza can prevent others from eating it, and once the pizza is eaten, no one else can enjoy it.

Free markets may find it difficult to provide the efficient amount of a public good for society to enjoy. This is because of the free-rider problem. Since everyone can enjoy a public good once it is produced, members of the society have an incentive not to contribute to the cost of the public good in the hope that others will pay for the cost instead. The free market is not producing efficiently because the properties of nonrivalry and nonexcludability allow users to enjoy the benefits without internalizing the costs of their consumption.

Government policy can be used to help ensure that the appropriate amounts of public goods are provided to a society. This can be accomplished through taxation to fund the goods or through other requirements such as mandated military service by young people. Government toll roads also provide an example of the government forcing the users of a public good (a road) to pay for its costs. Governments can also subsidize the providers of public goods.

Globalization is increasing the importance of global public goods. An essential example of this is the Asian financial crisis of 1997. Globalization made local financial stability important for countries on the other side of the world. The collapse of Thailand's financial system was a contagion that spread from east Asia to Russia to Brazil and to the United States. International cooperation will become increasingly important for providing global public goods such as financial stability.

SEE ALSO: Globalization; Market Efficiency; Public Policy; Public Welfare.

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Public Policy

ANY ANTIPOVERTY PROGRAM requires public policies to protect the aged, young, sick, and unfortunate. Low income, lack of healthcare, inadequate nutrition, substandard education, and inadequate housing or homelessness require effective public policy measures and adequate public expenditures. As programs for reduction of income inequality, public goods and services are general antipoverty programs most commonly found in the industrialized world. On the other hand, poor countries need first to adopt growth policies that are effective in reducing poverty. In the latter case, both macro and micro measures are necessary for an effective fight against poverty.

Worldwide, antipoverty programs focus on both micro- (sectoral) and macropolicies in the fight against poverty. Monetary policy should aim at ensuring growth and protect the real value of wages by focusing on inflation, interest rates, and exchange rates. Fiscal policy should focus on allocating adequate funds for the development of human capital and infrastructure, and protection of property rights to encourage private investment. It should also focus on the level of national debt and overall policies that promote both growth and more equal distribution of income for the bottom one-fifth of the income quintile.

In the United States, although the poor are persons of all ages, races, religions, and ethnic backgrounds, poverty is more commonly found along the lines of race, gender, and ethnicity. Since the 1930s, many federal and state programs and policies have been adopted to protect these groups. Fifty-three percent of all the federal expenditures go to income security programs. The programs include Social Security, Medicare, veteran and other retirement programs, and unemployment insurance. Temporary Aid to Needy Families, Supplemental Social Insurance, Food Stamp, Medicaid, Head Start, childcare and development funds, housing assistance and special programs for employment incentives are among the antipoverty programs the federal government provides to assist the poor.

Despite these efforts, the United States has the largest population of poor among the 27 Organization for Economic Cooperation and Development (OECD) countries. Comparison of the Gini coefficients (a basic measure of concentration of income that shows the share of income by population quintiles) for 2000 indicates that the United States has the fourth largest concentration of disposable income among the top quintile of its population, after Mexico, Turkey, and Poland.

According to a survey of the OECD countries, in the United States public opinion is not in favor of government action to reduce income inequality. The OECD computations show that from the mid-1970s to mid-1980s, the United States had a moderate increase in income inequality, as it did from the mid-1980s to mid-1990s, along with six European countries; and from the mid-1990s to 2000, it remained constant for the United States and nine European countries.

In the United States the income share of the top one percent of the population grew substantially after 1980, and it reached 34 percent of the top 10 percent during 1986-97. The United Kingdom and Canada both fell well below these levels during this time. France not only fell below all these countries in these years; it even experienced a decline in concentration at the top from 1988 on.

Although the Gini coefficient shows a great deal about income inequality, care should be taken to interpret it correctly. One limitation of the Gini coefficient is that it provides an aggregate measure of income inequality. We need to examine the income data for different population quintiles in order to better understand the trends in income distribution and poverty. We should not jump to the conclusion that because the Gini coefficient is lower in a country compared to another that the lowest fifth of the households has a greater percentage of income. Comparison of shares of income quintiles provides more detailed data on distribution of income and thus a measure of relative poverty.

When the relative poverty rate (individuals with income less than 50 percent of the median for the entire population) is used for comparing the OECD countries, the United States has the second highest position after Mexico, and nearly twice the average for the OECD countries. When the thresholds move to 60 percent, the United States has the second highest relative poverty rate among the OECD countries after Mexico.

The size of the income transfer that is required to raise all those in poverty up to the poverty threshold of 50 percent of the median equivalent disposable income for the United States is nearly twice the requirement for the OECD average.

Income inequality among the population of working-age people also places the United States among the highest countries, after Turkey and Mexico for the mid-1980s, mid-1990s, and 2000.

An analysis of the distribution impact of the tax and transfer system for 13 OECD countries shows that these programs do not heavily target lower-income groups, except in Australia. Yet these data show that transfers constitute a large share of disposable income in the bottom deciles of the population in these countries. Also transfers as a percentage of share of income have increased substantially for all countries, except Belgium and Germany.

ANTIPOVERTY PROGRAMS

Antipoverty programs in the United States include income-security programs, public assistance, special services, and tax credits to assist low-income individuals and families. In addition to these programs, the federal minimum wage and earned-income tax credit have been enacted to improve income distribution and assist the

The federal welfare entitlement program was established in 1935, which created a welfare system that included cash payments, medical care, and food stamps. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 fundamentally transformed the American welfare system.

The most important change was the elimination of cash welfare payments. Instead, two grant programs were introduced to provide funds to states for cash payments and other benefits to help families to support their children while seeking work, and also to encourage the formation and maintenance of two-parent families. Temporary Assistance to Needy Families (TANF) replaced the old system to reduce dependency on welfare and encourage work.

TANF is a federal program that provides grants to states to assist the poor. After 1996, TANF replaced Aid to Families with Dependent Children (AFDC) and Emergency Assistance (EA), which provided temporary assistance to needy families, and an employment and training program (JOBS), which assisted AFDC recipients. The average monthly payments paid to the needy families vary substantially from state to state.

Supplemental Security Income (SSI) is part of the Social Security program. SSI is a federally funded program that provides cash transfers to the aged, the blind, and the disabled, who qualify by a means test. Most states supplement the basic federal payments to these individuals. Therefore, the payments vary with their income from other sources.

MINIMUM WAGE

During the Great Depression, in an attempt to protect low-skilled workers from poverty, the National Industrial Recovery Act (NIRA) was passed in 1933. In 1935, the U.S. Supreme Court ruled NIRA unconstitutional. However, the Fair Labor Standards Act of 1938 established a national minimum wage of \$0.25. The act applies to 90 percent of all workers who are not employed in supervisory jobs.

Since 1979, some states have adopted living wages to raise the minimum wage above the federal level. As of 2005, 15 states have adopted rates higher than the national rate. Minimum wage remains a controversial area of research among economists. Some suggest that it hurts the very same people the law intends to protect, while others refute this conjecture and provide counterevidence.

Many economists remain concerned about the effect of the minimum wage on employment of low-skilled labor. When states adopted living wages that were 50 percent to 200 percent higher than the current minimum, 71 percent of economists believed it would decrease the number of hires, and 68 percent of respondents said it would cause companies to hire workers with better skills or experience. The survey was conducted for the Employment Policies Institute in Washington, D.C. However, a study for New Jersey has shown that a higher state minimum wage did not adversely affect low-skilled labor.

The structure of the minimum wage is different in some European countries. For example, England offers three tiers for minimum wage, which varies by age. Under this program, families headed by low-wage earners are likely to receive the higher rate. For the last three years, the Commission of Low Wages has been investigating the need for raising the minimum wages. If the commission implements the expected raises, they will become effective in 2005 and again in 2006.

EARNED-INCOME TAX CREDIT

The U.S. Earned-Income Tax Credit (EITC) at the federal level has been more effective than the minimum wage or living wages in lifting many individuals, including many children, from poverty. It also has encouraged able workers to work.

The Earned-Income Tax Credit is one of the most significant antipoverty programs in the United States. More than five million working families were lifted from poverty when this program was greatly expanded in 1993. This program was first introduced in 1978. The number of families receiving EITC grew from 6.2 million in 1978 to 18 million in 1996. Average credits per family grew from \$200 to \$1,400.

Through this program, nearly 20 million individuals have been removed from the tax rolls. This program can, in effect, increase the nominal value of the minimum wage by nearly 40 percent. EITC has been a more important policy than the minimum wage for lifting the poor from poverty. A large number of states have supplemented the federal credit. Recently, some states have substantially expanded their EITC. These measures are effective in reducing poverty. However, variations among states create inequities (and inefficiencies) that need attention. States' Earned-Income Tax Credit and most other antipoverty programs that states provide are piecemeal in nature. There is a need for examining a constellation of these policies to evaluate their overall effectiveness.

HEALTHCARE

Poverty and poor health create a vicious cycle. Poor health is a cause of ill health, and ill health is a cause of poverty. Poor health, malnutrition, and high birthrates are the main reason for many households becoming poor. In the Western world, many believe that every individual, regardless of income, should have adequate access to healthcare, and therefore they view medical care differently from many other commodities.

In the United States, federal and state governments play a large role in the healthcare system. Medical expenditures represent the third largest government spending. The challenge of a large population of uninsured people, increasing longevity, rapidly rising cost of health services, and skyrocketing medical liability insurance costs require reforms that will determine the future course of policy in this area.

Medicare and Medicaid are two government programs to help the aged and poor in the United States, respectively. Federal government provides Medicare—healthcare for eligible individuals 65 and older and qualified disabled individuals. Medicare benefits include insurance for physician services and eligible hospital services. Effective in 2006, a new program for prescription drug coverage was implemented. This program requires a subscription payment and pays up to 75 percent of the fees allowed for these services.

Medicare is financed through a payroll tax of 2.9 percent that is paid as part of Social Security taxes the federal government collects. Medicaid, on the other hand, is largely financed by states to provide health insurance to low-income families with dependent children and to aged and disabled individuals. The federal government also subsidizes the Medicaid program. Cur-

rently, states and local governments jointly provide for up to 50 percent of these services.

Some economists believe that healthcare provides a merit good and therefore its social benefits exceed private benefits. This view is the foundation of public assistance for healthcare. Many also believe that no individual, regardless of his or her income, should be denied adequate care. Many developed countries provide a minimum level of care.

In low-income countries, governments face a fundamental challenge in providing healthcare. Most of these countries provide basic inoculations, doctor visits, and hospitalization. In the absence of adequate funding, they collect fees. However, many either lower their fees or waive them for the poor.

EDUCATION

Across the world, governments provide public elementary and secondary education. Education is the most important vehicle for lifting people from poverty and providing class mobility.

In the United States, public education is largely financed by local taxes at the school district level. Grants from the states, and to some extent from the federal government, supplement local revenues. State constitutions typically address the right of residents to equal public education. Yet more than 40 states have been challenged by litigation to provide equitable education. Variations in fiscal capacity of both school districts and states are challenges school districts face in delivering equitable education.

In recent years, many developing countries have been forced to collect fees for tuition, supplies, and uniforms to meet their shortfalls. However, many offer waivers or reduced fees to poor individuals.

HOUSING

In the United States, the government provides housing assistance through a myriad of programs. These programs include public housing as well as subsidized housing, mortgage and rent subsidies, and tax credits to developers who build mixed-income housing. Public housing programs in the United States have been greatly criticized for their disincentive effect and social disintegration, among other things. After the enactment of the Housing and Community Development Act of 1987, a new program was launched to provide coupons to low-income households that can be used to rent private housing rather than live in public housing. Cur-

rently, about two million families receive vouchers. Yet in some cities, wait lists are either long or completely closed. Many families cannot afford basic housing until they earn \$16,000. Without a housing voucher, many families would need about \$27,000 to make ends meet.

In the United States, the lowest income quintiles are likely to have housing problems. Nearly half of these individuals face a severe cost burden. In addition, many live in inadequate housing conditions. The supply constraint in the low-cost segment of the housing market is far lower than the demand. And the average rent for more than nine million units is about \$4,800, which is almost half the average annual income of low-income renters. It is clear that the stock of housing available for low- and moderate-income families is a critical factor in helping the poor and preventing homelessness.

Current rate of population growth and migration to urban centers in developing countries have created serious housing problems. The annual need of urban centers in developing countries is estimated to be near 35 million units during the first decade of the 2000s. The United Nations has developed a housing-right program to empower the poor and homeless and promote security of vulnerable groups. Estimates show that about 95,000 new urban housing units have to be built every day in developing countries to bring housing conditions to acceptable levels.

FOOD STAMPS

Many poor countries have food stamp programs to subsidize the poor. Government outlays for food subsidies range from one percent of the total outlays to as much as 17 percent. In some of the urban centers of these countries the amount of the subsidy exceeds 11 percent of the income of the poorest fifth of families. Subsidies in these countries are usually for basic staples, such as bread or wheat, that the poor need most. Some countries have a ration system for subsidized food to ensure a fair distribution of these essential staples, whereas some have a distribution channel for free or heavily subsidized food to reduce malnutrition among children and pregnant women.

EXPENDITURE IN OECD COUNTRIES

Countries with higher social expenditures as a percentage of their Gross Domestic Product (GDP) have been very successful in reducing their rates of poverty among children. In general, data show that Sweden, Norway, and Finland have the lowest child poverty rate.

In contrast, the United States has the lowest expenditures and the highest child poverty rate.

Compared to other industrial countries, public expenditures as a percentage of GDP in the United States are among the lowest. Considering nondefense expenditures, U.S. spending is particularly low in an international comparison.

MACROECONOMIC POLICIES

The most important factor in reducing poverty in the developing world is economic growth, although the experience has varied substantially. Only 60 percent of the countries that have reduced poverty also have reduced income inequality. Macroeconomic reforms should be supplemented by sector reforms. The level, composition, and quality of public-sector expenditures make a difference in winning the war against poverty.

The OECD Employment Outlook shows that while relatively few people experience continuous poverty, many have multiple years of income levels that do not rise above the poverty line. The profiles of households that have a lower-than-average risk of encountering poverty are strikingly similar. In general, the risks of poverty are higher for households headed by women, young, and single individuals. It is not surprising that a common adage is that "poverty has a female face."

Many researchers also measure poverty among the lowest quintiles in terms of their relation to other quintiles and adequacy of their disposable income—relative poverty. More specifically, relative poverty is a scale that is based on adequacy of total annual disposable income, adjusted for family size. Applying this scale, individuals are defined as being in poverty if their income falls below 50 percent of the median equivalent of disposable income in a given country. In this context, researchers have examined the intensity of poverty among different groups at a point in time and for multiple years. Applying these measures of poverty, researchers are now focusing on the dynamics of child poverty.

SEE ALSO: Children and Poverty; Food Stamps; Food-Ratio Poverty Line; Medicaid; Medicare; OECD Countries; Third World; United States.

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Public Welfare

PUBLIC AND/OR SOCIAL welfare is the mechanism for providing assistance to vulnerable populations. In the modern world, beginning in the 20th century, it is connected to individuals living in poverty, especially females and their children. As A. Orloff notes, gender roles and the sexual division of labor are profoundly linked to social welfare.

Beginning in about 1902, there were a variety of legal reforms enacted worldwide to establish minimum public health, housing, and work safety standards, which, in the United States, represented the first urban reform movement. At the same time, Nordic and European countries were working on and implementing similar types of reform. For Europeans, public welfare was related to questions about rights of full employment because individuals and governments believed that citizens had the right to be fully employed. John Maynard Keynes had suggested that all individuals who were capable of working should have the right of full employment—public welfare assistance was one process for moving people toward full employment.

Modern welfare has its roots in the Great Depression, which was a worldwide event, and began to be constructed in the 1930s through full-fledged government programs aimed at reducing the impact of poverty. Until the 1920s, various private institutions and foundations were responsible for providing assistance to the needy. As noted by B.S. Jansson, "those who must bear the brunt of social problems—individuals contending with poverty, discrimination, and disease—have depended in considerable measure not only on their personal and familial tenacity and on commu-

nity supports but also on the policies of public and nonpublic agencies and of federal, state, and local governments." These groups, for example, children, mothers, widows, and the elderly—of various racial/ethnic backgrounds—are the targets of social welfare policies worldwide.

FACTORS SHAPING PUBLIC WELFARE

As researchers have shown, there are a variety of contextual factors and political processes that shape social welfare policies and implementation, which include cultural, economic, social, legal, and other factors. Each of these factors can be used to reduce or expand the services available in social welfare settings.

In addition, political processes steer the direction of and limitations placed on public welfare so that policy enactment leads to service delivery or program implementation by governments at a variety of levels. In a democratic and/or civilized society, these policies should be based on the "first-order ethical principles, for example, not killing people, autonomy of target populations, freedom, honesty, confidentiality, equality, social justice, fairness, due process, and beneficence," according to Jansson. However, the current research on policies indicates that this is not often the case.

WELFARE MODELS

In 2006, a range of welfare systems exist whose goals are to alter social forces to attempt to produce greater equality among the people living in a state; however, some of the systems ameliorate the impact of gender inequality on poverty and others contribute to this inequality. The welfare state has been "conceptualized as a state committed to modifying the play of social or market forces in order to achieve a greater equality," wherein it is "operationalized as the collection of social insurance and assistance programs that offer income protection to those experiencing unemployment, industrial accident, retirement, disability, ill health, death or desertion of a family breadwinner, or extreme poverty," according to A. Orloff.

In many societies, equality may not be possible since societal structures give males more public power than females. Thus there is inherently a gender inequality in any public welfare system, which disadvantages women.

Much of the literature indicates that the implication of transforming a state to providing social welfare is linked to the symbolic transference of private patriarchy to public patriarchy, that is, it was used to promote the gender division of labor, with women being responsible for caregiving and household work, while men were held accountable for providing economic resources. This structure was supported along with a family-wage system and traditional marriage in the western European sense (nuclear family with father, mother, and dependent children).

Women's work in the household was seen as unpaid and, therefore, women's work had no economic status. If the male breadwinner left, the female householder most likely did not have skills to contribute to the working world and any wages she did earn were less due to "lack of experience," to quote Orloff. Interestingly, although social insurance was given to those individuals whose breadwinners were injured or died early in the development of the welfare state, there was considerable stigma attached to receiving these benefits.

Restructuring public welfare has focused on urban poor in industrialized countries.

At the start of modern public welfare initiatives, public welfare was, and still is, aimed at men and women differently. For women, public welfare is conceptualized in terms of social assistance (to aid in taking care of the family), but for men, public welfare is thought of in terms of social insurance (to allow men to make claims because they are workers in a market system). Thus public welfare was originally conceptualized as a way to support the male breadwinner through services such as pensions, workers' compensation, and unemployment insurance in the post-World War II era. Since women's work was not paid, it was not seen as part of the larger work/policy scheme.

In the 1960s the Nordic countries, Belgium, and France began a policy shift so that priority of family services and policies to make motherhood and careers compatible was acknowledged. Prior to that time care of children and elderly was seen as a family responsibility to be done by women whose primary work was within the household. During the 30 years from 1945 to 1975, welfare states were at their peak globally due to institutionalized "pay-go" models where "contributions paid by active workers are immediately used to finance the benefits to paid pensioners," according to M. Ferrara. These models promoted the concept that individuals had rights to a minimum amount of monies if they were in need.

According to Orloff, there are three basic types of regimes, which can be defined along with their impact on public welfare for women and their children. First, there are the liberal regimes of the United States, Canada, Australia, and Britain that "promote market provision wherever possible, [and] encourage social dualisms between the majority of citizens who rely mainly on the market and those who rely principally on public provision." These regimes do not offer people "alternatives to participating in the market for services and income" and do not effectively combat poverty and inequality issues relating to social welfare.

The second type of regime, the social-democratic system, "promote[s] significant decommodification of labor," explains Orloff. These systems, which are located in the Nordic countries, promote "an individual model of entitlement and provide services allowing those responsible for care work to enter the paid labor force," says Orloff. In other words, these systems encourage workforce participation by women and provide assistance in terms of childcare and/or elder care if these are necessary for people to continue their work in the labor market.

According to R.H. Cox, successful public welfare and/or welfare reforms are based on the "efforts to reward people for staying in, or returning to the labor force." The best reforms of this type are seen in Denmark, the Netherlands, and New Zealand, which all recently implemented new transformational welfare policies. These countries instituted comprehensive legal changes for public welfare, while Germany, a country that recognized a need for change, had authority only to make small changes in the policies.

Third, there are conservative-corporatist regimes that "condition their relatively generous benefits on strong ties to the labor market" but that also "promote subsidiarity," which increases women's dependence on their families (Austria, France, Germany, Italy, and the Netherlands), according to Orloff.

IMPACT OF PUBLIC WELFARE

Three groups, children, women, and the elderly, are impacted by public welfare differently. The consequence of public welfare on these individuals has to do with which model (noted above) a country employs when providing them with assistance.

According to some studies, children who are raised in poverty are at risk for living in poverty themselves, for being less educated, and for having poorer health than are children who are not raised in poverty. Children's poverty status is directly linked to the poverty level of their mothers. Public welfare is intended to change family characteristics that lead to and keep children in poverty. The Nordic countries, Belgium, and France have attempted to increase women's employment and caregiving options so that they can experience a decrease in poverty. Their programs are based on the idea that being an employed mother is the best way to decrease the risks associated with poverty for children. For many countries, the problems that arise lie in the lack of education, and thus work skills, for women. Without education and skills, it is problematic to effectively employ women. Countries that pay for or subsidize childcare for working women or women who are attending training to develop skills are those countries that tend to be women-friendly and have lower poverty rates for working women with children.

Thus Nordic countries using subsidies have reduced poverty quite successfully, while Anglo-Saxon countries that are driven by more affordable market services have not been as successful in reducing inequalities in public assistance and/or poverty levels for vulnerable populations.

In 2004, the largest group of poor was children in the United States, with 16 percent of them living in poverty. In the United States in 1935, the Social Security Act enacted a program called Aid to Dependent Children (ADC) to provide assistance when the breadwinner (thought of as a male) was no longer able to provide for his family.

In the 1970s, as the number of two-parent households declined—in 1996, 56 percent of the 71.5 million children in the United States lived in two-parent households—there was a rise in need for welfare programs and services. ADC went through a variety of iterations, and through the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996 has become a different program, called Temporary Aid for Needy Families (TANF) in the United States. The goal of TANF is to "provide assistance for needy families to care for their children" and "end welfare dependence by promoting job preparation, work, and marriage," among other items. Available also for children in terms of public assistance for healthcare are Medicaid and Children's Health Insurance Program funds (CHIP).

For women, a variety of factors, for example, "the proportion of families headed by single mothers, the extent of women's labor force participation, and the degree of gender equality in the labor market," according to Orloff, dictate the benefits and impact of public wel-

fare has on women's poverty levels. Where there are more political opportunities for women (Germany and France, for example), social assistance is more developed for women and their children. As some studies note, restructuring public welfare has focused on urban poor in industrialized countries, thus adding another layer of inequality with urban-rural distinctions. In the United States in the 1980s, political concern centered on how to reduce dependent welfare mothers and make them work to be productive members of society. This concern was addressed in 1996 with PRWORA, which was one portion of welfare reform. PRWORA ended entitlement and devolved the program more completely to the states, while detailing specific timelines for people to be welfare recipients.

Aging populations have fared very well and their poverty levels have decreased.

In other words, the United States was attempting to move more in line with the European ideas of full employment. In order to participate in public welfare programs, work is mandated for women who need assistance in the United States. Thus welfare reform was comprehensive in the United States, emphasizing work and/or marriage for women; however, reform took place in Europe, Australia, and New Zealand as well.

The impact of poverty on the elderly was a critical consideration in developing and implementing public welfare reform in the United States and other countries. By 1935, people aged 60 or older could not expect to be supported by their children or families as they aged. Thus the U.S. Social Security Act (enacted in 1935) was a relief to older individuals because it provided a savings program for the elderly based on their salaries.

The downside to the Social Security Act was that originally it did not provide for individuals who did not make a taxable living wage. In 1972, the Supplemental Security Income act was passed, which provided assistance to seniors who did not have the advantage of Social Security benefits because they and/or a spouse had not paid into that system. In the 1990s, welfare reform was able to cover approximately 82 percent of the elderly in the United States who were living in poverty. Welfare reform in other countries indicates that aging populations have fared very well and their poverty levels have substantially decreased.

In Latin America, public welfare for the aging population focuses on pensions and pension reform. Work-

ing individuals are responsible for contributing to a savings account to develop their pension. There has been a move to develop a multipillar approach that has individuals using pay-go systems, individual savings accounts, governmental contributory accounts, or a combination thereof. The multipillar approach is mandatory for individuals who make over a certain amount of money and appears to be effective for individuals who are fully employed before they retire.

In summary, modern public welfare is aimed at encouraging women to be either working members of society or married members of society to decrease their poverty levels. Australia, Europe, New Zealand, the Nordic countries, and the United States are all attempting to reduce poverty levels for children, women, and the elderly by using one of three implementation and economic models.

In 2006, although all of these countries have undergone public welfare reform of some type in the past 10 to 15 years, the countries that use a social-democratic public welfare system seem to be able to lower poverty levels by providing the most rewards for encouraging vulnerable populations to enter and continue being members of the workforce.

SEE ALSO: Children and Poverty; Feminization of Poverty; Medicaid; Medicare; United States; Welfare; Welfare Dependence; Welfare State; Women and Poverty.

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WORLD POVERTY



Qatar

QATAR IS ONE OF THE Persian Gulf states, meaning it depends on exporting oil as a major source of gaining hard currency. Industrialization has a limited share of the Gross National Product of Qatar and oil revenues make the living standard high, especially among nationals. On the other hand, some poor among expatriates live in bad conditions, as a wide gap in the standard of living exists between the nationals and noncitizens in Qatar.

The poverty status in Qatar is related to the large number of foreign laborers, reflecting the status of poverty in some Asian countries that send their labor to the Gulf states, such as Qatar. The first survey on poverty in Qatar was conducted in 2005. Studies revealed that Gross Domestic Product per capita annual income was \$23,000, nearing the level of many western European countries. Earnings versus the affordable essentials, using prices that prevailed in the local market in 2001–02, showed that technically there are no poor people in Qatar.

Another study on poverty conducted by the National Planning Council (NPC) in 2005 found that five to nine percent of expatriates in Qatar live in poverty-

like conditions. The survey also found that no Qataris live below the poverty line, although 3.3 percent were found surviving with little more than what was set by the international poverty standards. However, according to data provided by the Zakat Poor-Due Fund, the number of families applying for Zakat Poor-Due has increased threefold over the last four years, and in 2004, 2,500 families were found to be needy.

According to the U.S. Central Intelligence Agency, Qatar has been ruled by the Al Thani family since the mid-1800s, and "transformed itself from a poor British protectorate noted mainly for pearling into an independent state with significant oil and natural gas revenues. During the late 1980s and early 1990s, the Qatari economy was crippled by a continuous siphoning off of petroleum revenues by the emir, who had ruled the country since 1972. His son, the Amir Hamad bin Khalifa Al Thani, overthrew him in a bloodless coup in 1995. In 2001, Qatar resolved its longstanding border disputes with both Bahrain and Saudi Arabia. Oil and natural gas revenues enable Qatar to have one of the highest per capita incomes in the world."

Human Development Index Rank: 40 Human Poverty Index Rank: 10 SEE ALSO: Economic Growth; Exclusion; Human Capital; Social Exclusion.

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Quran Definitions of Poverty

THE QURAN IS THE DIVINE book of Islam that contains the tenets and religious laws upon which the faith of Islam is founded and is also the source of its morals and ethics. It was sent from God to Prophet Muhammad about 1,440 years ago.

The Quran pays intense attention to poverty and poor people: it established a formula for poverty alleviation based on Zakat, or "poor-due." The Arabic word Zakat, which literally means "purification," has no actual and precise English equivalent; the term nearest to its meaning is "poor-due."

Zakat, the fourth of the acts of worship in Islam, is thus the Muslim's worship of God through an obligatory form of giving to those in need. It is assessed at approximately 2.5 percent per year on cash or capital that is beyond one's immediate needs. The Quran thus seeks to raise the standard of the poverty-stricken and to lower the standard of those who are given to excess, so that the life of all may become happier and more orderly. In addition, it is not confined to the peoples or religion of Islam, but rather is universal, incorporating all the downtrodden of humankind.

The Quran does not consider poverty a reason for despising a man, for a poor man, even in his need, may be superior in the eyes of Islam to men of wealth and authority. This consideration gave the poor their first consolation. When Islam first examined the lot of the poor, it discovered that poverty was caused by an inability to earn, either because of some handicap or because of the absence of an opportunity to work.

As Muslims believe in the afterlife, the Quran introduces different kinds of poverty either in life or in the afterlife. The poor in life are those needy people who

have a very low standard of living. Also, the poor in life are those people who are disobeying the Quran's instructions and obligations. Those people will suffer and be punished in the afterlife, becoming the poor in the afterlife. In other words, those disobeying will not benefit from the promise of further rewards in the afterlife.

The Quran wards off poverty by preaching virtuous behavior. It curbs the forces of evil and vice through law and reason. If its methods were more widely employed to crush evil and vice and to propagate virtue and goodness, the Islamic family would cohere and every member would realize his duty and moderate his desires. This would constitute one of the most effective weapons for resisting poverty, for the greatest causes of poverty are excessive cupidity, indulgence in vices, and neglect of the body's health and of the religious decrees, which are designed to regulate both body and spirit. The Quran has fought the ills of poverty through awakened consciences and legislation and has made work the basis of its aims. Giving money to the needy is not the only solution for poverty, according to the Quran, and is not the best solution either. Work is one of the main bases or ways of eradicating poverty.

Islam has established the principle of equality, the greatest of principles for resisting social evils, particularly poverty. It has planted this principle in the conscience of the Muslim and has caused it to govern his actions in his worship and in his social conduct.

Fighting poverty, according to the Quran and Islam, is related to some other values like solidarity, work ethics, "poor-due," equality, and justice. Moreover, the economic policy in Islam is divine in its source and positivist in its practice. Thus it is a stable and developing policy at the same time.

The Muslim would not be a Muslim if he doubted that the poorest and most incapacitated of his brethren shared equal rights with him. This justice is what makes almsgiving to the needy a duty of those capable of providing for them, not a favor.

SEE ALSO: Charity; Hinduism and Poverty; Islam and Poverty; Religion.

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Racial Discrimination

RACIAL DISCRIMINATION, also known as racism, is the practice of limiting people's rights and privileges based on their phenotypic appearance as members of particular groups called races. Some common racial categories are black, white, yellow, red, Caucasoid, Mongoloid, and Negroid, and racial determinants can include skin color, nose shape, and hair texture. Often ethnic affiliation, family lineage, national origin, and cultural practices are also used to determine race. It is important to note that while the impact of racial discrimination is concrete, the scientific basis for human racial classification is spurious—all people share a common origin and belong to only one race, human.

Racial classification and discrimination are relatively new ideas within the scope of world history and are the result of an intentional and systematic process developed by Europeans and European Americans meant to justify their enslavement and colonization of Africans, Asians, and Native Americans over four centuries beginning in the 1500s.

Much of what we consider modern racial discrimination is rooted in European and American intellectual thought dating from the 17th through the 19th centuries. British scholar Martin Bernal has shown that as 18th-century Europe became more powerful through its increased economic and industrial strength and its expansion into and exploitation of other continents, it also became more chauvinistic. Many intellectuals asserted that by progressing later in history, European-descended civilizations were necessarily superior to prior civilizations in Asia, the Middle East, and Africa because they were able to improve upon them.

Further, this idea of progress became intertwined with racist thought and expressed in the writings of people such as Oliver Goldsmith, a popular writer of the 1770s, who wrote that "those arts which might have had their invention among other races of mankind have come to their perfection [in Europe]." From the 1650s on, scholars and writers like John Locke, David Hume, Kristophe Heumann, C. Meiners, and J.F. Blumenbach espoused racist theories justifying the exploitation and

murder of non-Europeans. Blumenbach, a natural history professor at the University of Gottingen in Germany, claimed that white or Caucasian was the first and most talented race from which all others had degenerated (Blumenbach was the first to publicize the term Caucasian in 1795).

Types of chauvinism are characteristic of many civilizations throughout world history. This European development, however, is the first time that race, rather than religion, geography, or kingdom, played the central feature. Even though some writers, such as Winthrop Jordan and Carl Degler, assert that racial discrimination is an ancient tendency, the historical record clearly indicates that prior to the 17th century, advanced civilizations were widely recognized and credited for their achievements whether in India, Europe, China, or Africa. Race, then, was a mechanism by which a modernizing Europe and America could fabricate their superiority on the basis of an exclusive and relatively permanent feature—white skin. By organizing race into an hierarchy with white at the top, members of the white race could believe that they were naturally inclined to dominate members of other races; that is, that white supremacy was the "natural order of things."

Members of the white race benefit from white supremacy even if they are not bigoted.

While racial discrimination can take many forms, scholars such as Theodore Allen, Lerone Bennett, Joe Feagin, Neely Fuller, Frances Cress-Welsing, and Eric Williams have identified white supremacy as the archetype for racial oppression. Where racial discrimination is conceptually applicable to many groups in several instances, that is, one can imagine cases where nonwhites discriminate against whites; most racial discrimination occurs in the context of white supremacy. Neely Fuller points out that white supremacy is not simply a pattern of individual bigotry or even its institutional practice but that it is a determined systemic effort to establish, maintain, and expand white domination and world control over nonwhite people. Furthermore, it is important to note that members of the white race benefit from white supremacy even if they are not themselves bigoted, because it is a system organized to ensure unjust power and undue privilege to a group of people based on a readily identifiable marker, skin color.

Although Arab Muslims captured and used Africans for laborers and domestic servants from the 700s,

the European institution of chattel slavery did not take hold until the 1500s. At that time, the Portuguese had captured the west African island of São Tomé, planted sugar, and begun a sugar-slave complex that would last for over three centuries. During the 16th century, while the Portuguese exploited portions of Africa and Brazil, the Spanish conquered much of South and Central America, concentrating on procuring precious metals, mainly gold and silver, from the New World.

This mining required vast amounts of labor, more than what it could force from the indigenous populations it had not already killed. As a result, Spain joined Portugal as one of the main slaveholding nations during the 16th century.

Some countries, such as the United States and South Africa, fostered racial antinomies.

By the 18th and 19th centuries, both Spain and Portugal would lose their economic and military strength and thus their ability to control trade. In their absence, the Dutch, British, and Americans took up the increasingly lucrative trade in enslaved Africans. Throughout the 20th century, racial discrimination remained problematic, despite efforts to promote racial equality and democracy in some countries such as Cuba and Brazil. In contrast, some countries, such as the United States and South Africa fostered racial segregation and erected barriers to racial democracy.

SOUTH AFRICA

During the 1600s, the Dutch East India Company established a trading outpost in Cape Town, South Africa. Over time this mixture of Dutch, German, and French settlers known as Boers spread smallpox epidemics, waged war, and forced indigenous African groups farther and farther from their homelands. Characteristic of all European colonial incursions in Africa, ethnic groups were divided against one another by a system of favoritism, deceit, and force, thus making it easier for the Boers and later, the British, to conquer them and expropriate their land. More heavy-handed approaches were also used.

For example, after forging a successful African confederacy and defending against a British takeover, a Xhosa leader named Hintsa was lured into a negotiating session with British officers, captured, and then murdered. European settlers justified their actions by call-

ing what they did "civilizing missions" meant to pacify African "savages" by forcing European culture and Christianity on them.

Throughout the colonial period many indigenous South Africans were enslaved on their own lands while the European colonial settlers reaped the profits of their labor. By 1909, after years of fighting over territory, the Boers (also called Afrikaners) and British colonists agreed to establish an independent state based on a national policy of segregation and white supremacy. The new South African government did everything in its power to enforce racial discrimination, including passing many laws aimed at excluding indigenous Africans from wielding any power whatsoever. One of the most pernicious laws was the 1913 Natives Land Act, which divided the country into areas based on race. This act allocated 13 percent of the land to native Africans, who comprised 84 percent of the population, while giving the rest to the white settlers.

By 1948, the Afrikaners' National Party managed to win control of South Africa. They instituted a policy of apartheid, an Afrikaans word meaning "separateness," and proclaimed that the indigenous African population was innately inferior to the settled European one. Afrikaners then enacted laws, many patterned directly after Jim Crow laws in the United States, to further deprive indigenous people of their rights. Among these laws was the Bantu Act, a consolidated version of the pass laws that had existed in many forms since 1809. This act required every African to carry a reference book containing all his personal information in order to work, travel, or simply move about the country. It placed such tremendous restrictions on indigenous people that it became one of the catalysts spurring the resistance movement against white supremacy that eventually succeeded in bringing down the apartheid government in 1994.

In contrast to South Africa, the African population of the United States was kidnapped, enslaved, and forced into labor under the system of chattel slavery for over 200 years. From its colonial roots to its national founding, the United States orchestrated a system of *de jure* racial enslavement that would not only deny African-descended people any rights but also compromise their humanity.

Reflecting the needs of a burgeoning capitalist economy, the U.S. Constitution made allowances for enslavement in order to protect the property and wealth of rich white businessmen and landholders. For example, Article 1, section 2 allowed enslaved African Americans to be counted as three-fifths of a person in order

to apportion taxes and to increase the representation and therefore political power of southern slaveholding states.

Even though there were people, black and white, who spoke out against racial discrimination in the early days of the nation, most white Americans had little issue with the system of white supremacy, which allowed them to secure and maintain unjust power and undue privilege. It was not simply a southern plantation phenomenon; widely respected men such as William Penn, Thomas Jefferson, George Washington, and Benjamin Franklin held African Americans in bondage. In fact, white supremacy had become so much a part of America that in the 1857 case Dred Scott v. Sandford, it became law. Writing the majority opinion for the Supreme Court, Chief Justice Roger Taney, himself a slave-holder, declared that African Americans were "unfit to associate with the white race, either in social or political relations and so far inferior, that they had no rights which the white man was bound to respect."

RECONSTRUCTION

Following the Civil War, America experienced Reconstruction (1865–77). As a result of the Thirteenth, Fourteenth, and Fifteenth Amendments, African Americans made rapid progress in business and politics. Some were elected to local, state, and federal posts while others took advantage of a better social and economic environment. By the end of 1865, 40,000 African Americans in the South were cultivating their own crops on their own land, many who had reunited with family and friends to make a better life. In addition, the United States Congress created the Freedmen's Bureau, an agency that assisted emancipated African Americans to obtain land, enroll in schools, settle legal disputes, and gain access to social services.

However, President Andrew Johnson sabotaged the bureau's work by ordering the land of thousands of former Confederate soldiers restored, land that had been given to African Americans as compensation for slavery. The result was the advent of sharecropping, a system of wage slavery that forced African Americans to work for the same white southern landowners who had enslaved them. When, in 1877, the Hayes-Tilden compromise withdrew the federal troops protecting African Americans in the south, Reconstruction and the dreams of many African Americans collapsed completely.

At the turn of the 20th century all across the south, most African Americans were barred from voting in ad-

dition to being shut out of employment sectors and denied equal access to quality housing and education opportunities under a system called Jim Crow. Moreover lynchings were pervasive and violence against African Americans was so common that the summer of 1919 became known as "the red summer." One of the most infamous lynchings occurred in 1955 when Emmett Till, an African-American teenager from Chicago, was visiting relatives in Money, Mississippi.

On a dare, Till bought candy at a grocery store and said "Bye, baby," to Carolyn Bryant, the store owner's wife, after making his purchase. Till was subsequently kidnapped, tortured, and murdered by Bryant's husband and brother-in-law. An all-white jury found the two not guilty (the two would confess to the murder the following year but would escape justice even then). Emmett Till's murder galvanized the African-American population and expanded a growing civil rights movement in America.

CIVIL RIGHTS

By mid-century, African Americans were transforming the nation. Leaders such as Ella Baker, Bob Moses, Martin Luther King Jr., and Fannie Lou Hamer worked to end racial injustice in organizations such as the Student Non-Violent Coordinating Committee (SNCC), the Southern Christian Leadership Conference (SCLC), and the National Association for the Advancement of Colored People (NAACP). The civil rights movement organized massive support from forward-thinking and acting people of all ethnic groups to end voting restrictions, employment obstacles, and discriminatory housing policies.

It was, in many instances, a movement guided by youthful enthusiasm for a better tomorrow and an adamant refusal to accept injustice. In essence, the movement was exemplified by the actions of four North Carolina Agricultural and Technological State University freshmen who, after debating the idea for months, decided to challenge the system of racial discrimination at the local Woolworth store. On February 1, 1960, Ezell Blair, Jr., Joseph McNeil, Francis McCain, and David Richmond sat down at the "whites only" lunch counter and demanded that they be served. Although they were not waited on, news of their actions spread quickly and within a week students all over the south were demanding that "whites only" facilities be desegregated immediately.

During the 1950s and 1960s, progressive Americans demonstrated against and demanded an end to all ves-

tiges of racial discrimination. Although the civil rights movement was making progress, many problems still faced African Americans including, widespread acts of bigotry, police brutality, and unequal access to public accommodations. Perhaps even more debilitating were discriminatory practices that denied African Americans access to basic needs.

For example, realtors and homeowners used restrictive covenants and redlining to effectively exclude African Americans from "white" neighborhoods and segregate them into urban ghettos. Residential segregation resulted in educational imbalances and inferior schools, limited access to social services, and restricted employment opportunities in both the private and public sectors. In addition, millions of citizens in the south were denied the franchise because of race. However, in what is often seen as the crowning legislative achievement of the civil rights movement, African Americans were able to organize and demand that their right to fair political representation be secured. In 1965, their demands were met when President Lyndon Johnson signed the Voting Rights Act into law.

BLACK POWER

Unfortunately, white supremacy and racial discrimination persisted whenever and wherever close-minded whites could muster the support of reactionary sentiment. Understandably fed up with this racial discrimination, large numbers of African Americans shifted to a more aggressive form of social protest. This Black Power movement called for African Americans to determine their own course in charting freedom rather than wait for government agencies to create agencies or enact laws that would slowly ameliorate the situation. However, as many government agencies, employers, and private citizens took every opportunity to deny equality to African Americans, frustration grew.

On August 11, 1965, in the predominantly African American neighborhood of Los Angeles called Watts, the calm would break. After a prolonged stormy relationship between the community and local police, a traffic stop turned violent, resulting in a riot that lasted six days and became the touchstone for similar riots all across the nation.

At the dawn of the 21st century, many people feel that racial discrimination has largely been eliminated. However, daily news stories reveal that people of color are still singled out for racist practices in employment, education, housing, and police brutality. Moreover, as M. Oliver and T. Shapiro have demonstrated in their

book *Black Wealth/White Wealth*, disparities in income, education, healthcare, and housing continue to persist.

Whether or not it is possible to eliminate racial discrimination remains to be seen. Many prominent scholars such as Derrick Bell and Joe Feagin believe that it is a permanent feature in the social fabric of America and the world. Clearly, no matter what one's belief, there is still much work to be done if we are to move closer to Dr. Martin Luther King's dream of a world where people are judged not by the color of their skin but by the content of their character.

SEE ALSO: African Americans and Poverty; Antidiscrimination; Apartheid; Colonialism; Exploitation; National Association for the Advancement of Colored People; South Africa; United States.

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Rationing

RATIONING IS THE authoritative reallocation of scarce resources of goods and services. The authority may be a parent or family member, an officer in a private organization, a military officer, a government official, or some other kind of authority. Rationing allows a person or an agency to receive a ration. If it is food, then the ration is a share of what is available. It is not necessarily enough to meet the needs of the person receiving the ration.

Ethics is a major part of the activity of rationing. The question of what is fair or just or equitable is at the heart of rationing. Capitalist economists argue that markets should be the authoritative mechanism for allocating resources. The net effect when markets determine the reallocation of scarce resources is that those

who have the resources will be able to get what they want, but those who are poor may not get a ration no matter how grave the need. In times of sufficiency the market works well. In times of scarcity it can allow hoarding and distortions in distribution so grave that people suffer, sicken, or even die.

Rationing in a market economy usually occurs though the pricing of goods and services. However, in an unfettered market in times of supply shortages, speculative demand, panic buying, or hoarding may drive the price to extremes. In cases such as these, governments have resorted to price controls as a form of rationing. In some instances the price control is a likely market value and merchants who exceed the limit may be prosecuted for gouging the public.

COMMAND ECONOMIES

Nonprice mechanisms for rationing can be used. One of these is the use of long lines. This was the mechanism used in the United States during the Arab oil crisis in 1973.

In command economies the central authority allocates the resources according to its plan. A command economy does not guarantee that resources will be equitable any more than a market economy guarantees that some "invisible hand" will guide the trading of the marketplace to a harmonious conclusion.

Command economies ration according to the interests of the ruling elite. If their principle is a form of distributive justice, then the rations that people receive will be approximately equal. However, this may not be fair. The reason is that the needs of people vary, often enormously. For example the amount of food needed for a young active athlete or soldier is many more calories per day than it would be for a sedentary octogenarian. Consequently command economies usually ration according to matters of political expediency even if the distribution seems to be based upon an equitable principle.

In times of war or severe civil distress caused by natural disasters or supply disruptions, market economies have resorted to rationing by different kinds of regulations. The military often uses rationing in order to make supplies last for the duration of a battle or a voyage.

During World War I and World War II, rationing was often used. The public was given coupon books for just about every good or service available, from sugar to automobile tires. In general these policies worked well. Such things as clothing swap shops and regulations to

control the styles of clothing in order to save cloth were patriotically received by the public, desirous of doing its part for the war effort. Rationing often leads to black markets where goods and services are sold at a price that is whatever the traffic will bear.

The concern of many in rationing situations is that the poor will have to bear a greater burden of the sacrifices. In the world situation in the 21st century, there have been potential situations that could produce rationing and have a severe impact upon the poor. The areas of concern include energy, health, water, education, and others. In the case of water rationing the expansion of population and industrial water usage has limited supplies in times of drought.

More of concern is energy rationing. The growing consumption of fossil fuels, especially oil and natural gas, has contributed to supply problems and possibly to a greenhouse effect. The oil supply problems are as much related to political instability in oil-producing areas as they are to great increases in demand. Governmental efforts to limit consumption are also motivated by worries about greenhouse gas emissions. The rising costs could affect not only transportation but food supplies.

Probably of gravest concern is the rationing of health services. Rationing in this area arises first from the growing healthcare costs of an aging population in the industrialized world. Rationing of medical care, which leads to the most severely ill dying, is a very cost-effective form of rationing. Limiting medical treatment so that cosmetic medical care is denied is another form of rationing. The gravest form of medical rationing could come during times of a pandemic, such as an influenza outbreak like the Spanish flu in 1918. Shortage of vaccines or of medical facilities could be devastating for the poor.

SEE ALSO: Capitalism; Deprivation; Education; Healthcare; Social Exclusion.

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Rawls, John (1921-2002)

REGARDED AS ONE OF the most important social philosophers of the 20th century, John Rawls was born in Baltimore, Maryland. He attended the Kent School in Kent, Connecticut, and earned a B.A. from Princeton University in 1943. Serving in the U.S. infantry from 1943 to 1945, he had tours in New Guinea, the Philippines, and Japan. He returned to the United States in 1946 to attend graduate school at Princeton, receiving his Ph.D. in philosophy in 1950.

He taught at his alma mater for two years before accepting a teaching position at Cornell University. He was an assistant and associate professor there from 1953 to 1959, then was professor of philosophy at the Massachusetts Institute of Technology from 1960 to 1962. He joined the Harvard Philosophy Department in 1962. His 1971 groundbreaking work, A Theory of Justice, was nominated for a National Book Award. He was appointed the Conant University Professor at Harvard in 1979, allowing him the freedom to more fully develop his ideas on social justice and fairness.

He responded with a number of other important works, including Political Liberalism (1993), The Law of Peoples (1999), Collected Papers (1999), Lectures on the History of Moral Philosophy (2000), and Justice as Fairness: A Restatement (2001). Rawls received the National Humanities Medal from the National Endowment for the Humanities in 1999. He suffered the first of several debilitating strokes in 1995, but continued to work out his ideas until his death from heart failure in his home in Lexington, Massachusetts.

Rawls used A Theory of Justice to refine the theory of the social contract forged by thinkers like Jean-Jacques Rousseau and John Locke. Individuals in their "original position," or natural state, most social philosophers argued, created a social contract. (It should be noted that these ideas were theoretical rather than historical in nature.) This contract defined the rights and obligations of all members of a given community or society. While some argued that the strongest and most talented in such a society would fare better than those who were weaker or less fortunate, Rawls's thoughts on the social contract were predicated on a "veil of ignorance"—that is, the representatives in this social contract should design laws without specific knowledge about their constituents' intelligence, wealth, or other factors. This, he argued, was the best way to ensure true fairness.

These representatives would also desire justice, and would use two guiding principles (which he collectively called "justice as fairness"): liberty and difference. The liberty principle would provide all citizens with a satisfactory number of basic rights—as many as the society could allow. While different rights might be added or subtracted for the purpose of gaining the most satisfactory collection of rights, this principle was absolute and could not be violated. The difference principle would study all of society's inherent inequalities and design laws or systems that benefit the least powerful social group.

Some inequalities, such as differences in pay, were still beneficial for society, so long as the skills of the better paid, such as doctors and lawyers, were available to all. Rawls also developed the idea of the "maximin" (or maximizing the minimum). A theoretical example of the application of Rawls's ideas might be found in a society's contemplation of the institution of slavery based on race. Ignorant of the race of one's family or friends (veil of ignorance), desiring to protect basic liberties (liberty principle), and working to defend the rights of any marginalized race (difference principle), the idea would be soundly rejected. Any rational person would avoid living in a society where s/he might be enslaved, and would seek out one where s/he would be most free. Rawls's later works refined his concepts of justice, considered the long-term viability of the system he advocated, and addressed his critics.

SEE ALSO: Locke, John; Racial Discrimination; Social Democracy; Social Mobility; Social Poverty.

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Reagan, Ronald (Administration)

RONALD REAGAN CAME TO office in 1981 promising moral reform, tax cuts, smaller government, and deregulation of industry. He also promised to be tough on crime and restore American supremacy in the world.

Reagan helped Republicans capture control of the Senate for the first time in 28 years. During Reagan's first 100 days he had several accomplishments. When PATCO, the government union that represented air traffic controllers, went on strike, Reagan fired the controllers and then spent \$1.3 billion to hire and train new controllers. Although PATCO was one of two government unions that supported Reagan during the campaign, he wanted to make the point that there were limits to the power of federal employee unions and also show businesses that the administration could be tough on workers. He survived an assassination attempt on March 30, 1981, by John Hinckley, a deranged fan of movie actress Jodie Foster.

Reagan concentrated on fixing the economy during much of his first term. He instituted several draconian measures to deal with stagflation, a new phenomenon consisting of a slow economy and inflation. Reagan supported raising interest rates to tighten up the money supply. It drove down prices, but created a severe recession.

He then demonstrated his faith in supply-side economics by drastically cutting taxes in an effort to boost investment. Reagan convinced Congress to pass a series of across-the-board tax cuts reducing income taxes by 25 percent over a three-year period. To offset this measure he slashed \$41.5 billion from unpopular programs designed to help the poor and minorities. He made deep cuts into food stamp, student aid, public-service job, student loan, and mass transit programs.

By 1983 the U.S. economy staged a comeback, as inflation dropped to 4.1 percent by 1988. The unemployment rate fell from 7.5 percent to 5.3 percent as more than 16,753,000 new jobs were added to the economy by 1988. Reagan's promised reductions in spending never materialized, as he engaged in the largest peacetime military buildup in history, spending more than \$1.2 trillion on military expenditures during his eight years in office.

To pay for this massive buildup Reagan borrowed heavily, increasing the deficit to \$207.8 billion. By 1988 the yearly deficit was at \$155 billion, as Reagan had created the largest deficit in American history to that point, more than three times its size when he came to office in 1980. While the economy improved, the gap between the wealthy and poor increased dramatically as the wealthiest two percent of the nation saw more of the nation's wealth concentrated in their hands. The poorest 20 percent of Americans experienced a six percent decrease in their income. Meanwhile the top 20 percent saw an unprecedented 20 percent increase. Dur-



In restructuring the economy, Ronald Reagan made deep cuts into food stamp, student aid, student loan, and mass transit programs.

ing Reagan's years, the top one percent experienced a doubling in their after-tax income. By 1989 the top 20 percent earned as much as the other 80 percent combined, and the top one percent earned as much as the middle-fifth of the population. This upward redistribution of wealth was caused by the tax cuts and economic displacement in manufacturing. The top tax bracket was reduced from 70 percent to 31 percent.

This economic disparity was most obvious when looking at actual wealth. Between 1983 and 1989, family wealth increased from \$13.6 trillion to \$16.1 trillion. The top 0.5 percent of Americans received 55 percent of the increase, while the poor and middle class experienced a \$236 million net loss of wealth. The number of blue-collar jobs fell significantly, as there was a precipitous fall in the number of people working in manufacturing when American industry lost hundreds of thousands lost jobs in the auto, steel, and farming sectors, as the country transitioned to a postindustrial society. Companies engaged in labor-intensive production

moved to Third World countries to cut labor costs, while those working in the service sector increased dramatically. Membership in labor unions declined significantly as industrial jobs disappeared. In 1984 Reagan steamrolled Democratic opponent Walter Mondale, winning 49 of the 50 states and expanding the Republican hold over the U.S. Senate.

Critics assailed Reagan's handling of the HIV/AIDS epidemic; Reagan chose to ignore the hundreds of people dying from the malady because he viewed it as a gay disease. The first official acknowledgment that the crisis existed did not come until October 15, 1982, when his press secretary made a joke about it. Reagan did not mention the disease until 1985, when actor Rock Hudson died; the number of AIDS deaths had exceeded 6,000 with more than 12,000 reported cases. With growing public concern, Reagan finally acted appointing a presidential commission to study the epidemic. As a result of the commission's report, Congress appropriated \$1.3 billion to fight AIDS and began an aggressive campaign to educate the public.

Reagan was a strident anticommunist whose foreign policy was based on communism's destruction. Reagan chose to challenge the Soviet Union, engaging in a massive military buildup designed to bankrupt the Soviet economy and ensure American military superiority. He supported governments fighting communist insurgents all over the world. He succeeded in forcing the Soviet Union to the bargaining table, getting concessions that called for reductions in armaments by threatening to develop a missile defense system. The so-called Strategic Defense Initiative (SDI), which critics called "Star Wars," planned for using orbiting satellites to track and shoot down missiles fired at the United States.

During his second term, the Reagan administration was plagued by several high-profile scandals, but none of them seemed to dent Reagan's image. Called the "Teflon President" because of his ability to avoid condemnation for indiscretions Reagan was finally tarnished by his involvement in the Iran-Contra scandal and his unsympathetic attitude toward the poor. He was able to shrug off such criticism and left office as one of the most popular presidents in history. In 1989 Reagan quietly retired to his ranch in Santa Barbara, California, where he wrote his autobiography. He eventually moved to a mansion in Bel Air.

In November 1994 Reagan informed the nation of his Alzheimer's disease diagnosis. After years of slow decline, Reagan quietly died on June 5, 2004, at his home in Bel Air and was buried at his presidential library on June 11, 2004.

SEE ALSO: Economic Inequality; Friedman, Milton; Redistribution; Republican Party; Supply-Side Economics; United States.

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Rebuilding Together

REBUILDING TOGETHER IS an organization bringing together volunteers intending to preserve and revitalize low-income houses and communities. The mission is to ensure that low-income homeowners, from the elderly and the disabled to families with children, are able to live in safety, warmth, and independence. Rebuilding Together seeks to re-create from history the tradition of neighbors helping each other in times of need, particularly the example of barn-raising, when a community would join together to help build a barn for a neighboring family.

A community of people working together is able to achieve more than its constituent members working alone. This was the motivation for a group of Texans who created Rebuilding Together in 1973. Its ideas slowly grew and spread until, in 1988, 13 similarly minded programs working on a similar basis joined together as part of the Christmas in April project and established an office in Washington, D.C. Subsequently, hundreds of other affiliate programs have joined the network to provide services in a thousand towns and cities across the United States. Services provided by Rebuilding Together include emergency repair and maintenance, home modifications, and protection against the elements.

Many of the more than seven million Americans in the lowest income categories spend more than the 30 percent of their income on housing, which is recognized by government as a warning signal of high-cost housing. In these cases, people find it very difficult either to repair old housing or to adapt it to changes in circumstances, necessitated perhaps by a change in the

number of people living together, health problems, or aging. Inability to meet these costs can result in exposure to disease and general ill health, not to mention increased likelihood of suffering crime and social problems. Problems are likely to be exacerbated in the future for demographic reasons, such as the increase in the number of elderly people. Climate change is also intensifying threats to housing and health from the weather. Improving houses through weatherization that is, for resisting the harsh effects of climate—has the additional benefit of helping to lower energy bills over the long term, which is also important for society as a whole. Home improvements can also reduce the risks of bodily harm to the elderly. Annually, one in three Americans over the age of 65 suffers a fall, and this results in more than \$20 billion in direct medical costs. This number is set to increase, as is the number of lowincome families, and the population as a whole.

Rebuilding Together is supported by a number of corporate sponsors, both financially and in providing time release for employees to join Rebuilding Together volunteer schemes. In addition, many professional construction organizations provide assistance. In 2004, it was reported that 96,300 families had received safe, dry housing as a result of Rebuilding Together's activities, and volunteers had provided more than \$93 million in market-value labor. The amount of support provided by Rebuilding Together, although very valuable to those who receive it, is only a very small fraction of what is required throughout the country.

SEE ALSO: Aged and Poverty; Habitat for Humanity; Homelessness; Housing Assistance; Shelter.

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Recession

A BUSINESS CYCLE IS defined as fluctuations in the real Gross Domestic Product (GDP) of a nation over the time. Along the business cycle, the economy expands and contracts between peaks and troughs. Contractions (recessions) start at the peak of the business

cycle and end at the trough. A recession is the stage in a business cycle when the real GDP of a country falls in two consecutive quarters in a year. When a recession is prolonged in a country, its economy will fall into depression. The duration and intensity of a phase in a business cycle vary significantly. No business cycles have the same length and intensity. For example, many post-World War II recessions were shorter and less intensive than the Great Depression of the 1930s.

CHARACTERISTICS OF A RECESSION

A recession is characterized by a decrease in consumer confidence and consumption. It affects investor confidence, which contributes to a reduction in investment. In other words, recession crowds out businesses because they feel pessimistic about the future. Thus, demand for investment decreases.

During a recession, both employment level and output growth decline. Nevertheless, the price level does not shrink rapidly. The price level will probably drop only if the recession is severe and lengthened, as in a depression. The cost of unemployment is the loss of production, the intensification of inequality, a bigger gap between the rich and the poor, and an escalation of human misery, according to economists.

Any recession or depression will disrupt economic activity and weaken economic strength for a long period. However, it does not mean that all recessions always entail acute and extended unemployment. Also, a cyclical peak does not always entail full employment and a high economic growth rate.

THE ROLE OF GOVERNMENT

During a recession, the government faces the challenge of a budget deficit because of lower tax revenue and social welfare commitments. Fewer jobs mean lower income tax revenue (assuming that the tax rate has remained the same). Higher unemployment means more people need financial assistance. Hence, government intervention through fiscal and monetary policies is needed to boost the demand for goods and services, which sequentially can help increase the levels of employment and output.

Fiscal policy refers to the adjustment of taxation and public spending. When a recession occurs, an easy/expansionary fiscal policy should be applied. This policy aims to reduce taxes and increase government spending, or a combination of these two tools, in order to reduce adverse effects of a recession. Lower income



When a recession occurs, one method that is used to alleviate the adverse effects is to increase the money supply in the market.

taxes will lead to higher disposable income, and thus households have more to spend, which increases the demand for goods and services. Lower corporate taxes can increase profit expectation and therefore can attract more investment.

Monetary policy refers to the adjustment of the money supply in the market. When a recession occurs, an easy/expansionary monetary policy should be applied. This type of policy aims to increase the money supply in the market in order to lower the interest rate. Lower interest rates will lead to higher consumption and financial investment.

Overall, the recovery of an economy from a recession depends on how soon and how well the government reacts to the crisis by implementing appropriate fiscal and monetary policies and other measures.

SEE ALSO: Depression, Great; Fiscal Policy; Inflation; Monetary Policy; Unemployment.

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Redistribution

THE EXPERIENCE OF the Great Depression in the United States and Europe brought about renewed thinking about the need for redistributive programs to remedy severe imbalances in monetary and material holdings between wealthy individuals and the poor. What would appear to be a rather straightforward effort to redistribute wealth from the "haves" to the "havenots" has proven to be difficult proposition, one that has been argued by economists and others on a number of levels.

One of the major sticking points is embedded in the controversy over the manner in which poverty can be reduced, and wealth in its many forms can be redistributed: should poverty reduction be accomplished through increased economic growth or direct redistribution?

The argument for economic growth specifies the "trickle down" outcome, which states that increases in wealth in the overall economy, through business expansion, will result in more wealth tricking down to lower-income families and will reduce levels of poverty. Programs of redistribution, on the other hand, use a more direct transfer method, rather than waiting for increases in wealth within the economic system to activate the trickle-down mechanism.

The historical record indicates that during the period from 1960 through the end of the 1970s, the trickle-down effect was positive. In 1960, prior to the War on Poverty, soon to be initiated in the Lyndon Johnson presidency, the poverty rate in the United States was 18.1 percent. By the middle of the 1970s, the rate had fallen to less than nine percent. However, by 1980 the rate began a steady rise, which continued into the new millennium. In 1990, the poverty rate had risen to 10.7 percent and in 2004 the poverty rate for individuals was 12.7 percent.

Although there have been some notable successes in redistribution efforts in the United States over the past several decades, it cannot be said that the goals of the War on Poverty have been met. Significant differences in the poverty rate can be seen within subgroups in the United States in 2005. The white population had a 10.8 percent rate, while the rate for the blacks was over twice as high at 24.7 percent. The Hispanic population was not far behind at 21.9 percent. Even more disturbing is the disparity between the rates for children under 18 (17.8 percent) and those 65 years of age and older (9.8 percent).

The rate for the older population cohort was partially explained by the accumulation of greater wealth through a lifetime of employment for most of them. However, the high poverty rate for children under 18 is distressing and reflects a shortfall in the trickle-down effect, already documented, and the inadequacy of the existing redistribution system. Allowing a high rate of poverty within the young people of the United States does not bode well for the future economic strength of the country.

The redistribution system in Europe is much more effective. There are a number of "safety nets" in place in European countries that disallow the development of extreme inequities. For example, government expenditures on social programs in the United States average approximately 30 percent of the Gross Domestic Product (GDP), while in European countries social spending is at 45 percent or higher. The difference is indicative of Europe's greater expenditure on social welfare programs, which effectively shift money from the wealthy to the poor.

The immense inequities in wealth remain obstinately in place.

The vast differences between rich and poor countries at the global level suggest the literal absence of a truly equitable redistribution system. Although the United Nations and other world bodies have continually stressed the crucial importance of addressing the plight of poor people in the developing world, the immense inequities in wealth remain obstinately in place. Countries like Japan, the United States, and other developed nations have annual per capita incomes reaching or surpassing \$30,000. Many countries in sub-Saharan Africa have vast populations barely surviving of less than \$1 per day per capita. Disparities of this

magnitude demand that more efficient redistribution systems be immediately put in place. Implementation of a system of this magnitude would require an effective global governance organization and an effective global redistribution mechanism, a scenario that is far beyond the current capability of the United Nations.

SEE ALSO: Economic Growth; Economic Growth and Poverty Reduction Strategy; Economic Inequality.

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Regulation

REGULATION IS "A SPECIFIC set of commands or rules" that are set and implemented by government or other authoritarian agencies, as defined by R. Baldwin and M. Cave, to achieve certain economic, social, and political goals. D.J. Gow argues in *Business-Government Relations: Concepts and Issues* that government uses regulation as a tool to persuade or to request or forbid certain activities by individuals and organizations. Regulation is implemented by specific appointed regulatory and enforcement government agencies.

Regulation is usually considered a form of restriction of undesirable behavior and activities and aims at preventing the occurrence of such behavior or activities. Nevertheless, regulation can improve market efficiency and increase the protection of some groups of citizens who will be more disadvantaged without government interference.

Economic regulation provides guidance to businesses in certain industries in order to ensure their best practices, and to achieve goals in the public's interest. Examples of such regulation are price control, quotas, and the promotion of free and fair competition. Social

regulation aims to achieve social goals that can generate benefits to the community, according to H. Colebatch et al. These regulations usually relate to environmental protection, consumer protection, workplace safety, and occupational health. Functional regulation may or may not be directly inflicted on business, but may influence their operations in terms of costs; for instance, a green tax or rules on land use.

At the microlevel, regulatory and legal systems affect the ability of firms to enter or exit the industry, to employ and sack employees, to enforce agreements and contracts, and many other business and operational activities, as described by the Cato Institute. At the macrolevel, regulation affects economic growth, social development, and political stability.

Government needs to correct the distortions caused by market failure and needs to improve market efficiency. Government creates a conducive environment for all sectors by providing the proper legal framework and ensuring the enforcement of law. The most popular form of government intervention is setting laws and regulations to command and control certain activities. Trade legislations contribute to the stabilization of the economy. Social policy can help to tackle poverty.

Government can also give incentives to the involved parties in order to encourage desirable economic and social activities, such as regulation on environmental protection. In some cases, government can take direct action to punish wrongdoing. Government can also harness the market by setting competition laws to ensure a free and fair business environment for all stakeholders. Competition regulation also makes sure that consumers receive sufficient protection when conducting commercial and financial transactions.

ARGUMENTS FOR REGULATION

The pro-regulation school argues that regulation is important for the provision of a basic regulatory framework (minimalist view), efficiency, convenience, and welfare.

According to the minimalist view of Colebatch et al., stakeholders in society need a basic regulatory framework to "make self-interested exchanges." Without law and order, the market would be in chaos, agreements could not be put into effect, and fair business and competition would not be in compliance. There would not be sufficient confidence for sellers and buyers to conduct transactions without fear of unfair treatment. Thus, it requires a certain degree of government

intervention to ensure that market exchanges happen in an orderly fashion.

The second rationale for regulating is the occurrence of market failure or market inefficiency. In this case, government interference is needed to correct the market. According to the Asian Development Bank, market failure is defined as:

The inability of a system of market production to provide certain goods either at all or at the optimal level because of imperfections in the market mechanism; or the inability of a system of markets to fully account for all costs of supplying outputs. Market failure results in the overproduction of goods and services having negative external effects and the underproduction of goods and services having positive external effects. Market failure occurs for different reasons, for example, inadequate information, inadequate capacity, regulation of the movement of labor and capital, or rent-seeking behavior by producers. The existence of market failure provides a case for collective or government action directed at improving efficiency.

The essential categories of market failure are public goods, externalities, asymmetric information, monopoly, income redistribution, and windfall profit.

Public goods have the two characteristics of nonexclusion and nonrivalry. Nobody can be excluded from the consumption of such goods and everybody will enjoy the same level of satisfaction when consuming such goods. The problems of the free rider and moral hazard occur when everyone wants to consume the goods, but few want to pay. Excessive consumption of the goods "without regard to the resource costs" will harm society, according to Robert Baldwin and Martin Cave. Therefore, government needs to intervene by providing public goods. Nonetheless, regulatory constraints may be necessary to deter excessive consumption of these goods. A good example of public goods is medical care.

Externalities happen when the price of a good or service does not reflect the actual cost to society. In other words, the consumption of a good or service will incur benefits (positive externalities) or costs (negative externalities) to third parties. Regulation is essential to encourage the production and consumption of products that can generate positive externalities, such as education. Government should subsidize educational costs so that more people can enjoy education, because

education is one of the factors that can empower individuals to have more job opportunities, and thus it can contribute to the elimination of poverty caused by prolonged unemployment. Regulation can also deter the production and consumption of products generating negative externalities, such as the consumption of cigarettes. In this case, government should discourage negative externalities by imposing higher taxes or setting quotas to limit the quantity of goods sold.

An asymmetric situation occurs when consumers cannot receive sufficient information or receive imprecise/incorrect information, which may reduce their ability to make the best decision during a purchase. Some suppliers may not fully disclose the required information about their products and services, business registration, and terms and conditions in contracts. Some dishonest merchandisers may mislead consumers by providing distorted information or by colluding with other traders to reduce the flow of information.

Monopoly occurs when there is only one large supplier for the entire market. This supplier provides unique goods or services that have no close substitutes, that is, consumers cannot replace these goods and services with others. There are extensive barriers for new firms to enter the industry, or for the existing firms to remain in the market. In this scenario, the market is inefficient because of the lack of competition. The supplier has power to manipulate the quantities and prices of goods or services in the market. Hence, the market can be corrected by competition regulation (antitrust law) in order to create a favorable environment for free and fair business.

Nevertheless, such competition laws may not be applicable to a natural monopoly. Natural monopoly takes place when the cost of production increases when there is more than one firm in the market, because of the large economies of scale available in the production process. In this circumstance, government allows a natural monopoly to operate.

Income redistribution may help to close the gap between the rich and the poor. Information about poverty rates, indicating the types of family units that need financial and social assistance, is necessary for the design of policy related to social security. Usually taxation and transfer payment systems are used to address income redistribution issues.

Regulation is also necessary when a company can enjoy windfall profits by getting cheaper sources of supply, or when an organization has anticompetitive behavior and predatory pricing, or there is unequal bargaining power among the involved parties. Competition regulation will improve consumer protection and create opportunities for firms of any size to have an equal chance to compete in the market.

Regulation can create standards that can help avoid inconvenience to the society. Without regulation, each individual or each group will take for granted that it can do it wants, when it wants, and for its own interests. For example, without traffic rules in a country, each driver does not know what side to drive on, or how to avoid other vehicles. At an international level, conventions of units of measurement, financial requirements, and trade agreements are necessary for different countries to engage in trade.

Regulation is needed when the market cannot function properly.

Without regulation, self-regarding exchange can still take place, but the possible outcomes may be undesirable in terms of social and cultural values. For instance, primary education should be compulsory and cultural, and sport activities should be subsidized because they are considered socially desirable for everyone, per Colebatch et al. Many people are not able to afford these activities, and thus they rely on government assistance. Regulations on safety in the workplace, on healthcare, and on the speed limit can also enhance social welfare. Antidiscrimination acts, the provision of public and merit goods, and transfer payments can ensure equity and equality for all. These regulations should help prevent some groups of people, such as minorities, the disabled, and women, from being marginalized from the mainstream of the economy.

Other rationales for regulating are "scarcity and rationing, rationalization and coordination, planning," income distribution, and merit goods, according to Baldwin and Cave. Resources are limited, while wants are unlimited. Government can fix market failure by allocating scarce resources to produce goods and services that are essential to the public and cannot be effectively and efficiently produced by the private sector. Overall, regulation is needed when the market cannot function properly, or when social and economic goals are not met by nongovernment activities within society.

ARGUMENTS AGAINST REGULATION

It is inevitable that regulation can affect all activities in society. M. Siddiqi argues, "a well-regulated and open

market economy is a powerful tool for growth and poverty alleviation in developing countries." However, bureaucratic and political processes and other impediments affect the implementation of regulation. The desired outcomes of a specific set of regulations may not be achieved, or the actual outcomes may cause adverse effects.

The World Bank also finds that regulation is associated with bureaucracy, red tape, higher operation costs, and delays, which in turn lower productivity. It is costly to comply with regulation. Thus, governments in many countries are encouraged to implement pro-business policies in order to provide a favorable business climate. Too many regulations or too frequently changed and unclear regulations, uncertain policies, as well as an unstable macroeconomy will discourage investors. In addition, lack of regulation on foreign investment, property rights, and copyrights, and lack of regulation dealing with corruption and red tape will crowd out domestic and international investment.

There is a tradeoff of different values among different groups when regulation is imposed. A regulatory framework may be efficient and justifiable at a certain time and to certain groups of recipients, but it may not meet public and business expectations at another time. Thus, no sets of regulations can remain static. Consequently, governments must continuously look for new economic approaches to improve the policymaking process in order to address social, economic, and political issues.

REGULATORY REFORM

Regulatory reforms have been taking place since the late 1970s. Deregulation, coregulation, and self-regulation have been introduced in order to reduce the burden of public service and public spending. A significant reduction in economic regulation and an increase in social regulation will lessen the operational costs for businesses, and reduce barriers to entering and exiting the market. De-regulation empowers local and state governments to have more autonomy in addressing issues in their jurisdiction. Coregulation calls for more involvement of the private sector and civil society. Self-regulation requires an organization or an industry to develop its own codes of conduct or a system of rules that are applicable to its members.

Overall, regulatory reform aims to enhance the effectiveness, efficiency, accountability, transparency, and democracy of the regulation-making process and implementation. In short, although it may help to correct

market failure, regulation, which benefits only a certain group or benefits a person by a small amount, may not appeal to politicians and the public.

SEE ALSO: Economic Liberalization; Fiscal Policy; Foreign Direct Investment; *Laissez-Faire*; Market Efficiency; Public Goods; Redistribution.

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Relative Deprivation

RELATIVE DEPRIVATION replaced notions of absolute poverty as the most important factor to be taken into account in understanding the objective and subjective consequences of inequality. Its prominence in inequality research has strengthened because measures of absolute poverty are unable to adequately describe the experiences and consequences of economic inequality among countries with differing living standards, or within countries that, despite increasing levels of prosperity for the population as a whole, still experience deprivation for those at the lower end of the wealth distribution. In the second circumstance the term has become closely linked with the social policy concept of social exclusion. Whereas absolute poverty relates primarily to material deprivation and subsistence, relative deprivation better takes account of multiple deprivations and how factors other than material subsistence, notably psychosocial factors and discrimination, combine to produce experiences of poverty.

The term was first employed by S. Stouffer et al. and given later comprehensive treatment in relation to social justice by W. Runciman. Stouffer identified a psychosocial component of relative deprivation, believing it to emerge when members of a society compared themselves unfavorably with others (real or imagined)

in similar situations. Early in its development, this form of comparison with one's reference group was thought to be an important engine of political change, especially by J. Urry; however, later analyses have tended to highlight the negative or pathological aspects of this comparison for the individual and wider society.

R. Layard has suggested that happiness has declined as wealthy societies have become richer, linked in no small part to consumer economies encouraging aspirant comparison. Relative deprivation also produces problems for societal cohesion and can be linked to increases in crime and related to the "epidemiological transition" of wealthy societies whereby population mortality rates are no longer linked to per capita economic growth but to levels of inequality within a given society, according to author R.G. Wilkinson.

The growth of materialism and inequality are crucial to understanding rising crime rates in affluent societies. Although the psychosocial mechanisms (or individual motivations) are inferred (and make intuitive sense), they are not explored scientifically. In linking health inequalities to economic inequality, some researchers do, however, provide a testable model.

In affluent societies the preeminent trends in population mortality and morbidity are related to the so-called diseases of affluence that affect individuals in an inverse relationship to their place on the socioeconomic ladder.

These nations have high measures of absolute living standards, such as central heating, televisions, refrigerators, telephones, and other consumer goods, and access to nutritious diets. There is evidence to suggest that feelings of subordinate social status initiate physiological pathways related to stress that are detrimental to individual health even when access to material components of subsistence is controlled, as noted by M. Marmot and Wilkinson.

An operational problem with the concept of relative deprivation is that all societies with inequality will have those who exist at a level below average and, by this definition, they are described as poor. It also requires a concept of need that constantly changes to reflect the dynamism of a particular society and a change in what is seen as an average lifestyle.

As societies acquire wealth and become technologically advanced, these standards are less likely to be reached by those on low incomes. For example, the growth in car ownership and public policies aimed at supporting car use (such as investment in roads over public transport) can impact those without access to cars, as amenities such as shops and leisure destinations

located in out-of-town developments and roads become more hazardous to pedestrians. It is in this regard that a concept of social inclusion can be useful in identifying the ability to take part in activity deemed normal for that society as a crucial component of a definition of deprivation.

The government of the United Kingdom adopted a relative income standard of poverty after P. Townsend's work on the persistence of poverty in that country. This has been set at 50 percent or less of the national average income. However, Townsend himself has highlighted difficulties with this definition, claiming it is an arbitrary line and that economic inequality can be mediated by factors such as the nature of a country's welfare system and the individual's lifestyle that is associated with material shortage but is not the same as the shortage itself.

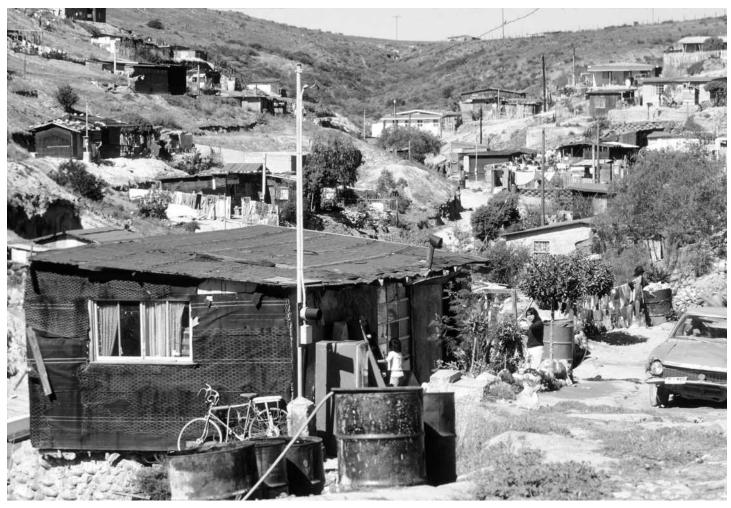
SEE ALSO: Definitions of Poverty; Income Inequality; Social Exclusion; Standard of Living; United Kingdom.

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Relative-Income-Based Measures of Poverty

RELATIVE INCOME MEASURES of poverty typically identify the poor as being below a specific income threshold, such as 50 or 60 percent of the median income, for the country in which they live. The median income is the income figure that divides a society's income distribution into equal parts such that half of the population have incomes above the median and the other half have incomes below. At 50 or 60 percent of the median, a person is deemed to be much worse off than the societal average. If the median income is \$300



People perceive themselves relative to one another: relative income measures of poverty measure one's distance from the norm, in terms of income, within a specific community.

per week and the poverty measure is set at 50 percent of median income, then a weekly income of \$150 per week would be considered poor.

Relative income measures of poverty are the commonly used basis for international comparisons of poverty, especially for comparisons of child poverty. The European Union (EU) views this as the "risk of poverty rate." Not all people whose incomes are below the median threshold are living in poverty, but the EU identifies their situation as being at risk of becoming poor.

Unlike absolute measures of poverty, which measure one's inability to meet certain basic needs, relative income measures of poverty measure one's distance from the norm, in terms of income, within a specific community. Relative income poverty measures, in addition to providing a picture of the prevalence of poverty within a specific political community, such as a nation

or province, also offer a measure of the degree of inequality. Relative income measures of poverty can provide insights into the depth of poverty within a society by showing the distance and distribution of people from the income norm. Interpretations of this distance and distribution reflect views about how wide a gap between members of the same society is acceptable.

Relative income measures of poverty show that incomes at different levels do not grow at the same rate. Typically, low incomes grow at a slower rate than higher incomes. For one thing, poor people's jobs tend to provide income raises or promotions less frequently and at lower levels. Precarious work, which leads to serial employment at entry-level rates, also slows income growth for poor people. In addition social transfers, such as welfare or disability payments, which poor people often have to rely on, grow at much slower rates, if at all, than rates from employment and profit. Thus even in a pe-

riod of income growth the instance of relative poverty might not drop.

A weakness of such measures is that they do not show an increase in poverty in periods such as an economic downturn, when personal income is declining and poverty may actually be increasing. The reason is that unemployment will reduce the median income along with the income of poorer households.

Being poor means having no access, or having only tenuous access, to resources.

The Organization for Economic Cooperation and Development (OECD), a mainstream economic organization, argues that relative income measures of poverty are preferable to absolute measures of poverty since such measures have little meaning in advanced industrialized societies where virtually everyone earns more than \$1 or \$2 per day. Understanding poverty means going beyond a focus on the deprivation of basic needs and looking at one's exclusion from the standards of living broadly available within one's community.

The OECD suggests that in order for people to participate fully in the social life of a community, they require a level of resources that is not too far below the norm for that community. Even further, the OECD argues that from an ethical perspective social development can be considered unfair when members of a community do not benefit equally from an overall increase in prosperity.

Social justice advocates prefer the use of relative income measures of poverty as opposed to so-called absolute poverty measures, since they reflect that poverty is experienced as a position of marginality or distance in relation to a society's general, or mainstream, standard of living. Many crucial social indicators, such as health and literacy, are linked to people's relative income within society rather than to their experiences of absolute deprivation.

Beyond reference to any absolute income number, being poor means having no access, or having only tenuous access, to the resources or opportunities that are regarded as being necessary for personal or social well-being at a generally acceptable level. Simply put, it makes a difference whether one's income is \$20,000 in a society where the median is \$60,000 as opposed to earning \$19,000 in a society in which the median is \$17,000.

Nobel Prize-winning economist Amartya Sen's research shows that countries with a similar GDP (Gross

Domestic Product) exhibit important differences in terms of poverty, and these differences are related to the gap between incomes for the poor and those for the rest of society. Poor African Americans have a lower life expectancy than citizens of some poorer countries despite having higher absolute incomes.

Relative income rates vary considerably among countries, suggesting to social policy analysts that relative income poverty can be significantly lowered in specific contexts through changes in social transfer systems and increased minimum wages.

SEE ALSO: Absolute-Income-Based Measures of Poverty; European Relative-Income Standard of Poverty; International Poverty Rates; Poverty Rate.

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Relative Welfare Index

AN INDEX IS AN organized list of indicators that point to the location of specific instances of the indicator. Or it may permit meaningful comparisons among widely varied populations. A welfare index is a statistical indicator that provides a representative number to indicate poverty. It may also be used as a poverty measure or a benchmark against which other poverty indicators can be measured. It is relative because it is compared with other statistical indicators.

Indexes are used in many economic areas. In the area of investments they provide guidance for investors. Economists also use the Consumer Price Index (CPI) to measure changes in the price of a market basket of goods. The index is composed of a basket of goods, but these are also priced relative to a "normal" year.

The Housing Price Index (HPI) is used to measure the cost of housing. This index tries to incorporate fluctuations in interest rates, season of the year, age and condition of housing, location, and other factors. For people who are working to invest in the poor as human capital, similar statistical measures for effectively investing in humans can be used. These indicators are not simply for providing relief, but providing growth to selfsufficiency is the investment goal.

The relative welfare index is a measure of the complex social, economic, and individual issues that are involved in measuring welfare. Two or more indexes may be combined to form an aggregated total index. For example, a health index may be combined with an environmental index. This could be an indicator that is predictive of the life expectancy of mothers, alcoholics, or others. The statistical use of indexes allows decision-makers to combine different sets of information in ways that provide mathematical answers to questions about the needs of the poor and the supplies that will be needed to meet their needs.

The use of indexes allows variables to be standardized in ways that allow for comparison across geographic areas or population groups. For example, a welfare index for a country would include not just food, but activities such as recreation that are important for human well-being.

The relative welfare index could be constructed as a standard index that allows all countries to be compared. It could also then show arithmetical means and other standard statistical descriptions of populations, but as they compare relative to each other. Equal weights for each variable are used so that the variables of economy, level of education, health, environment, leisure time, income, age, and many more factors can be compared from country to country with meaningful results rather than with mere anecdotal descriptions.

A welfare index would include not just food but activities such as recreation.

The use of a relative welfare index can show that a country like the United States may rank high in income, but may be much lower in other areas, so that other countries with lower incomes may actually have higher conditions of relative welfare as general well-being. This is rather like saying that while people in one area may be poorer when compared by income with people who are rich, the people who are poor may actually be much happier than the rich. Consequently the poor may have a higher relative welfare index since their general conditions of life bring greater satisfactions.

The use of a relative welfare index can allow for different components to be introduced or withheld. The use of variable index components can permit research analysis by manipulating the elements in the welfare index and is valuable to policy planners.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Human Development Index; Human Poverty Index; Relative-Income-Based Measures of Poverty.

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Religion

VIEWS OF POVERTY AND ITS meanings in the world's major religious traditions—Judaism, Christianity, Islam, Hinduism, and Buddhism—are complex and at times contradictory, as reflected in scriptures, religious institutions, social practices legitimized by religious principles (such as the giving of alms to the poor), and the emergence of sects, movements, and reformist or millenarian trends within, or outside of, established churches or hierarchies.

Three views of poverty find their expression in practically all of the major religious traditions: 1) voluntary poverty, which can be seen as a part, but not the entirety, of an ascetic way of life, as a means of seeking spiritual perfection or union with God, an idea that is especially prominent in Hinduism, Buddhism, and Christianity; 2) poverty as a necessary condition in a sinful or fallen world, and an opportunity for more fortunate believers to exercise the prime religious virtue of charity for the benefit of the poor and the donors' own salvation; and 3) the attempts, by prophetic or millenarian movements that claim divine inspiration, to overthrow the unjust social order in which the poor are exploited by the rich, and create a new world of equality; such revolutionary events were, before the French Revolution, usually religious rather than secular in nature and in many countries in the Third World retain their religious character.

It has been common for those who compare religious traditions to emphasize their differences, often with less than disinterested motives. Christian missionaries in India and China during the 19th century re-

ported to congregations back home on the alleged fatalism and self-centered nature of Hinduism and Buddhism—their preoccupation with individual salvation rather than helping one's fellow man—without acknowledging that Hindus and Buddhists had their own social welfare institutions and viewed charity (among Buddhists, *karuna*, or "compassion") as a prime religious duty. Along with images of the "desperate starving masses" of Asia, these representations were meant to legitimize the Christian missionary enterprise.

In fact, most religious traditions emphasize the importance of some form of self-imposed poverty as a way of overcoming the sinful attachments of the world, put a high value on charity, and sometimes pose radical visions of a world remade, "at the end of time," when there will be no more rich and poor. These themes are a reflection of what could be called not only the commonality of human nature, but also the development of that nature within a specific evolutionary context: the emergence of cities and organized states in ancient times, and the parasitic relationship between the nonagricultural urban population, particularly its elites, and the countryside.

City-states emerged in the valleys of the Tigris, Euphrates, Nile, and Indus Rivers as early as the 4th millennium B.C.E., and the later appearance of the so-called world religions took place in distinctly urban contexts: Gautama Buddha, scion of a prominent family in a north Indian city-state in the 6th century B.C.E., achieved enlightenment in the wilderness but returned to the cities of the Ganges Valley to preach his doctrine.

Christ's preaching brought him from Galilee to Jerusalem, the city of Kings David and Solomon, and early Christianity spread within the urban centers of the Roman Empire (so much so that the Latin word paganus, which originally meant "rustic" or "country person," came to have a meaning nearly synonymous with "heathen"). Muhammad was a native and merchant of Mecca, an ancient metropolis that is now Islam's holiest city, to which millions of Muslims make annual pilgrimage.

Indeed, if any basic contrast needs to be made among the diverse religious views and practices of human beings, it is between the universalism of the major religious traditions (what Max Weber called "salvation religions"), which emerged in urban or urban-rural contexts, and the folk religions—often described as animism or spirit worship—that typify the religious life of preliterate or preurban societies, most of which have been isolated from urban centers and contain small, technically unsophisticated populations. Animist

religions—such as those found in the remoter parts of Africa, Asia, and Oceania—tend to sanctify distributions of power and property (for example, among chiefs, commoners, and slaves) in a manner that is more absolute and unyielding than the religious values of more complex societies, which can uphold, but also challenge, the economic-political status quo.

Archeological evidence suggests there was no contrast between poverty and wealth.

For example, in the hierarchical society of the Chins of the mountainous Burma-India border area, the chief (ram-uk) was not only ruler and war leader but the holder of wealth, controller and distributor of tribal and forest land, and, most significantly, the tribe's chief priest, the major link between the Chins and their guardian or ancestral deities.

The foundation of ancient cities involved not only hitherto unimagined concentrations of human beings of diverse backgrounds, but also the creation of coercive mechanisms (the state) to forcibly recruit laborers for building projects (for example, the Hebrew slaves who built the tomb-cities of the pharaohs in the Book of Exodus), to fill the ranks of armies that warred with neighboring states, and, most fundamentally, to extract resources from adjoining rural populations.

Both within the city and between the city and the rural areas that nourished it, one could see unprecedented gaps between rich and poor that posed spiritual as well as economic questions: "Again I saw all the oppressions that are practiced under the sun. And behold, the tears of the oppressed, and they had no one to comfort them!" (Ecclesiastes 4:1). The inhabitants of preurban Neolithic farming communities, the principal form of human settlement in agriculturally favored parts of the world before the emergence of cities, may not have been equal in material terms, but archeological evidence suggests that there was no great contrast between desperate poverty and luxurious wealth, as was later the case.

Tax collection and the imposition of forced labor or *corvée* are necessary for the sustenance of urbanbased states, and the resentment they generate among the common people has long been a theme in world literature (for example, the description of officials as "big rats" devouring the farmers' grain in the ancient Chinese Book of Odes). Indeed, the history of cities over the millennia has not only been one of conflict between

the urban rich and poor, including large populations of slaves in antiquity, but also a tug-of-war between city and countryside that was sometimes expressed in millenarian revolution, but more often in fatalism, passive resistance, or deception on the part of the rural exploited. It is in these contexts that distinctly religious attitudes toward the problem of poverty emerged: that it is to be embraced, ameliorated, or overthrown.

VOLUNTARY POVERTY (ASCETICISM)

The renunciation of worldly possessions and comforts by the religious adept—whether he or she is the founder of a religion such as the Buddha, a saint such as Francis of Assisi, an ordinary priest or monk, or a layperson leaving the world in search of spiritual renewal—is a universal theme based on the fundamental principle of transcendence found in the major or salvation religions: that some spiritual realm, embodying God or Truth, stands above, or apart from, the world of appearances in which men and women dwell, and that the person who aspires to spiritual calm, enlightenment, or an intimate relationship with God must sever his or her attachments to this physical world, including material possessions.

In Hinduism, four values are defined as especially appropriate to the different stages of a person's life: as a youth, a person pursues *kama*, or pleasure; as a younger adult, *artha*, wealth and power; as an older adult, *dharma*, or one's duty within the social sphere; and finally, in old age, *moksha*, spiritual liberation, which entails the casting off of one's worldly identity and appetites. In his short story "The Miracle of Purun Bhagat," Rudyard Kipling eloquently captures this idea in telling of a high-caste Brahmin, formerly the prime minister of an Indian state, who leaves his post and family and spends his final years as a cave-dwelling hermit in the Himalayas, his only possessions being an offering bowl, a staff, and a robe and his only companions the beasts of the hills.

Buddhism, which grew out of Hinduism, supplies the prime example of this justification for voluntary poverty: according to its teachings (the Four Noble Truths), suffering, which is inherent in life and unavoidable ("life is suffering"), is caused by the desire to be attached to those things or persons one likes (and conversely, to be separate from those which one dislikes). In addition, Buddhism teaches impermanence: that all things, including the self, are subject to decay and death (though also rebirth), and that true refuge cannot be found in the things of the world.

The ultimate goal is to radically separate oneself from the world and attain *nibbana/nirvana*, release from the cycle of rebirth and suffering, a difficult concept understood imperfectly even by Buddhist scholars, but which is compared to the extinguishing or snuffing-out of a candle: not a kind of heaven (though a Western paradise figures in some schools of Buddhism) but complete liberation from worldly forms and attachments.

Buddha seems to have been representative of certain elite individuals in ancient India who, enjoying unprecedented power and prosperity, grew tired of worldly delights and sought a spiritual realm, finding it initially in India's long-established tradition of world-renouncing ascetics (sannyasins). It is significant that ancient cities such as the one in which he lived generated this world-weariness, for it is difficult to imagine its emergence among the simpler communities of rural villages, or in the pre-urban age, when the overriding concern was physical survival in an economy of universal scarcity.

It is better to teach a man how to fish than to give him fish to eat.

One evening, following what seems to have resembled a Roman-style orgy, Siddhartha (as the Buddha was known before his enlightenment) looked upon the exhausted partygoers with profound disgust, and resolved to undertake the Great Going Forth, leaving his father's palace and becoming a mendicant. His renunciation of all possessions (save for those needed for his homeless existence, such as his robe, staff, and begging bowl), worldly status, and power is reenacted by those men and women who become Buddhist monks and nuns. In Burma, young boys who enter the sangha or monkhood for a brief period of time, an important life-cycle event for males, undergo the shinbyu ceremony: first dressed in the garb of a prince like Siddhartha, shaded from the sun by ornate umbrellas, a sign of royalty, they are taken on horseback to a monastery, where they don the saffron robes of a monk and have their heads shaved

This cutting-off of the hair, which Buddhist nuns also undergo, is most symbolic of the vow to cut one-self off from the world. Buddhist monks in Myanmar, Thailand, and Sri Lanka, where the Theravada school of Buddhism is strongest, in principle do not own property, are not allowed to earn or handle money (the fi-

nances of monasteries, temples, and pagodas being the responsible of specially appointed laymen), and live according to strict rules (the *vinaya*, allegedly set down during the lifetime of the Buddha), which regulate in precise detail their interactions both inside and outside the monastic community.

The spiritual value of poverty is also recognized in Western Christianity, and its most amiable representative was St. Francis of Assisi, whose life in some ways resembled that of the Buddha. Like Siddhartha, he was born into wealth, the son of a prosperous cloth merchant in northern Italy. Though he had many friends among the local nobility and a youthful taste for worldly pleasures, he became disillusioned with them (according to some accounts, after a bout of illness) and showed an indifference to the making of money that caused him to break with his father, renouncing his inheritance and becoming a hermit living in the hills around Assisi.

Following Christ's admonition in the Gospel of Matthew that he who sets off to proclaim the Kingdom of God should "take no gold, nor silver, no copper in your belts, no bag for your journey, nor two tunics, nor sandals, nor a staff." His asceticism was comparable to that of the Buddha himself. He and the order of friars that he established in 1209 preached to the masses and ministered to their suffering, while refusing comforts or material possessions.

Yet there is a fundamental difference between the Hindu and Buddhist idea of the spiritual value of poverty and that of the Christian: for if in the former, voluntary poverty was a means of severing worldly attachments and achieving liberation, for the latter it was seen as obeying God's commandments, a celebration of his creation, and as such was intimately linked with the idea of charity.

CHARITY

The commandment to be charitable toward those less fortunate than oneself is found in practically every culture in some form; it is mentioned in the Sumerian, Egyptian, and Babylonian inscriptions (including the Code of Hammurabi, ca. 1750 B.C.E., which enjoins that the poor not be treated unjustly), and plays an important role in Jewish ethics: in the Talmud, giving alms to the poor is described as both the recipients' right and a means for the donor to acquire merit in the eyes of God.

The Jewish thinker Maimonides argued that it is better to give small sums to the poor over a long period of time than to give a single large sum all at once, since the long-term giving of small amounts promotes the habit of generosity. The highest form of charity (tzedakah in Hebrew, a word derived from "justice"), he claimed, was to enable the poor to have the opportunity to gain a livelihood and become self-sufficient, a wise variant on the popular saying that it is better to teach a man how to fish than to give him fish to eat.

The long history of Jewish thought on the godliness of giving to the less fortunate contributed to the adoption of welfare state policies in Israel when it was established in 1948, and the creation of communities, especially the *kibbutzim*, which stressed solidarity, economic equality, and joint (if not socialist) ownership of property.

Based on a foundation of Old Testament teachings, Christianity—with its unique claim that "God so loved the world that he gave his only Son" (John 3:16)—places charity at the core of its doctrines: the word *charity* itself is derived from the Latin word *caritas*, which is synonymous with the Greek *agape*, meaning "nonerotic love," encompassing not only the idea of God's love for man and the ideal love that Christians ought to feel toward each other ("This is my commandment, That ye love one another, as I have loved you"—John 15:12) as fellow believers, but alsolove toward their (non-Christian) neighbors ("you shall love your neighbor as yourself"—Matthew 22:39) and even their enemies ("do good to those that hate you, bless those who curse you, pray for those who abuse you"—Luke 6:27–28).

The equivalence of charity with love shows it was originally a much more fundamental and interesting concept than the word's present-day usage, often meaning little more than a voluntary (and tax-deductible) form of social welfare: "And now abideth faith, hope, charity, but the greatest of these is charity" (I Corinthians 13:3).

That charity must be reflected in action as well as in the heart is seen in the vocation of not only St. Francis but in an earlier church figure, St. Martin of Tours, who as a young man served as a legionary in the Roman army in Gaul. Seeing a thinly dressed beggar freezing in the cold of winter, he cut his military cloak in half and gave one half to the man. Later he had a dream in which he saw Jesus, who said, "here is Martin, the Roman soldier, who is unbaptised; he has clad me." For in giving to the poorest and most unfortunate, the story of St. Martin tells us, the faithful donor gives to the Savior himself.

Because charity meant to be an expression of the Christian's love of God and his desire to fulfill God's



A Buddha statue in Bangkok, Thailand, emphasizes compassion toward all living things, including the poor.

commandments, it necessarily has both an internal and external dimension; that is, both a proper motive, based on faith and love, and consequences. Giving to the poor, to those less fortunate than oneself, does not count as charity if it is marked by ulterior motives.

One would not claim, for example, that the German chancellor Otto von Bismarck's institution of social security programs in imperial Germany in the 19th century was an act of Christian charity, for its objects—promoting national unity, drawing the German working classes' support away from the alternative of social revolution—were not particularly holy. The purity of heart that characterizes true acts of charity—such as those of Sts. Martin and Francis, or a modern figure such as Mother Teresa—also precludes the self-

serving complacency that the wealthy often feel when they donate a small amount of their fortune to the poor, either at home or in distant countries. Christian charity, in its purest (and most saintly) form, is truly radical in the sense that it dissolves the reassuring barrier between Self and Other that makes us see other people, the wretched of the earth, the unwashed, the unclean, as "different" from ourselves and thus not worthy of serious consideration. Such charity is, in fact, a most rigorous asceticism.

The charitable approach to poverty in Christianity was strongly institutionalized in the medieval church, which defined the distribution of goods to the poor as a duty. By the 10th century, the monasteries assumed the major role in charitable activities, especially the Benedictine, Cistercian, Franciscan, and Dominican orders of monks and friars, who established hospitals throughout Europe; these institutions not only cared for the sick and the dying, but gave shelter to poor people and wayfarers.

It is also reflected in the Christian missionary movement, which extends back to the earliest years of the religion ("go ye unto all the world") and which, among the world's faiths, is matched only by the proselytizing zeal of Muslims. By the late 19th century, Catholic and Protestant missionaries operated in tandem, if not necessarily in cooperation, with the European and American colonial empires established in Asia, Africa, and Oceania, and many of them were convinced that the Christianization of the world was imminent. At that time, a controversy emerged among Protestants between those who saw the missionary's primary duty as administering to the spiritual needs of non-Christians (evangelization) and those who promoted a "social gospel," building hospitals, orphanages, food kitchens, and schools to improve their standards of living, and even offering instruction in agronomy and other practical sciences.

By such good works, they argued, the way to Christ could be opened up for the poor people of Asia and Africa who otherwise would be unconvinced by preaching, which those missionaries of an evangelistic turn thought was not only necessary but sufficient for their vocation.

The roots of modern movements to combat poverty, disease, and social oppression around the world are found in the work of the "social gospel" missionaries, and the needs they encountered in countries such as China and India—home to famine, disease, female infanticide, drug abuse (including consumption of opium brought to China by Anglo-American merchants),

and rampant superstition—seemed at least as urgent as those encountered at home. Some of the most successful missionaries were those who ministered to marginal or tribal peoples in the Asian hinterland.

The 19th-century Baptist missionary Adoniram Judson worked among the Karens of southern and eastern Burma, an undeveloped tribal people dismissed by the Buddhist Burmans as "the cattle of the hills"; not only did he and his successors provide the Karens with schools and hospitals, but they devised a writing system for the Karen language, standardized its various dialects, translated the Bible and other books into Karen, and fostered a sense of pride and identity among Karen converts that won them a place in the mainstream of colonial Burmese society.

Zakat is a compulsory donation required of all Muslims.

Islam also has a well-established tradition of charity, embodied in the *zakat*, which goes back to the time of the Prophet Muhammad and is one of the Five Pillars (basic duties) of the religion. This is a compulsory donation, required of all Muslims, that is given to less fortunate believers, including not only the poor but wayfarers and those who wish to free themselves from bondage or slavery. Mecca, before Muhammad established Islam as its religion, was a largely pagan place characterized by oppression of the poor by the rich, and the *zakat* emerged as a way of supporting the small and beleaguered community of early Muslims.

Today, the wealth generated by oil exports has enabled countries such as Saudi Arabia, the United Arab Emirates, and Brunei to aid poorer Muslim countries such as Pakistan and Bangladesh, building schools, hospitals, and public works projects, and helping out during natural disasters.

One of the *Jataka Tales*, which recount the lives of the Buddha before his reincarnation as Siddhartha, describes the *bodhisattva* (Buddha-to-be) encountering a starving tigress who cannot feed her cubs and is about to devour them; he offers his own body to the tigress so that both she and her offspring might live.

Such an exemplary story expresses not only Buddhism's emphasis on *karuna* (compassion) toward all living things—in some ways the functional equivalent of Christian *agape*—and the certainty of a favorable rebirth following such a meritorious act, but the very insubstantiality of life itself, as the *bodhisattva* focuses his

efforts on attaining the ultimate goal of nirvana not only for himself but for all sentient beings. The Buddhist ruler, of whom the Indian Emperor Ashoka is the ideal, cares for his subjects, indeed the whole world:

I am not satisfied simply with hard work or carrying out the affairs of state, for I consider my work to be the welfare of the whole world. There is no better deed than to work for the welfare of the whole world, and all my efforts are made that I may clear my debt to all beings. I make them happy here and now that they may attain heaven in the life to come. (Sixth Rock Edict).

The 12th-century Cambodian ruler Jayavarman VII, who built the famous Bayon temple at Angkor, was a fervent Mahayana Buddhist who initiated an ambitious public works program to provide his kingdom with hospitals, rest houses, and reservoirs in order to lighten the burdens of his subjects. Ironically, such projects, requiring corvée labor, probably imposed great hardship on the populations they were designed to benefit. It is perhaps not unfair to say that Buddhist charity, at least as practiced by kings, was both more cosmic and more impersonal than its Christian equivalent, perhaps a reflection of the central importance of the concept of samsara (the cycle of rebirth), which is not found in the Western monotheistic religions.

In Theravada Buddhist societies such as Thailand and Burma, dana (a Pali term meaning "charity" or "giving"; also translated as "wealth") is, along with sila ("moral precepts") and samadhi ("concentration; meditation"), the chief means of attaining merit and a fortunate rebirth—and ultimately nibbana/nirvana. But as anthropologists such as Melford Spiro have discovered, in modern Burma, the most efficacious way to gain merit is not through donations to benefit the poor, but through religiously oriented charity such as sponsoring shinbyu or ordination ceremonies, giving offerings to members of the sangha and constructing or contributing to the construction of pagodas, where relics of the Buddha are enshrined.

Spiro writes in Buddhism and Society: A Great Tradition and Its Burmese Vicissitudes that the inability of some people to escape poverty is attributed by Burmese Buddhists to their stinginess in giving dana in previous lifetimes.

Even today, Burmese pagodas, monasteries, and other sites associated with Buddhism are often lavishly endowed with extensive use of gold and gold leaf. In 1999, Burma's military junta, the State Peace and Development Council, sponsored the replacement of the gold- and jewel-encrusted hti, or finial, on the summit of Shwe Dagon Pagoda in Rangoon, the country's holiest Buddhist site. Many Burmese people doubted the military rulers' cetana (Pali: "goodwill"), suspecting them of using the project to buy popular support; but many others, taking advantage of an unprecedented opportunity to earn merit and a better rebirth, lavishly donated to the hti from their own, often very limited resources, including gold and gemstones. This great transfer of wealth to the pagoda took place in a country that is one of Asia's poorest, with widespread malnutrition among children, a major AIDS epidemic, and healthcare facilities that are at best rudimentary for the poorest Burmese.

Although Buddhist charity is often seen as impersonal and otherworldly, some Buddhists have promoted a more social orientation. U Nu, who was Burma's prime minister after it became an independent nation in 1948, enacted social welfare programs (known as Pyidawtha, or "sacred happy country") on the conviction that improved standards of living would enable people to further their own progress toward *nibbana*, while Thai Buddhists such as the Bhikkhu Buddhadasa and Sulak Sivaraksa have advocated a "socially engaged" form of the religion that addresses the problems of poverty and economic inequality—not only within Thailand but between the developing and developed countries.

SOCIAL PROTEST AND MILLENARIANS

The charitable approach to the alleviation of poverty is generally based on certain assumptions: that "the poor are always with us" (indeed, their existence may be God's plan to give the devout the opportunity to be charitable), and that those doing charitable good deeds should not become involved in politics, either out of respect for the separation of the spiritual and temporal worlds, a prominent theme in the medieval church as well as today, or out of fear that any state, no matter how unjust, is better than revolution or anarchy.

But the major religious traditions, based on some concept of the transcendence of the divine or spiritual realm, hold within them, in different forms, the potential for social protest or even revolution, even as established churches and hierarchies cooperate with the political-economic status quo. In the debate over slavery and the slave trade during the 18th and 19th centuries, some Anglo-American Protestant denominations,

especially the established Anglican Church, defended the "peculiar institution" of slavery (usually arguing that it "civilized" the "savage" Africans while bringing all sorts of economic benefits to white men), while nonconformist churches pronounced it a moral abomination that should be overthrown. Abolitionism was revolutionary given the immense economic interests bound up in slavery, not only on southern and Caribbean plantations but in the countinghouses of London and Boston.

More recently, liberation theology, a trend that appeared among some theologians and clergy in the Catholic Church after the Second Vatican Council, has emphasized the social justice aspects of Christian ministry and has become especially prominent in Latin America and the Philippines, where the church has traditionally supported the economic-political establishment and the poor suffer terrible oppression; but the Vatican leadership has been reluctant to embrace the trend, given its radicalism and affinities to Marxism (though many, if not most, advocates of liberation theology pursue nonviolent methods of resistance).

In the prophetic tradition of the Old Testament, God expresses his anger and disappointment with his Chosen People, the Hebrews, through the words of the prophets, who condemn Israel's injustice and idolatry:

Woe to those who decree iniquitous decrees, And the writers who keep writing oppression, To turn aside the needy from justice, And to rob the poor of my people of their right, That widows may be their spoil, And that they may make the fatherless their prey... (Isaiah 10:1–2)

Yet God's instrument was not revolution, but a foreign aggressor: "Assyria, the rod of my anger, the staff of my fury! Against a godless nation I send him." (Isaiah 10:5–6). That the hardships suffered by nations and peoples may have a retributive meaning is also found in a very different tradition, that of Confucian China.

The Chinese believed that natural disasters—earth-quakes, floods, and famine—marked the closing days of an imperial dynasty that had lost the Mandate of Heaven (Chinese: *tian ming*), its right to rule, and that the reason for this was its incompetence and oppression of the poor.

The emperor's benevolent and paternalistic rule, including his care for the poor, was a part of cosmic harmony, and nature as well as man proclaimed the wrongness of a decadent regime or, more precisely, a de-

generate sovereign who failed in his duty to rule benevolently. The Mandate of Heaven was connected with a vague concept of popular sovereignty. When a disciple of the philosopher Mencius asked whether it was possible for one ruler (Yao) to give the empire to his successor (Shun), the philosopher replied that only "Heaven" and no mortal man could confer the right to rule, and that "of old, Yao recommended Shun to Heaven and Heaven accepted him. He presented him to the people and the people accepted him" (Meng Tzu, V A:5). Mencius's concept of heaven was, like that of other Confucians, distant and impersonal, with none of the emotional immediacy of the Yahweh of the Old Testament. But it, too, had a critical and "prophetic" potential, which often justified struggle against unjust and oppressive authority.

The transcendent character of the major salvation religions—that a spiritual or Godly world exists apart from and above the world of human societies and states (what St. Augustine called the "City of God" as opposed to the "City of Man")—has generated many millenarian movements that have occurred at times of social and economic distress and widening gaps between rich and poor. The theme of eschatology—that the "end times" or the "end of time" is drawing near, that God will judge a corrupt world—has quickened the millennial impulse to create a new spiritual order on earth, especially in the history of Christianity.

Thomas Münzer, a German contemporary and rival of Martin Luther, preached the establishment of a radical community of believers who were free from the authority of the state, scripture, and the inequalities of the decrepit feudal system. Münzer became a leader of the Peasants' War (1524-26), which the German princes, with Luther's support, suppressed with over 100,000 insurgent deaths, including Münzer himself. It is perhaps ironic that the anti-religious German Democratic Republic (East Germany) celebrated Münzer's revolutionary career as the forerunner of Marxist class struggle though he was a clergyman and apparently a sincere, if unorthodox Protestant. In Buddhism, the concept of the Maitreiya, the Future Buddha who will appear at the dawn of a new cosmic era, similarly inspired uprisings against authority: for example, the White Lotus Sect in late 18th-century China, which resisted the Manchu Qing (Ch'ing) Dynasty.

The 19th-century Heavenly Kingdom of the Taipings, which controlled large areas of central and eastern China and came close to overthrowing the Qing Dynasty, was established by a failed scholar, Hong Xiuquan, who claimed that he received a series of visions in

which he was ordered by Jesus Christ, Hong's "elder brother," to establish a new, divinely inspired order on earth. Influenced by but generally shunned by Western missionaries, Hong's revolution anticipated that of the People's Republic of China a century later: the execution of landlords, abolition of private property, equality of men and women, and abolition of such customs such as foot-binding, opium-smoking, gambling, and the keeping of concubines. The Heavenly Kingdom was finally extinguished by the Qing armies, with the fall of its capital, Nanjing, and a horrendous massacre in 1864 (the civil war between the Taipings and the Qing cost at least 20 million lives).

On the island of Java, a mystic religious community emerged among poor peasants.

Like the Peasants' War, the Heavenly Kingdom was eulogized by a 20th-century communist regime, which praised its egalitarianism and mobilization of the masses; but the Chinese communists have paid less attention to its religious elements, including Hong's decree that Christianity (as he conceived it) would replace Confucian orthodoxy in the civil service examinations through which government officials were selected.

Though Christian eschatology seems especially conducive to millenarian movements, they have occurred within most other religious traditions as well as a number of new religions. And they occur most often when people are deprived not only of livelihood but of hope in their worldly prospects. On the island of Java in the Netherlands East Indies (now Indonesia), a mystic religious community emerged among poor peasants in the early 20th century.

Known as the Science of the Prophet Adam, its leader, Surantika Samin, preached mystic detachment, quietism, and economic self-sufficiency. Though not violent, his movement resisted authority by refusing to pay taxes or perform *corvée* service. Samin was exiled by the Dutch colonial authorities, who feared that his movement could grow into active resistance, but it persisted among the villages of central Java until the 1960s.

Along the Thai-Burma border region, where Christian-led Karen ethnic insurgents have carried out resistance against the Burmese central government since the end of World War II, a new movement emerged in the late 1990s known as God's Army, a breakaway faction of guerrillas who were led by 9-year-old twins, Johnny and Luther Htoo; the twins were believed to have super-

natural powers, including invulnerability to bullets, and to command hundreds of thousands of "angel warriors" in battles against the Burmese army.

God's Army broke up after its boy leaders surrendered to Thai authorities and were tearfully reunited with their mother. But its short, tragicomic history showed how actively the millenarian imagination works among the poor and oppressed of the world.

SEE ALSO: Catholic Church; Faith-Based Antipoverty Programs; Hinduism and Poverty; Islam and Poverty; Judaism and Poverty; Protestant Churches.

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Republican Party

THE REPUBLICAN Party (also known as the Grand Old Party, GOP) is one of the two major political parties in the United States. It is known as a more conservative, right-of-center political party, as opposed to the Democratic Party.

The Republican Party emerged amid a tumultuous time in American history, before the Civil War. In the 1850s, the Whig and Democratic Parties were unable to resolve their differences over the issue of slavery and over the growing economic, social, and cultural issues between the north and the south. President Abraham

Lincoln (a former Whig) was elected in 1860 as a Republican. During and after the brutal Civil War that followed, the GOP was the party for the freedom of slaves and for the unity of the country.

The Great Depression of the 1930s was a severe blow to the Republican Party, for a Republican was in office at that time, President Herbert Hoover, and so the GOP was blamed for the economic and social effects of the Great Depression. This plagued the GOP for decades. The elections of President Dwight Eisenhower (1952 and 1956), a hero of World War II, seemed to be an election that in some ways celebrated a great person and not so much the election of a political party.

The spirited campaign of Republican Senator Barry Goldwater in 1964 resulted in a sizable defeat to President Lyndon B. Johnson. However, Goldwater's campaign galvanized a budding conservative movement, and seemed to pave the way for Republican President Richard M. Nixon's successes in 1968 and 1972, and certainly for the historic election of Republican President Ronald Reagan in 1980. In 1990, President George H.W. Bush was elected, and in 2000 and 2004 his son, President George W. Bush, was elected. Under George W. Bush's leadership, the GOP gained a majority in both the House and Senate, something that it was not able to achieve for decades.

IDEOLOGY

In some respects it might be said that both the Republican and Democratic Parties in the United States are long on pragmatism and short on ideology. Ideology may appear to be important for a time, only to seemingly fade into the background when a strong personality appears on the political scene, or a particular combination of events transpires.

Certainly, the rise of the modern conservative and neoconservative movement is perhaps the largest, most impactful development in the last several decades of Republican Party history. Books that seem to exemplify this movement are Capitalism and Freedom (1962) by Milton Friedman, Conscience of a Conservative (1960) by Barry Goldwater, and the many works of Russell Kirk. National Review magazine, founded by William F. Buckley, certainly had an influence, as did Buckley's book, God and Man at Yale (1951). The conservative movement so influenced the modern Republican Party that the liberal Republican wing of the GOP (former Vice President Nelson A. Rockefeller would be an example) found itself struggling to maintain an identity. Perhaps one could compare this to the conservative wing of the

Democratic Party, which migrated in sizable numbers over to the GOP, particularly when President Ronald Reagan was elected in 1980 (the term *Reagan Democrats* was often employed to describe this group).

However, conservatives are not of one stripe any more than liberals are of one stripe. Classical conservatives (like GOP 1964 presidential candidate Goldwater) believe in a strict separation of church and state, and would be pro-choice, for the most part, on the issue of abortion. Cultural conservatives, in contrast, would be largely pro-life on the abortion issue and would argue for a strong role for the government in respect to positions on issues they consider to be immoral, such as abortion, homosexuality, pornography, and others. For them, the natural law, original sin, and fallen human nature play sizable roles. Whereas classical conservatives focus more on economic issues, such as the health of capitalism (for example, deregulation of capitalism so that it can function in more unfettered ways), cultural conservatives focus more on moral issues. For cultural conservatives, there is a serious moral slide in the country that needs correcting.

Within the Republican Party, there are other conservative schools of thought as well. Certainly, neoconservatives such as Irving Kristol and others have attacked the welfare state, and have called for more assertive, free-enterprise, and private-sector alternatives to the welfare state. Whereas the older conservative wing of the GOP did not seem too concerned with social welfare issues, the neoconservatives are.

Neoconservatives want to bring the market sector and privatization into the heart of social welfare. Neoconservatives are also interested in an assertive foreign policy, advocating the bringing of democracy to areas of the world that have not known democracy before. This is in sharp contrast to the foreign policy of Old Right conservatives like that of "Mr. Republican," Senator Robert A. Taft of Ohio, who was critical of the American globalism ideas of his day.

ATTITUDES TOWARD WORLD POVERTY

The attitudes toward world poverty and its resolution vary with the ideological perspectives and values of individual Republicans. Some say that poverty is a human condition that has been with humankind for generations, and will be so for generations to come. Certainly, Republican or conservative ideology would posit that the government role in addressing world poverty should not be an extensive one. Government by its very nature, they say, cannot be truly effective in combating

world poverty. Further, it is not government's role to take such action.

Rather, the focus here would not be on national government of any kind, but on the private sector in all its many forms. Nongovernmental organizations (NGOs) are uniquely equipped to confront world poverty. NGOs are more flexible and adaptive than government, and often more humane (perhaps particularly religious organizations). Two NGOs that have received attention for their efforts in addressing poverty in meaningful ways are Habitat for Humanity and the Grameen Development Bank. Both are in the private sector, and both require involvement and effort on the part of participants. There is no free lunch, Republicans remind us. They also remind us that government is terribly limited in what it can do or is capable of doing.

The greatest progress will come from the employment of the private sector.

Privatization in all its forms is advocated as a better means to combat poverty than the well-worn government approaches of the past, which they say lead to dependency on government. OXFAM and other private based relief organizations can do more for combating world poverty than can government programs, they say. Asset-based programs, which are focused on building the assets of the poor, are favored. Some government involvement is a component in such efforts, but nowhere near the degree of government involvement in sizable welfare state programs. Of course, some moderate or liberal Republicans allow for slightly more government involvement, but only the in a sense of a means to an end. They would assuredly state that government should eventually step out of the picture once some progress has been made. But again, for them the greatest progress will come from the employment of the private sector in combating world poverty.

Republicans (particularly religious conservatives) state that rapid population growth is not something that should be ignored, but would nevertheless have some concerns about some current developments and practices in this area. Republicans would remind us that countries are having problems supporting their welfare commitments to the aged and to other groups because of insufficient population growth. In the United States, demographic trends point to the dependency ratio significantly increasing in the years ahead. In 1960, the worker/beneficiary ratio was five to one, in 2001 it had

dropped to 3.4 to one, and by 2025 it is expected to be two to one.

The dependency ratio is the number of workers who are required to pay into the Social Security system to adequately support one retired worker living on Social Security. In other words, for the system to work, new, younger workers have to be entering the labor force, which of course implies some measure of population growth.

Globally, many Republicans do not share the assumption that world population increase will automatically result in increases in global poverty. Still further, the means to accomplish family planning goals by the United Nations and other bodies, such as the use of abortion and artificial contraception, are seriously disputed. Instead, natural family planning approaches, education, and economic development strategies carried out by the private sector are advocated.

For Republicans the way to combat world poverty is not through more welfare programs.

Development strategists have long pointed out that an effective way to lower fertility rates in countries with rapid population growth is to increase the education levels of women. Many women in developing countries are still lagging behind men with respect to basic literacy levels. Here, Republicans and liberal feminists can meet on some common ground. Other areas of concern for Republicans center on the ill health effects of abortion and artificial contraception.

Beyond this, there are cultural and ethical mores that need to be respected. Religious conservatives would strongly remind us that abortion stops a beating heart and that the unborn child has rights, including the fundamental right to life. There are sensitive, humane ways that global poverty policy efforts can approach family planning. One way that is universally abhorred by Republicans is the Chinese policy toward family planning, with its perceived authoritarian, enforced prohibitions on how many children families can have. We come back to a fundamental Republican tenet: it is the individual and the family, and the market economy that is the centerpiece, not government.

In conclusion, for Republicans the way to combat world poverty is not through more welfare programs run by the government. Instead, the way to combat world poverty is through economic growth and development, and through asset accumulation on the part of those on the lower ring of the economic ladder. Republicans usually advocate free trade, because it is believed that free trade increases economic opportunities for everyone.

While some Republicans like Patrick Buchanan have problems with free trade, most would favor it. The issue of free trade has been much discussed and debated. A leading conservative tenet is embodied in free trade, and that is the concept of freedom. The great economist Adam Smith, in his Wealth of Nations, championed the ideas of free enterprise and free trade. This "father of capitalism" is a major figure in Republican thinking, and the very economic system that he so forcefully advocated, capitalism, is viewed by Republicans and conservatives as the major way out of poverty. So global poverty, in their thinking, can best be combated utilizing the very economic approaches embodied in capitalism itself.

Thus, it is not the sometimes-questionable practices of corporations that are viewed as the problem. The social system or the environment is not viewed as the problem, but rather the activities and behaviors of individuals laboring within the system. Another way of putting this is that individualist explanations are favored over other approaches. In summary, for the Republican Party the solution to world poverty is economic, nongovernmental, and not welfare-based.

A still-lingering question for Republicans, as well as for Democrats, is how much of a role government should play in confronting poverty. It might be said that Republicans have erred in having too pessimistic a perspective on the possibilities of government intervention, whereas Democrats have erred in having too optimistic a perspective on the possibilities of government intervention.

SEE ALSO: Asset-Based Antipoverty Programs; Bush, George W. (Administration); Democratic Party; Nongovernmental Organizations; Poverty Politics; Privatization; Reagan, Ronald (Administration); Public Policy; Supply-Side Economics; Welfare State.

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RESULTS

RESULTS IS A NONPROFIT, grassroots American organization that advocates for the poor. Its goal is to create the political will to eliminate hunger and the worst features of poverty by effectively lobbying policymakers. The vision that RESULTS wants to share is one of a world without chronic hunger and the crushing defeat that poverty imposes. Starting from a 1976 report of the National Academy of Science that the resources were available to end poverty, the inevitable conclusion drawn was that the political will is missing. The political activities that RESULTS promotes are designed to encourage individual initiative. The goal is to so empower people with courage, information, and political skills that they will be able to exercise their personal and constitutional rights in an effective and politically powerful way.

Petitioning governing authorities for the redress of grievances is a basic right. To exercise this right effectively in the policy process means that people have to have the knowledge and skills to effectively lobby public officials if their grievances are to be ended. The RESULTS organization recognizes that a solitary individual, especially if poor, will have a hard time "beating" city hall. However, a group of highly motivated activists, especially if registered to vote, can often move political forces so that policymakers will not only grant a fair hearing to issues but will act to make significant changes, especially if these are helpful but not expensive.

The lobbying RESULTS engages in is based on the premise that elected officials have the right and the power to do much more for the poor than is currently being done. It also rests upon the belief that all people, even the poor, have a right to full participation in the

political process. As a citizens' grassroots lobby, RE-SULTS has organized over 100 local groups across the United States. The local groups typically have four to eight activists who meet monthly, or more often. The grassroots groups are engaged with either domestic poverty issues or global poverty issues.

RESULTS is focused on educating voters on the issues of hunger and poverty both locally and globally. To promote its educational work it has created an Education Fund. The educational mission conducts public forums, trains citizens in democracy (so that people cannot be kept from exercising their political rights by ignorance), and holds media conferences. It also is devoted to educating the public, the media, and civil and political leaders about the issues of poverty. Materials for its education program are produced by research and adopted for other sources.

RESULTS trains volunteers in various activist milestones. These are concrete activities that are step-by-step guides for leaders to use to introduce new volunteers and other community activists to advocacy in the political process. These milestone actions build a cadre of people who are the foundation of a local group. The activists trained with this method are soon able to effective lobby policymakers.

SEE ALSO: Hunger; Microcredit; Nongovernmental Organizations; Public Policy.

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Ricardo, David (1772-1823)

IN HIS SHORT LIFE David Ricardo managed to amass a fortune, live the life of a country gentleman, serve in Parliament, and most of all, become one of the founding fathers of classical English political economy. The works for which he is chiefly known are *The High Price of Bullion*, a Proof of the Depreciation of Bank Notes (1809), "Essay on the Influence of a Low Price of Corn on the Profits of Stock" (1815), and On the Principles of Political Economy and Taxation (1817).

Finding employment with his father, Ricardo started his professional career at the age of 14. Despite a falling-out with his father—Ricardo had married outside of his Sephardic Jewish faith—Ricardo had, at an early age, accumulated a fortune in the London stock exchange. This early success allowed Ricardo to retire from business in 1814 and to devote the remaining years of his life to pursuing his various studies, which included, of course, political economy. Ricardo's brilliant career in economics lasted only the remaining 14 years of his life.

Among Ricardo's contributions to economics are a clear statement of the quantity theory of money, a theory of value, a theory of production and distribution, a theory of international trade, and the introduction of the deductive method. Ricardo's name, unlike many other classical economists', is still remembered today among the students of economics—he is still mentioned in today's textbooks on economics—principally for his monetary economics, principle of comparative advantage, theory of rent, and iron law of wages.

Ricardo recognized that it was opportunity costs that mattered and not absolute costs.

According to Ricardo, increased productivity, capital accumulation, free trade, and technological progress leads to economic prosperity. He was much in accord with the modern dictum that "a rising tide lifts all boats."

Certainly, there is no doubt of his enormous influence on the theory and application of monetary economics. Ricardo formulated and espoused his views on money during the bullion controversy in the second decade of the 19th century during the Napoleonic Wars. Britain had suspended the convertability of paper notes into gold.

This led to an inevitable increase in Bank of England notes, as there was no monetary restraint. This in turn led to an increase in the general price level and a fall in the exchange rate. Parliament took notice and began an investigation in which a number of witnesses were called to give evidence. Among those expert witnesses was Henry Thornton, whose theory on money was adopted by Ricardo.

Ricardo, however, developed a more rigid quantity theory of money than Thornton and unlike Thornton was unconcerned with the dynamic process of a monetary disturbance. Ricardo followed Thornton in the crucial role played by the interest rate in producing monetary equilibrium. According to this theory, an increase in the quantity of money would lower the rate of interest. With the rate of profits determined by real factors, a lower rate of interest compared to the profit rate would mean an increase in the quantity demanded of loanable funds.

So long as the rate of interest was low compared to the profit rate, businesses would be willing to borrow and spend. This spending would lead to a rise in the prices of goods. Ricardo thus had a quantity theory of money that worked through the interest rate mechanism. This holds true whether circulated money was paper or gold. When it was gold, Ricardo believed in David Hume's price-specie flow mechanism whereby gold flows would determine price levels among various countries through export and import changes. Ricardo also accepted Say's Law, whereby any increase in saving is met by an equal increase in spending.

With the principle of comparative advantage, Ricardo's talent as a theorist especially shines. Unlike his illustrious predecessor, Adam Smith, who put forth a theory of international trade based on absolute advantage, Ricardo recognized that it was opportunity costs that mattered and not absolute costs. His famous example of trade between England and Portugal is almost as well remembered as that of Adam Smith's pin factory illustrating the division of labor.

Ricardo's theory of rent was shaped at a time when other writers examined the high rents in England and attributed the cause to the same reason as did Ricardo. According to Ricardo's theory, rent is a residual. It is not price determining. Rents are paid, Ricardo tells us, because not all land is equal. The higher the price of certain commodities, such as corn, the greater the rent received on land according to how it compares with the marginal land. The lasting effects of Ricardo's economics, at least in the wider sense, may lie in his approach. He was clearly an ardent advocate of the deductive approach, and certainly J.S. Mill and Mill's follower Alfred Marshall, both of whom exerted an enormous influence on the course of economics as a science, profited from Ricardo's approach.

SEE ALSO: Economic Insecurity; Marshall, Alfred; Mill, John Stuart; Smith, Adam; United Kingdom.

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Romania

POVERTY IN ROMANIA follows a pattern found in many of the former command economies of the former Soviet Union and other areas of eastern Europe. The Romanian economy continues to undergo a painful transformation from state-owned to primarily privately owned enterprises, which started with the fall of the communist Nicolae Ceausescu regime in late 1989.

Despite significant progress, corruption, lack of transparency in government, and lack of economic opportunity remain major problems. Also, large sectors of the economy, such as the mining sector, have yet to undergo privatization. The impact on poverty is comparable to that in other parts of eastern Europe, such as Ukraine and Bulgaria. Integration into the European Union, slated for 2007, is driving reform efforts in the economy and government, including key social policies such as child welfare.

Poverty levels in Romania are driven by economic growth. Many households were thrown into poverty during the early transformation period, followed by a limited recovery that continued into the mid-1990s. Necessary efforts to rein in inflation led to a decline in Gross Domestic Product (GDP) from 1997 through 1999, causing a marked increase in poverty. Subsequent recovery in the national economy saw a decline in poverty from a peak of 35 percent in 2000 to 29 percent in 2002, and in severe poverty (based on the ability to obtain a minimum daily caloric intake) from 14 percent to 10 percent. Research by the World Bank also indicates that a sustained GDP growth rate of five percent could halve the poverty rate by 2007. However, the same report states that corruption, the slow pace of privatization, and other problems could threaten future economic growth.

RURAL DEPRIVATION

Based on a human development index developed for rural areas, a World Bank report determines that poverty follows a strong spatial pattern, concentrated in the eastern provinces and also spread as pockets throughout the rest of the country. Poverty enclaves are typically isolated in outlaying areas away from town or city centers, with limited road networks. On average, central villages had an index 30 percent higher than found for outlying villages, with central villages located close to cities on hillsides showing the highest level of development.

Poverty also shows a very strong ethnic pattern. The Romanian Roma (Gypsy) population is estimated at 2.5 million, the largest in eastern Europe. Poverty rates for the Roma have been estimated to be 10 times greater than those for other groups. Roma poverty also serves to reinforce negative stereotypes and discrimination.

Poverty is daunting because formal social networks, such as private professional organizations, usually exclude the poor and tend to help transfer income to their own, wealthier, members. The dislocation experienced by the poor since 1989 has also tended to disrupt their informal networks; hence the poor have less trust in neighbors and people in general and have little access to problem solvers and means of informal assistance.

In cooperation with the United Nations, the European Union, other international donor organizations, and domestic and international nongovernmental organizations, the Romanian government seeks to reduce poverty by various means. These efforts include the development of business and technology incubators throughout the country and enhanced access to information technology systems for disadvantaged youth.

Human Development Index Rank: 64 Human Poverty Index Rank: Not included.

SEE ALSO: Communism; Corruption; European Union Definition of Poverty; Privatization; Rural Deprivation.

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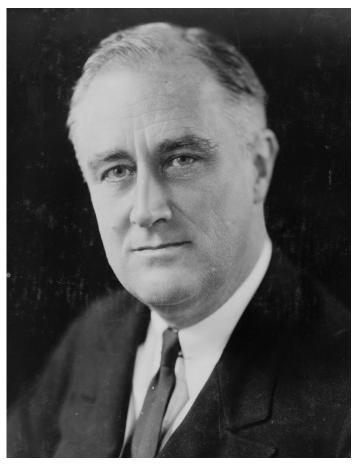
Roosevelt, Franklin (Administration)

HARDLY ANY PRESIDENTIAL administration holds a more prominent place in history than that of Franklin Delano Roosevelt (FDR). Most think of FDR as one of the greatest American presidents, though some think the opposite. None can doubt that his presidency spanned some of the most important events in American history, for better or worse.

Roosevelt was born on January 30, 1882, in a prominent New York family. He attended the Groton School and Harvard College. He became a lawyer after attending law school at Columbia University. He married his distant cousin, Eleanor, in 1905. They had six children, one of whom died in infancy. Roosevelt was elected to the New York State Senate in 1910. He served in the Woodrow Wilson administration as assistant secretary of the navy. The Democratic Party nominated him for vice president in the election of 1920. He and presidential candidate James M. Cox lost to Warren G. Harding in a landslide. In 1921, Roosevelt was crippled by polio. In time he reentered politics and became governor of New York in 1930. By this time, America was in the early stages of the Great Depression.

Over the next two years the nation sank deeper into the Depression. Unemployment rose, and the promises of President Herbert Hoover that prosperity was around the corner seemed empty. Discontent over economic conditions made it likely that Hoover would lose to his Democratic opponent. The Democratic Party nominated Roosevelt, and his personal charm made him effective in political campaigning. He won by seven million popular votes and with 472 electoral votes. Dealing with the nation's economic conditions would prove more difficult.

The Great Depression was unprecedented in terms of both its severity and duration. The unemployment rate had been 3.2 percent in 1929. It rose to 8.9 percent in 1930, 15.9 percent in 1931, and 23.6 percent in 1932. Industrial workers and farmers bore the brunt of these job losses. The Gross National Product (GNP) was \$203.6 billion in 1929, but it fell to \$183.5 billion in 1930, \$169.3 billion in 1931, and \$144.2 billion in 1932. Per capita GNP for this period fell from \$103 to \$58. There had also been waves of bank failures, a collapse of the money supply, and deflation. Approximately 10,000 banks failed in the panic of November 1930, including some of the nation's largest institutions. Many people lost their life savings in bank runs. The money



Franklin Roosevelt expanded the federal government to deal with the impoverishment of millions during the Great Depression.

supply fell by one-third. Hoover also converted a federal budget surplus of \$1 billion into a deficit of close to \$500 million in 1931, and nearly \$3 billion in 1932. While there had been considerable prosperity during the boom of the 1920s, the early 1930s were marked by the impoverishment of millions. Crises in the past had generally not lasted for long. This crisis seemed to worsen with each passing year.

The Roosevelt administration took an active approach in dealing with the Depression. Hoover had increased spending on public works and formed the Reconstruction Finance Corporation, but Roosevelt extended the role of the federal government further. He formed a "Brain Trust" within his administration to design a New Deal for the American people. Key members of this group were Harry Hopkins, Henry Morgenthau, Lewis Lowe, Averill Harriman, Cordell Hull, Harold Ickes, Frances Perkins, Sam Rosenman, Raymond Moley, and Rexford Tugwell.

Roosevelt closed banks with the Emergency Banking Act in an effort to stem bank failures. His adminis-

tration worked with Congress to pass legislation creating new federal agencies. This legislation created the Agricultural Adjustment Administration (AAA) to support farm prices. It also created the Civilian Conservation Corps (CCC) to employ 250,000 young men, and the Federal Emergency Relief Administration (FERA), which paid \$500 million in grants to state relief projects. The Glass-Steagal Act established the Federal Deposit Insurance Corporation (FDIC). This agency insured deposits up to \$100,000 with the aim of preventing bank runs. The Security and Exchange and Federal Securities Acts regulated the stock market.

Additional legislation established the Tennessee Valley Authority (TVA) in a public works project to produce hydroelectric power. The Rural Electrification Administration and the TVA served as vehicles for a federal energy policy. The National Industrial Recovery Act established detailed controls over industry, and the Fair Labor Standards Act created minimum wages. FDR also intervened in private housing with the Homeowners Refinancing Act, the Resettlement Administration, and the Home Owners Loan Act. The Social Security Act established pensions for retired and disabled workers.

Roosevelt faced opposition within his own party from Louisiana Governor Huey Long. Long claimed that Roosevelt was beholden to business interests. Long's "share the wealth" program would supposedly "make every man a king." Roosevelt had already advocated redistributing wealth from the rich to the poor. Yet his policies often did the opposite. Much of his New Deal was financed through excise taxes that fell mostly on poor and middle-income households.

Also, his measures to keep agricultural prices high imposed hardship on unemployed and part-time industrial workers. Such people could hardly afford to pay more for food during the Depression. In addition New Deal fiscal measures redistributed income from the poorest region of the nation, the south, to other parts of the country where Roosevelt needed more political support. Federal money often went to east and west coast electoral swing states, where incomes were 60 percent higher than in the poverty-stricken south. As a governor of a poor southern state, Long had good reason to doubt Roosevelt's commitment to redistribute income from rich to poor. There was a real basis for his challenging Roosevelt from the left, but this challenge ended with Long's death in 1935.

Many Americans were concerned with the power that Roosevelt was concentrating in the executive branch of the federal government. Roosevelt had asked Congress to allow him power "as great as the power that would be given me if we were in fact invaded by a foreign foe." The New Deal did, in fact, expand the powers of the executive branch greatly. While some merely complained about "that man in the White House," members of the Supreme Court acted against the Roosevelt administration's New Deal. The Supreme Court overturned some of the New Deal programs as unconstitutional. Consequently, many of the controls that Roosevelt had established, especially with the National Industrial Recovery Act and the AAA, fell to Supreme Court rulings.

Some studies indicate that the policies actually prolonged the Great Depression.

Roosevelt was elected to a second term in another landslide. Frustrated with opposition to his programs, he sought to "pack" the Supreme Court with his supporters. Part of this involved the mandatory retirements of Supreme Court justices at age 75. The other part involved increasing the size of the Court from nine to 12.

These moves would allow Roosevelt to appoint enough justices to guarantee support for his policies. His attempt to "pack the court" galvanized opposition, and the effort failed. Yet the Supreme Court never challenged his programs again. Roosevelt also opposed five senators of his own party in the 1938 mid-term elections so as to purge the opposition. All five won reelection.

The Roosevelt administration increased the powers of the Federal Reserve Bank. The Gold Reserve Act of 1934 and the Banking Act of 1935 vested great powers in the Federal Open Market Committee and increased federal control over bank reserves. In August 1936, Federal Reserve officials increased reserve requirements dramatically. The unemployment rate had fallen to 16 percent, but the increase in reserve requirements triggered a new crisis in the banking system.

The GNP bottomed out in 1933 at \$55.6 billion. It went up to \$65.1 billion in 1934, \$72.2 billion in 1935, \$82.5 billion in 1936, and peaked at \$90.4 billion in 1937. Unemployment had peaked at 24.9 percent in 1933 and fell to 21.7 percent in 1934, 20.1 percent in 1935, 16.9 percent in 1936, and 14.3 percent in 1937. The new crisis in 1937 reversed this anemic recovery. The GNP fell to \$84.7 billion in 1938, and unemployment rose to 19 percent.

A slow recovery followed this crisis. Unemployment fell slightly to 17.2 percent in 1939, and to 14.6 percent and 9.9 percent in the next two years, respectively. With unemployment in excess of 14 percent during every year of the first two terms of Roosevelt's administration, there is no doubt poverty remained prevalent at this time. In some respects, relative income inequality fell. The percentage of disposable income held by the top five percent fell from 30.4 to 25.4 percent during these two terms in office. Yet this trend began with the onset of the Depression in 1929, and persistent double-digit unemployment resulted in the absolute impoverishment of millions. Of course, one should not automatically blame a president for everything that happens during his term in office. However, some studies indicate that the policies of the Roosevelt administration actually extended and prolonged the Great Depression.

Unemployment fell to low levels during World War II, but this did not restore prosperity. War production demanded great sacrifices. Household consumption expenditures rose slightly during these years, but most of the increases in GNP were from military expenditures. Consumer spending skyrocketed after the war, but prior to this, most Americans endured relatively spartan conditions because of the war rather than the economic policies of Roosevelt's administration.

While some praise Roosevelt's administration for the way it handled the Great Depression, there are many reasons to disagree. The Depression did persist and at one point worsened during his first two terms in office. Those with a left-leaning perspective can easily criticize Roosevelt's administration not only for allowing mass unemployment to persist, but for implementing price controls and fiscal measures that intensified poverty, especially in the south. Those with a right-leaning perspective condemn him for interfering with the capitalist system. While people can disagree with the exact causes of poverty during this administration, there is no doubt that millions endured severe economic hardship.

SEE ALSO: Democratic Party; Depression, Great; Hoover, Herbert (Administration); Income Inequality; Minimum Wage; Social Insecurity; Social Security; United States; World War II.

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Roosevelt, Theodore (Administration)

THEODORE ROOSEVELT (1858–1919) was the 26th president of the United States and served from 1901 to 1909. He has something of a larger-than-life reputation and made his mark in many different fields, being a naturalist, historian, and writer in addition to a statesman. During his presidency, he was concerned with expanding the power of the state to take effective action against abusive corporations and with the United States' increasing involvement in world politics, taking a full part in the imperial system.

There was a correlation between Roosevelt's support for legislation that improved quality of life, such as new food and drug standards and conservation measures that included the creation of a national park system, and his interest in ensuring that businesses could fairly compete and that workers would be compensated fairly for their labor. Although the improvements in the average American's standard of living would be very gradual, Roosevelt's stance on business trusts and labor unions would set the stage for the eventual rise of organized labor in the 1930s and 1940s and for the merging of the working class into the middle class in the 1950s and the 1960s. His Square Deal for American workers would eventually be expanded through Franklin Roosevelt's New Deal into a safety net for poor Americans and through Lyndon Johnson's Great Society into an attempt to eliminate poverty outright.

Roosevelt was born into a noted Anglo-Dutch family and, as a boy, suffered from ill health, especially

asthma. As a consequence, he developed an extensive regime of physical exercise—the "strenuous life"—that subsequently served him well, as his life was one of relentless energy and achievement. He was elected at the age of 23 to the New York Assembly and began to establish a reputation in battling corruption within the local political scene.

When the Spanish-American War broke out, he commanded the Rough Riders volunteer cavalry force that was dispatched to Cuba, and performed with such spectacular success that Roosevelt became a national hero. He was so popular that he was encouraged by the Republican Party power brokers to run for governor of New York. He did so, was successful, and spent the next two years persecuting the corrupt, as well as developing the capacity of government agencies to enforce regulatory regimes.

Alarmed by this apparent lack of loyalty, Republican leaders managed to shunt Roosevelt off into the vice presidency, believing that he would be unable to wield any meaningful influence in a post that is customarily only ceremonial. This plan was initially successful, and Roosevelt fretted impotently for a while, until President William McKinley was murdered and Roosevelt gained the presidency.

As president, Roosevelt designated some 230 million acres of land as federal reserves of one sort or another, which is emblematic of the nature of his entire administration. He recognized that the flora and fauna of nature were an important public good, that is, everyone in the country benefited from their presence and no individual or organization should be permitted either to own or to damage what should be part of the birthright of all Americans.

Permitting market mechanisms to determine the fate of such public goods would inevitably mean negative outcomes to the public, as those with power to buy access would first enclose nature for their personal use and, second, modify it as they saw fit, which generally would be in a unsustainable manner. Roosevelt set the precedent for the modern presidential office, which has been replicated by nearly all subsequent incumbents, as an interventionist institution acting for the common good and creating access to sufficient resources to meet the goals set.

In the same vein, he founded the Department of Commerce and Labor and a Bureau of Corporations, in part to restrain unregulated corporations that exploited labor. Trust-busting, which is the breaking-up of monopoly-owning firms, was an important part of his administration. Previous *laissez-faire* presidencies had



Theodore Roosevelt sought to restrain monopolistic corporations, just as the concept of poverty relief emerged in the United States.

enabled corporations to collect power to themselves, to the great detriment of public health and social equity.

To ensure that such firms were obliged to produce goods and services that were of an appropriate level of quality, Roosevelt introduced measures such as the Meat Inspection Act, following his investigation into the Chicago meatpacking industry and the publication of Upton Sinclair's well-known novel, *The Jungle*. The Pure Food and Drug Act resulted from abuses in the patent medicine industry and had the same intent to protect the public from unscrupulous business. Roosevelt had an almost unremitting battle with Congress, which was filled with members sponsored to various extents by the industries that the president was seeking to control.

His intervention on behalf of the United Mine Workers of America against their coal industry employers was unprecedented. The Hepburn Act, which acted against the rail barons, was also the fruit of an almost one-man crusade. His use of the Sherman Anti-Trust Act of 1890 was also almost as unprecedented since the previous presidents had refused to activate it.

Roosevelt was not universally admired within his own party, since his actions damaged the personal interests of many powerful people. His personal friend and colleague, William Howard Taft, had been handpicked as his successor, but was of a more conservative bent, and eventually the two fell out as a split in the party intensified. Losing the nomination to Taft, Roosevelt left the Republicans to found the Progressive Party (widely known as the Bull Moose Party) and ran again with a manifesto espousing New Nationalism.

Benefiting from this split, the Democrat candidate Woodrow Wilson secured a crushing victory. Roosevelt, who had been shot while campaigning, continued to proclaim his personal beliefs and, as World War I approached and then erupted, he strongly supported the British Empire and its allies. He had some wish to run once more for presidency in 1916 but he was already regarded as yesterday's man.

SEE ALSO: McKinley, William (Administration); Republican Party; Taft, William Howard (Administration); United States; Wilson, Woodrow (Administration).

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Roy Wilkins Center

THE ROY WILKINS CENTER for Human Relations and Social Justice (RWC) is a joint endeavor by the University of Minnesota and the Roy Wilkins Foundation to honor the memory and continue the work of the eponymous social activist and leader. It was founded in 1992.

The RWC's mission is to "undertake research to guide and empower policymakers and community leaders to develop and promote solutions to the problems of racism and racial and ethnic inequality." The main activities of the RWC have been research, dialogue, and community partnerships. It is part of the Hubert H. Humphrey Institute of Public Affairs and was inaugurated as the only endowed chair and center in the memory of Roy Wilkins in the United States. The chair was endowed with \$2 million and its first holder was the economist Dr. Samuel L. Myers, Jr.

Roy Wilkins (1901–81) was a leading black American civil rights activist who rose to become elder statesman of the National Association for the Advancement of Colored People (NAACP). He also achieved prominence for his newspaper work and in organizing events such as the 1963 March on Washington. Throughout his life he worked to promote racial equality through nonviolent means, specifically through the legal system, and abhorred racism in all its forms, including the concept of black supremacy. Under his leadership, the NAACP provided legal support for some militant groups and solidarity with nonviolent direct action groups.

The RWC continues to explore the questions that drove Wilkins: what is the nature of social justice for all and how can it be achieved? The goals of the RWC are inspired by this quest and are stated as "Promote discussion on issues of discrimination, inequality, and racism by bringing together concerned stakeholders from all communities and disciplines to propose innovative, well-rounded solutions. Foster discussion and bridge building within and among the different communities of color to help them discover their common interests, discuss their differences, and work together to advance the needs of all people of color. Conduct quality research on issues of most pressing concern to minority populations to understand the causes of these concerns and propose solutions to them. Educate greater numbers of students of color in public policy to help their communities gain a more active role in policy discussions and decision-making that affect people of color."

These goals have been approached through research, outreach activities, the production of reports and videos for public distribution, and other forms of dialogue. Dialogue is interracial and interdisciplinary and is used to help create innovative curricula and learning opportunities for students, who can then be inspired further to meet the RWC's goals. International conferences were held in 1996 and 1998 devoted to remedies to racial and ethnic economic inequality and these helped to build bridges with researchers in other countries working in similar fields.

SEE ALSO: African Americans and Poverty; Antidiscrimination; National Association for the Advancement of Colored People; Racial Discrimination.

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Rural Antipoverty Programs

ANTIPOVERTY PROGRAMS are government-supported policies aimed at reducing poverty within society. Rural antipoverty programs are the same but are aimed specifically at reducing poverty in rural areas, which have particular problems with respect to poverty. Governments may also work with international aid donors and nongovernmental organizations (NGOs), secular or faith-based.

Since the nature of rural areas varies significantly from country to country, the type and scope of rural program that may prove effective also vary. However, it is possible to state that rural areas share the general characteristics of scarce infrastructure, lower population density and markets, and lower incomes resulting from reliance on low value-added agricultural products. There may also be social costs involved in living in rural areas resulting from isolation and social deprivation.

Conversely, some societies are able to produce intricate social networks in rural areas that unite people in villages and rural communities and enable them to withstand external shocks. An additional issue to consider is that many regions will have a majority of ethnic minority people who may have difficulty in communicating with or receiving sympathy from the state authorities and from the dominant ethnic group. In some cases, predatory government administrations have used poverty-increasing policies in some areas in order to punish or impoverish groups.

Local projects necessitate local answers to poverty reduction. Awareness of specific types of foodstuffs, fertilizers, and other inputs is essential to the creation of a successful project, as is the need for proper data collection, monitoring, and postproject evaluation. This most commonly means that local people's knowledge is required as an integral part of the poverty reduction strategy. Unfortunately, local people's voices are often lost when experts arrive from the capital or descend from overseas with internationally designed research instruments using a vocabulary and discourse with little or no connection to the people for whose ostensible benefit experts are working. Consequently, many projects fail.

In many parts of the world, people living in rural areas rely upon subsistence agriculture, which involves very small or no cash exchanges. People grow crops and husband animals, supplemented perhaps by fishing, hunting, and gathering fruits and vegetables for alternative sources of protein. They are customarily unable to build anything other than a nominal surplus of goods or money to deal with a sudden shortage or requirement for resources. An environmental problem, consequently, can result very suddenly in outbreaks of famine affecting hundreds or thousands of people.

For example, the River Mekong in the Isaan region of northeastern Thailand is subject to flooding, and the remainder of the region, much of which rests on a large salt pan, is subject to droughts because of the unpredictable nature of the monsoon rains on which agriculture depends. In either case, farmers lose their harvest and, customarily, are required to borrow money from the local rice merchant, which, since they are able to acquire very little surplus, generally means they are entering into long-term indebtedness, which makes their position vulnerable to abuse.

Government ownership of debt should at least prevent exploitation of debtors.

Historically, heads of households were able to sell family members into temporary or even permanent slavery to pay off such debts. This system is no longer legal but, in its place, agents exist who will facilitate entry into the sex industry or into human trafficking. Suitable antipoverty programs in this case, therefore, will focus on both the provision of short-term emergency assistance to ensure good health and the longer-term provision of government welfare to alleviate indebtedness. Government ownership of debt should at least prevent exploitation of debtors, even if it is no easier for the poor to repay what they owe.

Programs such as this are predicated on the idea that welfare is a good and suitable policy for government on the basis that repayment is unlikely to occur. It is possible to justify policy on the basis of possible social disorder as a result of famine, although most people recognize the need for relief of the poor. Indeed, most societies have fostered a favorable sentiment toward farmers and people in rural locations, generally that they are somehow more closely related to the cultural heart of society and are spiritually superior.

One of the immediate responses of people to poverty is to move to find better opportunities. Within countries, people tend to move from rural areas to urban areas since these are believed to be more effective in generating cash-paying jobs. Since large-scale migration can lead to many social problems, ranging from intense pressure on local services, such as housing and sewage, to family breakdowns and substance abuse, this is an undesirable phenomenon.

Governments may pursue regional development programs to provide income-generating jobs within villages and rural communities to deter migration. One example from Japan that has been developed further in both Thailand and Laos focuses on identifying cases in which traditional or cultural forms of production result in items for which sustainable demand at a regional, national, or even international level may be expected. Governmental agencies assist with distribution and marketing and a portion of the resulting income is returned to the villagers. Programs have been introduced that have shown initial levels of success but their sustainability has yet to be determined.

Women may further suffer in some societies from lack of opportunity to participate in economic or social activities for cultural or historical reasons. Many can benefit from the provision of social skills and enhancement of confidence in their own ability. Women in urban environments and in richer countries may have received these skills from basic education to which the rural women may nit have had access.

A project in Gansu Province of China, for example, has empowered women to open their own small businesses, focusing on adding value to traditional agricultural production. The concept of gender mainstreaming is central, therefore, to rural antipoverty programs. It is defined as being mindful of issues specifically related to women and gender distinctions and integrating these issues directly into all projects and evaluations.

Rural antipoverty programs in more industrialized countries tend to focus less on the possibility of primary poverty or indigence and more on remedying potential economic inequalities. This includes the provision of infrastructure, including information com-

munications infrastructure. As the importance of internet technology grows in providing opportunities both in education and in the knowledge economy, the need to bridge the digital divide intensifies. Some governments are planning to introduce low-cost personal computers for schools and even laptops for individual children. These may use the clockwork technology, which previously was used with great success to produce clockwork radios in many countries across Africa. These radios, created originally by British inventor Trevor Bayliss, have helped in broadcasting health and educational information in accessible formats for rural people.

Strengthening regional institutions can be an important aspect of rural poverty reduction. These include both private- and public-sector institutions. The former include the ability to access market-related facilities enabling rural people to distribute, brand, and promote their value-added products and networking possibilities in terms of sharing market information. The public-sector institutions offer government services and welfare provision, including labor market information, job-matching possibilities, business advice and support, and social support.

SEE ALSO: Agriculture; Exclusion; Income Inequality; Migration; Social Exclusion; Rural Deprivation.

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Rural Deprivation

DEPRIVATION IS INADEQUATE access to various goods and services, including but not limited to food and money. Rural deprivation relates to the lack of ade-



Rural deprivation means the lack of access to transportation, technology, healthcare, education, and other social commodities that can keep a rural population in many countries from escaping poverty.

quate resources for people living in rural areas. Since poverty is more commonly associated with rural than with urban areas, rural deprivation is more common than urban deprivation and includes dimensions such as lack of transportation and telecommunications access, which urban areas are less likely to suffer.

The divide between rural and urban has intensified in recent years, as capitalist development tends to take place in designated centers of activity, and market-friendly economic policies on a nearly global basis have acted to privilege the urban and exclude the rural. Economies of scale and scope affect the provision of nearly all goods and services and hence the measurement and consideration of rural deprivation can involve as many dimensions as may be measured. This also means that nearly all goods and services that are available are more expensive in rural areas, while income is frequently lower because of reliance on agricul-

ture and other low-valued activities. Education and health services are high-cost services that are best provided in the context of scale economies. This is particularly true of specialist services, such as mental health and special needs education. Consequently, those in rural locations needing these services will almost certainly be required to travel to urban areas or be deprived. Since many rural locations appear unattractive as homes to professionals, posts are often difficult to fill and may be filled by necessity by improperly trained individuals.

Lack of affordable public transportation affects both the ability to access goods and services provided in regional centers—towns and villages—and also the ability to take goods to market. The availability of comparatively low-cost motorcycles has helped many rural people in developing economies to travel to nearby communities for wage labor during times of seasonal

agricultural work. However, many people face personal isolation and reduced inability to access services.

The digital divide refers to the difference in access to educational and work opportunities and achievement dependent on availability of information technology and, particularly, the internet. Pupils in developed countries, for example, often receive assignments that require access to internet resources for full and timely completion. Workplace requirements can often be managed better through electronic communications. However, not only is coverage less likely, less reliable, and more expensive in rural locations, but for developing countries, lack of education and language skills may preclude use. Clearly, access to electronic cultural resources and productions will also be affected. Some governments have sought to tackle these issues through free radio and television educational programs and free or low-cost computers and software.

In the majority of societies, women's work is customarily defined as being within the household. Consequently, they have reduced ability to travel and this can lead to isolation and difficulties with childcare. Depression and spousal abuse are associated with this kind of situation. The reality of rural life is frequently different from the type of idealized rural lifestyles so common in popular culture around the world.

Immigrant communities may also suffer as a whole from being effectively ghettoized in rural communities, especially if their new environment is very different from the home one. Many immigrants in the northern United States are subject to stress for this reason.

Most activities in rural areas revolve around agriculture and, especially, in developing countries, this involves low value-added activities, with products subject to negative environmental effects and increased competition through the forces of globalization. High costs and small local markets make industry or effective entrepreneurial behavior difficult. Ambitious, talented, or simply indebted individuals are frequently required to travel to urban areas to obtain better financial and career opportunities.

Governments have most commonly tackled rural deprivation through programs of rural development. However, a small number of predatory governments have chosen to ignore rural deprivation or even exacerbated it for punitive political reasons. Rural development has historically concentrated on improvements in agricultural processes and land reform. However, more recently, attention has been paid to more integrated and supportive sets of policies through a holistic understanding of the rural environment. Strengthening ca-

pacity and existing networks of relations between rural people and households, market institutions, and other partners has been an important aspect of newer programs. In developed countries, many rural communities have sufficient infrastructure and underutilized assets to be able to participate effectively in a knowledge economy.

In the absence of rural development, large-scale internal and external labor migration may develop, as has happened in China and many countries in southeast Asia, not to mention the United States, where labor mobility has traditionally been high. Labor migration is frequently associated with negative familial and social outcomes and places great pressure on local services.

SEE ALSO: Agriculture; Rural Antipoverty Programs; Rural Poverty Research Center; Rural Sociological Society; Technology.

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Rural Poverty Research Center

THE RURAL POVERTY Research Center (RPRC) was established in 2002 as the result of a three-year grant from the U.S. Department of Health and Human Services Office of the Assistant Secretary for Planning and Evaluation. It is housed jointly at the University of Missouri-Columbia and Oregon State University, and is part of the Rural Poverty Research Institute (RPRI). The RPRC has as its mission "to examine both the causes and the consequences of poverty in rural areas and the factors affecting the success of policies to improve the self-sufficiency and well-being of low income workers and families in rural America." The goals of the center are to help create an integrated research

agenda for rural poverty, to strengthen capacity to explore that agenda, and then to involve and engage with policymakers to put into practice recommendations drawn from research findings. This entails conducting research and hosting working paper series written by external researchers, providing mentoring and coaching services for young researchers, offering opportunities for researchers to become affiliates of the RPRC, and organizing conferences and other events where knowledge may be transferred and networking activities can take place.

Although poverty rates in the United States have declined over the last decades, there are still some seven million rural poor in the country and rural poverty rates are significantly higher than urban rates. Most, indeed 90 percent, of the 500 poorest counties in the country are rural, and 95 percent of persistently poor counties are rural. Urban poverty tends, in other words, to be less endemic than it is when it afflicts rural areas.

Four trends inform the RPRC's research agenda: "Persistent poverty appears to be concentrating in rural counties. High barriers to economic self-sufficiency in rural areas continue to yield worse outcomes for rural workers and families. Rural communities still do not have the capacity to provide work and family supports that lead to success in the labor market. Policies to improve the well-being of low-income families are becoming less effective in rural relative to urban areas." The poorest areas in the United States are clustered in the south, Appalachia, and the southwest.

SEE ALSO: Rural Antipoverty Programs; Rural Deprivation; Rural Sociological Society; United States.

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Rural Sociological Society

THE RURAL Sociological Society (RSS) describes itself as "a professional social science organization that promotes the generation, application and dissemination of sociological knowledge. The society seeks to enhance the quality of rural life, communities, and the en-

vironment." It was founded in 1937 and has achieved prominence in it s field as a provider of research and research-based policy on issues related to rural life and rural poverty.

In support of its objectives, the RSS supports a number of research and interest groups, as well as advisory committees. Research interests include rural gender and ethnic minority issues, health and poverty, agriculture, and other industries. Various interest groups relating to these issues serve to bring together researchers and other interested people to help formulate and provide advocacy for policy. Much of the research is published by the society through the peer-reviewed journal *Rural Sociology*, which has since 1937 provided a forum for up-to-date research and policy formulation from a variety of multidisciplinary standpoints.

The Rural Sociologist, another publication, is a quarterly containing letters, announcements, and articles of general interest to its audience. Research of a more extensive nature may be published in book form through the Rural Studies series organized through the Penn State University Press. The society's annual meeting offers an opportunity for concerned people to share the latest research findings, to network, and to exchange information on emergent themes and opportunities.

Rural sociology focuses on rural issues and topics, including communities, agriculture, social equity, youth and families, natural resources and the environment, and food systems. It also focuses on applications of sociology, such as research-based information for decision-makers, sociological theory to explain social phenomena, and models of social action. It also pays attention to international dimensions of rural life, such as global environmental systems, international development, natural resources, and food systems.

In general, rural society is characterized by working in agriculture, high birthrates, isolation, and migration to urban centers for better social and economic opportunities. The digital divide, which separates learning and income opportunities into those with and those without access to information technology such as the internet, is intensifying gaps between many urban and rural locations. These problems are frequently exacerbated for those who are vulnerable in society or suffer from discrimination.

SEE ALSO: Rural Antipoverty Programs; Rural Deprivation; Rural Poverty Research Center; Urbanization.

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Russia

THE PROBLEM OF POVERTY in Russia is not new. It was a taboo to discuss it under communism, when poverty was pervasive but officially did not exist. The Bolshevik Revolution of 1917 was not an isolated event in Russian history: tzarist economic policies, especially during World War I, were characterized by rigid bureaucratic regulations and an imperialistic and militaristic agenda, and led to widespread poverty, income inequality, and further pauperization of both peasants and industrial workers.

It set the stage for the Bolshevik coup d'état and establishment of the deadliest dictatorship in human history. Lenin's government produced an endless stream of economic decrees and policies that resulted in mass starvation, epidemics, and consequent depopulation of the cities. During the first five years after the revolution, Russia experienced a population decrease of 18 to 20 percent through mass starvation, civil war, and Bolshevik repression, as well as emigration and very low fertility combined with the highest mortality rates ever experienced by Russia.

Bolshevik economic policies in 1918–21, also known as war communism, were an attempt to introduce full-blown communism based upon the orthodox Marxist utopian vision of a new society. They tried to introduce the direct power of the workers at all levels of management and to construct a whole pyramid of organs of worker control, from the individual enterprise to the entire economy, as institutions of centralized management. This experiment with orthodox Marxism led the country to complete disaster: workers were interested in consumption rather than production and the advancement of communism.

Vladimir Lenin had chosen the only possible way of managing the economy under socialism: direct government terror and coercion. The absolute command economy (the Leninist pattern of socialism) was created. Solely the central government performed the management of production and distribution. There was a period, as in 1919–20, when communists seriously discussed the imminent abolition of money and transition to distribution purely in kind. Both the actions and the talk of communist leaders put the country on the verge of complete economic catastrophe within three years of the beginning of the socialist experiment.

Lenin introduced the first series of reforms, known as the New Economic Policy (NEP), in March 1921, a temporary retreat from orthodox Marxist methods of advance toward communism. These reforms would be introduced as a last resort for saving communism, not abandoning it. Liberalization of economic life under NEP, coupled with the introduction of the gold standard, revived economic activity and led to the fastest rates of economic growth and rising living standards in Russian history.

It could not last for long: the rapid growth of the private sector in those sectors of the economy in which it was permitted, and its evident competitive advantages, represented a political threat to the regime. Realization of this threat by Joseph Stalin and other communist leaders led to the abandonment of NEP in the late 1920s, and creation of the command system of Soviet socialism as it did survive (with minor modifications) until Mikhail Gorbachev's *perestroika* (liberalization) in the 1980s.

This system was based on liquidation of the market and government rationing of both means of production and consumer goods. The Soviet government created horrific noneconomic institutions of compulsion to work: mass repression, providing millions of slave laborers in the Gulag system, and a ban on peasants leaving collective farms, supplemented later by a similar ban on jobs and residency changes for urban residents that completed the enslavement of the whole population.

Many believe that Stalin's terror and deprivation took place mainly in the cities, against intellectuals and political opponents. However, the great purges were really an assault on the countryside. Over half of all executions took place in rural areas. The liquidation of the *kulaks* (relatively wealthy peasants) ended up in 10 million of them being deported to Siberia, where most of them died of starvation. In Ukraine alone, Stalin starved to death over seven million peasants in 1930–33. Communist leaders ended up deporting the poorest—women, children, and crippled people who were of no political threat to the government.

With fanatical zeal and stunning brutality, the Soviet government was cleaning the country of millions of "nonpersons." Stalin's famous dictum—the "death of one person is a tragedy, while death of millions is a sta-

tistic"—became the background of one of the worst human tragedies in history. It is beyond the abilities of economic analysis to calculate the true cost of the socialist experiment in Russia, but the human toll is estimated to be 42 million people, who perished in a dreadful Gulag, in collectivization, purges, campaigns against "unearned" incomes, and other programs. The elimination of private property ensured the security of the one-party apparatus. Along with the dreadful Gulag, NKVD (political police), the state monopoly on resources and employment, created a ruthless totalitarian system.

The market was replaced by a system of commands based on the mechanism of central planning and state ownership. The final goal of Karl Marx, that the social anarchy of production under capitalism gives way to a social regulation of production upon a definite plan, was achieved. It led to severe dislocation and waste of resources, widespread shortages, and massive loss of human life and starvation. The price of labor was set at the subsistence level, with the average wage in the 1930s at less than \$7 a month. Abolition of private ownership of property led in Russia to a poor and decimated society.

The first sign of the coming Soviet economic collapse at the end of the 1970s and the beginning of the 1980s was an urgent necessity to increase state subsidies to unprofitable enterprises. Huge losses imminent to the nonworking system were covered by foreign currency obtained from the overseas sales of oil, gas, and other natural resources, and credits readily provided by the Western governments and banks. These funds enabled Kremlin bureaucrats to purchase food and basic consumer goods in the world market in order to make up for domestic production failures and prevent mass famine and consequent uprisings.

By the mid-1980s, the deterioration of the Soviet economy reached a critical point. More than 50 percent of state business enterprises were permanently unprofitable and survived through huge subsidies, while the agricultural sector required an infusion of more than 100 billion rubles in the years 1986–90 to support the collective farm system based on state ownership of land and forced labor.

Productivity declined and shortages (as well as a corresponding rationing of consumer goods) became widespread. Western credits and emission of inflationary money were not enough to perpetuate Soviet socialism. With the election (by 11 Politburo members) of Gorbachev as general secretary of the Communist Party of the Soviet Union in March 1985, reformers

gained new hope. Gorbachev, without himself knowing or wishing it, gave the process of change a powerful impulse, which determined the future development not only of his own country but also of the many states within the Soviet sphere of influence.

A devoted communist, Gorbachev was trying to solve problems of widespread poverty and declining productivity. *Perestroika* was the most far-reaching attempt to reform socialism, and the ensuing collapse of the socialist economic system was an unforeseen consequence of Gorbachev's government actions. Under *perestroika*, individuals were allowed to start their own small "cooperative" businesses, encouraging the development of the market economy. Prices of most goods continued to be set by the state, and all large and medium-sized enterprises remained in state ownership.

After the dissolution of the state, poverty in Russia became a very predominant issue.

At the same time, *perestroika* led to the break-through out of socialism and laid the foundation for the postcommunist restructuring of Russia and eastern Europe. The end of 1991 marked the collapse of both the Soviet economic system and the Soviet Union as a unitary state. After the dissolution of the state in December 1991, poverty in Russia became a very predominant issue. Many international organizations, including the World Bank and the International Labor Organization, focused on the situation of the Russian poor.

Russia experienced a high incidence of poverty and income inequality both before and after the collapse of the Soviet Union. As a part of the economic transition, in 1992 price controls were removed on most commodities except energy. The inflation rate for the year exceeded 3,000 percent, and continued at a very high level until 1995. Average wages and salaries failed to keep pace, so real income per capita fell significantly by more than 50 percent from 1991 to 1992.

The living standards of ordinary Russians were also affected by a substantial reduction in formal-sector employment, which led to higher unemployment and greater reliance on informal (and often black market) economic activities.

A privatization campaign created large fortunes for some, but most Russians saw their savings disappear through government-organized inflation and privately operated fraudulent investment schemes. Russian economic and social statistics, however, were and still are

unreliable because of their political, rather than economic, nature.

Some link the widespread poverty in Russia to the process of economic transition. Approximately 77 percent of Russians believe that there has been a dramatic increase in poverty since the collapse of the Soviet Union, and 41 percent of surveyed Russians consider themselves as being "poor." Soviet socialism, however, was not egalitarian with the real incomes differential being one of the highest in human history. In reality, under socialism, people were poorer, but their perception of poverty was blurred by the propaganda of free education, healthcare, and subsidized but largely substandard housing.

The ruling class enjoyed a high standard of living, but its consumption was hidden from the masses. All surveys of "poverty" in Russia revealed that despite their rising incomes, respondents still felt worse off than they used to.

In part, this is because the adjustment to a new system itself was traumatic. Even if standards of living rose across the board, other people's standards of living were rising a lot faster. In the Soviet days, everyone seemed equal on the surface: perquisites and privileges, such as access to modern healthcare, foreign goods, and travel, were mostly invisible.

After Russia became independent from the Soviet Union in December 1991, Russian economic performance was characterized by high inflation; a significant decline of real Gross Domestic Product (GDP), consumption, real wages, and household incomes; an increase in inequality and overall poverty; and mass unemployment unheard of under communism.

According to the World Bank, Russia's Gross National Income of \$2,140 per capita in 2004 is one of the lowest in Europe, with 60 percent of the economy being in the "informal" (black market) sector. The United Nations Development Program (UNDP) downgraded Russia from 57th position in 2004 to 62nd in 2005 because of low life expectancy and economic instability. UNDP economists believe that the situation will hardly change if Russia continues to rely on petro-dollars. Russian citizens will still rank among 40 percent of the world's poorest population, spending less than \$2 a day.

The Russian population decreased from 148 to 143 million between 1991 and 2004. The Russian fertility rate has declined to among the world's lowest, while its abortion rate is the highest. Low fertility, coupled with a dramatic increase in mortality, especially among working-age men, has led to a situation whereby the annual number of deaths exceeds the number of births. As a

result, Russia has the lowest life expectancy for males in a developed country (59 years) and the largest disparity in the world between male and female life expectancy (13.5 years).

One of the explanations for increased mortality is endemic alcoholism. Russia's rates of homicide and suicide are among the highest in the world. In addition, deaths from illness and chronic and degenerative diseases have also increased sharply.

More than 30 percent of the rural population lives in poverty.

The Russian government defines poverty as a monthly income of 1,000 rubles (\$38). According to official estimates, in 1992 one-third of the population had incomes below the poverty line. In 1994-96, that was down to about 25 percent, and then increased again in 1997-98 to about 34 percent. After the economic depression of 1998, the economic situation in Russia significantly improved through high oil prices and some business-friendly reforms of the Putin government. The official poverty level peaked in 1999 at 41.5 percent; it was cut in half by 2002 to 19.6 percent, and further decreased to 17.8 percent of the population in 2005. The poorest is the rural population. More than 30 percent of the rural population live in poverty. Among age groups, children under 16 have the highest incidence of poverty, about 25 percent. The north Caucasus, south Siberia, and parts of central Russia are the poorest regions in the country.

The major cause of poverty is unemployment—in the north Caucasus, it ranges from 11.7 percent in north Ossetia to 46.7 percent in Ingushetia, far above Russia's 6.5 percent average, according to the Federal Service of State Statistics. Widespread poverty in the region is a breeding ground for terrorism. "My antiterrorist operation is to create jobs—so that the young aren't attracted to automatic weapons but to agricultural machinery," said Ingushetia President Marat Zyazikov. "The more we put young people to work, the more we minimize their flow to groups of people who have chosen the wrong path."

The average monthly wage in north Ossetia is 2,596 rubles (\$87), about half the figure for the whole of Russia. Dagestan residents earn an average of 1,886 rubles a month (\$63), while Ingush residents make 1,392 rubles (\$46). The statistics service does not compile wage data for the war-ravaged Chechnya.



The Kremlin in Moscow has overseen Russia's economy from totalitarian socialism to modern capitalism. The Russian government defines the poverty line as a monthly income of 1,000 rubles (\$38).

A unique feature of the socialist legacy in Russia is that many people may have low incomes and consumption levels but live in expensive apartments, own summer cottages, and land, and still can receive social assistance. The number of officially poor in Russia is seriously overstated by the official statistics because of the widespread "informal sector" based on the black market, tax avoidance, and other characteristics of the "shadow economy."

Rural Russia, which has a surplus of labor, suffers from chronic poverty. Even the most selective social aid cannot rectify this situation because everyone would have to get such benefits all the time. It is necessary to create alternative jobs in rural areas. Labor migration is just about the only quick and cheap solution for people to find employment.

Russian experts have established that the amount of stolen funds is directly proportional to federal budget subsidies to any territory for poverty elimination purposes. Overall, poverty in Russia is connected with the situation in the labor market: 60 percent of all poor Russian families have at least one unemployed adult, thus making up 70 percent to 80 percent of the entire income deficit.



The Hermitage Museum in St. Petersburg once represented the ostentatious wealth of the upper classes in Tzarist Russia. The government was purchasing artwork for the collection, while the peasants starved.

The Vladimir Putin government set as its goal to halve the spread of poverty by 2007. To achieve this, the consumption levels should grow by a significant five percent a year. Social policy in Russia is conducted through more than 1,000 different programs of social assistance. At the federal level, 182 programs are providing benefits payable to 242 categories of the population. The number of those in need of social assistance, among them the "new poor" (low-paid categories of the working population, including a considerable share of those employed in the public sector), increased considerably, but had fallen to about 11 percent by 2005.

Data on the distribution of income show wide disparities in Russian society. The gap between the highest and the lowest 20 percent of population (quintiles) was 14 to 1 in 1993, and widened afterward. Developed market economies display the six-to-one disparity on average. The most recent figures report a Gini value in Russia of 48 percent, a level traditionally associated

with the most unequal societies of Latin American or African nations. The share of foodstuffs in a household budget amounts to 34.35 percent.

According to Engel's Law, with rising incomes, the share of expenditures for food declines. In the United States it is 9.7 percent, and the other developed countries all have rates lower than 18 percent; a 34 percent food expenditure in the budget is characteristic of developing economies.

The high level of poverty during the transition is due more to the rise in inequality than to the reduction in average incomes. Economic growth was strong (five to six percent annually) during recent years, and especially after the economic depression of 1998. Russia's Federal Service of State Statistics estimates that average income soared by 8.3 percent in 2004. Moreover, average wages increased by 23.3 percent. The current boom is mainly caused by increased oil exports coupled with high and increasing world oil prices.

The major difference between the poverty in Russia and that in developed market economies is the wide-spread phenomenon of the "working poor"—skilled and semiskilled full-time workers who are not able to break out of poverty. Most of the poor workers are employed in the public sector, including teachers, physicians, workers at the publicly owned enterprises, low-ranking civil servants, and the military.

More than half of all officers in Russia's underfunded military live in poverty: 56 percent of officers live under the official poverty line. Because of the thriving "shadow economy," widespread barter, in-kind payments and transfers, transitory income, and economic mobility are very important for understanding variations in income; it is difficult to gauge the degree of inequality in Russian society using official data on the distribution of income. When these factors are taken into account, they tend to suggest that economic well-being is more equally distributed than is official annual income.

Russian government policies are distorting labor markets by preventing labor mobility through the institution of *propiska*, a "residence requirement." As a result, the housing market has not yet developed and there is no transparency in these and any other markets in today's Russia. Most respondents blame the state policies for their poverty. The reasons cited are unfair laws and regulations under which an employer can defer wages for months, but there is no legal remedy available to address these and other injustices.

Ineffective social programs are the result of the ineffective performance of Russia's social institutions, rather than an ineffective methodology for identifying the most underprivileged groups. Russia's social institutions are mostly focused on helping the elderly, the handicapped, and veterans. In reality, poor people often are not members of these three groups. Veteran's organizations, groups representing the handicapped, and Chernobyl (nuclear accident) cleanup workers managed to secure additional assistance through their political influence in the Duma (Parliament). Since January 1, 2005, Russian local governments have had to pay all monetary benefits.

The absence of rule of law, blurred property and other human rights, widespread corruption, and the existence of the failing public sector (especially in rural areas) are the chief causes of poverty and the low standard of living in Russia. The fact that property rights and private ownership dominate the wealthiest economies of the West points to the economic inferiority of the state or collective-based ownership solution.

Human Development Index Rank: 62 Human Poverty Index Rank: Not included.

SEE ALSO: Communism; Engels, Friedrich; Marx, Karl; New Poor; Privatization; Rural Deprivation; Social Exclusion; Socialism; Working Poor.

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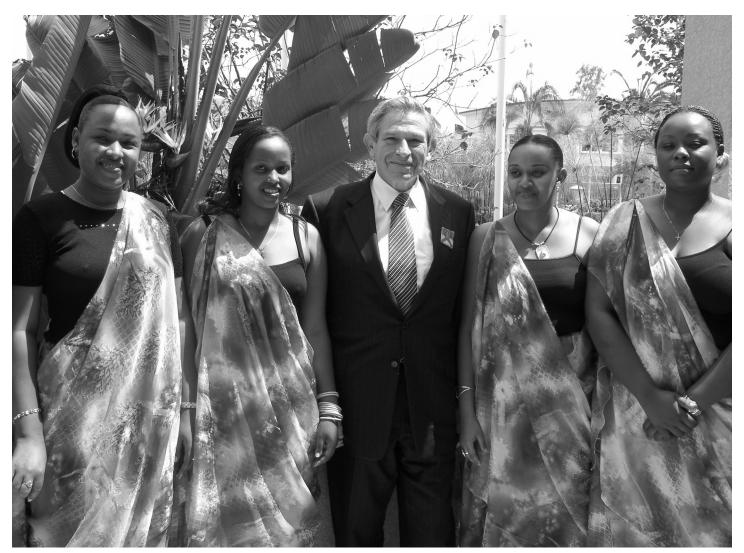
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Rwanda

ONE OF THE SMALLEST and most densely populated countries in Africa, Rwanda is also one of the poorest, with an estimated 60 percent of the population living below the poverty line. Rwanda has maintained an average of 160 out of 177 on the United Nations Human Development Index over the past five years. Poverty in Rwanda is highly concentrated among rural populations and in households headed by women, children, and former prisoners.

The origins of Rwanda's modern economic decline lie in a controversial ethnic conflict between Hutu and Tutsi groups. The diversification of separate ethnic groups and their eventual disparity were instilled by colonizers, who deemed Tutsi individuals as more apt to manage the majority population of Hutu workers. From the start, the so-called ethnic tensions felt in Rwanda and neighboring Burundi were a type of abstracted class system that has continued to have farreaching economic consequences.

Political strife across Hutu-Tutsi lines escalated beginning in 1989, when a drop in the price of coffee and tea, Rwanda's two main exports, resulted in economic depression. The Hutu-Tutsi conflict reached a boiling point in April 1994, when President Juvénal Habyarimana was assassinated and a three-month civil war and genocide began. Nearly a decade later, in 2003, the new Rwandan government was officially installed by na-



June 17, 2005: World Bank President Paul Wolfowitz with country staff members donning traditional ladies' garb, from left, Chantal Kajangwe, Josianne Niyonkuru, Dimitri Mukanyirigira, and Nadege Uwineza. Photographer: James Kakwerere

tional democratic elections. Although Rwanda has been rebuilding its infrastructure for over 10 years, repercussions from the atrocities committed during the civil war have prevented a smooth transition to democratic rule and civil security.

Rwanda's population, which has doubled in the last 30 years despite the death of nearly one million people in the genocide, was growing at a rate of close to three percent in 2004, and was a major determinant of the nation's poverty problem.

An influx of refugees from the Democratic Republic of the Congo in 2004, and the scheduled return of dissident Rwandans from the Democratic Republic of the Congo in 2005, exacerbated the overcrowding experienced in Rwanda, and lowered the standard of living in some regions.

In addition to these itinerant populations, in late July 2005, the Rwandan government decided to release tens of thousands of incarcerated individuals who had confessed to participating in the genocide, which significantly augmented the population of unemployed persons in Rwanda. These displaced populations caused overwhelming local problems, which affected poverty levels when they supplemented already crowded regions that faced shortages of social services and resources. Population movements after 1994 heavily affected Rwandan poverty.

Rwandan life expectancy, which was below 40 years in 2004, was a grim indicator of the child poverty that plagued postgenocide Rwanda. In many cases where entire families were decimated in 1994, orphaned children without extended family support became marginalized

in a fierce competition for food, housing, and public healthcare. Moreover, poor health indicators compounded the intense struggle for survival faced by Rwanda's many destabilized populations. Approximately 60 percent of the population were without access to clean water in 2000 and an astronomical 92 percent of the population were without sanitation services. The prevalence of HIV/AIDS was a moderate five percent, but was expected to worsen as a result of the high incidence of unsafe reproductive habits.

Adult literacy was moderate for sub-Saharan Africa at 70 percent in 2004. While primary school enrollment and youth literacy were both around 84 percent, few children advanced to secondary school. Unemployment was frequently a symptom of low levels of education, but it was also commonly a result of oversaturated urban job markets. In the agricultural sector, land tenure, social and economic isolation, and severe environmental conditions such as drought, disease, soil fer-

tility, and degradation led to high poverty rates in addition to the suffering of the national economy.

Human Development Index Rank: 159 Human Poverty Index Rank: 69

SEE ALSO: Conflict; Congo, Democratic Republic; Sanitation; War and Poverty.

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ENCYCLOPEDIA OF WORLD POVERTY

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Volume 3 Cover Photo: Palestinian refugee camp in Beirut, Lebanon, January 1986. Credit: Françoise de Mulder/Corbis.



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ENCYCLOPEDIA OF

WORLD POVERTY

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WORLD POVERTY

S

Saint Kitts and Nevis

SAINT KITTS AND NEVIS is a small state in the eastern Caribbean composed of two islands in the Antilles chain. Europeans, primarily the British, colonized the islands shortly after Christopher Columbus mapped their location. Sugar was adopted as the primary industry for the islands. In 1882, Saint Kitts and Nevis was formally joined as a state with Anguilla and independence followed in 1967. However, complaints from Anguilla of domination by Saint Kitts led to the removal of Anguilla and, in 1983, Saint Kitts and Nevis achieved independence in its current form.

The country has suffered from its colonial status, in which monocropping of sugar was introduced. Fluctuating commodity prices, declining output, and high production prices have all hampered the industry, while a succession of five major hurricanes had devastating impacts on the islands. It has been estimated that, while overall Saint Kitts and Nevis maintains an annual per capita Gross National Income exceeding \$6,500, nevertheless some 30 percent of its people face poverty and 11 percent extreme poverty, in which food insecurity is a very real threat. Overcoming overreliance on a single commodity requires extensive diversification in the

economy and the creation of higher value-added outputs from the sugar crop. Tourism is one sector that has witnessed growth, albeit from a very modest base, while the agricultural sector possesses the comparative advantages necessary to produce alternative goods, but not the human or financial capital necessary to bring about such a change. Poverty rates are strongly correlated with location and with occupation. Approximately 60 percent of the poor are under 25, 60 percent are women, and 50 percent have no educational certification. The total population of the country just exceeds 40,000 and so the absolute number of the poor amounts to around 12,000. The infant mortality rate in 2003 was 19 per 1,000 live births and the under 5 mortality rate was 22 per 1,000 children. The country nevertheless ranks within the top 50 of developed countries according to United Nations measurements of development, indicating a degree of inequality.

Saint Kitts and Nevis suffers from many of the problems facing very small island countries—it is the smallest in the Caribbean. These include heightened vulnerability to external shocks, lack of managerial and technical skills, low levels of spare capacity in health and education sectors, small domestic markets, and reliance upon important imported goods and services,

leading to balance-of-trade difficulties. Plans to develop the economy through offshore banking havens and more extensive tourism development may be successful for a small number of people but, without strong governmental institutions able effectively to redistribute such earnings, only a small number of people would benefit, many of whom would not be local people.

Human Development Index Rank: 49 Human Poverty Index Rank: Not included.

SEE ALSO: Colonialism; Education; Income Inequality; Outsourcing/Offshoring.

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Saint Lucia

LOCATED BETWEEN THE Caribbean Sea and the north Atlantic Ocean, the island of Saint Lucia is 27 miles long and 14 miles wide. Because of its excellent harbors, England and France hotly contested ownership of Saint Lucia in the 17th and 18th centuries, but the United Kingdom ultimately established possession in 1814.

Saint Lucia became independent in 1979 after 10 years of self-government, achieving both political and economic stability. Saint Lucia's sandy beaches and mineral springs attract large numbers of tourists, and the island has become a popular wedding spot.

Saint Lucia has a diversified economy, with 53.6 percent of the labor force involved in service industries. Only 21.7 percent are engaged in agriculture, mostly the export of bananas. This enterprise has been seriously threatened by international events and increasing competition from Latin American countries. Saint Lucia is experienced an unemployment rate of 20 percent in 2005, despite the fact that foreign business and investment, particularly offshore banking and tourist-related enterprises, were steadily increasing. Saint Lucia's man-

ufacturing sector is considered the most diverse in the eastern Caribbean area, and the island is believed to have geothermal potential.

Economic stability on Saint Lucia is important in protecting the quality of life for Saint Lucians, particularly among the poorest segment of the population, because resources are unevenly distributed. The poorest 20 percent own only 5.2 percent of the island's resources, while the richest 20 percent share 48.3 percent. Saint Lucia is ranked 42.6 percent on the Gini Index of Human Inequality.

While official poverty assessments are unavailable, a report by the Caribbean Development Bank states that 18.7 percent of Saint Lucian households and 25.1 percent of all individuals are poor when the concept is defined according to the amount of money spent on food and nonfood items. The report also reveals that poverty is most prevalent in rural areas.

Life expectancy has increased in Saint Lucia over the last few decades. The population of 166,312 enjoys a life expectancy of 73.05 years, with women surviving their cohorts by an average of more than seven years. The median age is 24.81 years. Over 30 percent of the population are under the age of 14, and 5.2 percent are at least 65 years old.

Most Saint Lucians have access to good healthcare and basic needs. However, two percent do not have safe drinking water and 11 percent lack access to proper sanitation. These individuals are generally those who live in remote areas. There are 58 physicians per 100,000 residents, but 20 to 50 percent of Saint Lucians are unable to afford essential drugs.

On Saint Lucia, infant mortality occurs at the rate of 13.53 deaths per 1,000 live births. That rate declined from 19 deaths per 1,000 live births in 1990. Between 1990 and 2003, the mortality rate of all children under 5 fell from 24 deaths per 1,000 to 18 deaths per 1,000. Eight percent of all babies are underweight at birth. Approximately 14 percent of all children under 5 suffer from malnutrition. About 11 percent of this group suffer from moderate to severe stunting, and six percent experience moderate to severe wasting. Childhood immunizations are readily available in Saint Lucia, and rates are stable in the 90 percent range.

Between 1980 and 2000, the fertility rate of Saint Lucian women was more than halved, from 4.4 children per woman to 2 children. The fertility of females between the ages of 15 and 19 is 73 per 1,000 births. Nearly half of all women use contraceptives of some sort. Virtually all births in Saint Lucia occur in the presence of trained medical staff. Modeled estimates

for the period 1985 to 2002 place maternal mortality at 30 deaths per 100,000 live births.

Saint Lucia defines literacy rates according to the number of those who have attended school. About 65 percent of males and 69 percent of females meet this criterion. School is universally available, and most students attend school for at least 13 years. Primary school completion rates are 100 percent for both males and females.

Human Development Index Rank: 76 Human Poverty Index Rank: 12

SEE ALSO: Education; Industrialization; Outsourcing/Off-shoring; Unemployment.

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Saint Vincent and the Grenadines

SAINT VINCENT AND the Grenadines is a Commonwealth nation within the Lesser Antilles chain of the eastern Caribbean Sea. The northern part of the Grenadines chain, including Bequia, Mustique, and Union Island, is administered as part of Saint Vincent and the Grenadines while the southern part is administered by Grenada. Saint Vincent is dominant but has a territory of only 134 square miles and, like all the islands in the state, is vulnerable to external shocks such as hurricanes and faces the problems of few resources and lack of economic diversity.

Saint Vincent is likely to have been visited and named by Christopher Columbus, but its Caribbean population was not greatly disturbed. A shipwrecked slave ship led to Africans reaching the island in 1673, and they integrated with the indigenous population. Subsequent attempts to establish colonies were mostly unsuccessful, but eventually a struggle between the French and the British during the Seven Years' War led to the islands changing hands several times. A Frenchinspired rebellion of Caribbeans led to the British exiling most of them to the Bay Islands, and strengthening

their control over the remaining black slaves involved in the sugar industry. The emancipation of the slaves in 1834 led to a temporary labor market shortage that was filled with the importation of settlers from east India and Portugal. Hurricanes and a volcanic eruption in 1902, together with declining sugar prices, led to economic problems that have never been fully overcome. Saint Vincent and the Grenadines achieved independence from Britain and became a member of the Commonwealth in 1979, having been autonomous since 1969.

The state is almost entirely dependent on the export of agricultural commodities.

The total population of Saint Vincent and the Grenadines is just over 109,000 and, with an average life expectancy of 72.9 years and an annual per capita income of \$2,820; the overall standard of living is moderate. However, the legacy of slavery and colonization means that the state is almost entirely dependent on the export of agricultural commodities. The prevalence of agriculture means that many people live in rural areas where poverty is more likely and access to health and education services much less likely. In 1996 (most recent figures), 20 percent of children under the age of 5 suffered from malnutrition.

Additional economic activities include a small-scale offshore banking sector that does not spread benefits very far and so allegations have been made of connections with the illegal narcotics trade as a transshipment point. Bananas have surpassed sugar as the principal agricultural export in recent decades. Production peaked in 1990 at 90,000 tons but has since more than halved as a result of institutional changes in the principal market of the European Union (EU) and increased competition from Latin America. Preferential EU export schemes were due to expire at the end of 2005 and this leads to further uncertainty for future income.

Human Development Index Rank: 87 Human Poverty Index Rank: Not included.

SEE ALSO: Agriculture; Children and Poverty; Colonialism; Rural Deprivation.

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Salvation Army

THE SALVATION ARMY IS one of the largest and most successful charitable organizations in the world. William and Catherine Booth established it in 1865 as a Methodist ministry in the East End of London. From the start, the Salvation Army adopted a military model and those who joined were obliged to obey military-style organization. It was one of the first religious institutions to offer leading positions to women.

From London, the Salvation Army spread to many parts of the United Kingdom and subsequently became internationalized into more than 80 countries. The army describes itself as: "The Salvation Army, an international movement, is an evangelical part of the universal Christian Church. Its message is based on the Bible. Its ministry is motivated by the love of God. Its mission is to preach the gospel of Jesus Christ and to meet human needs in His name without discrimination." This mission statement shows the aspiration of the Salvation Army to be a global organization.

FOUNDING OF THE SALVATION ARMY

The Salvation Army spread rapidly in its early years, partly as a result of its adoption of the quasi-military structure that it still has and which is symbolized by the wearing of uniforms, awarding of ranks, and so forth. The military symbology is adopted on the basis that its members are in spiritual combat with the various forces of evil and, being well organized and equipped as an army should be, its members have a better opportunity to win the particular battles in which they are involved.

However, to be successful, an army requires discipline and this has always been difficult to ensure in so many Christian organizations, especially Protestant organizations. One early schism involved the American branch of the Salvation Army.

The organization had rapidly spread across Britain and then internationalized. The American branch wished to become independent and struggled against William Booth to this end in 1884. Eventually it was expelled and soon withered, having sought to become the

American Salvation Army. Activities subsequently became successful in America, although not before hostile reactions led to the deaths of several army members. Second, Ballington Booth, a son of the general, again sought to establish his own independent society, which he did through resigning and establishing the Volunteers of America. This has grown into a large and successful venture that now employs some 14,000 professionals and 70,000 volunteers in a variety of programs.

The Salvation Army early in its life established its role as a worker among those who were often outcast or despised by society. These people included alcoholics, the homeless, prostitutes, and drug addicts. Army members traveled through the districts of cities in which people with these characteristics were likely to be found and would seek to offer personal assistance and relief while, at the same time, attempting to persuade them to convert to the religious beliefs the army members favored. This occasionally brought about confrontation with other people who rather resented being told that their lifestyles were sinful and shameful and should be radically changed. Violence occasionally threatened and so army members took to taking bodyguards with them. In due course, the bodyguards sought to disguise their role and this was the origin of the brass band music that has become so redolent of Salvation Army activity.

RELIGIOUS STYLE

Individuals who wish to become members of the Salvation Army must first sign various Articles of War to demonstrate their commitment. They spend two years undergoing training in residence, followed by five years of advanced studies. Members are posted to a corps, which is the basic organizational structure of the Salvation Army, and corps are part of divisions that are grouped into territories, which are generally individual countries, apart from in the United States where there are four separate territories.

Booth's original religious doctrines are still followed. He believed that salvation did not require application of the sacraments but could instead be achieved by public confession, professions of faith, and the attendance at various informal prayer sessions which tend to feature individual statements of belief, singing, hand-clapping, and so forth. Salvation Army members are generally well trained and capable in public communications and relations and are able to lead such sessions as well as to locate new recruits.

ROLE OF WOMEN

Women are accorded exactly equal status with men. This equality of status was awarded from the very beginning of the organization's existence and is extremely unusual in religious organizations, especially Christian ones. Booth created the Slum Sisters as part of the Slum Crusade, in which the women traveled the slums of the East End of London armed with cleaning equipment, with a view to improving hygiene and nutrition in areas where people lived who had little education in such things. This campaign may have been gender-distinct but this did not mean that it was gender-biased. Of course it is possible to search for individual occasions on which women were treated improperly, but this is to miss the point of the organizational and institutional arrangements that ensure equality.

ACTIVITIES

Taking into account the imprecation in the Bible to go and make disciples of all nations, the Salvation Army is now active in most regions of the world. Members aim to fulfill their mission through the following means: "by our presence in the world, by our public proclamation of the gospel, by personal evangelism, by pointing to evidence of the Holy Spirit's power to transform lives, by identifying with and offering compassionate service to the poor and disadvantaged, and by working with the oppressed for justice and liberty."

This involves several different areas of activity, including the provision of international health services, community development, evangelism, relief work, promotion of women's ministries, and campaigns to reduce human sexual trafficking. The Salvation Army has been active in tackling human trafficking since the 19th century, when it was initiated by Josephine Butler, who had for years been concerned with rescuing young women from brothels in London and found an opportunity to do so.

Through both practical action in providing refuges and media activity and advocacy, including naming and shaming some of those involved in the trade, the army fought against Britain's Maiden Tribute. Subsequently, army troops have been active in a number of countries, although often on an informal basis since many governments do not recognize the issue and, hence, it is necessary to work with discretion.

The health program works also in an international context and with the aim of creating an integrated package of activities in which community involvement is an

important component. This is described as follows: "The Salvation Army's commitment to health programs is rooted in our understanding of God's saving purposes for the world and our commitment to world evangelization.

"The Army emphasizes that compassionate care is linked to healing, social inclusion and whole person transformation. With a commitment to integrated mission we recognize that in spite of human brokenness and sin, all individuals and communities have the potential for growth, for wholeness, for better relationships and for reconciliation with God." The religious aspect to health provision is thoroughly included in every part of its operations. This can lead to some conflict when recipients or host governments maintain different views on religious practice than are pursued by the army.

SIGNIFICANCE OF THE SALVATION ARMY

The Salvation Army is of particular importance as a charitable organization because of its close links and commitment to local communities, especially to working-class people who are often vulnerable to poverty or to unsafe forms of personal and social behavior. By offering an alternative lifestyle choice, it has provided opportunities to many young people. Through lifelong commitment to the cause, army members further demonstrate the value of permanent solutions to the issues they hope to tackle.

SEE ALSO: Charity; Christian Antipoverty Campaigns; Faith-Based Antipoverty Programs.

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Samaritans

IN THE NEW TESTAMENT in Luke 10:30-37, Jesus tells the story of the Good Samaritan who stops to help a wounded Jewish man lying in the road after several Jews have crossed to the other side and refused to help. The story gains new significance in light of the fact that Jews hated the Samaritans, who were a mixed race and who were considered idol worshippers. A small group of biblical Samaritans still survives in Palestine and Israel today. Jesus used the Good Samaritan to teach a lesson about helping those in need. The charge that Christians should help all people in need, regardless of race or religion, serves as the foundation of Samaritan's Purse, the international nondenominational Christian charity. The Samaritans, an English-based suicide prevention group with chapters around the world, has also adopted the story of the Good Samaritan as its creed.

Samaritan's Purse, which was founded in 1970, is headquartered in Boone, North Carolina. The charity also has offices in Australia, Canada, Germany, Ireland, the Netherlands, and the United Kingdom. Franklin Graham, son of evangelist Billy Graham, has led the charity since the death of founder Bob Pierce in 1978. Smart Money magazine has called Samaritan's Purse the most efficient of all religious charities, noting that 88.8 percent of its budget is used for project activities. Savings account for 12 percent of the budget, and 3.7 percent is used for fundraising activities. The projected budget for Samaritan's Purse in 2004 was \$210 million. Overall, the charity is viewed in a positive light, but criticism has been abundant.

Controversy erupted in 2001, for instance, when the *New York Times* criticized Samaritan's Purse for using government funds to spread religion in the name of disaster relief in El Salvador. Officials admitted that three percent of its budget for the project had come from federal funds but defended its actions in accepting the grant for earthquake relief.

While spreading the gospel message of the Christian faith, Samaritan's Purse travels the world to help victims of war, disease, disaster, and famine. During the wars in Afghanistan and Iraq, Samaritan's Purse has provided water systems, shelters, and medical kits for over 100,000 people. Nevertheless, the charity's presence in Iraq, which is 97 percent Muslim, and in Afghanistan, which is 99 percent Muslim, has added to ongoing criticisms about the practice of mixing aid and religion.

In December 2003, Samaritan's Purse visited Sudan to talk about peace and freedom of religion with Presi-

dent Omar al-Beshir. The charity also opened medical facilities, dispensed food and school materials, and oversaw agricultural projects. Traveling to war-torn Liberia in the spring of 2004, workers for Samaritan's Purse opened rehabilitation facilities for demobilized female soldiers and military wives.

In 2005, Samaritan's Purse pledged \$13 million in relief after parts of Asia and Africa were devastated by tsunami waves in December 2004. The money was used to set up food kitchens at emergency shelters and buy fishing boats to help people return to work. Additionally, Samaritan's Purse provided individuals and families with rebuilding kits containing basic tools, plastic sheeting for shelters, household supplies, water filters, mosquito netting, and direct aid. The antipoverty element of the charity is geared toward providing basic needs to people while teaching them about prevention of diseases and proper handling of household waste.

The inclusion of the comic book has led to charges of proselytizing.

Samaritan's Purse is known around the globe for Operation Christmas Child, which involves sending shoeboxes full of small gifts to children around the world at Christmas. In mid-November each year, more than 100,000 volunteers from churches, schools, businesses, and civic groups donate and pack the boxes, following careful guidelines.

Volunteers come together in the United States, Canada, the United Kingdom, Australia, the Netherlands, Germany, Ireland, Austria, Switzerland, Finland, and New Zealand. The boxes include such items as books, small toys (but no toy guns), school supplies, hygiene items, wrapped candies, gum, socks, caps, t-shirts, jewelry, and batteries. Notes of encouragement may also be included. There are 1,800 dropoff sites in the United States alone.

Along with the shoeboxes, children receive a comic book of Bible stories, *The Greatest Gift of All*, which tells the gospel message. The inclusion of the comic book has led to charges of proselytizing, which is specifically against the law in many countries. In 2005, 7.4 million shoeboxes were delivered to children in 95 countries.

Samaritan's Purse also sponsors the Children's Heart Project, which identifies children with heart defects and brings them to the United States for treatment. Doctors and hospitals perform the work for free,

and local groups provide support while families are in the United States.

Through the World Medical Mission, Samaritan's purse sends physicians and dentists into countries such as Kenya, Rwanda, Bangladesh, Egypt, Papua New Guinea, Haiti, and Ecuador on both short-term assignments and two-year residencies. One element of this program deals specifically with immunizing children in remote villages against communicable diseases and with providing antimalarial medication. The World Medical Mission program has been criticized for its work against HIV/AIDS because opponents say the charity deals with the issue from a Christian rather than a medical perspective.

Samaritan's Purse also employs workers to serve as managers, grant writers, emergency workers, builders, administrative assistants, and in various other positions. These workers serve from two to 12 months, accomplishing such tasks as building homes and schools, setting up hospitals and clinics, and dispensing food, water, and emergency supplies.

SEE ALSO: Charity; Christian Antipoverty Campaigns; Religion; United States.

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Samoa

THE INDEPENDENT STATE OF Samoa is composed of two large and seven small islands in the south Pacific Ocean. The largest islands in the chain are Upolu and Savai'i. Once known as Western Samoa, the islands were administered by New Zealand under the United Nations Trust Territory of the Pacific until 1962. Upon gaining independence, the country became known as Samoa. According to the United Nations, Samoa is one of the 49 least developed countries in the world.

Historically the Samoan economy has relied heavily on development aid and regular remittances from Samoans who work abroad. Two-thirds of the labor force is involved in agriculture, which provides 90 percent of all exports. The fishing industry has declined in recent years because of overfishing. Small-scale industries on the islands revolve around the processing of agricultural products. The tourist sector is rapidly growing on Samoa, and tens of thousands of visitors come to the islands each year. Economic reforms are underway that are designed to deregulate the financial sector and encourage investment. If inflation remains low, and if fiscal discipline persists, the Samoan economy has a chance for strong growth in the coming years.

Samoa is a lower-middle-income nation with substantial debts, but it has made great advances on a number of major social indicators in recent years. A 1999 study by the United Nations and the South Pacific Commission revealed that 48 percent of all families in Samoa were living in poverty on less than \$1.34 a day. While poverty existed throughout Samoa, it was concentrated on the island of Savai'i. Some 55 percent of the residents of this island were poor.

Data from the study revealed that most of those living in poverty resided in large families in which the head of the household was unemployed. Conditions in those households were primitive with no access to basic necessities. Over the last few years, access to basic necessities has been expanded with the help of an improved economy and international agencies.

Life expectancy has been steadily increasing on the islands, particularly among females. In 1980 the projected life span was 63 years. Currently the Samoan population of 177,287 enjoys a life expectancy of 70.2 years. The projected life span for females is 73.65 years as compared to 67.93 percent for males. The median age is 24.59 years. Some 27 percent of the population are under the age of 14, and 6.4 percent have reached the age of 65. Approximately 99 percent of the population now have access to safe drinking water and improved sanitation. There are 34 physicians for every 100,000 residents on Samoa, and only five percent lack access to affordable essential drugs.

Infant mortality has significantly diminished on Samoa over the past decades. From 1970 to 2003, infant deaths dropped from 106 to 19 deaths per 1,000 live births. Among all children under the age of 5, mortality was slashed from 160 to 24. Because of improved conditions, only two percent of all children under the age of 5 are malnourished, and four percent of infants are underweight at birth. Childhood immunization is al-

most universal among Samoan children from birth to 23 months old.

While fertility is high on the islands, it has declined considerably in the past decades. In 1970, women produced an average of 5.7 children each. By 2003 the fertility rate had dropped to 4 children per woman. Adolescent fertility stands at 25 per 1,000 births. Less than a third of Samoan women use any form of birth control, but contraceptive use has climbed from 18 percent in 1980. Between 1990 and the present, the number of trained medical staff attending births on Samoa rose from 76 to 100 percent. According to modeled estimates for 2000, maternal mortality occurs at a rate of 130 deaths per 1,000 live births.

Literacy is almost universal on Samoa, and 99.7 percent of the population over the age of 15 can read and write. The gender difference in literacy rates is negligible at present, although female literacy has traditionally lagged slightly behind that of males. Most Samoan children attend school for at least 12 years, and completion rates have been steadily increasing over the last few years. All Samoan children now complete primary school.

Human Development Index Rank: 74 Human Poverty Index Rank: Not included.

SEE ALSO: Agriculture; Head of the Household; New Zealand; Unemployment.

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San Marino

THE THIRD SMALLEST nation in Europe, the Republic of San Marino is completely surrounded by Italy with which it maintains close political and economic ties. The Sammarinese believe that their country is the oldest republic in the world. This nation of 61.2

square miles is considered one of the most peaceful places in the world because it has remained intact through repeated attacks by other Italian states, including during the Napoleonic wars, unification of Italy, World War I, and World War II. After joining the United Nations in 1992, San Marino began taking an active role in international diplomacy. The government of San Marino maintains poverty alleviation should be a major priority in the international community.

San Marino is the eighth richest nation in the world, with an annual per capita income of \$34,600 and an unemployment rate of only 2.6 percent. Over half of the Gross Domestic Product (GDP) is generated through the tourist industry. Some three million people travel to San Marino each year. Approximately 57 percent of the Sammarinese labor force are engaged in services, and banking is a key industry. Approximately 42 percent of the workforce are employed in industries that include wearing apparel, electronics, and ceramics. Only one percent of the labor force are engaged in agriculture, mostly producing wines and cheeses. Because of the small agricultural sector, San Marino imports most of its food supply from Italy.

Little data are available for San Marino on major social indicators. This makes it difficult to access poverty or the quality of life. However, San Marino does have an extensive social net to help those in need. Government aid is given to those Sammarinese whose incomes fail to provide a basic standard of living.

The life expectancy of the Sammarinese people is 81.62 years. With a projected life span of 85.43 years, women generally outlive men (78.13 years) by more than seven years. The median age is high at 40.29 years among San Marino's population of 28,880. Almost 17 percent of Sammarinese are under the age of 14, and approximately 17 percent have reached the age of 65. Fertility is low in San Marino at a rate of 1.33 children per woman. There are 252 physicians in San Marino, and all residents have easy access to healthcare.

In 2005, infant mortality in San Marino was estimated at 5.73 deaths per 1,000 live births. At 6.16 deaths per 1,000 live births, male infants were less likely to survive than female infants at 5.26 deaths per 1,000 live births. The mortality rate of all children under the age of 5 declined from 10 deaths per 1,000 to five deaths per 1,000 in 2003. About 10 percent of all infants in San Marino are underweight at birth.

Overall, childhood immunizations are high in San Marino. Around 96 percent of all infants have been immunized against polio and DPT. However, measles vaccinations have been more of a problem. In 2002, only

84 percent of all infants had received measles vaccinations. By the following year, however, that number had increased to 91 percent. Among children between the ages of 12 and 23 months, 91 percent have been immunized against measles, and 96 percent have been immunized against DPT3.

Within the population over the age of 10, 96 percent of Sammarinese can read and write. With a 95 percent literacy rate, females lag behind males at 97 percent. All children in San Marino progress past the fifth grade.

Human Development Index Rank: Not included. Human Poverty Index Rank: Not included.

SEE ALSO: Employment; European Union Definition of Poverty; Healthcare; Italy.

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Sanitation

SANITATION IS THE ATTEMPT to keep the environment clean in order to prevent and control diseases. It is a concern of public health, governments, armed forces, and individuals. Sanitary practices seek to control the environment and individual hygiene in order to prevent diseases.

Historically more soldiers have died of diseases while serving in the armed forces than have died of battle wounds. More civilians have died of diseases than have died in wars. Fleas, rats, lice, viruses, and water are very closely intertwined throughout human history, with the majority of deaths from poor sanitation occurring from among the ranks of the poor.

The development of sanitation in modern times has led to the growth of many new professions and to the creation and expansion of many new governmental agencies that all focus on protecting the health of cities, towns, and communities. The engineers, physicians, biologists, chemists, and others work to design ways to

control the purity of water and food stocks. Together with governments and private companies they work with sewage treatment and solid waste removal. Numerous government agencies are actively developing, adopting, and administering laws to promote and protect a healthy environment.

The many industries and professions that work in the area of sanitation are protecting water and food supplies, evacuating sewage and solid waste. They are also protecting against insects, rodents, mold, poor air quality, and other threats to public health.

WATER

Water treatment is essential because most of the water supplies on earth are no longer pristine even in remote locations. The more heavily populated an area, the more its water supplies need to be carefully handled to prevent pollution that can cause not only disease but also debilitating or deadly epidemics. Potable water for drinking, bathing, swimming, cooking, or laundering is vital. Without it people will die in great numbers because they will be exposed to water that contains bacteria, viruses, or other microbes that can cause illness.

Untreated water may also contain unpleasant odors as well as bacteria. It may also contain chemicals that can cause illness or interfere with the cleansing power of water. To have sufficient supplies of clean water, cities and towns build water treatment plants or they assign this important function to private corporations. Almost all the water to be purified for human use comes from groundwater, rivers, or lakes. A growing amount comes from desalination plants.

Most small towns use groundwater from a spring or from wells. Larger cities use rivers or lakes. Sometimes the water is from an artificial lake created by a dam. If there are insufficient supplies of water from ground, river, or lake sources, the water will have to be piped in or trucked in from some distant source. This is a method used by the ancient Romans. The Middle Ages, with a great decrease in population, used much fewer sanitation measures.

WELLS

Some commentators have assessed the world's water supplies and have declared that there is a global water crisis. Many nongovernmental organizations (NGOs) are helping to provide clean water supplies in poor countries. NGOs have dug and are digging a variety of wells all over Africa and on other continents.



Reestablishing the water supply after the Iraq War was a top priority to help alleviate poverty conditions.

For example CARE in the last 50 years has provided water improvement projects to over 10 million people in over 40 countries. These water projects are connected to sanitation needs.

FOOD

Food supplies used by humans have always been vulnerable to pollution from the field to the kitchen; there are many hazards that can affect the foods people eat. These pollutants can affect human health seriously or mortally. Cereal grains can be infected with different diseases caused by fungi, rusts, molds, or other diseases. These infections can adversely affect human health if the infected cereal grains are consumed. Consequently consumer advocacy groups are often allies of public or agricultural officials in efforts to keep contaminated foodstuffs from markets.

Animals, birds, or fish consumed by humans can affect human health if they are sick or have consumed heavy metals in the food chain. Fish with high levels of mercury when consumed by humans can contribute to nervous disorders or other illnesses. Birds infected with avian influenza that are consumed by humans can infect people with strains of a virus that may lead to human versions of influenza with high morbidity and mortality rates. Or, eating pork infected with trichinosis worms that has not been thoroughly cooked can cause trichinosis in humans. This is a very painful condition in which the worm cysts lodge in human muscle tissue.

The eating of bush meat in Africa has been practiced from ancient times. However, today it is a source of diseases that with globalization can have severe consequences. Ebola fever is a hemorrhagic fever that has a very high mortality rate. It is contracted from diseased animals. It affects the poor in Africa who eat wild animals and it could spread to towns and to the wider world.

Freshly killed meat that is hung in marketplaces in the poor countries in the world exposes the meat to flies and to other airborne health hazards. The practice of hanging meat in this manner is connected with a lack of refrigeration. Sanitation laws to protect foods in many countries include either governmental or religious stockyard inspections, slaughterhouse inspections, processing plant inspections, or even inspection of cooking conditions.

In wealthier countries the guarantee that the conditions are sanitary is the restaurant's inspection report card. In poor countries the guarantee arises from the boiling of water for tea or coffee. The cooking of food such as steamed rice or vegetables provides some assurances that the food is safe to eat. In wealthier countries modern refrigeration is helping to preserve food, lower its cost, and reduce its health hazards immensely. However, the cost of refrigeration is still beyond the budgets of millions in the poor counties and classes of the world.

Food inspections that are an extension of sanitation concern are those that involve safeguarding food from contamination by allergens. Some foods can cause illness or death in people who are allergic to foods like shellfish or peanuts. Keeping foods free of them is important to the health of some people.

SEWAGE

Sewage treatment of wastewater is the removal of sewage waste material produced by people. Sinks and toilets in homes and other places such as restaurants, offices, public buildings, farms, factories, sporting arenas and sporting events, and other places are the sources of this kind of waste. Sewage is about one percent solid waste and the remainder is water. However, it is highly toxic and also disease-laden. This form of sewage, along with industrial sewage and other forms of waste, must be cleansed before it is returned to streams, rivers, or lakes.

Unfortunately many towns and cities all over the world have used a policy of cleansing water taken into their water systems, but ignoring water discharged back into the environment. Unless the sewage is treated, it contaminates the waters into which it is discharged. Eventually pollution consequences occur. Swimming is prohibited because the water is too polluted. Algae blooms occur, fish die off, aquatic plants choke streams, and other negative effects occur.

There are numerous ways to treat human sewage. Among these are sewage treatment plants that use chemicals or other means. Effluent ponds will also consume large quantities of human sewage where bacterial processes will naturally restore the water to pure conditions. Septic tank processes are used widely around the world. In many poor countries outhouses are used. When the hole in the ground is filled, the outhouse is moved. Then a tree is planted over the spot. The tree uses the natural fertilizer to nourish itself, and to produce its fruit.

In many countries such as Japan, human waste from latrines has long been used for fertilizing crops. Gathered in "honey pots," the waste is spread over fields, including vegetable plots. The vegetables from such plantings are a health hazard even when well washed. In poorer countries such practices expose people to diseases that are preventable with better sanitation practices.

INDUSTRIAL WASTE

Industrial waste is a major concern because it is often very toxic to fish, animals, and humans. Many chemicals are carcinogenic. Air pollution can cause numerous respiratory problems. Legislation in industrial countries has been adopted that seeks to clean up old chemical dump sites and to provide ways that keep industrial waste from contaminating the environment.

Convenient rural sites for dumping huge quantities of industrial waste have proved to be more than eyesores. They have often proved to be a danger to water that filters through the area, leaching out toxic chemi-



Sometimes buckets and jugs are the only viable means to transport potable water, such as in the Democratic Republic of the Congo.

cals. Some poor countries have found that some corporations are very willing to use undeveloped and unsuspecting areas as a source for dumping unwanted waste materials.

Mining around the world has often left pollution from empty mine pits or dangerous mine shafts. The holes alone are a hazard to health. The tailings of mines have often had ores or minerals in them that could not be economically processed. In the case of some mines, water-soluble minerals leached dangerous chemicals into the water table or into surface water supplies, making the human water supplies unsafe to drink.

It should be noted that some industrial discharges are beneficial. There have been cases where oxygen or oxygen-producing chemicals discharged into rivers or bodies of water, positively impacted the environment by helping to clean other pollutants. Solid waste is refuse that includes garbage, brush, dead trees, animals,

junk, and other matter. It also includes mining, manufacturing, and farming waste. It has become a growing problem in many areas. Not only are garbage dumps ugly, but they can be sources of disease. In industrial countries they have been built into huge hills that continue even after closed to be expensive places to keep from leaking.

In poor countries poor people may use garbage dumps as a resource for finding food, materials, or salvage. These conditions exist in many countries, where even children are used to picking over garbage for anything of value.

Strictly speaking, every human activity inevitably involves some waste. Disposing of the waste is a universal problem. How this is done is important not only to those who have produced the waste, but to the poor who may be unwilling victims of the waste of others. One of the facts of human life is that the poor suffer the most when sanitation is not practiced at all or poorly.

The United Nations World Health Organization (WHO) has published on the poor sanitation of around two billion people around the world. One of the Millennium Development Goals is to bring basic sanitation to the two billion who need it. WHO has also observed that poor sanitation affects young children more than any other age group. Around two million children die each year from the failure of adults to provide adequate sanitation. Diarrhea is one of the most common causes of infant and toddler deaths. It is a preventable and treatable disease, but often fatal because of poor hygiene and sanitation.

Many governments have recognized that poor sanitation is expensive. It drains an economy because it loses the full labor of the healthy. It also costs in medical expenditures. Hygiene-related diseases such as cholera, dysentery, worm infestations, and malaria are promoted by poor sanitation. However, all too many governments ignore the causes and the costs of poor sanitation. Governments are usually for water projects, however, as some observers have noted that sanitation does not have a political home. Until it does, the lack of sanitation will continue to be a source of ill health and poverty.

SEE ALSO: Disease and Poverty; Healthcare; Millennium Development Goals; Public Welfare.

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Sankara Nethralaya

THE LITERARY MEANING OF *Nethralaya* is "temple" or "abode of the eye," and *Sankara* is the Hindu god Lord Shiva. The famous eye hospital of Chennai (Madras, India) was the brainchild of religious guru Sankaracharya of Kanchi. He had the idea of establishing a hospital to serve the common people. It was in tune with a famous doctor, Dr. S.S. Badrinath, who along with some of his colleagues set up the hospital on September 6, 1978.

The Nethralaya, from its inception, has helped millions of visually impaired people with the latest techniques in eye care at an affordable cost. It also has developed research wings, like a vision research foundation, and an elite school of optometry (ESO). The philanthropic activities of the organization include poverty alleviation programs.

The hospital treats common eye diseases like corneas, cataracts, and glaucoma. It has an outpatient wing and beds for patients, along with drugstores and canteens. It has developed into a hospital with sophisticated services in neuro-ophthalmology, ocular oncology, orbital diseases, oculoplasty, ocular prosthesis, vitreoretinal diseases, electra-diagnostics, and other specialist services relating to eye diseases for all age groups. The hospital gets patients from all over India and abroad.

In May 2005, Sankara Nethralaya examined 36,896 people and performed surgeries on 2,507 patients. About 40 percent were operated on for free. Another milestone was connecting by internet with other eye

hospitals on August 9, 2005. With the help of the Indian Space Research Organization (ISRO), the hospital has developed tele-ophthalmology projects to treat patients all over the country. In May 2005, 370 patients were advised through telemedicine. Sankara Nethralaya also trained eye doctors from Afghanistan. Sankara Nethralaya conducts awareness programs about eye care in cities of south India like Kanchipuram, Vellore, and Thiruvallur. It regularly conducts seminars and invites eminent ophthalmologists from all over the world.

Sankara Nethralaya has a strong research base and importance is given to higher medical education, and it runs higher-level courses on optometry leading to M.Phil. and Ph.D. degrees. It also trains technicians in various branches of ophthalmology. The eye hospital plans to have more ESOs throughout the country. This is essential because India has only 10,000 optometrists.

The hospital recruits volunteers from rural areas and trains them. Healthcare is essential for the alleviation of poverty and the hospital holds lecture programs to educate the public. For all its benevolent and philanthropic activities, the Chennai eye hospital has been declared the best eye hospital by well-known magazines of India like *Outlook* and *The Week*. For eye patients, particularly poor people, it has become a beacon of hope. India, which has 25 percent of the total blind population of the world, needs more hospitals like Sankara Nethralaya.

SEE ALSO: Community-Based Antipoverty Programs; Healthcare; Hinduism and Poverty; India.

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São Tomé and Principe

LOCATED IN WESTERN Africa astride the equator, the islands of São Tomé and Principe are dependent on subsistence agriculture and fishing for survival. Cocoa continues to be the main crop for São Toméans, but production has been vulnerable to drought and mismanagement. The islands are not self-supporting and

must import all fuels, most manufactured and consumer goods, and much of its food. Economic growth on the islands is hampered by a lack of skilled workers. Some 54 percent of São Toméans live in poverty. Politically, the islands have been unstable since gaining independence from Portugal in 1975.

Economic prospects for São Toméans have brightened with the recent discovery of oil in the Gulf of Guinea, and the islands have great potential as a tourist mecca. In the immediate future, however, São Tomé and Principe must deal with huge foreign debts and an inability to control poverty, although the quality of life is slowly improving for its 187,410 residents. Accurate measures of São Toméan social indicators are hampered by a lack of data.

Life expectancy among São Toméans is higher than in most of sub-Saharan Africa. Between 1990 and 2000, male life expectancy rose from 60 to 63 years, and female life expectancy rose from 64 to 68 years. By 2005, the São Toméan life expectancy had risen to 66.99 years, and the median age was 16.12. Nearly half the people are under the age of 14 and less than four percent have reached the age of 65. The people of the islands have a 90 percent chance of living to the age of 40. São Toméans are susceptible to the food- and waterborne diseases that are common in the area, and malaria is prevalent. There are 47 physicians for every 100,000 residents on the islands, and one-half of the population has access to affordable lifesaving drugs.

Infant mortality in São Tomé and Principe rose from 69 deaths per 1,000 live births in 1990 to 75 deaths per 1,000 live births in 2003. The mortality rate of 118 per 1,000 children under 5 has not changed since 1990. Some seven percent of São Toméan children experience low birth weight, and 13 percent of children under the age of 5 are malnourished. Approximately 29 percent suffer from moderate to severe stunting, and four percent suffer from moderate to severe wasting.

UNICEF, the United Nations organization for children, has promoted programs designed to increase vaccination coverage, eliminate polio and neonatal tetanus, and improve the health and nutritional status of women and children. As a result, childhood immunizations have risen in São Tomé and Principe. In 2003, immunizations for children between the ages of 12 and 23 months were reported at 87 and 94 percent for measles and DPT3 respectively. In 2002, 99 percent of infants were immunized against tuberculosis, 85 percent against measles, 93 percent against polio, and 92 percent against DPT. Some 23 percent of children under the age of 5 sleep under insect-repelling netting. One-fourth of São

Toméan children receive lifesaving oral rehydration therapy when needed, and 61 percent are given antimalarial drugs.

Fertility rates in São Tomé and Principe are high, but they have begun to drop. Between 1970 and 2005, the fertility rate of all women of childbearing age dropped from 5.4 children per woman to 4 children per woman. In 2003, the fertility rate of women between the ages of 15 and 19 was 138 out of 1,000 births. Maternal mortality was estimated at 100 deaths per 1,000 live births in 2003. Some 29 percent of women now use contraceptive measures. In 2000, professional medical staff attended 79 percent of all births, and 91 percent of new mothers received antenatal care.

The literacy rate for São Toméan males is relatively high at 85 percent, but only 62 percent of the female population are considered literate. São Toméans receive an average of eight years of school, and 98 percent of São Toméans in the relevant age group are enrolled in primary school. In 2002, 61 percent of males and 66 percent of females completed school at this level.

Human Development Index Rank: 126 Human Poverty Index Rank: Not included.

SEE ALSO: Debt; Portugal; Subsistence; UNICEF.

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Saudi Arabia

ALTHOUGH SAUDI Arabia occupies the first rank among oil-exporting countries in the world, it announced in February 2003 a timed plan to fight poverty and established a fund to help Saudis in need. This perspective of setting a national plan for eradicating poverty came after an unprecedented visit by the crown prince in November 2002 to poor quarters in the capi-

tal, Riyadh, where the people live in bad conditions. He has appointed a director general for the work team to draw a national strategy to fight poverty in Saudi Arabia, according to a proposal by the minister of labor and social affairs. There are no figures on the number of poor in the kingdom, only information that there are Saudi families living below the poverty line among the population of 23.3 million. There is no mechanism in Saudi Arabia for doing surveys on poverty rates. For example, the World Bank, which collects figures, cannot collect statistics that spell out inequality and poverty in Saudi Arabia.

The implementation of the national plan for fighting poverty is based on cooperation between the state and the private sector. Charitable organizations in various parts of the kingdom are expected to play an active role in the fight against poverty, as they provide assistance to the poor through donations and free facilities. The national plan also depends on drawing lessons from poverty-eradication campaigns in some developing countries, such as Malaysia, Argentina, Tunisia, and Yemen, and some developed countries, such as Ireland. In addition, the wealthy people of Saudi Arabia were called to do more for the poor, which is the Saudi way of addressing urgent social issues.

From its side, the government has sanctioned SR100 million (around \$26.6 million) to implement the national strategy to fight poverty and set up a special fund to assist the poor. The national plan is long-term; it will take 30 years to bring poverty to internationally acceptable levels in the kingdom. The kingdom's perspective is that it is impossible to eradicate poverty by 100 percent; the government is trying to bring it down to the internationally accepted level of 2.5 percent of the population within a period of 30 years.

Unemployment, unofficially estimated at 25 percent by the Central Intelligence Agency (CIA), is the main reason for poverty in the kingdom. Thus poor men and women are to be given training so they can earn a salary. According to the CIA, "The government is encouraging private sector growth to lessen the kingdom's dependence on oil and increase employment opportunities for the swelling Saudi population. Priorities for government spending in the short term include additional funds for education and for the water and sewage systems. Economic reforms proceed cautiously because of deep-rooted political and social conservatism."

Human Development Index Rank: 77 Human Poverty Index Rank: 32 SEE ALSO: Education; Employment; Poverty Rate; Unemployment; Women and Poverty.

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Save the Children

SAVE THE CHILDREN IS a transnational private aid agency, first established in England in 1919 to combat the serious economic and social problems caused by World War I and its aftermath. Animosities at the end of the war gave way to vengeful actions, such as the blockade of food supplies to the Germans and Austrians, even after they had surrendered. Conditions in Europe were appalling, especially for women and children who were bereft of the essentials of food, clothing, and shelter.

While some members of the public may have supported the continued enforced misery of the central powers, many found this attitude intolerable and worked to improve the situation. Among these were the British philanthropist Eglantyne Jebb, who with her sister Dorothy Buxton and others founded the Fight the Famine Council in 1919, the precursor to the Save the Children organization.

The goal of the council was to create an international network of organizations aimed at improving the lives of impoverished children around the globe and advocating self-help rather than charity. In tandem with working to improve children's lives on a physical level, Jebb was instrumental in pushing for legislation that would safeguard the rights of children everywhere. In 1923, Jebb wrote the text of a children's charter. Known as the *Declaration of Geneva* and adopted by the League of Nations in 1924, this document is the precursor to the United Nations Convention on the Rights of the Child. The convention, adopted by the United Nations

in 1989, was developed by the International Save the Children Union, and underpins the work of Save the Children.

Today the mission of Save the Children is to fight for children's rights and to deliver both short- and long-term improvements to the lives of children. As of 2004, there were 29 Save the Children organizations making up the International Save the Children Alliance, an umbrella group created in 1997. These not-for profit, non-denominational organizations operate in more than 100 developed and developing countries. Save the Children is unique among aid agencies in that its national affiliates, including those in developing countries, are encouraged to act independently. This differs from most other transnational aid agencies, where planning for programs and use of funds are determined by developed nations.

Save the Children organizations often work at promoting children's rights through advocacy and ameliorating their conditions both in their own countries and abroad. For example, Save the Children USA works with children in rural areas in the poorest American states, as well as in countries in Africa, Asia, Latin America, and the Middle East. In tandem with advocating rights for children, the International Save the Children Alliance has mandated programs in four areas: ensuring children's education, promoting HIV/AIDS awareness in children, protecting children from abuse and sexual exploitation, and emergency response for children during times of conflict or disaster.

Funds for Save the Children national member organizations are raised through donations from individuals and corporations, fundraising, and government funding. In the field, Save the Children organizations deliver their programs working with governmental and nongovernmental agencies. In the 1990s, Save the Children USA came under intense media criticism for having excessive overheads and for failing to see overseas programs to fruition. In 2003 the combined income of all Save the Children organizations was over \$570 million worldwide.

SEE ALSO: Child Malnutrition; Child Mortality; Children and Poverty; International Nongovernmental Organizations.

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Scarcity

THE CURRENT PROSPERITY of the West and recent rapid economic growth of countries such as China and India are, from a historical perspective, an aberration. It is an exception to the rule. For most of time, the overwhelming majority of people on earth have lived in poverty and suffered tremendously. The overwhelming natural shortage—omnipresent scarcity—of most goods was a historical norm. Food, shelter, healthcare, and security do not naturally exist in sufficient quantities to satisfy the needs and wishes of all people. Scarcity is therefore a defining feature of our world and would remain so even if the earth were converted into the Garden of Eden.

Though scarcity cannot be completely eliminated, it can be partly alleviated. People's efforts to overcome scarcity gave rise to several scientific disciplines that analyze the consequences of the existence of scarcity for social life. The existence of scarcity implies, on the one hand, the necessity of choice. As resources are scarce, people have to choose which resources will be used to satisfy their distinct needs. The science of economics is designed specifically for this purpose—to analyze under which conditions the most urgent preferences of people will be satisfied, or in other words, under which social institutions prosperity will be produced and which will cause only waste of scarce resources and, ultimately, poverty.

On the other hand, scarcity of resources implies the possibility of conflict. With scarcity in place, two (or more) people may want to use a particular scarce good for incompatible purposes. And since only one (or some) purpose can be pursued, there will be some who will be ultimately able to use the scarce good and benefit, and others who will be deprived of this possibility. The existing conflict over the scarce resource can be solved in principle only by two means—brute force or peacefully. Here we see how scarcity becomes a reason for having a science of law that would come up with a resolution to these conflicts, and through principles of property create a foundation of peaceful coexistence among human society within the world of scarcity.

The respect of these elementary insights within these two sciences—the crucial need for people to demonstrate their preferences in economic activities for the functioning of the economic system and production of prosperity, and respect for property rights as a precondition of peace—changed the gloomy picture of the world. Prosperity and peace, rather than poverty and perpetual conflict, are today a standard in some parts of the world.

It should be emphasized that poverty and omnipresent scarcity is not a product of climate, availability of natural resources, or geographical location, but primarily of social organization. Social institutions play a decisive role in overcoming scarcity. Adam Smith, generally considered to be a founding father of economic science, in his famous book *An Inquiry into the Nature and Causes of the Wealth of Nations*, developed exactly this point.

Wealth of nations is generated by people seeking their own interest in an ordered fashion. Butchers and bakers—to echo Smith's most famous quote—are led by the invisible hand to the general benefit only if their property in meat and bread is secure, only if they can make their choices of when and for how much to sell them and make a profit. History provides us with ample evidence of post-scarcity utopias. Societies that decided to ignore economic science and opted for abolishing property invariably did not end up in the Garden of Eden, but in a state of disorder and poverty.

SEE ALSO: Communism; Economic Definitions of Poverty; Needs; Smith, Adam.

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Scientific Definitions of Poverty

SCIENCE CAN BE DEFINED as the systematic application of human reason in order to answer specific questions about a subject of study. Poverty as a subject of study evokes a variety of questions with a corresponding variety of definitions and answers. Scientific defi-

nitions of poverty, unlike moral, theological, political, legal, or other definitions, seek to establish a universal definition that is rationally based, value-free, and objective for all to publicly see.

In Europe, the United States, and elsewhere, there have been for decades numerous debates about the definition of poverty. However, there has been no universal agreement about the definition nor has there been agreement about the approaches best used to define poverty. The struggle to define poverty in a scientific manner has been ongoing since the Industrial Revolution and its impoverished workers inspired intellectuals to seek solutions to the problem of poverty.

The problem is rather like the conclusion of a traveler to the desert Bedouin in an earlier time. The traveler, seeing people who move about in tents with little to eat except camel milk, concluded that they were poor. However, they in turn considered themselves rich because of their freedom and their elaborate oral culture of poems, stories, folklore, or songs.

Measuring poverty simply as a material condition may not be an accurate description of the reality because other factors can come into play. Measuring is difficult because of the numerous factors that comprise the making of a whole human life; the absence of those factors can produce deprivation.

Without a doubt income is important but access to other public goods such as education, clean water, reliable transportation, good roads, healthcare, and markets are also very important. Political decisions by the governments of the world are important because they will often be the institutions supplying great sums of money to meet the needs of the poor, or developing economic strategies for ending poverty.

While a monetary line is often favored for the definition of poverty, the use of income statistics problematically treats as equals things that are not equal. It would cost different amounts of money to supply the needs of adults versus babies. An additional problem with defining poverty in terms of income is that poverty is dynamic as well as relative. Factors such as a severe month of cold weather can wreck a family budget when it is assumed that its income is adequate because it has been measured against a historic norm. A scientific definition would allow for greater accuracy in measuring the dynamic features of poverty.

In attempting to define poverty, terms such as *absolute*, *extreme*, *overall*, *relative*, *permanent*, and *peripheral* have been used to describe the conditions or effects of poverty; scientists have sought to define poverty in terms other than just money. A scientific definition of

poverty seeks to use broad universal concepts of resources rather than cash. This enables the scientific definition to be usable in poor countries, where payments in kind or barter is the rule for trade rather than using cash.

A scientific definition in terms of resources also is easier to use operationally as a measure of wealth in goats, sheep, services, or other values that are not readily stated in cash terms for the lack of a market or some equivalent mechanism for assessing value. The scientific definition also permits measurements that can be correlated between income and standard-of-living changes.

The scientific definition of poverty includes both material and social conditions in which people live, as well as their participation in the economic, social, cultural, and political life of the country. Poverty, scientifically defined, includes those resources whose absence will place a person or family into conditions of deprivation, in which life is at best mere existence.

The problem of global poverty is so acute that there is an urgent need for developing a scientific definition of poverty that will permit universal measurements. The quest for a scientific definition would include ideas of substance, basic needs, and relative deprivation. However, it would also include measures to combine with a human poverty index and an income gap ratio. These measures would permit a more comprehensive picture of poverty to be presented to those who have the interest and power to treat problems of poverty.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Extreme Poverty; Overall Poverty; Peripheral Poverty; Permanent (Collective) Poverty.

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Scope

SCOPE IS A DISABILITY organization dedicated to helping people with cerebral palsy through information, education, job placement, and advocacy. It operates in England and Wales. Scope's aim is to help disabled people achieve equality in such a way that they will not fall into poverty and will have the same human and civil rights as all others do. To achieve this aim, it conducts research on issues that affect the disabled and supports campaigns. Scope is a social and political change agent, promoting policies that will be beneficial to the disabled. In addition to advocacy, Scope acts as a community organizer by conducting national and local campaigns on issues of importance. These issues may include special educational needs, civil rights, or other concerns.

Scope was begun in 1952 by a group of parents and a social worker as the National Spastics Society. In 1963 it merged with the British Council for the Welfare of Spastics to become The Spastics Society, which was renamed Scope in 1994. Scope currently has a permanent staff of around 4,000 and an additional 3,000 volunteers. Its current budget is 100 million pounds. In Australia there is an independent Scope organization (nonprofit) working with the disabled that operates in Melbourne and in the state of Victoria in Australia.

Scope maintains a toll-free hotline in England and Wales to directly aid the disabled, especially those with cerebral palsy. The hotline provides information on services available through Scope and it also makes referrals. Since there are 1,500 babies born in Great Britain every year with cerebral palsy, the need for advocacy and services is constant. Services needed by people with cerebral palsy include communications, mobility, accessibility to services, buildings, education, and the kinds of support that enable people with cerebral palsy to live life to the fullest as they choose. Scope's goal is to change British society so that disabled people will have full equality. To achieve its goal, Scope provides housing, information and advice, education, and a campaign to advocate disability rights.

For parents with children in schools and colleges, Scope assists in promoting inclusion of disabled pupils. It also aids in developing an educational plan to meet their needs and abilities. The organization promotes a better quality of life for persons with cerebral palsy though its Living Options program. It runs residential and small group homes, as well as supporting independent living plans. Scope aids adults with work opportunities through skill development centers. It works with government agencies and with private businesses to place its clients into permanent jobs. Basic to Scope's program of information, advocacy, and services is its Community Team concept. A team can be put in a community almost immediately to meet needs and to found a program for both individuals and the commu-

nity of the disabled through supportive local groups and governments.

SEE ALSO: Community-Based Antipoverty Programs; Disease and Poverty; Housing Assistance; United Kingdom.

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Secondary Poverty

THE MEASUREMENT OF poverty, and what constitutes poverty, have varied over time as well as across disciplines. One common means for determining poverty has been the amount of income earned within a calendar year. This measure is currently referred to as absolute poverty and is a concept that originated from the term *primary poverty*. Although rarely used any longer, *primary poverty* was a term coined by Seebohm Rowntree in 1901. Rowntree made a distinction between primary poverty and secondary poverty. Primary poverty refers to subsistence below minimum standards, whereas secondary poverty is a condition whereby income would be sufficient if it was optimally spent.

The origins of secondary poverty began in 1899 when Rowntree embarked on a study of poverty. The study, which resulted in a paper, "Poverty: A Study of Town Life," was a groundbreaking publication in which Rowntree first expressed recognition of a type of poverty separate from income insufficiency. Secondary poverty, according to Rowntree, was poverty that resulted from a failure of moral character rather than from a lack of income.

In his study, Rowntree first identified families who appeared to be living in squalor. He then compared their income with a minimum requirement for subsistence. Those families whose income fell within the poverty level were considered to be living in primary poverty, whereas the impoverished condition of the remainder of the families was attributed to secondary poverty. Therefore, secondary poverty was a residual category that existed after the exclusion of primary poverty conditions.

Those who were living in secondary poverty, according to Rowntree, were families who had sufficient

income to afford the minimum necessities but lived in squalor because of overspending on nonessentials. While some of the spending was considered useful, spending on items such as alcohol was considered wasteful. Rowntree attributed secondary poverty to such things as drinking, betting, gambling, and household mismanagement. Families with fluctuating incomes and those with incomes only slightly above poverty level were the most susceptible to secondary poverty through household mismanagement.

Secondary poverty was a commonly used term in the Edwardian era, the years between 1900 and World War I. A common belief during that time was that poverty was the consequence of some moral failure of the individual. Rowntree's explanation of secondary poverty supports the idea that poverty may be due to individual failure; therefore, social investigators readily adopted the concept of secondary poverty during the early 20th century.

Secondary poverty, as defined by Rowntree, is rarely used in the 21st century, as it is viewed as more of a multidimensional condition attributed to factors of the individual, of the community, and of society. However, the idea of distinguishing between types of poverty is an approach often used when examining the extent and depth of poverty. For example, the term secondary poverty is often used to describe short-term poverty, or poverty that is transitory.

Poverty was the consequence of some moral failure of the individual.

Another use of the term *secondary poverty* is in describing an individual's level of subsistence, outside of the family's income. Measures of poverty often assume that the distribution of resources within a household is equal. However, in countries such as Honduras, Mexico, and Costa Rica, men may withhold up to 50 percent of the household income, thereby placing their wives and children in an impoverished condition. Researchers of world poverty refer to this as secondary poverty because there is sufficient family income, yet individuals within the family are living in poverty.

Primary poverty continues to be defined as poverty that is chronic and is the result of insufficient income. Secondary poverty is often used to explain poverty that is not primary poverty. While these two concepts are similar to Rowntree's explanation, researchers currently refrain from attributing poverty to only individ-

ual characteristics. Instead, many assert that poverty is caused by low wages and other structural factors, rather than from too much drinking or gambling.

While researchers may distinguish between types of poverty, the effects of any type can be extensive. Implying that the situation is caused by the moral failure of an individual only intensifies the impact of poverty, unfortunately a moralistic concept of poverty as due to individual failure remains.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Duration of Poverty; Moral Poverty; Primary Poverty.

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Segregation

THE MENTION OF segregation immediately evokes images of racial separation, with oppressed minorities living in destitute shantytowns or crime-ridden urban ghettos and barrios. However, is there a direct correlation between segregation and poverty? Consider today's Dalits of India, the traditional "untouchables" of Hindu society who are doomed to lives of servitude, humiliation, and discrimination because of supposed acts they committed in earlier lives. As punishment by the gods, they have been, according to Hindu teaching, reincarnated at the lowest human status possible.

Untouchability was abolished under India's constitution in 1950; however, the continued imposition of discrimination against the Dalits remains very much a part of life in rural India. Dalits may not cross the dividing line segregating their part of the village. They are barred from using the same wells, may not visit the same temples, nor may drink from the same cups in tea stalls. Dalit children sit in the back of classrooms if they are allowed to attend school at all.

Despite hiring quotas set by the Indian government to bring Dalits into the mainstream of society, in rural

areas they continue to live in extreme poverty without land or opportunities for better employment. From birth they are relegated to the most menial of tasks, such as removing the village's human waste, disposing of dead animals, sweeping the streets, and tending the city dump. Dalit children are often sold into bondage to pay off debts to upper-caste creditors. Dalit men, women, and children numbering in the tens of millions work as agricultural laborers for about 35 cents each day.

GHETTOS

While their segregation from the rest of society results in their abject poverty, not all segregation has that effect. The Middle Ages' forced segregation of Jews did not result in destitution or poverty. The first Jewish ghettos appeared in Italy, Germany, Spain, and Portugal during the 13th century. The term *ghetto* comes from a section of Venice that had been an iron foundry or *getto*. It became one of the most affluent parts of town, inhabited by merchants and moneylenders. Non-Jews were not allowed to live there, nor were Jews allowed to leave without a written pass. Iron gates were locked at night.

Such enclaves exist although no laws established a Jewish part of town.

In 1555, Pope Paul IV created the Roman Ghetto and issued papal bull Cum nimis absurdum, forcing Jews to live there. Pope Pius V recommended that all countries set up Jewish quarters, and by the 17th century, many large cities had done so. However, poverty did not result in Prague and Frankfurt, whose Jewish ghettos had wealthy populations with buildings that were often taller than those in the rest of the city. Officials justified the enforcement of ghetto laws by citing incidents of Jews coming under persecution. The ghetto system, they said, protected Jews from pogroms, persecution campaigns directed at Jews.

By the 19th century, most Jewish ghettos had been abolished and their walls demolished, but no mass exodus of residents resulted and predominantly Jewish sections of town remained. In New York City, such enclaves exist today although no laws there have ever established a Jewish part of town.

The last European ghettos for Jews were abolished in 1870, but Adolf Hitler reinstituted them when he

rose to power in the 1930s, segregating Jews into tightly packed areas of the cities of eastern Europe, such as the Lodz, Poland, ghetto with about 160,000 people and the Warsaw ghetto with a population of about 380,000. Any Jew found outside of the walls without a written pass was likely to be executed on the spot.

In Warsaw, 30 percent of the city's population were forcibly compacted into 2.4 percent of the city's area, a density of 9.2 people per room. This segregation inflicted starvation and deprivation when water, electricity, fuel, and food were cut off; shortages were created intentionally; and public health conditions reached crisis levels. Blaming the problem on the Jews inside, Nazis began emptying the ghettos for "health reasons," citing the situation as proof that the residents were subhuman. Many were taken to concentration camps where an estimated six million men, women, and children were executed.

RICH SEGREGATION

Segregation has been practiced in a number of societies to isolate and subjugate aboriginal peoples, such as the Bantus of southern Africa, the Aborigines of Australia, and the nomadic, tribal natives of both Americas.

In each instance, specific minority racial groups lacking political status and whose land was desired by ethnic majorities were forced to relocate to assigned reservations or lands often lacking water, wild game, tillable soil, or other natural resources. The segregated minorities were disarmed and forced to give up centuries of tradition and culture. Roaming hunter-gatherers were forced to be dependent on the victorious invaders for food, fuel, and housing. The result was extreme deprivation and a loss of basic security.

One such forced segregation, however, resulted in immense wealth. The Osage tribe originally roamed southeastern Kansas. When settlers sought their territory, the tribe reluctantly accepted a financial settlement from the U.S. government and in 1872 moved to Indian Territory in what is now the state of Oklahoma. With the treaty money, the Osage Nation bought 1.4 million acres, comprising what is today's Osage County. However, in 1887 the Dawes General Allotment Act divided up reservations into individual parcels of land. The Osage tribe was forced to deed its property to its 2,229 tribal members, giving members tracts of about 640 acres each in 1906 shortly before Oklahoma was granted statehood. Then oil was discovered.

Overnight, the Osages became among the richest people in the world—a status that continued through-

out the Great Depression in stark contrast to the stereotypical Oklahoman "Okies," poor, bankrupted white farmers from the Dust Bowl heading to the west coast in one of the largest migrations in American history.

Black Africans and their descendants throughout the modern era have experienced segregation at its worst and poverty at its most extreme—slavery. A slave is property and lacks all rights, including to own property, travel at will, marry, raise families, engage in free enterprise, or be paid for work. However, it is a serious misconception that slavery has been inflicted only on black Africans. Slavery has been practiced since the earliest recorded history—often with victors taking the vanquished captive, regardless of race.

SLAVERY

Slavery in the ancient Mediterranean cultures was a mixture of debt-slavery, slavery as punishment for crimes, and the enslavement of prisoners of war. In ancient Athens and Sparta, slaves were a crucial factor in the economy. The Roman Empire also built its wealth on the labor of slaves acquired through conquest. Slavery allowed owners the leisure to engage in intellectual and cultural pursuits.

As late as 1649 and 1653, slavery continued to be used as punishment by conquering English armies against native Catholics in Ireland. Under the command of Oliver Cromwell, thousands of Irish Catholics had their lands confiscated and were transported to the West Indies as slaves. Until 1861, Russian peasants were bound to the land where they were born and served involuntarily for the nobles who held title. The serfs were denied property ownership, education, or opportunity for advancement.

In the United States, Abraham Lincoln's Emancipation Proclamation and the northern states' victory over the south in the Civil War abolished African-American servitude in the United States. However, racial segregation continued through "Jim Crow laws," which enforced strict separation of the races in housing, entertainment, athletics, education, and eating establishments. Such legalized segregation lasted up to the 1960s and was practiced throughout the United States, although it was institutionalized by law mostly in the south.

Even so, state constitutions such as California's gave local government rights to regulate where members of certain races could live. Throughout the United States, land developers often included restrictive segregationenforcing covenants in deeds that prevented blacks or Asians from purchasing property. Utah passed in 1899 and repealed in 1963 prohibitions against marriage between a white person and anyone who was a "mulatto," or half negro; any "quadroon," or one-quarter African American; "octoroon," or one-eighth; as well as any "Mongolian," or "member of the Malay race."

Although African Americans have spent years fighting for equal rights and integration into the mainstream of American society, a small, separatist African-American political movement seeks a separate homeland for black people. Its leaders hold that whites are racist oppressors of blacks and there can be no black advancement within any white-dominated society. They believe the only solution for blacks is to break away and to create a separate, segregated black society.

Similarly, some Hispanic separatists in the United States have advocated racial segregation from whites. Some call for an independent republic to be called Atzlán in the southwestern United States, composed of territories won by the United States from Mexico after the Mexican-American War of 1848.

SEGREGATION AROUND THE WORLD

Segregation is certainly not uniquely American. It was required by law until 1994 in the Republic of South Africa, where apartheid ordinances barred black Africans and immigrant Asians from living in the same neighborhoods as the ruling white minority. Extreme poverty existed in the nonwhite areas of South Africa, where nonwhites were denied economic opportunities, education, or equal rights.

France was accused of racial segregation, leading to riots in the autumn of 2005.

In Australia today, there are no existing government policies that segregate aboriginal native Australians, however, their historically poor financial status typically leaves them segregated from most of Australian society. Ample debate can be made as to whether this informal but very real segregation suppresses opportunities for the aborigines or whether their own cultural self-segregation has kept them from assimilating fully into Australian society.

France has recently been accused of racial segregation, leading to nationwide riots in the autumn of 2005 in large housing blocks dominated by nonwhite residents from former French colonies. Similar accusations

have been made in the Netherlands and Scandinavia where Muslim immigrants have settled in concentrated areas—although no laws require such segregation.

Many militant Islamists teach that Judaism, Zionism, and Israel's treatment of Palestinians are discriminatory and a form of segregation, with resulting poverty and denial of economic opportunity to non-Jews. Supporters of the Jewish state respond that the non-Jewish residents self-segregate by personal choice into Muslim and Christian enclaves.

Segregation continues to be found worldwide. Its causes are not always legislated, as evidenced by a visit to the average American public high school cafeteria. There, self-segregation exists with ethnic, cultural, racial, and language divisions—black teens sitting with other blacks and playing music by black musicians, while Hispanic youth socialize with other Hispanics listening to salsa music, Asians sit with other Asians, Muslims with fellow Muslims, and the various subsets of Caucasians congregate together. However, such segregation is not mandatory, and many youth cross the barriers, socializing outside of their ethnic and racial group.

Self-segregation is not uncommon. The Basques of southern France and northern Spain seek independence and a segregated, separate state. The group has called government attempts to assimilate and desegregate the Basques into Spanish and French society discriminatory and racist, since the result would be a de-emphasis of Basque identity.

Self-segregation occurred violently in 1949 and 1950, when colonial India was granted independence and self-governance. Great Britain passively observed an abrupt migration that resulted in self-segregation on the part of Hindus and Muslims. Two predominantly Muslim sections of India were allowed to split away and became today's Pakistan and Bangladesh.

After elections in Bahrain in 2002 brought the radical Islamist party Al Wefaq Islamic Action to power in the capital city of Manama, its newly installed mayor, Murthader Bader, called for the introduction of racial segregation and the removal from the city of all non-Bahraini inhabitants and for the creation of a new township to house them.

Two military coups on the island of Fiji in the south Pacific in 1987 removed from elected power immigrant Asians and mandated ethnic Fijian ownership of all land. International criticism followed, as well as the exodus of many non-Fijian professionals.

The formation of modern American racial ghettos and the creation of racial underclasses have sparked one of the most heated debates in sociology. One of the earliest studies examining the modern phenomenon of ghetto formation was done by the late Daniel Patrick Moynihan in 1965. The report noted that a quarter of all black children were born to unmarried women and that the percentage was rising, described the ghetto as a "tangle of pathologies," and predicted that conditions would worsen, not improve. Immediately controversial, the report was met with howls of protest and the criticism that Moynihan was blaming the victims. Today in the Washington, D.C., metropolitan area, white and Hispanic poor are widely scattered throughout the region's suburban neighborhoods, while the majority of the area's poor African Americans are self-segregated in highly concentrated pockets of poverty.

In the high-poverty neighborhoods, almost half the adults lack a high school diploma, compared with only 15 percent for the metropolitan region as a whole. Unemployment is nearly four times greater in those poor neighborhoods than in the metropolitan area. Almost three-quarters of families with children are headed by single women, compared with only one-quarter of families throughout the region.

However, poor Hispanics in the District of Columbia have avoided racially concentrated, inner-city, poverty-stricken enclaves. The region's total Hispanic population more than doubled between 1980 and 1990 to 213,000. But only five percent of Hispanics lived in neighborhoods that are predominantly low-income.

Looking at New York City, sociologist Roger Waldinger pointed out that a number of ethnic groups there tend to self-segregate, such as Koreans, Pakistanis, Dominicans, and Chinese—and that they often do better economically than American-born blacks. His conclusion was that segregation into ethnically or racially specific communities neither causes nor prevents poverty.

SEE ALSO: African Americans and Poverty; Exclusion; India; Racial Discrimination; Social Exclusion; South Africa; United States.

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Rob Kerby Independent Scholar

Selectivity

ONE OF THE GREATEST challenges facing Russian President Vladimir Putin in 2001 was the problem of "selectivity" in serving the poor. In speaking to a conference of social workers, he noted, "it is necessary to answer the question of how and whom to support. To do so, one must have precise information on incomes." This was at a time in Russian history when an overwhelming majority of the population was in distress and needed social services and government protections.

Not everyone suffering from the ravages of poverty could be served because government resources were limited. So, rather than choose who would be assisted on the basis of political connections, or past service to the nation, or ease in delivery, the principle of selectivity was invoked—to determine who needed help the most.

In emergency medicine, the principle of selectivity is demonstrated in triage, a system first developed by French surgeon Dominique Jean Larrey during the Napoleonic wars. He devised a method to quickly evaluate and categorize the wounded in battle, then evacuate those requiring the most urgent medical attention—with no regard to rank. Three levels were assigned to the wounded: 1) the "walking wounded" whose treatment could wait; 2) the severely injured for whom emergency care was less urgent because they were unlikely to survive; and 3) those with life-threatening wounds, but who could recover if they received immediate emergency care. Likewise in social work, choosing who will receive services is not done lightly.

Selectivity is also demonstrated in the World Bank's efforts to improve its effectiveness in serving countries with high levels of poverty. "The principle of selectivity (deploying resources where they can have the greatest positive impact) is clear but its practical applica-

tion is challenging," noted an internal study that reviewed how "selectivity is exercised at three levels: across countries, within countries, and in the context of global programs and partnerships." The study also noted "the importance of selectivity across countries—with regard to need as measured by relative poverty or income per capita." In evaluating who should receive assistance, the memo noted, "a country must be pursuing sound policies to promote growth and reduce poverty."

The selectivity principle also directs U.S. assistance organizations when they are investing scarce aid resources on a limited budget. Often the determination is made on three criteria: humanitarian need, the foreign policy interests of the United States, and the commitment of a country and its leadership to reform.

In Afghanistan the restored Kabul-to-Kandahar highway illustrates the selectivity principle. More than 35 percent of the country's population live within 50 kilometers of this highway; however, 20 years of war and government neglect had devastated the road. Restoration of the highway was a high priority for President Hamid Karzai.

The U.S. Agency for International Development (USAID) was asked to assist and approved the project on the following principles: that the highway was crucial to extending the influence of the new government, the road would lead to increased rates of economic development, it would foster the growth of civil society, and it would help ensure unity and long-term security in the country. Additionally, it was determined that the road circulated through a significant number of Taliban strongholds. Thus, upgrading the road diminished the Taliban's ability to exert influence in that portion of the country.

In employing the selectivity principle, USAID officials said they factored in the developmental need the highway would serve (access to markets and cities), the foreign policy interests of the United States (promote economic development and country unity, counteract Taliban influence), and the commitment of a country and its leadership to reform (Karzai is an acknowledged reformer with exceptional commitment to the project). As a result, the project was made a high priority and was approved for funding.

SEE ALSO: Afghanistan; International Monetary Fund; Russia; World Bank.

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Rob Kerby Independent Scholar

Sen, Amartya (1933-)

AMARTYA SEN, THE world-renowned authority on welfare economics and Nobel laureate, was born in Santiniketan, India. Ashutosh Sen, his father, used to teach chemistry at Dhaka University, Bangladesh. Like his mother, Amita, Sen studied in Visva-Bharati, Santiniketan. Afterward, he was educated at Presidency College, Kolkata (Calcutta), and Trinity College in Cambridge, the United Kingdom. Sen became the chairperson of the Economics Department of Jadavpur University, Kolkata at the age of 23. He was awarded a Ph.D. by the University of Cambridge in 1959. His teaching career spanned the universities of the globe: Kolkata, Delhi, Cambridge, Oxford, and Harvard. Sen did research on various aspects of economics and was very much interested in philosophy; he wrote on epistemology, political philosophy, and ethics.

Sen became the first Indian to receive the Nobel Prize in Economics, instituted by the Sveriges Riksbank (Bank of Sweden), for his contribution to welfare economics. The citation of October 14, 1998, mentioned that Sen's study of the welfare of the poorest people in society had broadened knowledge about the underlying factors behind famines. With methodologies from both economics and philosophy, he had given an ethical touch in analyzing economic problems.

The president of India awarded him the highest honor of the nation, the Bharat Ratna. He also received the Frank E. Seidman Award in Political Economy, Senator Giovanni Agnelli International prize in ethics, Edinburgh Medal, Presidency of the Italian Republic Medal, Eisenhower Medal, Honorary Companion of Honor of Great Britain, Alan Shawn Feinstein World Hunger Award, and Brazilian Ordem do Merito Cien-

tifico. He was professor of economics and philosophy at Harvard University until 1998, and then became the master of Trinity College, Cambridge, United Kingdom. But he did not cut his connections with Harvard.

Sen studied different dimensions of poverty, going beyond the mathematical theories and approaching it with a social vision. Poverty, for an individual, was not living beyond an imaginary poverty line with a specified income per day. It meant deprivation from certain basic elements like education, healthcare, land, justice, and resources. It meant that the individual's earnings were not sufficient for meeting the basic requirements of life.

According to Sen, poverty should be measured by taking into account the things that a person can get through earnings, rather than calculating by income level. It had wide variance depending on the particular individual and the place to which he belonged. In rich countries like the United States, there are many poor people who do not have access to education and health services.

In "Poverty and Famines: An Essay on Entitlement and Deprivation," Sen challenges the traditional view that the cause of famine is a shortage of food. The devastating Bengal famine of 1943, where about two to three million people perished, left a deep imprint on Sen's mind as a student in Santiniketan. After studying the Bengal Famine of 1943, the 1973–75 famines of Ethiopia, famines in the Sahel area of Africa in the early 1970s, and the 1974 famine of Bangladesh, Sen found that social and economic factors were responsible for the opportunities of different classes in a society.

There was export of food from famine-affected regions, and the supply of food was not that low compared to nonfamine years. The reason for famine lay in the capability of persons to have access to a range of different goods (entitlements) in an economic system. Starvation occurred when entitlement was inadequate to buy food. The income distribution and entitlement to food were the reasons for famines. The link between the values of a person and collective choice as a whole is central to the theory of social choice. The means by which society would derive its preference from its members was emphasized by Sen.

The dichotomy between majority rule and individual rights was best dealt with in a scientific way in his book, Collective Choice and Social Welfare. The ideas and values of a single individual should not reflect a collective decision-making process. They should be consistent with individual rights. The different alternatives had to be compared, and this comparability was essential. Sen also formulated an index for poverty and wel-

fare indicators. Sen is not an armchair theoretician juggling with the problems of economics. Although he has been working abroad since 1971, Sen is concerned with Indian affairs and gives lectures. He voices his protest against fundamentalist forces. Literacy, healthcare, and female empowerment are issues on which he focuses. Sen has established the Pratichi Trust with his Nobel Prize money to look into these issues.

SEE ALSO: Famine; India; Sen Index; Sen-Shorrocks-Thon Index; Starvation.

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Sen Index

THE SEN INDEX IS a sophisticated method of measuring the prevalence and severity of poverty in a society. The index was developed in 1976 by Amartya Sen. Sen is a Nobel Laureate in Economics who achieved prominence at Cambridge and Harvard Universities. Because the Sen Index provides a realistic methodology for quantifying variation in the levels of deprivation among the poor it is used by policymakers worldwide who seek to ameliorate poverty and improve the social welfare of the poor.

Prior to the development of the Sen Index, economists generally described poverty in terms of specific income-based measures such as the poverty line and the poverty gap. These measures, while useful, did not incorporate certain aspects of poverty of concern to policymakers. For example, as a nation's overall wealth increases, individuals who do not share in the increase grow poorer in comparison with their countrymen. Yet prior to the Sen Index, no existing measure of poverty reflected the impact of changes in nations' overall prosperity in the wealth status of individuals.

In his 1976 paper entitled "Poverty: An Ordinal Approach to Measurement," Sen published a method for measuring the multidimensional aspects of poverty. Sen's measure of poverty, now known as the Sen Index, incorporated earlier measures such as the "poverty line" and the "poverty gap." However, it also required continuous recalibration, so that a nation's Sen Index value would increase if a person below the poverty line experienced a reduction in income (this is known as the "monotonicity axiom"), and increase if a person below the poverty line transferred income to anyone richer. (This is known as the "transfer axiom").

The Sen Index is calculated from three principal components. The first component is the headcount, a measure of the share of a nation's population living below the poverty line. This component measures the extent of poverty in a nation. The second component is the poverty gap, or aggregate income shortfall of the poor. This component measures the intensity of poverty for those who experience it. The third component, income inequality among the poor within a nation, is measured by a Gini Index among the poor and captures variation in deprivation among the poor. Changes in any or all of these three elements will impact the overall measure of poverty. As formulated in 1976, the algebraic formula for calculating the Sen Index is:

P = H[I+(1-I)G]

Where

P = poverty measure

H =share of population below poverty line

I = income gap or shortfall ratio

G = Gini index of poverty gap among poor

In a 1983 paper entitled "Poor, Relatively Speaking," Sen expanded his concept of poverty to reflect two additional new elements. First, Sen argued that a person is impoverished if circumstances deprive her of the capability to fulfill her human potential. Therefore, an ideal poverty index should attempt to quantify such impediments to capability.

Second, Sen argued that wealth, properly measured, includes access to public resources. Because access to resources varies across and within communities, an ideal poverty index should measure the relative lack of access to resources. Although these concepts may be difficult to quantify in practice, Sen suggests, "the direction in which to go would be that of some kind of efficiency-adjusted level of income with 'income' units

reflecting command over capabilities rather than commodities."

It is important to note that income poverty and capability poverty are related. Typically, as capabilities expand, so do productive capacity and earning potential. Thus, statistics such as rates of mortality, undernourishment, and illiteracy may reflect deprivation even more directly than low income. By the 1990s these capability concepts were incorporated into the Human Development Index (HDI) used by the United Nations to measure poverty and development. Inspired by the Sen Index and Sen's later refinements, the HDI counts as part of a nation's wealth: the longevity of its population, its cumulative knowledge (a measure combining literacy and years of schooling), and its standard of living using local Gross National Product adjusted for purchasing power parity.

The original Sen Index initiated a broad effort to expand our understanding and improve our measurement of poverty. Sen's work spurred contributions by numerous other researchers concerned with human development and influenced international organizations to refine their concept of poverty in the interest of improving the economic, social, and political opportunities of people throughout the world.

SEE ALSO: Axiom of Monotonicity and Axiom of Transfers; Capability Measure of Poverty; Gini Index; Headcount Index; Human Poverty Index; Income Poverty; Poverty Gap; Poverty Gap Index; Sen-Shorrocks-Thon Index.

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Senate Hunger Caucus

THE SENATE HUNGER Caucus is a bipartisan group of U.S. senators who have joined together to promote antihunger causes. Blanche Lincoln, an Arkansas Democrat, and Gordon Smith, an Oregon Republican, formed the caucus in June 2004. In the words of the co-

founders, the Senate Hunger Caucus was formed "to bring awareness to national and international hunger issues, serve as a forum for members and staff to receive information through briefings about hunger issues, create a coalition of senators to support nonpartisan initiatives to help address hunger, and serve as a vehicle for local, state, and national antihunger nonprofits to communicate to Congress about hunger issues." As of the summer of 2005, the caucus listed 33 senators as members and was chaired by Senators Lincoln, Smith, Elizabeth Dole, a North Carolina Republican, and Richard Durbin, an Illinois Democrat. A House Hunger Caucus led by cochairs Tom Osborne, a Republican from Nebraska, and Jim McGovern, a Democrat from Massachusetts, also operates.

The current Senate Hunger Caucus follows in the footsteps of similar organizations from the past. George S. McGovern, a South Dakota Democrat and his party's presidential nominee in 1972, led a prominent Senate select committee on hunger in the 1960s and 1970s. In 1984, Texas Democratic Representative Mickey Leland formed the House Select Committee on Hunger to bring attention to the issues of domestic hunger and international famine.

Following Leland's death in 1989 in a plane crash during a humanitarian visit to Ethiopia, Congressman Tony Hall, an Ohio Democrat, chaired the committee until its elimination in 1993. A House Hunger Caucus, formed in the wake of the House committee's demise, was also disbanded in 1995.

While the Senate Hunger Caucus has only been in existence a short time, within its first year its members led the ultimately unsuccessful fight in 2005 to restore \$8 billion in funding cuts to the Food Stamp program and introduced the Hunger Free Communities Act of 2005, a bill that would commit the United States to cutting U.S. food insecurity in half by 2010 and ending hunger in the country by 2015, as well as providing funding for poverty data collection and local hunger initiatives.

SEE ALSO: Food Shortages; Food Stamps; Hunger; United States.

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Senegal

IN THE LOW-INCOME sub-Saharan nation of Senegal, 54 percent of the population live in poverty and 48 percent of the labor force are unemployed. Some 70 percent of Senegal's labor force are involved in subsistence agriculture, and parts of the country are subject to seasonal floods and periodic droughts. With an average annual income of \$6,530, which is high for the sub-Saharan region, Senegal's wealth is divided unequally. The poorest 20 percent of the population live on 6.4 percent of the country's resources, while the richest 20 percent claim 48.2 percent. Senegal is ranked 41.3 on the Gini Index of Human Inequality. Among the poorest Senegalese, 67.8 percent live on less than \$2 a day, and 26.3 percent subsist on less than \$1 a day.

In the mid-1990s, Senegal instituted major economic reforms, which began a period of steady growth. As a member of the International Monetary Fund's Highly Indebted Poor Countries (HIPC) program, Senegal has wiped out much of its former debts, allowing the government to direct some resources toward other areas. Despite some progress, Senegal is faced with a highly armed population that has claimed thousands of victims, 60 percent of whom are women and children. The government is suspected of widespread corruption, and the weak political system provides few measures to deal with these problems.

The Senegalese population of 11,126,832 experiences a life expectancy of 56.75 years and a median age of 18.15 years. Approximately 42.8 percent of the population are under 14 and three percent have reached the age of 65. The Senegalese have a 27.7 percent chance of failing to see a 40th birthday. While Senegal has not totally escaped the HIV/AIDS epidemic that has ravaged Africa, the country has a prevalence rate of 0.8 percent. In 2003, 44,000 people were living with the disease, and 3,500 had died from the disease or its complications.

Because 22 percent of Senegalese lack access to safe water and 30 percent lack access to improved sanitation, the Senegalese have a very high risk of contracting the food- and waterborne diseases and respiratory ailments that affect much of Africa.

In the spring of 2005, the World Health Organization recorded an outbreak of cholera in Senegal that affected several hundred residents. Vectorborne diseases such as dengue fever, malaria, yellow fever, Crimean-Congo hemorrhagic fever, and Rift Valley fever pose problems in some areas. Guinea worm disease, which is caused by contact with infected water, has been wiped out in Senegal through cooperation between locals and

the Carter Center of Emory University, founded by former president Jimmy Carter. Fighting diseases is complicated in Senegal by the fact that there are only 10 physicians for every 100,000 residents, and 21 to 50 percent of the population lack access to lifesaving drugs.

The Senegalese have made great strides in combating high infant mortality rates. These rates declined from 173 out of 1,000 live births in 1960 to 55.51 out of 1,000 live births in 2005. Between 1960 and 2003, the mortality rate of children under the age of 5 plummeted from 300 to 137. Despite improved mortality rates, almost one-fourth of all children under the age of 5 suffer from malnutrition, and six percent are severely underweight. One-fourth of children under 5 suffer from moderate to severe stunting, and eight percent suffer from moderate to severe wasting.

Among the poorest Senegalese, 67.8 percent live on less than \$2 a day.

Senegal has had difficulty with childhood immunizations in recent years. Between 1990 and 2002, infant DPT immunizations dropped from 69 to 66 percent; polio immunizations declined from 60 to 55 percent; measles immunizations fell from 57 to 54 percent; and tuberculosis immunizations slipped from 71 to 70 percent. In 2003, 60 percent of children between 12 and 23 months old were immunized against measles, and 73 percent were immunized against DPT3. Only one-third of Senegalese children receive essential oral rehydration therapy when needed.

On the average, Senegalese women have 4.75 children each. This is an appreciable drop from the 6.8 rate recorded in 1980. The adolescent fertility rate is 86 per 1,000 births. Less than 11 percent of Senegalese women use contractive methods, but this number has risen from seven percent in 1990. Trained medical staff attended 47 percent of all births in 1995. Five years later, that number had increased by 11 percent. While maternal mortality has declined, too many women continue to die from childbirth and its complications. Estimates for 1995 place the maternal mortality rate at 1,200. By 2000, maternal mortality was estimated at 690 out of 100,000 births.

One-half of the adult male population of Senegal can read and write, but less than one-third of Senegalese women can do so. Literacy rates have increased slightly since 1999, when the rates were recorded at 46.4 and 26.8 percent for males and females respectively.

Unfortunately, literacy rates have dropped considerably since 1980, particularly for females, when rates were reported at 69.5 percent and male literacy rates were recorded at 88.3 percent. Most children receive at least six years of schooling, but only three in four children are enrolled in primary school. Primary school completion rates are even lower. Between 1995 and 2002, primary school completion rates for boys declined from 56 to 49 percent, while completion rates for females jumped from 40 to 48 percent.

Human Development Index Rank: 157 Human Poverty Index Rank: 87

SEE ALSO: Conflict; Corruption; International Monetary Fund; Wealth Inequality.

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Sen-Shorrocks-Thon Index

THE SEN-Shorrocks-Thon (SST) Index is a poverty index proposed by A.F. Shorrocks in 1995, based on the pioneering work of A.K. Sen in 1976. It has also received the name "modified Sen Index" in discourse by Shorrocks and Sen. As noted by B. Zheng, this index is identical to the limit of D. Thon's modified Sen Index.

In 1976, Sen proposed an axiomatic approach to poverty measures. He argued that poverty indexes should satisfy certain ethically defensible criteria, or axioms, and that the desirability of a poverty measure should be evaluated in terms of these axioms. Therefore, if we evaluate antipoverty policies according to their ability to reduce this type of poverty index, our evaluation will be consistent with the ethical criteria that inspire the poverty measure.

The index is a weighted sum of the poverty gap ratios of the poor. The weights decrease with the rank

order in the income distribution such that more weight is given to the poverty gap of the poorer individuals. The index is normalized to take values between zero and one: it is equal to zero when all the incomes are above the poverty line and so there are no poor people; it reaches a unit value in the extreme case when all the individuals are poor and they have zero income.

Of course, these are extreme hypothetical cases. In a comparative study of 23 Organization for Economic Cooperation and Development (OECD) countries, L. Osberg and K. Xu report a range of indexes between .014 in Austria and .125 in the United States during the 1990s.

This index has some very attractive properties:

- 1) Homogeneous of degree zero: The index is invariant to changes in the scale of the income distribution and the poverty line.
- 2) Focus axiom: The index does not depend on the income levels of the nonpoor.
- 3) Impartiality axiom: It depends only on the vector of ordered incomes and not on the identity of the individuals.
- 4) Replication invariant: The poverty index does not change if it is computed based on an income distribution that is the k-fold replication of the original income distribution.
- 5) Monotonicity axiom: A reduction in a poor person's income, holding other incomes constant, increases the poverty index.
- 6) Continuity axiom: The index is a continuous function of individual incomes.
- 7) Transfer axiom: The index increases whenever a pure transfer is made from a poor person to someone with more income.

In order to understand the relevance of these properties, it is useful to compare this index with other commonly used poverty measures. The poverty rate or headcount ratio, H, is a commonly used poverty measure. It is defined as the proportion of people whose incomes are under the poverty line. This measure meets properties 1) to 4), but it violates the monotonicity, the continuity, and the transfer axioms because it does not depend on how far and how unevenly the individual incomes of the poor fall below the poverty line.

Using this index to design and to evaluate antipoverty policies can lead to undesirable results. For instance, the easiest way to reduce the poverty rate is to subsidize the richest of the poor with just barely enough additional income to lift them out of poverty. This seems a very controversial policy action. Another commonly used poverty measure is the average poverty gap ratio of the poor (APGR). This index violates the transfer axiom because it is insensitive to the distribution of income among the poor. An income transfer from one poor person to another poor person without lifting any of the two out of poverty will not change the average poverty gap ratio. Finally, the Sen Index satisfies properties 1) to 5), but it violates the continuity and the transfer axioms. These limitations of the Sen Index led Shorrocks to propose the modified Sen Index, or SST index.

The SST index has a multiplicative decomposition in terms of the poverty rate, the average poverty gap ratio, and one plus the Gini coefficient of the censored gap ratios. This decomposition gives a much more straightforward interpretation of poverty intensity. Furthermore, the formula allows us to compute the index when we do not have access to the original individual-level data but we have information on the components.

Poverty indexes are typically calculated using a random sample of individuals from the population and not the whole population. Therefore, these values are estimates of the true population value of the index and they are subject to sampling error. It should be noted that when the sample size is relatively small, this asymptotic approximation is not precise enough.

SEE ALSO: Axiom of Monotonicity and Axiom of Transfers; Headcount Index; Poverty Gap Index; Poverty Rate; Sen Index.

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Serbia and Montenegro

THE STATE UNION of Serbia and Montenegro (SCG), formed in February 2003, is made up of two member states, the state of Montenegro and the state of Serbia, which includes the Autonomous Province of Vojvodina and the Autonomous Province of Kosovo and Metohija, which is currently under an international administration in accordance with United Nations Security Council Resolution 1244.

Situated in southeastern Europe, SCG has a population of 10,019,657, of which 9,396,411 live in Serbia (2,116,725 in Vojvodina and 1,800,000 in Kosovo and Metohija) and 623,246 in Montenegro. The majority of the population is Serb (62.6 percent), with Albanians at 16.5 percent and Montenegrins at five percent. The sizable minority includes Hungarians, Muslims/Bosniaks, Croats, and Slovaks. Orthodox Christians are the most numerous, with the strong presence of other religious communities—Islam, Roman Catholic, and Protestant.

Because of the decade-long international sanctions, wars of succession, and NATO (North Atlantic Treaty Organization) bombing campaign, the economy of SCG has badly suffered. Upon the collapse of Slobodan Milosevic's regime in October 2000, the SCG economy has been slowly reintegrated into the international community. While Gross Domestic Product (GDP) grew at 6.9 percent in 2004, the GDP per capita of \$2,400 is seriously lagging when compared to other transitional economies. The unemployment rate is close to 30 percent and severely impedes economic restructuring and liberalization of the market. The complexity of SCG's political relationships, legal uncertainty over property rights, and scarcity of foreign-investment are holding back the economy.

Poverty analyses show that poverty in the union is at about 11 percent; approximately 800,000 in Serbia and 87,600 in Montenegro live below the national poverty lines, with consumption (per equivalent adult) at less than \$85 per month in Serbia and \$135 in Montenegro, that is, \$2.90 and \$4.70 per day. Poverty is higher among vulnerable groups and in rural regions. Additionally, in both republics, many people are at risk of falling below the poverty line, while 15 percent of Kosovo's population live in extreme poverty, surviving on less than \$1.10 per day.

Serbs, the strongest and the most numerous amongst the South Slavs, populated the territory of former Yugoslavia in the course of the 6th and 7th centuries. The first Serbian state emerged in 1077 and was recognized by Pope Gregory VII. Serbia prospered the

most under the medieval Nemanjic dynasty, which ruled from 1168 to 1371.

Following the Battle of Kosovo in 1389, Serbia first became a vassal state of the Ottoman Empire, and then in 1459 was conquered. Serbia liberated itself from Turkish rule in the beginning of the 19th century, and gained independence along with Montenegro at the Congress of Berlin in 1878.

After World War I, Serbia and Montenegro joined the Kingdom of the Serbs, Croats, and Slovenes in 1918. In 1945, Serbia and Montenegro became republics in the Socialist Federal Republic of Yugoslavia. Upon the unilateral secessions of Slovenia, Croatia, Bosnia and Herzegovina, and Macedonia, Serbia and Montenegro formed the Federal Republic of Yugoslavia in 1992. In 2002, they came to a new agreement that led to the formation of a loose confederation called the State Union of Serbia and Montenegro, instead of the Federal Republic of Yugoslavia.

The legislative power of SCG is exercised by its unicameral parliament made of 126 members (91 from Serbia and 35 from Montenegro). The executive power is vested with the president of SCG, who is elected by the parliament, and the Council of Ministers. In addition to the joint parliament, the Council of Ministers, the president, and the court, every member state has its own parliament, president, and government.

Human Development Index Rank: Not included. Human Poverty Index Rank: Not included.

SEE ALSO: Education; Employment; Unemployment; War and Poverty.

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Seychelles

THE REPUBLIC OF Seychelles, a group of 40 volcanic and 75 coral islands in the Indian Ocean, is located off eastern Africa. Seychelles is an upper-middle-income nation with a relatively high quality of life. However,

Seychelles is severely indebted, and debt payments drain away some of its resources. Only 10 percent of the population are now involved in the subsistence agriculture that dominated Seychelles before independence in 1976. Tourism has skyrocketed in recent years, providing over 70 percent of hard currency earnings and employing 30 percent of the labor force. Tuna fishing also boosts the Seychellois economy. Even though foreign investment is welcomed in Seychelles, the government also promotes farming, fishing, and small-scale manufacturing.

Unlike most of sub-Saharan Africa, Seychelles has no widespread level of poverty. However, poverty does exist at a lower level, and most of the people who are poor are women and children. Seychelles has established a welfare system to assist the elderly, the chronically ill, the physically and mentally disabled, and members of disadvantaged groups. Government programs designed to provide employment for those who need jobs include the Unemployment Care Program, the Youth Training Scheme, and the District Beautification Program.

The Seychellois population of 81,188 enjoys a life expectancy of 71.82 years. Females have a projected life span of 77.4 years compared to 66.41 years for males. The median age of 27.7 is high for the region, and the Seychellois population is older than that of most sub-Saharan countries. Some 26.4 percent of the population are under the age of 14, and 6.2 percent have reached the age of 65. Healthcare is readily available to the Seychellois, and over 80 percent of the population have access to affordable essential drugs.

Infant mortality rates in Seychelles are low. Between 1990 and 2005, infant deaths dropped from 17 deaths per 1,000 live births to 15.53 deaths per 1,000. Mortality rates for children under 5 fell from 21 deaths per 1,000 in 1990 to 16 deaths per 1,000 in 2002. Approximately 10 percent of all babies are born at below normal birth weight, and 5.7 children under the age of 5 are malnourished. Some five percent of Seychellois children suffer from moderate to severe stunting, and two percent experience moderate to severe wasting. These numbers are extremely low for sub-Saharan Africa. The same is true of childhood immunizations, and only one percent of Seychellois children are not immunized against common childhood diseases.

Family planning has become important to the Seychellois, and this fact is reflected in the 1.75 children-per-woman fertility rate of 2005. This number is best understood in comparison with the 1980 fertility rate of 3.8 children per woman. The adolescent fertility rate in

Seychelles is 52 out of 1,000 births. Women in Seychelles have easy access to medical facilities, and they receive essential prenatal and neonatal care.

Literacy levels in Seychelles are also high. In 2003, approximately 92 percent of adults over the age of 15 could read and write. Seychelles has free and compulsory education, and most Seychellois children attend school for 14 years. In 2002, all male and female children were able to complete primary school.

Human Development Index Rank: 51 Human Poverty Index Rank: Not included.

SEE ALSO: Debt; Education; Healthcare; Welfare State.

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Share Our Strength

SHARE OUR STRENGTH (SOS) was established by Bill Shore in 1984 in response to the Ethiopian famine. Seeking to create a sustained source of support for worldwide hunger relief and prevention, and to bring new groups of volunteers into the antihunger movement, Shore tapped the creative talents of chefs, restaurateurs, and food service professionals.

Collecting funds from restaurants nationwide, Shore relied on chefs to spread the SOS message to colleagues and customers. Since 1984, SOS has helped finance the emergency food bank system in the United States, saved lives through famine relief, financed social development projects in developing countries, recruited new groups of antihunger activists, created new wealth for communities, and provided grassroots nutrition education to persons at risk of hunger.

Beginning in 1988, SOS initiated an ongoing series of programs—Taste of the Nation, Writers Harvest: The National Reading, Charge Against Hunger, Opera-

tion Frontline, Kids Up Front, Community Wealth Ventures, Inc., and the Great American Bake Sale—designed to enlist antihunger volunteers in raising funds for antihunger programs while developing partnerships in which cause-related marketing initiatives offered corporations opportunities to make money (doing well) while being philanthropic (doing good). By 2005, SOS reported raising \$180 million to support more than 1,100 antihunger and antipoverty programs throughout the world.

By 2005, SOS reported raising \$180 million to support more than 1,100 programs.

Taste of the Nation is an annual series of events in some 70 cities in North America. Tickets are sold for food and wine tastings, seated dinners, brunches, and barbecues that enable participants to enjoy the company of their peers while contributing funds to antihunger efforts. Corporate sponsorship by American Express and Jenn-Air and contributions by restaurants, chefs, and volunteers cover the SOS overhead. They make it possible for 100 percent of ticket sales to support grants for food, health, nutrition education, economic self-sufficiency, and advocacy programs in the United States; and community development and advocacy programs internationally.

The SOS Great American Bake Sale raises money for grants to expand coverage of summer and after-school meal programs for children, advocates children's rights, supports child- and family-focused nutrition education, and provides for family basic needs in the poorest areas of the United States. The program is a partnership between SOS and *Parade* magazine with sponsorship by ABC Television and Betty Crocker. Individuals, faith-based and youth groups, civic organizations, and businesses are encouraged to host bake sales and contribute the profits to SOS. Since 2003 an estimated one million Americans have baked, sold, or bought at Great American Bake Sales in all 50 states, raising \$2.5 million toward ending childhood hunger in the United States.

In Operation Frontline, SOS-trained chefs teach sixweek cooking/nutrition classes to low-income people. Participants are taught to shop smart, to eat more fruits and vegetables, and to cook low-cost, nutritious recipes. Kraft Foods is the sponsor of a similar nutrition education program for children—Kids Up Front. The SOS Charge Against Hunger campaign (1993–96) was a

cause-related marketing campaign that attempted to provide American Express a competitive advantage during the winter holiday buying season by increasing cardholder loyalty, building merchant relationships, and mobilizing employees. American Express advertised widely that it would donate a portion of every credit card transaction to antihunger efforts, believing that cardholders were concerned about hunger and would respond to the antihunger incentive to use their American Express cards. American Express donated three cents from every transaction during the fourth quarter of the year, raising \$21 million for SOS antihunger grants.

In addition to encouraging corporations to consider the benefits of cause-oriented marketing, SOS established a for-profit subsidiary—Community Wealth Ventures, Inc. (CWV). CWV helps nonprofits generate revenue through business ventures and corporate partnerships and helps for-profit corporations increase their profits through community investments.

SEE ALSO: Charity; Famine; Hunger; Malnutrition; Non-governmental Organizations; Nutrition.

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Shelter

SHELTER IS A BASIC NECESSITY for many kinds of animals and for all humans. Human survival in most places and at most times depends upon adequate shelter from the elements. Shelters provide humans protection from cold, heat, storms, dangers, or even insects. Without shelter, humans would probably either sicken or die from exposure.

Shelters may be natural or constructed, but all attempt to provide a place of refuge from the assaults of nature or, in the nature of the human condition, the assaults of other humans. Caves are among the oldest natural shelters used by humans. They are still in use in various parts of the world. However, most people

throughout history have used constructed shelters. These may be as simple as an igloo, a wigwam, a tent, a thatched-roof house, or a houseboat.

A variety of materials have been used by people to build shelters. Materials have included animal hides, fibers, snow, straw, wood, adobe, bricks, stone, metal, and other materials. The materials used are almost always directly related to the availability of materials with which to build. Snow in the Arctic, tent materials in the deserts, mud bricks in arid regions, burnt brick in wet regions, stone in rocky regions, and wood in forested regions are just a few of the materials used because these are the materials available to builders.

Shelter in the form of housing has become a major part of the interests of modern governments. Many governments have instituted housing programs to ensure housing for all of their citizens. In socialist countries housing needs have been met by government housing projects that provide apartments for large numbers of citizens, especially those who live in cities or around factory towns.

HOUSING PROGRAMS

Housing programs produced by socialist programs have often been described as drab or lacking in spiritual value. The apartment or house is materially adequate but was built without regard for the values of the human spirit. These values include such things as a sense of beauty and a sense of community.

In capitalist countries government-sponsored housing projects for the poor have been built in great numbers since the Great Depression of the 1930s. Many of the same complaints that have been made about similar projects in socialist countries have been echoed in capitalist countries.

All too often public housing projects have become ugly centers of decay and crime. This has been true not only in the United States, for example, but in France where large numbers of immigrants from former colonies have been quartered in marginal housing, with few opportunities for participating in an economy where upward mobility is possible.

To provide housing for people with middle-class incomes and for war veterans, both state and national governments in the United States have instituted a variety of housing programs. Many of these include guarantees that housing loans will be paid to lenders if the borrowers should default. The United States has been especially active in developing loan guarantees for both low-income borrowers and veterans. Millions have been

able to buy and pay for a home because of these programs.

Ideological debates about government sponsorship of loans have become universal with the adoption of international agreements, such as the 1948 United Nations Universal Declaration of Human Rights (Article 25). The net effect is that shelter or housing has been defined by many as a human right. The only problem with this is, who gets to identify those with the duty to support that right? The argument was made explicit by Michael Harrington in *The Other America* when he accused the U.S. Congress of lying because it had "promised" housing to all Americans in the Housing Act of 1949.

Harrington may have misunderstood the nature of the act, which set as its goal the housing of all Americans. According to former Congressman Albert Rains, author of the Housing Act, the goal was "a target to be achieved as soon as practicable." Part of the disagreement lies in the moralistic language used by some poverty advocates versus the managerial language used by many producers or distributors in society, as described by John Guinther in his 1976 book *Moralists and Managers*.

An important element in the building of housing and other kinds of buildings is the need to improve the ability of structures to resist fires, hurricanes, or earthquakes. Modern building codes have been developed and improved in recent centuries to prevent the terrible fires that burned much of Chicago to the ground in the Great Chicago Fire. Other building codes are seeking to reduce the damage from earthquakes, storms, or other natural events that could have a disastrous effect on housing.

SHANTYTOWNS

In poor countries shantytowns have been built with any materials that can be found. Often these shelters are built on or near the garbage dumps of great cities. For a growing number of people, used cargo containers abandoned by ocean shippers have become a source of shelter. Some aid agencies have begun to refurbish these metal boxes into homes that are livable.

Shelters for the homeless as places where they can find protection from the weather have been a new development on a large scale in recent decades. The problem of homelessness that became visible in the late 1970s captured the attention of many people at the time. The need for such shelters has continued into the first decade of the 21st century. It is a problem that is



In the country of Mali, in Africa, women take shelter from the sun, along with their animals and few possessions.

unlikely to disappear in the foreseeable future. To meet the needs of the homeless, numerous homeless shelters were opened across the United States. After this phenomenon appeared in Europe in the late 1980s, the same attention was given to the problem there.

HOMELESS SHELTERS

In the United States the opening of homeless shelters was an addition to the shelters that had long been provided to urban derelicts, most of whom were alcoholics or drug addicts. These shelters have met with a variety of public responses. In some communities they have been accepted. Some towns, such as Hope, Arkansas, childhood home of former President William Clinton, organized a community task force that used a grant from the Hands-Across-America fundraising event to purchase an old motel (the Cain Courts) in order to have a homeless shelter. Examples of generous actions by individuals and groups would be too numerous for telling, but the lives of the homeless have been made more bearable because of the shelter provided.

Moreover, for those sheltered, food, medical care, and other necessities have been provided by churches, charitable organizations, and caring individuals, including physicians.

In others places all manner of opposition has been generated to prevent the opening of or to force the closure of homeless shelters. As a consequence a significant body of case law has developed dealing with the needs of people who are forced to resort to living in a homeless shelter. Some of the cases involving homeless shelters and the homeless have been about the demographics of shelters. By law it would be difficult in the United States to operate a homeless shelter that practiced racial discrimination. However, the homeless of the 1980s and beyond have included many women and children. The propriety and the legality of housing the homeless by gender or as families have been a matter of continuous conflict as providers have disagreed over ideology.

Shelters not only provide a physical refuge from the natural elements but also provide a refuge from dangers. One of the terrible facts of the human condition is that of war. It has necessitated that shelters also provide defenses against the violence of warring armies. Forts, castles, bomb shelters, or other kinds of shelters from attack have long been a part of the shelter needs of humans.

Of the over 2,000 shelters, most, for reasons of safety, do not reveal their location.

Other types of shelters are those opened for battered women. The increase in violence in domestic life and the refusal of women to tolerate it any longer have given rise to shelters, which can protect them from abusive husbands, fathers, boyfriends, or others. These shelters keep their location and identity a secret. It is standard procedure for the person who is bringing an abuse victim to a shelter to be met by a shelter representative at a neutral location. Of the over 2,000 operating in the United States, most, for reasons of safety, do not reveal their location. However, the shelters that have made their locations visible have found that it increases volunteerism and donations. Also it increases the public's awareness of domestic violence. It has also been found that the abusers do not come knocking on shelter doors. The few that operate this way have had only minor problems.

Halfway houses for the mentally ill are also a form of shelter for the at-risk in society. The advent of modern drugs that help the mentally ill allowed numerous mental hospitals to be closed at a great savings to the taxpayers in many states and localities. However, in the United States the great tragedy was that about 3,000 community mental health centers were to be built, which would provide local care so that the mentally ill could be seen by healthcare providers. However, only about a third of these facilities were ever opened. The

failure to provide adequate shelter for the mentally ill, who are only partially able to care for themselves, is a direct cause in the large number of the mentally ill who have joined the ranks of the homeless on the streets of America.

Many shelters are operated by faith-based communities. The faith-based communities range from the Salvation Army to a wide variety of religious groups. The use of public money to fund the operation of these shelters has generated a great deal of controversy during the administration of President George W. Bush.

SEE ALSO: Family Desertion; Family Size and Structure; Feminization of Poverty; Habitat for Humanity.

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Sierra Leone

THE TINY COUNTRY of Sierra Leone, which is only 71,620 square miles in area, is situated in western Africa bordering the north Atlantic Ocean. Sierra Leone is one of the poorest countries in the world, with a poverty rate of 68 percent and an annual per capita income of only \$140. Some 74.5 percent of the people live on less than \$2 a day, and 57 percent live on less than \$1 a day.

Inequality is widespread in Sierra Leone, and the country is ranked 62.9 on the Gini Index of Human Inequality. The poorest 20 percent of the population hold only 1.1 percent of Sierra Leonean income, while the richest 20 percent share 63.4 percent. The United Nations ranks Sierra Leone near the bottom of 177 countries on its Human Development Report, which ranks countries according to quality-of-life issues. Between 1991 and 2002, civil war took a heavy toll on Sierra

Leone, with 500,000 dead, 100,000 mutilated, and one-third of the population displaced from their homes. Large numbers of the displaced fled to neighboring countries. A 17,000-strong delegation of United Nations peacekeeping forces and personnel, the largest ever deployed, helped to restore order until a new government could be put in place. Political stability continues to be tenuous in response to situations in Liberia and Guinea that may involve Sierra Leone in the future.

Although Sierra Leone's natural resources include diamonds, titanium ore, bauxite, iron ore, and gold, the country remains undeveloped. The Sierra Leonean economy is dependent on subsistence agriculture and international aid, which do not provide sufficient income to turn the country around economically. Sierra Leone's severely indebted status also drains resources that are sorely needed to meet the needs of the population of 6,017,643.

Life expectancy in Sierra Leone is 42.52 years, and the median age is 17.53 years. Life expectancy has increased since the 1980 rate of 34 years, but the increase has occurred slowly over a period of years. Some 44.7 percent of the population are under the age of 14, and 3.3 percent have reached the age of 65. Sierra Leoneans have a 57.5 percent chance of not surviving until the age of 40. One reason for this is that the population lacks access to healthcare and affordable lifesaving drugs. Additionally, some 43 percent of the population lack access to safe water and 44 percent lack access to proper sanitation.

Resources that are needed elsewhere are channeled toward fighting Sierra Leone's high HIV/AIDS prevalence rate of seven percent. In 2001, it was estimated that 170,000 were living with this disease, which had caused 11,000 deaths. Sierra Leoneans also face a very high risk of food- and waterborne diseases that are common in sub-Saharan Africa, and malaria and yellow fever present problems in some areas.

Infant mortality is extremely high, even for sub-Saharan Africa. In 2005, 143.64 deaths occurred out of 1,000 live births. Male infants were more likely to die than were female infants with a rate of 161.06 compared to 125.69. Between 1970 and 2002, infant mortality rates dropped from 206 deaths per 1,000 live births to 165 deaths per 1,000. The mortality rate for children under the age of 5 decreased from an appalling 363 in 1970 to a still unacceptable 284 deaths out of every 1,000 in 2002. Some 27 percent of all children under the age of 5 are malnourished, and nine percent are severely underweight. Approximately 34 percent of children under 5 suffer from moderate to severe stunting,

and 10 percent suffer from moderate to severe wasting. Only 29 percent of Sierra Leonean children receive essential oral rehydration therapy.

Rates of childhood immunizations remain lower than acceptable, and the availability of vaccinations varies among regions. Between 1990 and 2002, infant DPT immunizations dropped from 83 to 50 percent and infant measles immunizations fell from 75 to 60 percent. During that same period, polio immunizations rose from 43 to 50 percent and tuberculosis immunizations increased from 60 to 70 percent. In 2003, 73 percent of children between the ages of 12 and 23 months were immunized against measles and 70 percent were immunized against DPT3.

Some 74.5 percent of the people live on less than \$2 a day.

Sierra Leone is unable to support its high birthrate of 5.72 children per woman or its adolescent fertility rate of 178 per 1,000 births. Even so, some progress has been made since 1970, when the fertility rate was 6.5 children per woman. The average rate of contraceptive use between 1995 and 2002 was a scant four percent among married women. In 2000, professional medical staff attended 41.7 percent of all births, but the lack of professional healthcare leaves women vulnerable to the complications of childbirth. In 2000, maternal mortality rates were estimated at an abysmal 2,000 out of every 100,000 births. Even this low rate compares to the 1985–2002 maternal mortality average of 1,800 per 100,000 births.

Low literacy rates in Sierra Leone negatively affect all other aspects of life. While a lack of data hampers accurate reporting, it is possible to estimate the extent of illiteracy. In 1991, for example, less than one-third of the population over 15 could read and write English, Mende, Temne, or Arabic. The picture was even worse for females, with a literacy rate of 18.2 percent as compared to 45.4 percent for males.

Sierra Leonean children receive an average of seven years of schooling. From 2002 to 2003, the primary school completion rate for males increased slightly from 54 to 56 percent; however, the female completion rate rose substantially, from 28 to 45 percent. One-half of Sierra Leone's primary schools have not been restored to operation after the war, but school is being held in tents and temporary shelters furnished by UNICEF, the United Nations organization for children.

Human Development Index Rank: 176 Human Poverty Index Rank: 98

SEE ALSO: Child Mortality; Guinea; Liberia; Maternal Mortality and Morbidity.

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Singapore

SINGAPORE, A SMALL country in southeast Asia, gained independence from Great Britain and Malaysia after 1965. A developing country with a low Gross Domestic Product (GDP) per capita in 1960, Singapore became a newly developed country in 2004. It has one of the highest GDPs per capita in the world (\$27,800 in 2004). Singapore's vision, to become an intelligent society and a technological hub in the region, has materialized with the successful implementation of national policies and the IT2000 Masterplan. Four main factors helping Singapore to escape poverty are leadership, political stability, appropriate social policies promoting racial harmony, and steady economic growth.

Singapore has a one-party government and a unicameral parliament. The People's Action Party (PAP) has dominated Singapore politics since 1965. Under the leadership of Mentor Minister Lee Kuan Yew (the first prime minister of Singapore, from 1959 to 1990) and Senior Prime Minister Goh Chok Tong (the second prime minister of Singapore, from 1990 to 2004), the country enjoyed political stability, an efficient government, a very low level of corruption, and minimized bureaucracy and red tape, and has implemented effective public services.

Singapore began restructuring its economy in 1979. Educational, economic, and social policies were modified to adapt with regional changes and to stimulate economic growth. Attractive education and healthcare

programs have enabled Singapore to become a regional hub for first-class universities and medical services. Intensive technological investment and advanced educational systems with computer education have provided Singapore with a highly skilled workforce. Financial incentives such as tax concessions, and faster business registration processes and approval have been offered to enterprises, especially those in the high-tech, biotechnology, and life science industries. Relevant industries have been encouraged to improve the quality of products to achieve international standards.

Other economic activities focus on the innovative development of main industries such as manufacturing, the high-tech sector, biotechnology, and the life sciences. Promising local enterprises have been financially and institutionally supported in order to develop their potential and to increase their competitive advantage in the global market. With the establishment of the Monetary Authority of Singapore (MAS) in 1979, fiscal and monetary policies have been well formulated and implemented in the country. Together with the Amended Employment Act and the Industrial Relations Act in 1968, the tripartism approach in industrial relations has helped to promote industrial harmony.

A public housing program was given top priority. The government has promoted racial harmony by setting the racial ratio in the recruitment of public servants and in the occupancy of public housing, and by organizing many cross-cultural activities. The foreign talents program has drawn many international professionals to work in Singapore, and has significantly contributed to its economic expansion.

Consequently, Singapore can attract foreign investment because of its central location in the region, efficient planning, advanced infrastructure, highly skilled workforce, a well-established financial system, and a stable legal environment. Although the 1997 economic crisis and the 2003 SARS outbreak slowed down the economic growth rate, Singapore has maintained a strong economic foundation, and social and political stability. Overall, Singapore has successfully transformed from a Third World to a First World country. The Singapore government has proved its ability to lead the country through the hard times and to deal with new threats and challenges.

Human Development Index Rank: 25 Human Poverty Index Rank: 6

SEE ALSO: Economic Growth; Education; Foreign Direct Investment; Technology.

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Slovakia

THE SLOVAK REPUBLIC was formed from the "velvet divorce" of 1993, when Czechoslovakia split into the Republic of Slovakia and the Czech Republic. As part of Czechoslovakia, Slovakia had been pulled into the Soviet orbit after World War II. The relationship between the Slovaks and the Czechs has not always been smooth, although they are related culturally. In 1969, the Slovaks achieved a measure of independence from the Czechs by becoming the Slovak Socialist Republic of Czechoslovakia. After the collapse of the Soviet Union in 1989, Slovaks renewed efforts to become completely independent and succeeded in 1993. In 2004, the Slovak Republic joined the North Atlantic Treaty Organization and the European Union.

Slovakia is an upper-middle-income nation with an annual per capita income of \$14,500. Within the diversified economy, 55.9 percent of the labor force are employed in services. Over 29 percent are engaged in industry, and 5.8 percent are involved with the agricultural sector. Slovakia's natural resources include brown coal and lignite, as well as small deposits of iron ore, copper, and manganese ore. The economic transition from a state to a market economy is in the final stages in Slovakia. Foreign investors own most banks, and liberalized business laws and a 19 percent flat business tax have encouraged foreign investment in other areas. In 2003, unemployment hovered around 15 percent, but by 2005, it had been reduced to 13.1 percent.

Slovakia has a well-developed social net to meet the needs of those who do not earn sufficient income to provide a basic standard of living, and food security is guaranteed. Around seven percent of the population earn 50 percent less than the median income. Eight percent of Slovaks live on less than \$4 a day. Those who are most likely to be poor in Slovakia include women and dependent children, large families, those with low levels of education, rural residents, and the unemployed. Antipoverty measures include financial assistance, housing

assistance, counseling, social services, home nursing, transport services, and communal meal services. Inequality is not widespread in Slovakia, but the poorest 20 percent of the population live on 8.8 percent of resources while the richest 20 percent share 34.8 percent. Slovak is ranked 25.8 percent on the Gini Index of Human Inequality.

In 2005, life expectancy in the Slovak Republic was estimated at 75.5 years. With a projected life span of 78.68 years, women outlive men by an average of eight years. Slovakia's population of 5,431,363 experiences a median age of 35.43 years. Around 17 percent of the population are under the age of 14, and nearly 12 percent have reached the age of 65. All Slovaks have access to safe drinking water and improved sanitation. There are 326 physicians for every 100,000 residents, and healthcare is widely accessible. From 95 to 100 percent of the population has access to essential drugs.

Between 1970 and 2005, infant mortality declined from 25 deaths per 1,000 live births to 7.41 deaths per 1,000 live births. The mortality for all children under the age of 5 dropped from 29 in 1970 to eight deaths per 1,000 in 2003. Seven percent of all infants are underweight at birth. Among children from birth to 23 months old, 98 to 99 percent have received all the necessary immunizations.

On the average, Slovak women bear 1.32 children each, a decline from 2.3 children per woman in 1970. Among adolescent mothers, the fertility rate is 23 per 1,000 births. The government has established a goal of reducing this number by 50 percent by 2010. As a result, sex education classes have been introduced in the schools. Some 74 percent of Slovak women now use some method of contraception.

The government has been successful at reducing the number of abortions by nearly 60 percent over the last decade through an emphasis on family planning. According to modeled estimates for 2000, maternal mortality in Slovakia occurs at the low rate of three deaths per 100,000 live births.

The literacy rate in Slovakia is 99.7 percent. Education is free at the primary and secondary levels in Slovakia. Consequently, most students attend school for 14 years. All children complete primary school, and 87 percent are enrolled in secondary schools.

Human Development Index Rank: 42 Human Poverty Index Rank: Not included.

SEE ALSO: Czech Republic; European Union Definition of Poverty; Foreign Direct Investment; Healthcare.

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Slovenia

SLOVENIA IS A FORMER constituent republic of the Socialist Federal Republic of Yugoslavia, and gained independence and international recognition in January 1992. With its historical ties to western Europe, Slovenia enjoys a Gross Domestic Product (GDP) per capita substantially higher than that of the other transitioning economies of central Europe. Privatization of the economy proceeded at an accelerated pace from 2002 through 2004, especially in the banking, telecommunications, and public utility sector. The growth of real GDP was 3.9 percent and GDP per capita was \$19,600 (purchasing power parity) in 2004.

Structural reforms to improve the business environment have allowed for greater foreign participation in Slovenia's economy and have helped to lower unemployment. While further measures to curb inflation and corruption are still needed, the Slovenian economy is strong and competitive. Slovenia is the wealthiest country in central Europe, with a low poverty level when compared with other countries in transition.

According to the data, the risk of poverty diminished from 12.9 percent in 2001 to 11.9 percent in 2002. The risk of poverty in Slovenia is thus considerably below the European Union (EU) level, which is 15 percent. In a survey by the Dublin Foundation, Slovenia ranked third among the EU member states with the lowest at-risk-of-poverty rate, immediately after the Czech Republic and Sweden. The share of GDP for social benefits did not increase considerably (in 2002 it amounted to 25.4 percent) and was below the EU average (which in 2001 amounted to 27.5 percent). This is an indication of the increased effectiveness of Slovenia's system of social benefits.

Slovenian tribes arrived in the Balkan peninsula in the 6th century. After failing to establish an autonomous state, the Slovenes fell under foreign rule in 745 and remained subdued until 1918. Slovenes, although not entirely, were liberated following the formation of the Kingdom of the Serbs, Croats, and Slovenes on December 1, 1918. After World War II, the Slovenian republic was established in 1945. On June 25, 1991, Slovenia unilaterally seceded from Yugoslavia. Slovenia joined the North Atlantic Treaty Organization (NATO) and the EU in 2004.

Slovenia is a parliamentary democratic republic. The head of the state is a president who is elected by popular vote every five years, and the executive branch is headed by a prime minister and cabinet, which are elected by parliament. The Slovenian parliament is bicameral, with a National Assembly (90 seats) and a National Council (22 seats), and elections are held every four years. There are eight regions and 193 municipalities in Slovenia, 11 of which have urban status.

Human Development Index Rank: 26 Human Poverty Index Rank: Not included.

SEE ALSO: Economic Growth and Poverty Reduction Strategy; Education; European Union Definition of Poverty.

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Smith, Adam (1723-90)

THE SCOTTISH POLITICAL economist and moral philosopher Adam Smith is unanimously considered the founding father of modern economics. His concepts were influential on such diverse 19th- and 20th-century thinkers as David Ricardo, Karl Marx, Thomas Malthus, John Maynard Keynes, and Milton Friedman. His major book, An Inquiry into the Nature and Causes of the Wealth of Nations (1776), was widely read at the time of its publication and it was translated into all the major European languages before Smith's death. This commercial success was extremely unusual for a book on economics.

In The Wealth of Nations, Smith championed economic and politic liberalism, which he considered the

necessary basis for national economic prosperity. The Scottish economist has proved an influential authority for those policymakers who wish to limit government intervention in economic and social affairs. Such intervention is not required because the individual who tries to promote his own gain is "led by an invisible hand to promote an end which was not part of his intention. By pursuing his own interest he frequently promotes that of society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good."

Although businesspeople may act selfishly, the free-market economy still benefits society as a whole. People's intentions are therefore irrelevant, as Smith understood economics to work in a mechanical and natural way. For example, when a product shortage occurs, its price rises, increasing its margin of profit and thus encouraging others to enter production, eventually solving the shortage. Economy is a self-regulating system. This *laissez-faire* attitude, which Smith derived partly from the Enlightenment enthusiasm for natural science, has generated a controversy for its implications to the poor and the exploited that still continues today.

Smith was born at Kirkcaldy, Fife, in Scotland. His father was a customs inspector and died six months before Smith's birth. When he was 15, Smith entered the University of Glasgow to study moral philosophy. In 1740, he started his disappointing period of study at Balliol College, Oxford, where he remained for six years. After his return to Scotland, he started to lecture in Edinburgh, first on literary subjects and then on more economic themes.

These are the years when Smith began to develop the ideas that would later go into *The Wealth of Nations*. In 1751 he became professor of logic at the University of Glasgow and, the following year, he obtained the chair of moral philosophy. During this period, Smith met the philosopher David Hume and the two of them soon became close friends. In 1759, Smith published *The Theory of Moral Sentiments*, which, to some Smith scholars, stands in sharp contrast to *The Wealth of Nations*.

As Geoffrey Gilbert points out, the volume contains little-studied remarks on poverty, which "is treated not as a condition of economic deprivation but as a cause of social isolation and psychic unease." The book also satirizes those who continuously strive for material goods and wealth. In the 1760s, Smith resigned his professorship to become the tutor to the Duke of Buccleuch, with whom he traveled extensively throughout Europe, particularly in France, where he met the



Adam Smith, a founder of classical economics, believed poverty could not be solved through charity.

most influential Enlightenment thinkers. After his return to Scotland, he spent almost 10 years writing *The Wealth of Nations*, which gave him popularity and allowed him to be appointed to the position of commissioner of customs. Smith died in Edinburgh in 1790.

The idea of "the invisible hand" of the market that turns the possible selfish intentions of individuals into a benefit for the rest of the society has been widely discussed. Especially at a time when economic globalization is being challenged and the morally dubious behavior of international corporations is being exposed, *laissez-faire* capitalism is held accountable for its profit-driven exploitation of the poor.

One does not have to be an antiglobalization activist to feel moral outrage over child labor in Third World countries or over the economic marginalization of entire nations from the wealth of global capitalism. These are typical phenomena that stem from the selfishness of corporate power and that Smith's invisible hand cannot seem to solve.

However, following Smith, some scholars claim that government laws to regulate corporate action or citi-

zens' boycotts to lobby them could have worse results. Poverty, Smith argued, cannot be solved through charity: "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages."

SEE ALSO: Friedman, Milton; Liberalism; Malthus, Thomas; Marx, Karl; Neoclassical Thought; Ricardo, David.

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Social Assistance

SOCIAL ASSISTANCE IS a term used widely in English-speaking countries, Scandinavia, and elsewhere, to mean public financial aid given on the basis of need. The Organization for Economic Cooperation and Development (OECD) International Social Assistance Study, undertaken in 1994 at the University of York in England, notes: "The term *social assistance* does not have a fixed or universal meaning. For the purposes of this study we are concentrating on those income-related or means-tested benefits, available to people whose resources are officially held to be insufficient to maintain a minimum standard of living without such additional help."

The OECD study, released in 1996, surveyed academic experts and government officials from the 24 member countries concerning aspects of social assistance.

Canada, which uses the term extensively, provides the following official definition from the Department of Finance: "Payments made to Canadians on the basis of need by provinces and municipalities, supported by federal contributions provided under the Canada Social Transfer." The same governmental source describes the Canada Social Transfer as a program of federal revenue sharing with provinces and territories to support higher education and social services, as well as social assistance. Federal participation includes the prohibition of residency requirements for recipients of social assistance.

In the British Commonwealth and other former English colonies, including the United States, social assistance provisions are descended from the English Poor Laws, a series of statutes enacted and amended from medieval times into the 19th century. Social assistance is akin to what once was called "outdoor relief," or benefits available to eligible individuals who did not reside in institutions, such as poorhouses.

The Poor Laws established public responsibility for poor relief, and they also introduced features that continue to be issues in modern social assistance programs, including the residual concept of public aid as a last resort and local residency requirements. Poor Law concepts have remained stronger in the United States than in many other English-speaking countries, where labor or socialist political forces advanced the concept of social assistance as an entitlement.

In the United States, the terms *public assistance* and *welfare* have been used more frequently than *social assistance* for means-tested aid. Public assistance programs in the United States have been residual in nature, have carried stigma for recipients, and have lost public support in recent years. There have been two very significant changes in public assistance in the United States since federally funded programs began with the Social Security Act of 1935.

In 1974, assistance programs for the elderly, blind, or disabled poor were combined into Supplemental Security Income and placed under the federal Social Security Administration. This move served to standardize eligibility and grants on a national basis and to remove much of the stigma associated with receiving help from state welfare offices. Aid to Families with Dependent Children (AFDC) remained a state-administered assistance program. Then welfare reform in 1996 placed new limitations on the period of time a recipient may receive Temporary Assistance to Needy Families (TANF, formerly AFDC).

Even in European countries long considered social welfare states, where social assistance has been an accepted entitlement, eligibility for services and levels of support became matters of political controversy during the 1980s and 1990s. In many other countries, as in the United States, social assistance provisions have been scaled back.

SEE ALSO: Aid to Families with Dependent Children; Canada; OECD Countries; Poor Laws; Public Welfare; Social Security; Temporary Assistance for Needy Families; United States; Welfare.

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Social Democracy

SOCIAL DEMOCRACY IS THE name of an international political movement that advocates a strong, stable, and just democratic society, to be achieved by regulation and management of the capitalist economy. Social democracy is a variant of socialism, and as such the ideas behind it can be traced back to 18th-century Enlightenment critiques of private property, the early 19th-century models of reform capitalism (for example, Robert Owen, Charles Fourier, P.J. Proudhon, Henri St. Simon), and the monumental critique of modern capitalism formulated by Karl Marx and Friedrich Engels.

With the rise of an industrial proletariat in the second half of the 19th century, and especially after the failed social revolutions of 1848, workers' movements arose in many western European cities to fight for the right to organize and vote for improved working conditions and for health, disability, and other kinds of insurance. Social democracy was thus born with the idea of improving the lot of the working classes and evolved into a larger political vision of a more humane, just society.

In 1864 Karl Marx, along with the Italian revolutionary Joseph Mazzini and the secretary of the English Carpenter's Union, Robert Applegarth, founded in London the International Working Men's Association, commonly called the First International. This moment marked the beginning of the struggle for a socialist ver-

sion of modern democracy. At about the same time in Germany the charismatic Jewish lawyer, thinker, and activist Ferdinand Lassalle (1825–64) fought for the workers' rights to organize, vote, and form their own productive associations. He founded the General German Workers' Association in 1863, a year before he died in a duel. At the time, the association represented only a small number of the workers who had emigrated from rural areas into the new industrial cities.

In 1875, Lassalle's group merged with a rival association, the Social Democratic Workers' Party (ADAV), to form the German Socialist Workers' Party (SAP). From 1878 to 1890 the party was suppressed and laws were passed to prohibit members of the party from organizing public demonstrations or circulating party literature. These antisocialist laws, promulgated by Otto von Bismarck and enforced by Germany's secret police, had the effect of giving the organization a coherence and militant purpose it might not otherwise have enjoyed. Bismarck also tried to co-opt the workers by introducing progressive social legislation of his own, which had the effect of giving the workers a stake in the capitalist system but also anchoring the idea of protection of workers' rights in state law. After the antisocialist laws were relaxed in 1890, the SAP changed its name to the Social Democratic Party of Germany (SPD), which still exists today.

English workers were immune to revolutionary Marxism.

In 1891 the Social Democrats promoted a platform at their party congress in Erfurt that called for the overthrow of the capitalist system of private property, but at the same time demanded a long list of reforms that would improve the lives of the workers within bourgeois society. This compromise platform satisfied the theoretical purists who did not want to abandon the ideas of Marx and other socialist thinkers who had predicted the imminent demise of capitalism, but also appealed to the rank and file of workers who saw their living standards rise from year to year and were happy to fight for a bigger piece of the capitalist pie.

In the latter third of the 19th century, workers' movements across Europe grew in strength and put pressure on the liberal and reactionary elites to deal with the "labor problem." This pressure in fact created the modern welfare state. Between 1870 and 1901 the working-class population of the advanced industrial

states grew from about one-fifth to one-third. In Germany Bismarck took the lead by introducing factory inspections, state health insurance, accident insurance, and old-age pensions.

Bismarck had been influenced by what he observed as ambassador to France during the reign of Napoleon III. The French populist emperor had won over the working classes, using their support as an anchor against the democratic bourgeoisie by implementing universal male suffrage, grand public projects, and pension and insurance schemes, and by encouraging limited self-organization of the workers at the factory level.

FABIAN SOCIETY

In England, the Victorian era was one of steady material progress, political stability, and cultural florescence. The Conservative and Liberal Parties took turns ruling and both did their best to gain the adherence of the working classes through widening suffrage and improving working conditions. As a result English workers were immune to revolutionary Marxism and stuck by their trade unions. Leading thinkers, such as George Bernard Shaw, H.G. Wells, and Sidney and Beatrice Webb founded the Fabian Society, which advocated gradual reform to bring about a peaceful socialist state. The English Labor Party was formed in the 1880s as a result of a fusion between the Fabians and the trade unions. Thus as European social democracy moved in a reformist direction, leaving anarchism and revolutionary Marxism behind it, the idea of using the strong state to advance economic security, even at the price of individual liberty, grew as strong on the left as on the right.

After 1890 the material gains made by workers started to erode as capitalism went through a series of economic crises throughout continental Europe and in North America. Strikes were rampant and class antagonism grew. Many Social Democratic parties were torn apart between the "revisionists," who continued to believe in gradual reform, and the radicals, who maintained that nothing short of the abolition of private property would emancipate the working class. In 1903 the Russian Democratic Party split in this way.

Vladimir Lenin was the leader of the radicals, and after having won a majority vote on a relatively minor issue, called his faction the Bolsheviks (the Russian word for "majority"). Little noticed at the time, this split would have worldwide historical repercussions when Lenin came to power in 1917, overthrowing the Russian state and replacing it with the dictatorship of the Communist Party. In Germany too, the Social De-

mocratic Party split in 1918 over the issue of support for the war. Throughout the 1920s and until the rise of the Nazis, the Social Democrats and the German Communist Party were bitter rivals.

From 1918 to 1945, European social democracy was caught between the ideological pincers of the powerful totalitarian ideologies of communism and fascism. In the smaller countries in Scandinavia, Belgium, and Holland, social democracy survived, but in fascist Germany and Italy Social Democrats were persecuted and went into hiding or into exile. In communist Russia, Stalin crushed the reformers. After World War II, as the Iron Curtain descended on eastern Europe, Communists and Social Democrats were formally reunited in socialled People's Parties, but in fact these organizations were puppet entities controlled by Moscow.

Only in West Germany, in the Federal Republic, did the Social Democrats reconstitute themselves. They remained in the opposition, however, until the 1960s, when they abandoned their anticapitalist platform and advocated a "social-market economy," that is, a capitalist system tempered by government programs that assist the poor, disabled, and unemployed.

The Conservatives came to power with a program to revive competitive capitalism.

In France and Italy, the Communist parties remained strong, but, repelled by the conditions in the Soviet Union, they proposed Euro-communism, a supposedly more democratic and just version of communism. By the 1970s the French and Italian Communists and Socialists had become more like the German Social Democrats, prepared to accept the parliamentary system and bourgeois society, seeking only to repair what they perceived as an unjust distribution of wealth.

In Great Britain the Labor Party eclipsed the Conservatives after the war, as the English trade unions were able to flex their muscles and the population supported the creation of a vast welfare state, including the nationalization of industry, a national healthcare program, and generous unemployment benefits. In the 1970s the English economy suffered from heavy regulation and inability to compete on the world market. Margaret Thatcher and the Conservatives came to power in 1981 with a program to revive competitive capitalism and reform the bloated welfare state.

When the Berlin Wall fell in 1989, European social democracy entered a new era as capitalism triumphed,

in which all nations now competed in a global marketplace. States could no longer afford to protect their citizens from global competition. Social Democrats had to rethink their most cherished notions about the welfare state. As a result, new parties emerged that sought to maximize efficiency and productivity on the one hand, while protecting the environment and cushioning citizens from the hardest blows of globalized competition on the other.

SUCCESSFUL TRANSITION

The new social democratic strategy was to support entrepreneurship and the creation of national wealth in order to pay for state programs. The Scandinavian Socialists were most successful at this transition. Tony Blair's New Labor Party and Gerhard Schroeder's Red-Green coalition were able to wrest power from the conservatives based on a similar formula.

The social democratic movement can take pride in its history of advocacy of basic rights for workers. Without the efforts of Social Democrats, laws protecting the health and safety of workers would have taken much longer to be implemented and the standard of living for the broad masses would not have improved so dramatically. The Canadian and European welfare states of today provide a measure of security and comfort for their citizens undreamed of in the 19th century, when activists began thinking about a more just society.

In the United States, the New Deal era of the 1930s and the Great Society programs of the 1960s can be thought of as social democratic projects. But today, the pressures of globalization and the high costs of maintaining generous benefits for aging populations are challenging all welfare states. As in the past, social democracy will have to adjust to rapidly changing conditions in order to maintain the ideal of a social contract that balances both liberty and justice.

SEE ALSO: Capitalism; Communism; Engels, Friedrich; Fabian Society; Marx, Karl; Socialism; Welfare State.

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Social Disqualification

SOCIAL DISQUALIFICATION IS a concept developed in Europe to describe the way in which different segments of the labor force become marginalized. Marginalization leads to the destruction of social ties and the loss of opportunity to regain a place in society with a living wage.

The history of European society is one of great class differences. The differences may have lasted from Roman times until today, stemming from Roman conquests and from the various barbarian tribes who rampaged across Europe in the Middle Ages. The defeated often went to the bottom of the socioeconomic system, from where it was difficult to move upward because of race and language differences that grew into social differences.

The concept of social disqualification describes a process of stages through which whole sections of the population progress. The end result is to marginalize some people more than others and the effect of the process varies from country to country. The concept, while applicable across Europe, is also used to describe social discrimination in many poor countries around the world.

In Europe, the process of social disqualification can lead to isolation and to even greater poverty because the social support network is lost. This means, for example, that if a person is out of work and a job becomes available, she may not learn of the employment opportunity because she lost contact with the network of people who would pass along the information. Social isolation is usually greater in northern Europe than in southern Europe.

Social disqualification leading to isolation can be the result of a number of factors. Being stigmatized as a social "leper" because of illness, race, creed, gender, sexual orientation, or some other factor can lead to social disqualification because "that kind" is not wanted for work. Diseases such as AIDS/HIV, tuberculosis, and malaria; injury; or illness can lead to social disqualification in all countries of the world. This is most espe-

cially the case in the world's poorest countries, where there are no laws to protect the disadvantaged from discrimination. Social disqualification can also be the product of long-standing social practices. For example, in the history of nursing in England, the profession was held in high regard from the beginning because Florence Nightingale drew its first members from idealistic and well-educated young women from the upper classes. However, in the history of nursing in Austria, the women who filled the profession were drawn from the poor.

WOMEN'S EXCLUSION

The United Nations, in its work with poverty in the poorest of countries, has found that there are numerous social disqualification factors operating to the disadvantage of the poor. This is especially true in the case of the disadvantages that women face. In the poorest of cultures there is some social discrimination against boys. Religious discrimination can be a form of social disqualification. Traditional clothing may create the same separation. Other social disqualifications against women include exclusion from the healthcare system because the physicians are male. The female patient is then denied healthcare benefits because of a social taboo. This same gender bias operates in matters of inheritance, in courts, or in social practices such as female circumcision.

The right of life is often denied in practices of infanticide, demands that widows join their husbands in death, and crimes of honor. In addition, women who may have been the victims of rape during the horrors of ethnic cleansing in the Balkans or in Sudan can experience social disqualification from rejoining their people. The victims of rape are treated as if they were in the same class as prostitutes or slaves.

SEE ALSO: Gender Discrimination; Racial Discrimination; Social Exclusion; Social Insecurity.

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Social Exclusion

SOCIAL EXCLUSION IS A broad concept describing the numerous ways an individual can be prevented from full participation in society. Its origins lie in debates about the concepts of absolute poverty and relative deprivation and the inadequacy of purely material models of poverty and marginalization. The term emerged in developed nations particularly in the European Union (EU), in the 1990s, where it was enshrined in the EU's Social Charter, and it was recognized as a major social policy concern in the United Kingdom with the establishment of the Social Exclusion Unit after the election of the New Labour government in 1997.

Although the broadening of a definition of poverty to incorporate subjective experiences of marginalization was widely welcomed, critics have identified its role in furthering the political ends of Third Way social policies such as those of Tony Blair's New Labour Party in the United Kingdom. They would claim that strategies for creating social inclusion focus upon including more people in the workforce (seeing work as being beneficial in itself) rather than focusing on wealth redistribution through taxation. In such social policies, social inclusion is premised on individuals' participation in the market economy, often as low-paid worker, as being preferential to state dependence.

It does, however, recognize the multidimensional nature of poverty and of "being shut out, fully or partially, from any of the social, economic, political and cultural systems which determine the social integration of a person in society," as phrased by M. Haralambos and M. Holborn. Importantly, social exclusion is a process that happens to people, rather than a process they instigate themselves. It therefore not only avoids the personalization of failure inherent in notions of the underclass, according to C. Murray, but also can encourage analysis of how an individual's marginalization from the mainstream is framed within a context of a globalized market society.

The concern expressed by the EU in the need to tackle social exclusion is tacit recognition that union into an enlarged market economy produces social exclusion as an almost inevitable consequence. It encourages reflection on the linkages between problems that affect people, or indeed geographical areas such as unemployment, poor skills, low incomes, poor health, high crime rates, family breakdown, and bad housing. It also can adapt to accommodate the dynamic nature of mainstream society and material increases in living stan-

dards, thus avoiding the limitations of absolute standards of poverty, the thresholds of which are likely to shift over time and place. Social exclusion, while seeing economic marginalization as an important and inseparable part of social marginalization, can be invoked to explain a variety of forms of inequality, such as the circumstances of an HIV-positive individual, a member of a minority ethnic or sexual group, or an older worker unable to find employment in a postindustrial economy.

The United Kingdom's New Labour government's policy responses to its conceptualization of poverty as social exclusion have included the instigation of social programs such as SureStart (for young families in urban areas) and Connexions (for young people trying to enter the labor market). These responses are characteristically joined up in their approaches encompassing education, training, and health, reflecting the recognition of multiple causes of exclusion.

The breadth of social exclusion may be one of its strengths, but it also makes the measurement and operationalization of the concept problematic. In this regard it is even more beset with problems than its kindred concept of relative deprivation, which at least can be linked to national and societal averages in income. Social exclusion covers a range of economic factors, some of which, it has been claimed, such as the breakdown in community life, may be beyond the efficacy of government in a globalized world economy.

SEE ALSO: European Union Definition of Poverty; Globalization; Third Way; United Kingdom.

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Social Inequality

IN MODERN political economy two concepts have been prominent, liberty and equality. They receive nearly identical ranking in importance to community life in the American Declaration of Independence. There, we are told, human beings are "created equal" and possess "certain unalienable rights; among these ... are life, liberty and the pursuit of happiness." A certain kind of equality and a certain kind of liberty are supposedly due everyone, with government instituted so as to secure those equal rights.

Critics point out that the equal possession and protection of the rights in question—especially the liberty to acquire and hold property—engender great unfairness or injustice in human communities. Those born into unfavorable social and economic circumstances—the poor, the ailing, and the meagerly educated—are far less free than those born fortunate. Such socioeconomic inequality, the critics argue, is a major failing of this political tradition.

So, modern (as distinct from classical) liberals and social democrats argue that the sovereignty of each individual is vital, but first everyone needs to be socially and economically equal. From thinkers like the German neo-Marxist Jurgen Habermas to the American legal theorist Ronald Dworkin (of New York University and the University of Oxford School of Law), not to mention radical egalitarians like Kai Nielsen (of the University of Calgary, Alberta, Canada) and the more moderate ones such as James P. Sterba (Notre Dame University), the assurance is that yes, liberty—individual rights, personal sovereignty or autonomy—is vital, but only if people start from the same circumstances in their lives and are guaranteed fairness as they make their way through life.

Defenders of the classical liberal stance claim that the qualification ruins the thing being qualified. Guaranteeing an equal start for everyone, let alone a fair journey, is impossible because any effort to establish such fairness or equality must involve massive unfairness and inequality of power over others.

The late Harvard political philosopher Robert Nozick argued this view with his Wilt Chamberlain example in *Anarchy, State, and Utopia* (1974). Even in a system of total economic equality, the choice millions make to spend their resources on viewing Chamberlain's basketball virtuosity would involve transfers of enormous, vastly unequal wealth to him (and to similarly favored people), which then would have to be confiscated so as to reestablish economic equality. This, in turn, would involve a government with vastly unequal power to those whose wealth it would equalize.

People aren't born with equal health, with parents of equal socioeconomic position, with equal willingness to work hard, or with looks that are equally attractive to others, so all this would have to be radically and repeatedly adjusted, requiring massive force, since few would volunteer to give up their advantages, minor or major. Unfairness would prevail, and this would need to be eliminated. The power to impose all this, critics of the egalitarian stance argue, would constitute massive and insidious inequality and unfairness.

One way to resolve this dispute may be that the imposition of socioeconomic inequalities by the legal system, and the authorities administering needs, be systematically removed from a country, while full socioeconomic equality must be given up as a goal of public policy. The remaining inequalities would be akin to what we have in most sports, due to the accidents of nature and personal efforts. These cannot be reasonably objected to, and the avoidance of them would bring on far worse inequalities. Of course, this may not suffice as a solution to many who want socioeconomic inequality completely erased in human communal life.

SEE ALSO: Equality; Income Inequality; Social Democracy; Wealth Inequality.

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Social Insecurity

INDIVIDUALS AND HOUSEHOLDS are socially insecure when they lack sufficient opportunity to access resources and services to secure the basic human needs of livelihood, health, and safety.

This includes the inability to enjoy fundamental human rights such as self-determination, freedom from manipulation and discrimination, and freedom from abuse and conflict. Social insecurity stems from an inequity in the utilization of resources, particularly when lack of legal rights, political instability, and conflicts are prevalent. The circumstances associated with social insecurity expose households and individuals to risks associated with poverty and need.

Social insecurity is directly linked to an absence of assets and asset-building opportunities—the resources and capacities that enable individuals to maximize opportunity and build secure lives. Opportunity, resources, and services emerge through development of 1) human capital assets, such as equal and full access to education, and skills for moving out of poverty conditions; 2) financial assets, such as land and housing, tools for production, and savings or resources that can be used to maintain basic livelihood, needs in times of crisis; and 3) creating and preserving an asset foundation, by supporting sufficient wages and other protections that ensure livelihood such as primary healthcare, and unemployment or old-age income, and laws and other social protections that provide mutual safeguards in cases of economic, social, or environmental instability.

The conditions of social insecurity, particularly the lack of opportunity to acquire needed assets, are at the core of world poverty. Social insecurity is the composite of political, social, and economic constraints that contribute to poverty, including conditions that weaken needed social connections and promote civil conflict.

SOURCES OF SOCIAL INSECURITY

The United Nations Development Program has identified seven dimensions of human security: economic, food, health, environmental, personal, community, and political. These dimensions are interrelated in that the lack of one can precipitate the lack or diminution of others, thereby resulting in social insecurity. The lack of economic security, for example, generally results in food insecurity and poor health.

Globalization is an important factor that contributes to social insecurity through the movement of people between and within countries for economic reasons. As these population shifts impact traditional communities and family structures based on kinship, ethnicity, and religion, the concomitant shift of social connections increases social insecurity. The loss of traditional support systems and the resulting increase in social insecurity aggravate the conditions of poverty.

The unequal distribution of economic and political power is another key factor contributing to social insecurity. Limited government investment in the health, education, and political rights of populations reduces broad-based economic growth because economies require sufficient numbers of secure, healthy, skilled workers to thrive. Many nations fail to make economic and social interventions to reduce social insecurity because of political and economic corruption. Often the

failure to act is based on the contention that human needs will be met through engagement in a world economy and market forces alone. The poor also typically receive inadequate protection from the judicial system, limiting their access to protection from crime and manipulation by stronger groups and forces.

Social insecurity often stems from a lack of access to resources and opportunities, not necessarily their absence. J. Dreze and A. Sen note, for example, that homelessness results from lack of access to housing or land, not necessarily from an absence of available housing or the opportunities to establish housing. Similarly, famines result not from lack of food, but from people's inability to buy or access existing food sources. The issue of access is closely tied to the distribution of power and political choices.

Finally, it is notable that certain cultural factors and beliefs promote social insecurity. Gender discrimination reduces women's access to education and their legal status for financial decision-making. Ethnic minorities often have little political power or face discrimination because of religious differences or status, such as caste. And people with physical or mental disabilities often are marginalized.

EFFECTS OF SOCIAL INSECURITY

The absence of broad governmental investments and protections limits access of the poor to political participation and economic opportunity, resulting in human capital that is untapped and unproductive. More egalitarian societies work to increase political participation and other avenues to opportunity, thereby promoting security through the acquisition of household and community assets. Social insecurity limits the ability of individuals and families to assume responsibility for their own well-being. By compromising many aspects of people's lives, it limits opportunities and choices, thereby hampering self-determination and producing poverty and dependency.

There is a strong relationship between political and social violence, limited judicial protection, and poor economic growth. Limited or uneven growth often leaves the most vulnerable unable to fend for themselves, increasing social insecurity and resulting in the likelihood of violence between communities.

POLICIES AND SOCIAL INSECURITY

The United Nations Commission on Human Security suggests a number of policy options to address the po-

litical, social, environmental, economic, military, and cultural systems that provide people with the building blocks of survival, livelihood, and dignity. They affirm that access to resources and services for livelihoods, and protection from threats and conflict, help to ensure personal economic security, self-determination, and social well-being.

The poor need to be able to influence policy to help meet their needs.

Economic growth is necessary to reduce social insecurity because it results in increased government revenues and provides critical resources for increased investments in social services, infrastructure development, and environmental protections.

Economy-related poverty-reduction strategies must include asset-focused social policies to build sustainable resources and services for literacy, education, health, medical care, housing, employment, and arrangements for unemployment compensation, survivors' benefits, old-age pensions, maternity benefits, and similar social provisions.

Opening avenues to political participation is yet another important way to reduce social insecurity. The poor need to be able to influence policy to help meet their needs as well as participate in larger national development. Involving the poor in the formal democratic process enhances their access to opportunity, resources, and political accountability. Because levels of social insecurity reflect policy choices and structural conditions, policy choices and structural factors mediate the link between economic growth and social insecurity.

Accordingly, the International Labor Organization (ILO) calls for the introduction of minimum social standards across continents to ensure that economic progress is accompanied by social progress, particularly employment and social protection policies that are convergent with rather than independent of each other.

Collectively, governmental policies designed to provide households and individuals with meaningful opportunity to acquire and build assets are needed for establishing social security and greater self-sufficiency. This social security includes access to work, sufficient incomes, social capital, and wealth-building opportunities.

SEE ALSO: Asset-Based Antipoverty Programs; Conflict; Corruption; Crime; Economic Insecurity; Globalization.

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Social Insurance

SOCIAL INSURANCE REFERS to a broad range of insurance programs administered by governments. These include old-age insurance, disability insurance, unemployment insurance, survivors' insurance, and health insurance. Such programs help people to offset potentially large and uncertain expenses and losses of income; they provide an important tool for keeping people out of poverty. In this regard, social insurance is similar to privately provided insurance. But because of the economic problem of adverse selection, governments may be the only feasible provider of certain types of insurance.

Also, unlike private insurance, government-provided insurance programs often include mechanisms to redistribute income. For instance, if a retirement annuity is actuarially fair, then it will be equal on average to the amount of money contributed by a worker plus interest. But social insurance programs will tend to provide a larger benefit than is actuarially fair to poorer beneficiaries, and less than is actuarially fair to wealthier recipients. Social insurance schemes have contributed greatly to the reduction of poverty in many of

the countries where they have been implemented. Insurance exists because people are generally willing to sacrifice a portion of their current consumption to pay insurance premiums in order to receive some compensation if the unlucky event occurs for which they are insured. Economists refer to this as consumption smoothing.

The insured population will be different from the overall population.

Many types of private insurance exist, though social insurance generally refers specifically to insurance programs provided by governments. Old-age insurance protects against the prospect of living longer than the insured person has planned for financially. Disability insurance provides income in the event that an insured person becomes disabled and is no longer able to work at the same job. Unemployment insurance provides income in the event that the insured person loses her job for reasons beyond her control, such as a layoff. Survivors' insurance provides income to spouses and children in the event that the family's breadwinner dies at a young age. Finally, health insurance helps to cover expenses in the event that an insured person develops a costly illness or medical problem.

The economic problem of adverse selection explains why governments often become involved in these insurance areas. Adverse selection refers to the problems that develop because insurance companies have less information about their potential customers than do the customers. If insurance is voluntary, then those most likely to buy insurance are those also most likely to benefit from the insurance. These are precisely the people who the insurance company would prefer not to buy insurance. For example, the people who buy old-age insurance may expect to live longer than the average population, or the people who buy unemployment insurance may know that they have a higher risk of losing their jobs. Thus, the insured population will be different from the overall population. This forces insurance companies to raise the price of insurance coverage to meet the additional costs of the insurance-buying population, which then further compounds the problem.

Governments generally justify the provision of social insurance on at least four grounds. First, governments can fix the adverse selection problem by requiring mandatory participation. If everyone participates, then those who are less likely to benefit from the

insurance cannot drop out. The second issue relates to paternalism. Because insurance matters are complicated, people may lack the foresight to purchase an appropriate amount of insurance. By learning from experience, the government may be able to better plan for such contingencies. It is also possible that people would not buy insurance because they believe that the government will bail them out in times of difficulty, and it is thus in society's interest to force everyone to participate.

The third issue relates to the ability of governments to economize on decision-making. Because of the complicated nature of insurance and annuity markets, the government can help people to avoid wasting resources to learn all of the details of insurance options. The fourth issue relates to the redistribution of income. As mentioned, social insurance programs are not actuarially fair, which means that the costs of the insurance do match the expected benefits to be received from the insurance. This is because the government incorporates redistribution goals into social insurance.

SEE ALSO: Disability Insurance; Social Insurance (Universal); Universal Healthcare; Unemployment Insurance.

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Social Insurance (Universal)

SOCIAL INSURANCE IS justified largely on the basis of income distribution, market failure, adverse selection, and lack of foresight. The main social insurance policies that address poverty are concerned with income maintenance for the aged and unemployed, their dependent children and spouses, and veterans of wars. In addition, nutrition, healthcare and education programs are commonly provided to improve human capital and induce social mobility.

Cash transfer (and conditional cash transfer) is the primary type of social assistance for reducing the income gap. Cash transfer is more common among the countries that are the member of the Organization for Economic Cooperation and Development (OECD). These programs are generally part of a broader social insurance program in these countries. In Africa, south Asia, and parts of Latin America, cash transfers constitute the primary type of social insurance.

Social Security (OASDI) is the largest social insurance in the United States and it constitutes the largest domestic spending program. Social Security benefits are based on workers' work history and individuals' earnings history. The retirement age, family status, and other earnings also determine benefits. This program also provides Supplemental Social Security Income (SSI) for the poor, disability and survival benefits, and medical care for beneficiaries who reach 65 years old.

Some countries have privatized their social security program. The United States has considered privatization of Social Security as well. Economists are concerned that privatization will have an enormous adverse effect on those who are most at risk. In addition, the unfounded portion of the benefits coming due will require some \$800 billion. Moreover, the administrative cost of a privatized system is projected to be much higher than that of the current system.

The oldest social insurance program in the United States is the Veterans' Medical Act, which was established in 1917. Social Security and unemployment insurance were enacted in 1935. Medicare, which provides health insurance to Social Security beneficiaries who reach 65, was established in 1965. These programs constitute approximately eight percent of the Gross Domestic Product (GDP) of the United States. As of 2006, Medicare provided prescription drug coverage for qualified individuals who chose to participate and pay a fee.

In many countries around the world, governments have adopted a system of user fees to cope with small public budgets for health services. User fees present some major problems. On the one hand, fees are in general regressive in the sense that poor people spend a relatively larger portion of their cash on consumption. On the other hand, fees present a barrier to medical care. Some countries have developed a program for granting a waiver to the poor. The success of these programs depends on four critical factors: widespread dissemination of information among the eligible population, timely compensation to healthcare providers, compensation for related costs of health services (for example, transportation and food costs), and establishing and implementing criteria for eligibility. Establishing criteria is a challenging task.

Most countries' social insurance programs also include access to basic services necessary for sustaining a minimum standard of living. These include education, housing, network utilities in central and eastern European countries and the former Soviet Union. Most countries across the world consider education as a desirable social good. Therefore, most of them waive any fees for tuition, textbooks, and required uniforms to assist the poor. Almost all countries surveyed by the World Bank reported waivers of these fees.

Food-related programs are also a common subsidy to the poor. Food-Based Safety Programs support adequate nutrition to the poor. The most common programs are food-for-work programs, food stamps, vouchers and coupons and food price subsidies. These programs are income transfers to the poor. In addition, many governments use tax and price subsidies to protect the poor. Since wealthier families consume more than poor families, some subsidies could benefit them more than the targeted population.

PUBLIC WORK PROGRAMS

Public work programs are commonly used by both developed and developing countries to alleviate the adverse effects of a natural disaster and other external shocks. In many countries, irrigations, dams, and other infrastructure provide jobs to unskilled labor. These types of programs have been used in many Asian and African countries. The success of these programs depends on the balance between their costs and benefits for the targeted population and therefore their effectiveness in reducing poverty.

In the United States, social insurance programs are provided at both the federal and local levels of government. Major programs at the state level include the Child Care Development Fund (CCDF), child support enforcement, food stamps, Head Start, public health insurance for children/parents, housing vouchers, Temporary Assistance for Needy Families (TANF), cash assistance, and unemployment insurance. Cross-policy data show large variations in per-recipient spending across states.

Most states also have tax-relief policies to help low-income families. Seventeen states, to date in 2005, have adopted a variation of the Earned-Income Tax Credit (EITC), which ties to the federal provision. The EITC at the federal level has been more effective than the minimum wage or the living wages in lifting many individuals, including destitute children, from poverty. It also has encouraged the able workers to work.

SEE ALSO: Earned-Income Tax Credit; Medicaid; Medicare; Social Insurance; Social Security.

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Social Mobility

FROM THE PERSPECTIVE of the individual, the term *social mobility* implies the degree to which social status may change for a person in the course of a lifetime. A person may begin life as a member of a relatively poor family and in time advance to a higher social status through education and the attainment of high-paying employment. An extreme example would be the rags-to-riches experience of Andrew Carnegie, who came to the United States as a poor immigrant and rose to become one of the wealthiest and most influential industrialists in history.

The study of social mobility is also applied to groups within a society. If a country has an accepted caste system, which essentially keeps individuals within a particular social level, there is little if any chance for mobility to occur for either the individual or the social group. Countries like the United States, on the other hand, do not have recognized class designations. Consequently, the potential for social mobility of individuals and groups is maximized.

Sociological research has correctly pointed out that the potential for increased social mobility is directly related to the degree of child poverty reduction that can be accomplished. This is exemplified in Norway, Denmark, and Finland, where high levels of social mobility are associated with flatter income distributions, which have the added benefit of reducing child poverty levels. In the United States, on the other hand, the range of economic inequalities is greater and levels of child poverty are consequently much higher.

For example, in the United States in 2005, 12.3 percent of the country's population were living below the poverty line. However, the percentage of children living in poverty was approximately 18 percent in that same year. Child poverty is a compelling problem. Being poor

as a child will usually mean there will be deficiencies in nutrition, which can impair the development of sound cognitive abilities in the early years of life. It has also been shown that poor children are at a disadvantage in the educational system.

Perhaps no sociologist has contributed more to the study of social mobility than the Russian scholar Pitirim Alexandravitch Sorokin. He came from a peasant childhood in Russia and rose to prominence as an esteemed member of the sociology faculty at Harvard University. Sorokin defined social mobility as the shifting of people within social space. He was less concerned with the study of individual social mobility than with the movements of social groups within a social structure.

Sorokin used the concept of social stratification in his studies of mobility. Social stratification, which he considered to be a permanent characteristic of a social system, can be seen in three distinct forms: 1) economic stratification, which is based on differences between the rich and the poor; 2) political stratification related to authority and power; and 3) occupational stratification, in which a system recognizes some occupations to be more respectable than others.

Sorokin extended his study of stratification to include the degree to which a social group may rise or decline within social strata, for example, the rise of the African American population from a position of slavery to a higher level in the 20th century. Sorokin also pointed out that the differences between the rich and poor can be reduced if sufficient equalizing forces can be applied. The example of flatter income distributions in northern European countries and reduced child poverty would apply in this case.

Sorokin also noted that social mobility would identify the movement of people to comparable positions within a social system. For example, a teacher who moves from one school system to another and occupies a similar position in the new system has accomplished what Sorokin calls a horizontal transition. Vertical transitions are also possible within Sorokin's schema. The climb from poverty to riches, as in Andrew Carnegie's case, is a clear example of upward mobility.

The reverse can also occur: a person may experience a downward move within the hierarchy, which can occur with rapidity. The 1929 stock market crash in the United States resulted in hundreds of wealthy people sliding to much lower levels within the economic strata.

SEE ALSO: Discrimination; Social Exclusion; Social Inequality; Sociology of Poverty.

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Social Poverty

SOCIAL POVERTY OCCURS when a person becomes isolated in his or her community. The World Bank reported that the poor are active agents in their lives, but are often powerless to influence social and economic factors that determine their well-being. There are several reasons for this and they are often related to discrimination and social exclusion. Voicelessness and powerlessness, social and political exclusion, and discrimination based on gender, age, ethnicity, disability, or any other grounds have been recognized as important aspects of poverty by poor people.

Discrimination is the denial of opportunities and equal rights to individuals and groups because of prejudice or other arbitrary reasons. *Social exclusion* refers to the loss of social cohesion resulting from growing inequalities and the return of mass social and economic vulnerability. Social poverty is a multidimensional and structural process, embracing precariousness of labor and unemployment, on the one hand, and the breakdown of social bonds through the crisis of the welfare state, on the other.

The economic approach to social poverty is concerned with the questions of income and production and access to goods and services from which some people have limitations and others do not. That is to say, they may be discriminated against or excluded from income, from employment, or from the satisfaction of such basic needs as housing, healthcare, and education.

The concept of social poverty is rooted in the social tradition of giving greater weight to relational issues. Lack of employment or economic activity not only denies income and output to those who are discriminated or excluded; it also fails to recognize their productive role as human beings in society. In other words, em-

ployment and other economic activities provide social legitimacy and social status as well as access to income. Access to the labor market entitles individuals to rewards and economic rights that are essential entitlements to full citizenship. It brings with it human dignity, alleviating the negative effects of discrimination and exclusion on human beings, thereby increasing the scope of social integration. Other social dimensions included in the entitlement concept concern participation of certain social groups in decision-making as well as the marginalization of such disadvantaged groups as women and ethnic minorities.

THE POLITICAL DIMENSION

The political dimension concerns the limitations and denial of certain human and political rights to certain groups of the population, including personal security, rule of law, freedom of expression, political participation, and equality of opportunity. The political limitations and exclusions may result from the lack of political representation and influence of people who are excluded and discriminated against. They have no voice because there is no politically relevant representation of their specific interests that would make them a political force.

The economic, social, and political dimensions of discrimination and exclusion discussed above are interrelated. For example, political and civil rights and liberties can draw the best out of people, raising their productivity, thereby contributing to growth, and thus overcoming economic exclusion and discrimination. Social poverty also may to some extent be patterned according to factors such as gender, ethnicity, disability, and age.

GENDER

A gendered analysis of poverty reveals not simply its unequal incidence but also shows that cause and effect are deeply gendered. The gender disparity is most visible among female-headed households, notably single mothers and single pensioners. Women are also more likely to have experienced poverty at some time in their lives and to suffer recurrent and longer poverty spells. Some structural factors are associated with women's economic dependence.

Women are paying the price for caring within a gendered division of labor, in which men do the greater share of paid work and women do the unpaid, domestic work. This continues both to confine the access of many women to an adequate independent income and to assist male economic independence and power. Prejudice and institutional employment practices combine to hinder them still further.

ETHNICITY

Racial discrimination in the labor market takes many forms. Some employers and unions willfully exclude African Americans and Hispanics. Others, perhaps less prejudiced, rely on recruitment procedures that have the same effect on minority racial groups. In the United States, poverty's racial patterning is most visible, where poverty rates for African Americans and Hispanics are roughly three times higher than for non-Hispanic whites. What accounts for these patterns of poverty? Most studies identify racism and discrimination as key factors. The World Bank, for instance, acknowledges that the cumulative effects and psychological impact of discrimination in education, employment opportunities, and information undermine the economic position of blacks in white-dominated societies.

Minority ethnic groups also tend to be disadvantaged within the welfare state. A number of factors are involved, including rules that discriminate against first-generation immigrants, universal services that fail to accommodate cultural differences, racist attitudes amongst officials, and low take-up among minority ethnic communities. Moreover, there has been a wide-spread trend to reduce access to welfare among immigrants and asylum-seekers.

DISABILITY

Disability has functioned historically to justify inequality for disabled people. That is, not only has it been considered justifiable to treat disabled people unequally, but also the concept of disability has been used to justify discrimination against other groups by attributing disability to them. In Europe and the United States, the social Darwinism of the late 19th and early 20th centuries defined persons with disabilities as a major source of social ills. In addition, disability arguments were prominent in justifications of slavery in the early to mid-19th century and of other forms of unequal relations between Caucasian and African Americans after slavery's demise.

Disability is a significant causal factor and a consequence. Although poverty is not an automatic outcome of disability, it is closely associated with it. It has been estimated that disabled people may account for as many

as one in five of the world's poorest and that as many as 50 percent of disabilities are preventable and directly linked to poverty. Many studies have reported that disabled people suffer from feelings of being patronized, avoided, ignored, abandoned, mocked by strangers, assumed to be stupid, treated as an inconvenience, and regarded as unfit for public view.

AGE

Whether younger individuals are hostile, neutral, or understanding in their attitudes toward the elderly, they still tend to disregard them and ignore their opinions, marginalizing them with respect to their place in society. Older employees are not respected in the workplace in the same way that younger workers are. Stereotypes and discrimination in employment toward the elderly prevail in most workplaces and have excluded the elderly. Thus, most older people are involved in self-employment businesses or part-time jobs.

SEE ALSO: Aged and Poverty; Racial Discrimination; Social Exclusion; Welfare State; Women and Poverty.

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Social Security

SOCIAL SECURITY IS A program that encompasses approximately 98 percent of jobs and that currently provides monetary benefits to one in six Americans. Recipients of Social Security benefits include not just retirees and their spouses, but also disabled workers and the spouses and young children of deceased or disabled workers. In 2004, the Social Security programs for old age and survivors paid \$415 billion in benefits to such individuals, who accounted for 47.7 million Americans. As of June 2005, the average monthly benefit for a retired worker was \$946, and the average combined benefit for a worker and spouse was \$1,578. Addition-

ally, 194 million Americans were fully insured by Social Security in 2004.

To reach this present situation, Social Security has been expanded in a number of ways since its creation, though the basic nature of Social Security has remained the same throughout its history. The original Social Security Act of 1935 created retirement benefits for only the retired worker, who became eligible at age 65. In 1939, Congress passed amendments to extend benefits to spouses and minor children of retired workers, as well as to the widows and minor children of deceased workers.

Disability insurance arrived in 1954, and in subsequent years, the disability program expanded to include the families of disabled workers. In 1972, Congress passed legislation to create annual cost-of-living adjustments for benefit levels. Prior to that time, benefit increases were subject to the whims of Congress and happened only intermittently.

GOALS AND PRINCIPLES

The Social Security program in the United States combines a number of specific goals and principles. First, the program is compulsory for those in jobs covered by Social Security, which means most of the population. This ensures that everyone participates and will thus be entitled to a benefit at retirement, which helps to solve the problem that many people do not plan adequately for their financial needs after retirement.

Nonetheless, Social Security was never meant to be the only source of retirement income for the elderly, but rather a minimum floor of protection from poverty. In addition, Social Security benefits are based on incomes and all participants are entitled to a benefit, which helps to remove the stigma of welfare programs. Another principle of Social Security is that the program is completely self-financed through Social Security payroll taxes and does not receive any funding from other sources.

Though Congress maintains the right to raise or lower benefits at its discretion, benefit reduction is more difficult because of the psychological notion of ownership that people feel for their benefits. Another key goal of Social Security is income redistribution, and the program includes a strong redistribution component. While benefits grow with income, the benefit calculation formulas are such that the benefits for low-income workers constitute a much larger portion of their preretirement incomes than is available to higher-income workers.

BENEFITS AND PAYROLL TAXES

The current method for calculating Social Security benefits at retirement depends on a worker's average indexed monthly earnings (AIME). Average wages have generally risen over time in the United States, and the Social Security Administration (SSA) indexes a worker's past earnings to account for average wage growth in the economy. The top 35 years of indexed earnings, including zeros if a worker did not work for 35 years, are used for workers who qualify for Social Security benefits. The AIME is the average of this amount.

The next step is to compute the primary insurance amount (PIA). For a worker receiving benefits starting in 2005, the PIA is calculated as 90 percent of the first \$627 of the AIME, plus 32 percent of the AIME between \$627 and \$3,779, plus 15 percent of any remaining value of the AIME above \$3,779. This is where the redistributive element of Social Security takes shape, because while benefits continue to grow with wages, they grow at decreasing rates.

The PIA represents the basic benefit for a worker retiring at the normal retirement age. The normal retirement age is 65 for those born in 1937 and earlier, though it is beginning to increase so that workers born in 1960 and later will experience a normal retirement age of 67. Workers may retire as early as age 62 and receive a reduced benefit to account for the increased years of receipt. Benefits also increase for those who retire beyond their normal retirement age. Additional benefits for eligible family members are provided as a fraction of this benefit amount up to the highest possible family maximum.

Currently, Social Security is funded through payroll taxes on workers and their employers. The total payroll tax sums to 15.3 percent of income up to the maximum taxable amount, which was \$90,000 in 2005. The worker and the employer each pay half of this amount, which is 7.65 percent of the salary. Of this amount, 5.3 percent is devoted to the Old-Age and Survivors' and Disability Insurance (OASDI) program, 0.9 percent is devoted to disability insurance, and 1.45 percent is devoted to Medicare, which provides health insurance to those over age 65.

PAY-AS-YOU-GO FINANCING

Social Security is funded on a pay-as-you-go basis, which means that the current generation of workers pays directly for the benefits of the current generation of retirees. This is in contrast to a fully funded system,

in which funding for the future benefit of current workers is already available even if the program were to end. To be more precise, the current Social Security system is partially funded. Lawmakers realize that funding Social Security will become increasingly difficult in the future, and so efforts are being made to build a reserve of funds today by bringing more revenue into the program than is paid in benefits.

There will be fewer workers available to support the retirees in 10 to 30 years.

Another issue related to Social Security's funding is that the unfunded liabilities are large in part because early beneficiaries received much more from the program than they contributed through taxes. In fact, the 2005 *Trustee's Report* indicates that the present value of future costs less future taxes for past and current participants over the infinite horizon is \$13.7 trillion. The Trust Fund currently holds \$1.7 trillion. After accounting for the fact that future generations are already expected to pay more into the system than they will receive, this leaves a current unfunded liability of \$11.1 trillion.

Funding issues have motivated a number of reforms for Social Security since the 1970s. Most notably, Alan Greenspan headed a commission to examine Social Security's funding in 1983. The Greenspan Commission called for, and Congress subsequently passed into law, an increase in the normal retirement age to gradually extend from 65 to 67, increases in Social Security tax rates, and the addition of new taxes for the benefit of the wealthiest individuals. The goal was not only to solve the immediate financial problems, but also to build up a surplus over the next few decades in anticipation of the inevitable Trust Fund drain resulting from the coming baby-boomer retirement.

That Social Security is expected again to undergo funding shortages at some point in the future should come as no surprise. While Social Security is meant to be pay-as-you-go, three trends will make this an increasingly difficult task despite the present surpluses. First, the baby-boom cohort is of unprecedented size and will begin retiring in less than 10 years. Second, life spans are becoming longer, meaning that the retiring baby boomers will enjoy longer retirements.

The 2005 *Trustee's Report* indicates that when Social Security benefit payments began in 1940, the cohort life expectancies for men and women who reached the age

of 65 were 12.7 and 14.7 years, respectively. Meanwhile, the SSA expects that men and women born in 2000 and who live to reach 65 in 2065 can be expected to live for another 20.4 and 23.0 years, respectively. The third important trend is the decrease in fertility rates. During the height of the baby boom, women, on average, were having between 3.5 and four children each during their lifetimes. Now these numbers are closer to two, and the 2005 *Trustee's Report* expects the long-run fertility rate in the United States to be just 1.95.

Combining these three trends means that there will be fewer workers available to support the retirees in 10 to 30 years. In the 2005 *Trustee's Report*, the best guess for the future is that while the OASDI Trust Fund will continue to run surpluses until 2017, it is projected to run out of money by 2041 such that subsequent years will be met with drastic cuts in benefits, increases in taxes, or borrowing from the rest of the government's budget. In 2041, the tax revenue that arrives would be enough to pay 74 percent of legislated benefits once the Trust Fund is depleted.

The trustees find that an immediate increase in the payroll tax of 1.92 percentage points, or an immediate across-the-board reduction in Social Security benefits of 13 percent, or some combination of the two, would restore actuarial balance to Social Security over the 75-year horizon. Nevertheless, the changes to the Social Security system would need to be yet more severe to provide economic stability over an even longer time horizon.

SEE ALSO: Aged and Poverty; Disability Insurance; Medicare; Redistribution; Social Insurance; United States.

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Social Stratification

SOCIAL STRATIFICATION REFERS to the distribution of access to wealth, power, and prestige. In the analysis of capitalist societies it has historically been linked to the concept of class, with gender and ethnic identities seen as secondary to economically defined positions. The term borrows metaphorically from geology to indicate a pervading and ordered structure of relations that remain over time.

Challenges and debates within theories of stratification have arisen in response to the dynamic nature of the global economy and consumption patterns leading to a blurring of traditional class identities. Theories of social stratification contribute to understandings of poverty by challenging the free-market axiom that meritocracy is the organizing principle shaping the division of labor in capitalist economies. In liberal free-market ideology, stratification operates through talent, ability, and endeavor, freeing the individual of the yoke of ascribed status allocations (such as historically in the caste system of the Indian subcontinent).

Historically, three key theoretical perspectives have shaped understandings of social stratification: the structural functionalist perspective, Marxian perspectives, and the work of Max Weber. Structural functionalism was founded on the notion of meritocracy, emphasizing societal consensus on the means and processes of selection for particular roles through a system of sifting, sorting, and rewarding talent and ability, motivated by competition for qualifications that in turn structure access to wealth, prestige, and personal satisfaction. Thus the individual can invest in training to maximize rewards in a free labor market. However, the consistently lowered labor market achievements of specific social groups (migrants, minority ethnic groups, and women) have challenged this perspective, suggesting that those in control of wealth and resources require a cheap and replaceable supply of labor.

Karl Marx and subsequent analysts established an understanding of class based on an individual's relationship to the means of production. Simply formulated it breaks down into those who own and control the means of production (the bourgeoisie) and those who are required to sell their labor power in return for wages (the proletariat).

Famously, within the Marxist perspective, tension and conflict between wage earners and the owners of capital over resources have been the motor of social change. The nature of the proletariat's class-consciousness, notably its historical failure to act collectively to end its systematic exploitation, has led to debates about the relationship between the individual and her social class. For instance, economists theorized that class was something people felt subjectively. Weberian perspectives have also stressed the role of economics in shaping individual and collective action, but described a greater number of classes adding market relations and prestige to the relationship as well as collective action through political parties.

In the contemporary political discourse of Europe, North America, and other developed economies, the notion of the working class is under threat and is being replaced by a concern for the middle classes and an apparent underclass. Critics see this as symptomatic of the hegemony of global capital in the failure of a Marxist-inspired alternative. The growth in homeownership, the increased consumption of goods, and the growth of leisure consumption have led to a subjective definition of many as middle-class.

Ideologically, this is seen as serving the interests of the owners of wealth, and critics have described an alienated personal experience based around the false needs of the market economy. Capital flight in pursuit of cheaper pools of labor sees the exploitation of workers in less wealthy nations and leaves communities without work in developed nations. Labeling those unable to find long-term meaningful work "an underclass" (implying a chaotic form of personal poverty based on failure to adapt to changing circumstances) serves the dual purpose of personalizing poverty (exonerating political elites) and stigmatizing the workless to motivate the majority.

In the dual-labor market theory, whereby core (mainstream employment offering prospects for promotion and reward) and peripheral (low-status, low prestige positions) segments offer different possibilities for achievement, those in the peripheral sector are denied the possibility of experience and training that lead to social mobility.

Explanations for the failures in growth of revolutionary consciousness have included the "embourgeoisement thesis" and the emergence of the affluent worker, according to J.H. Goldthorpe et al., whereby the working class comes to share the aspirations and worldview of the bourgeoisie. By way of explanation, the influential P. Bourdieu has offered an exegesis of how certain tastes become the preserve of individuals within specific socioeconomic locations.

Bound up within experiences and dispositions toward the world shaped by structural location, individuals who share dispositions and tastes are more likely to identify with one another, share the same cultural space and act in similar ways, regardless of desire to take collective class action for change.

SEE ALSO: Class Analysis of Poverty; Class Structure; Marx, Karl; Structuralist School; Weber, Max.

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Social Work

SOCIAL WORKERS apply specialized knowledge and skills, guided by professional values, to help individuals, groups, and communities enhance or restore capacity for functioning and to create environmental conditions conducive to this goal.

Social workers help at all levels of society, from the individual level (including families), to the community or mezzo level, to the societal or macro level. Primarily, social workers 1) help people obtain supportive services, 2) conduct counseling and psychotherapy, 3) help communities provide or improve social services, and 4) participate in legislative processes.

HISTORICAL DEVELOPMENT

While social work is a profession practiced around the globe, it has its foundations in the history of the United States. In the early 1800s, "friendly visitors," women from economically upper-class families, volunteered to work with impoverished families to assist them in obtaining the skills necessary to function economically and socially. Providing advice over material aid, the friendly visitor spent much time diagnosing the condi-

tion of poverty and prescribing proper remedies, such as educational attainment for children, household economics, and adherence to social norms of propriety. One of the requirements of friendly visitors was to become personally familiar with low-income families in the neighborhood. Detailed case notes were kept as records of these families so that duplication of effort could be minimized. The only training friendly visitors had was field education in which they would apprentice with seasoned visitors.

As relief of poverty became more formal, friendly visitors, together with philanthropic institutions, formed Charity Organizing Societies (COS) in order to avoid replication of services and to manage the growing number of dependent families. The first such organization was formed in Buffalo, New York, in 1877. The main tool of the COS was casework, a forerunner of today's social work intervention. The main target of intervention was slum families. Cash aid was provided in the rarest of circumstances and only then to families deemed morally worthy and materialistically dire. Most recipients of attention by COSes were viewed as miscreants, drunkards, and dullards. Unfortunately, COSes failed to recognize environmental conditions as the primary cause of poverty in a capitalistic economy. Rather, individual failures were blamed for poverty.

At the same time COSes were taking shape, another urban response to poverty was forming that would also lend to the profession of social work its core mission and values. Settlement houses were models of community organizing and supportive services, best typified by Hull House on Chicago's south side.

Hull House was established by Jane Addams in 1889 with the intent of increasing individual functioning in society, particularly for new immigrants, and reducing environmental conditions in which poverty formed, including inadequate housing, lack of public health services, and limited employment opportunities. Unlike friendly visitors, Hull House staff lived, ate, played, and worked along side community members. In exchange for their work, staff received room, board, and a stipend. Their work would later formalize in social work education as social and economic justice coursework.

As the United States entered the 20th century, major economic upheavals rocked the nation. The leaders of COSes realized that volunteers visiting in homes would no longer suffice and that formally educated and trained staff would be necessary to stem the growing tide of urban poverty. So too did they learn that individual character defects and lack of moral probity failed

to explain why poverty persisted. The human condition in inner-city slums was now perceived to be multifarious, leading COSes to seek and apply formalized methods of intervention. In 1898, the first formal training of fieldworkers began in New York, with theories of applied philanthropy being the major focus of instruction. A short while later, the New York School of Philanthropy opened as a one-year degreed program. It was to become the Columbia University School of Social Work.

SOCIAL WORK EDUCATION

By 1927, 17 social work programs were training social work students in applied principles of child welfare, family casework, health interventions, and psychiatric interventions. Seeking to develop uniform educational standards, the schools organized the Association of Training Schools for Professional Social Work, which became the American Association of Schools of Social Work (AASSW).

In 1939, after a decade of educational developments, including a requirement that schools of social work be affiliated with universities, a two-year program of classroom instruction and field practice became the standard of the social work graduate degree. Other programs rejected the two-year model and instead formed a professional degree around four years of social science education coupled with social work practice, with the option of an additional year of social work education to earn a graduate degree. Such programs organized in the National Association of Schools of Social Administration (NASSA).

Eventually, with nearly 50 varying standards of social work education confusing what professional social work was and how it functioned, the differences between AASSW and NASSA needed to be settled. The National Council on Social Work Education was formed to reconcile differences in the two organizations and eventually became the standard-bearer of social work education today, the Council on Social Work Education (CSWE). CSWE oversees the education of students in both the Bachelor of Social Work (BSW) and Master of Social Work (MSW) degrees.

Earning a BSW degree prepares undergraduate social workers for professional social work practice. Generally, students first obtain two years of liberal arts education, followed by two years of concentrated study in social work theories and practice, including 1) values and ethics; 2) human diversity; 3) social and economic justice; 4) populations at risk; 5) human behavior and



Social workers help people obtain supportive services, conduct counseling and psychotherapy, help communities provide or improve social services, and participate in legislative processes.

the social environment; 6) social welfare policies and services; 7) social work practice; and 8) research. Prior to completion of the degree, social work undergraduate students must also complete 400 hours of field practicum.

A graduate degree in social work prepares students for advanced practice in social work. If the graduate student does not possess a BSW, the graduate degree provides the student with foundational knowledge of social work in the first year and advanced theories and practice methodology in the second year. Should the graduate student have a BSW, then many programs offer advanced standing graduate degrees to avoid duplication of foundational knowledge already obtained. CSWE requires at least 900 hours of field practicum for the MSW degree, coupled with supervision by a professional social worker who holds an MSW and has at least two years of post-MSW practice.

CONTEMPORARY SOCIAL WORK PRACTICE

It can be argued that, in contrast to forerunners of today's social work profession, contemporary social workers seem to betray the profession's progressive roots. Although social work began as individual and collective efforts to ameliorate the condition of poverty in society and its associated ills, it quickly transformed into something else altogether.

While most social workers embrace notions of justice and equality in society, most professional social workers are employed in organizations that help clients and their families at the individual level. This is due in large part to two trends. The advent of neo-Freudian psychology in the helping professions during the post-World War II 1950s put pressure on social work to justify itself as a helping profession. In response, social work adopted the intervention tools of psychotherapy.

As healthcare financing by third-party billing grew as an industry in the late 1970s and early 1980s, many social workers were drawn by salaries that could be earned in private practice. Still other social workers are employed in the public domain, whether it is in child welfare agencies, schools, hospitals, community organizations, or government. Although social workers have values, education, and a purpose in common, they do many different things.

INTERNATIONAL SOCIAL WORK

Certainly, the United States does not own the market in social work. The profession can be found in all corners of the globe. Yet social work tends to share similar values, trends, and educational requirements found in the United States. For instance, practice at the individual level of helping tends to be the model most often found in place in varying countries. However, unlike the United States, such direct practice often takes place in governmental agencies as opposed to private or semiprivate agencies. It stands to reason that government employs good portions of social workers around the globe, but many also work for nongovernmental organizations (NGOs). In most locales, social workers do not enjoy the same salary levels as other professionals, such as doctors and lawyers. Nor do they earn salaries commensurate with other professionals.

Whereas social work in the United States and, to a lesser degree, Great Britain is under attack by conservative political parties seeking to reduce governmental welfare programs, social workers in many developing countries struggle to implement strategies to enlarge governmental support of individuals and families. Still other social workers must contend with governments that are outright hostile to human rights workers, oppressing the efforts and sometimes threatening the lives of social workers. While past professionalization of social work in other global locations has led to duplication of social work models from the United States, more social workers are now adapting social work interventions to be better suited to the context of local need in their own countries.

In many countries, social workers are involved in social development practice. Social development practice entails carefully crafted and targeted governmental investment in the holistic economic and social well-being of citizens. Social planning, centralized governmental services, and program objectives that are measurable in materialistic units are all hallmarks of social development practice. The end goal of social devel-

opment practice is improvement in the lives of individuals, in both social functioning and economic wellbeing, which lead to elevated levels of welfare for the community and ultimately the nation.

Several multinational organizations lend to the effort of social work as a global profession in attending to human rights, individual and collective well-being, and social development. The United Nations (UN) and its satellites stand as the most obvious example. More so than peacekeeping and crisis response, development has been and remains the UN's primary mission. For instance, the Economic and Social Council operates through the cooperation of 54 member countries, overseeing projects designed to relieve poverty through economic and social programs. Evidence of its effects can be seen in reduced infant mortality rates, increased child health and well-being rates, and expanded educational attainment rates in developing countries. Other UN agencies also contribute to the goals shared by international social work.

The World Health Organization monitors international health issues, responds to health crises, and develops medical systems around the globe. The UN High Commission for Refugees is yet another example of international social work, with protection of refugees, material assistance to refugees in flight from violence and oppression, and resettlement of refugees when necessary all being carried out by social workers and their allies in the helping professions.

INTERNATIONAL SOCIAL WORK EDUCATION

There is no universal model of social work education, making the task of describing international social work education onerous. Social work education can take place within universities, as would be found in some English-speaking countries in Africa, or can take place in postsecondary schools, such as is found in French-speaking countries in Africa.

Conversely, many Asian schools of social work have formal undergraduate and graduate programs that mirror the model in the United States. In Latin America, it was historically the case that schools, sponsored by governmental agencies or ministries, provided professional training in social work. However, today most schools or programs of social work are affiliated with universities.

A growing practice in the United States is to internationalize social work programs so that students from other countries come to study in such programs, and faculty of those programs travel to countries to teach

and conduct social work research. In this partnership, educational opportunities flow back and forth between the U.S. schools and the partner countries. Thus, in many schools of social work in the United States, issues of global importance have experienced ascendancy in the social-work education curriculum, such as global child welfare, refugee and migrant challenges and needs, international family planning, protection and expansion of human rights, and vulnerable populations.

FUTURE TRENDS IN SOCIAL WORK

Social work's biggest challenges come in the form of major shifts in demographic changes. While developed nations are experiencing a rapidly aging population, with the elderly soon to outgrow the number of working adults, developing nations may experience an overwhelming number of orphaned or undersupported children with far too few elderly able to help care for them. So too will poverty likely grow in many areas of the world, in both developed and developing nations. War, famine, drought, disease, crime, and other challenges may continue to grow. This is likely to occur in tandem with a major shortage of qualified, professional social workers.

For instance, California currently has a projected shortage of 20,000 social workers. Social work likely will also face shrinking social service funds because of a jaded public who no longer places stock in the ability of social work to handle the major challenges society faces. Social work's major strength lies in its professional approach to solving problems and expanding opportunities. With the newfound methods of evidence-based practice, social work should be able to continue its professional place in global societies.

SEE ALSO: Charity Organization Society; Hull House; International Nongovernmental Organizations; Moral Poverty; Poverty Assessment; Public Policy.

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Socialism

SOCIALIST IDEAS IN VARIOUS forms have accompanied human development from time immemorial. First attempts to put it in practice are connected with medieval religious movements, but the roots of the ideology reach much deeper. The basic thought connecting all the incarnations of socialism is the elimination of private property. People are good, according to the socialist theoreticians, but the institution of private property corrupts them and is thus responsible for the evil existing in the real world.

This is the message linking the Brethren of the Free Spirit in the 13th century, Taborites of the 15th century, French utopian socialists in the 18th and 19th centuries, together with 20th-century political regimes of Vladimir Lenin and Joseph Stalin, Mao Zedong, and Pol Pot. Human history, in their view, is but a suffering that is made worthy only by the final establishment of socialism, which will put an end to history and bring about a state of unheard-of affluence and eternal peace.

The word *socialism* is much newer than the idea itself. It appeared in the first half of the 19th century. Socialism is known as a system challenging capitalism, pointing to its alleged injustices, and offering an alternative that promises to relieve the burden of the poor. It found its theoretical background mainly in the works of Karl Marx and Friedrich Engels. They incorporated into their system all the traditional utopian ideas but added a bit of originality—mainly the class struggle and the dialectical method of reasoning that was supposed to deliver it a scientific status. The core—critique of private property and individual freedom—remained untouched, however.

Marx, using his dialectical method, attempted to formulate the laws of history. On the one hand he praised capitalism for liberating the working class from serfdom that prevailed before the Industrial Revolution; on the other, he criticized it since exploitation survived though it assumed a different form. In capitalism, said Marx, the class of capitalists, the factory owners, exploits workers. His explanation goes as follows. Capi-

talists buy the working power of a worker (his full capacity to work) and pay him what this power is worth—subsistence wage, the costs of creating and maintaining the worker, in other words, his costs of living. However, the worker is able to produce more value than he is paid for; he is able to generate more than is required to feed and dress him. This is called a surplus value and is appropriated by the capitalist, though it should, Marxists insist, belong to the workers, hence the exploitation.

Even without any further exploration this inference is questionable for at least two reasons: first, capitalists do not buy the working power of workers (only the slave owners do) but rather the hours of their work, so they cannot appropriate any surplus value. Moreover the competition among capitalists for labor drives the wages high above the subsistence level, as is witnessed by the enormous rise in the standard of living in capitalist societies from Marx's time on.

Marxists considered socialism a superior stage to capitalism not only because it puts an end to exploitation of workers, but also because of its allegedly rational production system. The superiority does not, however, entail that people will recognize it and intentionally opt for socialism. Marx insisted that it is not a matter of choice; socialism is bound to come with the inexorability of the law of nature.

TRANSITORY PERIOD

Before the ultimate stage of affluence is attained, a transitory period is necessary. It is admitted that for the existence of a socialist society—where people are freed from the necessity of labor and where they "only realize their natural tendency to arrange things according to the laws of beauty," according to Marx—the birth of a new man is a must. Leon Trotsky, one of the foremost socialist theoreticians, pictured a socialist man as "immeasurably stronger, wiser, and subtler"; he predicted that "his body will become more harmonized, his movements more rhythmical, his voice more musical."

Until the nature of humanity transforms, a raw socialism will prevail. This historical period is characterized by the elimination of private property in the means of production, centralized management of production and distribution of resources, abolition of production for the market and of money relations, the centralized distribution of consumption goods "to everybody according to his needs/or work," and last but not least the dictatorship of the proletariat. Despite the theoretical proclamations, no society was able to overcome the transitory period of raw socialism, no new men arose,

people in socialist countries had to work hard, and their standard of living was far cry from what was promised by Marx and his followers.

Why did the socialist program fail? It was assumed that once all means of production got under the control of a governmental authority, central planning would substitute the "anarchy of production" that existed under capitalism, and the productive capacity of a society would consequently skyrocket until it made the problem of scarcity obsolete and irrelevant. It did not, however, happen and economics can show that it was no accident.

INTELLECTUAL QUARRELS

The dispute over the ability of socialism to generate higher living standards for the masses became one of the decisive intellectual quarrels in the field of economics, with very real practical consequences for billions of people. The crucial point of interest was an economic (and not political or philosophical) one: which system produces more material well-being? So the dispute was not about the end—both individual planners in capitalism and the central planner in socialism are assumed to aim at a better living standard—but only about the means suitable for reaching that end.

A towering figure in this debate was an Austrian economist, Ludwig von Mises, who, in his pioneering article from 1920, "Economic Calculation in the Socialist Commonwealth," stated clearly that socialist planners can never attain their own objectives of "rational planning" and guide societies to prosperity, as they lack the necessary and crucial factor upon which they must base their decisions: market prices. If there are not numerous owners of the means of production, there is no market and no trade therein, hence no prices—no social appraisal mechanism to discover relative scarcities of respective factors of production. Without prices, there is no way to decide rationally how to allocate scarce resources among various competing uses in the production structure of a society.

Imagine how a socialist planner thinks of building a railroad. Should it be built at all? The railroad will make transportation of some goods less costly. In capitalism it is possible to calculate whether this cost reduction is greater than the value of scarce resources necessary for constructing and maintaining the new line. It is calculated in money. In socialism, however, how can the planners decide whether the hours of labor; machines; tons of iron and coal; and other building material are worth more than hours saved through faster transportation?

They simply cannot. Mises sums up the distinction between capitalism and socialism in his *Bureaucracy*: "To the entrepreneur of capitalist society a factor of production through its price sends out a warning: Don't touch me, I am earmarked for the satisfaction of another, more urgent need. But under socialism these factors of production are mute." Yet even if the calculation was possible in theory—and it is not—the complexity of the real world would make it impracticable. The central plan in the Soviet Union was specified for only 105 commodities in 1934, which is a desperately small proportion of commodities produced in a country inhabited by 162 million people.

The impact on the standard of living was no doubt disastrous.

This deficiency entails enormous waste of scarce resources. The socialist objective of more rational decision-making processes and higher production is therefore impossible to reach. Hence, concludes Mises, socialism is impossible. Without private property in the means of production it is impossible that there exists a complex economy with the division of labor. One can indeed attempt to plan centrally, but the result will be a planned chaos, rather than rational production, raising the standard of living.

BEST INTENTIONS

We should keep in mind that this analysis put the socialist argument in its best light—it assumed only the best intentions on the part of the central planners. In reality, however, it need not be the case. We can easily identify other factors making socialism an unrealizable utopia. F.A. Hayek, 1974 Nobel Prize laureate, names one of the chapters in his famous book *The Road to Serfdom* "Why the Worst Get on Top."

There, he explains what kind of qualities and skills one needs to succeed in hierarchical political structure as opposed to skills and virtues that are indispensable for becoming a successful entrepreneur in the market-place. Widespread corruption, chronic political intrigues, and barbaric behavior of top political leaders experienced in socialist countries gives empirical support to these arguments.

The impact on the standard of living was no doubt disastrous. Chaos prevailed in all the socialist countries of Europe, Asia, and Africa. One example of an African country that embraced socialism is Ghana, which gained independence in 1957. At that time it was a leading exporter of cacao and produced 10 percent of the world's gold. Its Gross Domestic Product per capita equaled that of South Korea. Then, the socialist policies of Kwame Nkrumah, called "Big Push," were implemented. As a result, in the 1980s, Gross Domestic Product per capita was 20 percent below its 1957 level.

Just a few notorious examples suffice to illustrate how socialism devastated the country. One of the biggest fiascos was the cattle-hide-leather-shoe complex. The slaughterhouse was located in the north of the country. However, the market for cattle was traditionally not in the north, probably for good reason. The tannery for turning the hides into leather was in the south. As a result of this dislocation, the plant in the north could not supply enough hides so the tannery had to import them. The same irrationalities appeared in the production of shoes. The footwear factory was built in western Ghana and was equipped with machinery from Czechoslovakia—another socialist countrythat could only produce a poor-quality product, so poor that the Ghanaian consumers were not willing to buy it. The government then tried to give the boots to the police force but even they avoided them.

Another example is the sugar plant at Asuatuare, which was built without a water system and therefore remained idle for a year before this flaw was corrected. A similar story is the tomato and mango canning plant built in western Ghana. After it was built at a cost 80 percent above budget, the government discovered there were hardly any mango trees in the area of the plant and it would take seven years for newly planted mango trees to start bearing.

Economically, socialism has meant waste, corruption, inefficiency, and poverty. There is, however, much more to say about the impact of socialist ideology on people's well-being. According to R.J. Rummel, socialism can be blamed for the death of 169.2 million men and women. Most of them died as a direct consequence of the Soviet (62 million), Chinese (35 million), and Cambodian (3 million) experiments. In this context it is important to stress that other ideologies often considered as antithetical to socialism grow from the same roots. Hence, socialism is not only "red" but also "brown." Nazism (National Socialism) or Fascism is in its practice as close to pure socialism as Bolshevik's rule in Russia: four-year central plans in Germany and fiveyear plans in Soviet Russia, class struggle, an absolute dictatorial state, concentration camps, and hate for religion—all of these are essential features of both red and brown socialism. In his conversations with Herman Rausching, Adolf Hitler conceded, "I am not only the conqueror but also the executor of Marxism." He also insisted, "National Socialism is socialism in evolution, socialism in everlasting change." Not only the ideology behind it but also the outcomes bind Nazism and red socialism together. Over 20 million dead civilians rank Germany among the most tragic socialist regimes in history.

Soviet Russia was even worse; as many as 10 million casualties entailed the great famine in 1921 caused by the socialist rationing system and the elimination of monetary relations from economic reality together with collectivization of the farming sector. Poverty spread over the already poor country. In 1919 the leaders who promised to free people from any form of exploitation enacted labor conscription. Instead, abandoning one's job assigned by the state was considered desertion and punished accordingly. In 1920, 50,000 people were imprisoned in concentration camps—one of the inventions to which socialism gave birth.

Other socialist regimes did no better. The socialist experiment in Cambodia under Pol Pot left behind three million deaths, reducing the population by more than one-third in just four years. Pol Pot's regime was probably the most thorough attempt to put socialist ideas in practice. People were forced to wear cotton pajamas, as formerly only peasants did, money was banned, and banks were closed. Individuals needed written authorization to move outside their own commune.

CHINA

China is another country where socialism destroyed a great number of people. Its development was highly uneven with abrupt changes in policy. There were several campaigns intended to spur economic growth and "catch up and overtake" the West. In 1958 Mao Zedong launched the Great Leap Forward program, which was intended to bring about a substantial increase in steel production. Steel was viewed as a crucial commodity in industrialization of the country.

In three years China was supposed to produce 15 percent more steel than the United States. This goal should have been attained through the formation of self-sufficient communes, collectivization, and mass labor. Thousands of small backyard steel furnaces were built across China. The results of this policy were, however, catastrophic. Millions of people died in one of the greatest famines in the history of mankind. The pro-

duction of steel initially increased, but then plummeted, and did not recover until 1964. In order to crush the opposition and mask the failure of his policy Mao launched another program, called the Great Proletarian Cultural Revolution, in 1966. Its motto was to smash the four "olds": old ideas, old culture, old customs, and old habits. Chaos ensued as Red Guards—young civilians who were summoned by Mao to fight against evil forces in Chinese society and carry on the Cultural Revolution—destroyed temples, artwork, books, and anything associated with traditional or foreign cultures. Instead, 350 million of *Mao's Quotations* were printed and distributed. Radical leaders and the Red Guards persecuted artists, writers, and those with foreign connections.

Common people were thus made equal, but it was equality in poverty.

Victims were subjected to public criticism, humiliation, and physical abuse in meetings known as struggle sessions. Students attacked their teachers and beat them to death. The economic system was halted, as was the system of education. Destruction of 56 Chinese ethnic minorities tops the bill. The Cultural Revolution ended officially in 1981 with a death toll of several million.

European socialist countries were generally less faithful in following the Marxist dogmas. In spite of the lower number of victims, they still were characterized by totalitarian politics and widespread poverty, though much of it has not been captured in the official statistics, where the production of iron, coal, steel, and heavy equipment made the appearance of relative affluence. Yet people do not consume steel; they want cars, refrigerators, washing machines, and televisions. None of those were available because of general technological backwardness and the existence of a shortage economy. Even if some of those articles became available they were sold only "under the counter." It was true for even more prosaic goods like meat and vegetables.

Common people were thus made equal, but it was equality in poverty. Contrary to the proclamation of the leaders and official ideology, the ruling elite erected an impervious border separating itself from the ruled class. The elite had special stores with luxurious goods imported from capitalist countries, while the general population had to content itself with procuring the basic needs with goods produced in the member countries of the Council for Mutual Economic Assistance.

Members of the Politburo received special medical treatment, whereas the life expectancy of common people was substantially below the Western average and was even decreasing. Only the ruling class could travel abroad and import capitalist goods because only they had access to foreign currency.

UNFULFILLED PROMISES

The environment was devastated because it was no one's property. Contrary to capitalism, where the self-interest is led by the "invisible hand" to socially desirable outcomes, in socialism it leads to overexploitation of existing resources and poverty. Socialism therefore cannot and did not fulfill its promises.

Whenever socialism was applied strictly, the suffering was immediate and very painful; had it been applied partially—and socialist planners adopted for their planning capitalist prices emerging in the nonsocialist part of the world—the suffering and process of economic destruction would have been gradual, so that we could witness "socialist" economies in existence for decades.

Only when socialism was diluted did it work to any extent. It is the mixture of socialism and democratic capitalism in Scandinavia that has proven a successful model, and aspects of socialism have proven successful in primarily capitalist economies.

SEE ALSO: Capitalism; China; Engels, Friedrich; Germany; Ghana; Marx, Karl; Russia; Utopian Socialists.

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Society of St. Vincent de Paul

THE SOCIETY OF St. Vincent de Paul, founded in 1833 by a student at the University of Paris, evolved

into an international organization of Roman Catholics dedicated to the relief of the impoverished. Springing from the ruins of the French Revolution and the political and economic turmoil of the early 19th century, the society offered a concrete response to those who doubted the role of religion in modern society. In founding the group, Frédéric Ozanam (1813–53), a young law student and later professor of literature, responded to the challenge that Catholics ought to demonstrate their faith through charitable works, not just through prayer and attendance at church. The organization began with eight young men who visited needy families, taking them food, firewood, and other supplies. They named their group the Conference of Charity, eventually becoming known as the Society of St. Vincent de Paul after taking for their patron the famous 16th-century French saint and model of charity. From the beginning the organization was remarkable for its lay character. The members and leadership of the Society of St. Vincent de Paul were not clergy or members of religious orders.

Though they were nonordained men, the spiritual character of the society was paramount. Members committed themselves to following a simple rule that upheld the privacy of those being aided while providing person-to-person assistance. The members prayed together at every meeting, emphasizing the necessity of prayer in lifting up people from poverty as well as the spiritual benefits they hoped to obtain. The members of the society closely linked Christ to the poor, believing that when they served the poor, they were in fact serving Jesus Christ himself.

The model devised by Ozanam in which a handful of Catholic men would join together to respond to the material needs of their neighbors spread rapidly. Individual conferences of the society were formed from parish churches, schools, and even places of employment. The society reached Italy in 1842; England in 1844; Belgium, Scotland, and the United States in 1845; and Germany, Holland, Greece, Turkey, and Mexico in 1846. By 1860 the society counted 2,500 conferences internationally, with more than 50,000 members. In 1933, 100 years after its founding, there were 12,000 conferences and more than 200,000 members, and by 2000 there were almost 900,000 members spread among 46,000 conferences in 130 countries on five continents. An all-male organization since its founding, the society admitted women as members beginning in 1968.

The society's members have embraced Ozanam's vision that no work of charity be foreign to them. Consequently, members of the society, known as Vincentians,

have taken on work as diverse as educational and technical training; visiting the sick, homebound, and prisoners; dispensing free or low-cost pharmaceuticals; offering emergency assistance with rent, food, and utilities; and locating work for the unemployed. Though members of the society are frequently volunteers with little background in social service, the activity of the society has become increasingly specialized in recent years, relying on professionals as well as volunteers to manage a vast network of food pantries, pharmacies, thrift stores, and educational centers. However, unlike other organizations, the Society of St. Vincent de Paul is largely decentralized, with funding and volunteers coming from the same neighborhoods as those served.

SEE ALSO: Catholic Church; Charity; Christian Antipoverty Campaigns; Religion.

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Sociology of Poverty

THAT THERE IS A sociology of poverty is a considerable part of the problem of poverty research. That is, there is also an economics of poverty, a psychology of poverty, an anthropology of poverty, and a politics of poverty—and all of these involve concrete histories. When these are torn asunder, we get research that too often not only does not illuminate poverty but also serves to mystify it. Making matters worse, while there is some consensus in economics regarding both theory and method, this is not true of sociology: while hard science methods dominate, other researchers are divided among those who do soft qualitative work, political economy, and historical sociology. And as regards theory, there remains a deep tension between micro and

macro approaches: should the focus be on individuals or social structure? Complicating matters further, poverty research, like all other social scientific research, is embedded in a historical context and cannot escape ideological influence, beginning with the formulation of the problem to be researched. Finally, knowledge generated by poverty research will be funded by agencies, public and private, and drawn upon to make policy. In turn, these will influence the direction of future research.

There is a further consequence critical for the politics of poverty: while such research may sometimes move public opinion, it may also work to reinforce some of its least commendable features. Indeed, as Michael B. Katz, Robert H. Haveman, Sanford Schram, and Alice O'Connor have argued, there are very good grounds for thinking that no social science research is more heavily ideological than poverty research.

CAUSES AND EXPLANATIONS

We can see this instantly if we notice that researchers very often confuse two very different questions: what are the causes of poverty and what explains who is poor? To answer the first question we need to notice that there are different kinds of poverty. Consider at least these: the poverty found in advanced industrial societies, the poverty found in undeveloped nations with long histories of colonization/imperialism, the poverty found in nations recently undergoing privatization, for example, the former Soviet Union. To be sure, there will be some mechanisms and processes implicated across these three, such as capitalism, but one needs to know a good deal more than economics to explain poverty in the Great Lakes region of Africa or in rural China.

On the other hand, as regards poverty in advanced capitalist societies, it is remarkably easy to identify the cause of poverty: there is no mechanism in capitalism that ensures that everyone who wants a job can get one and there is no mechanism that ensures that all the jobs available will pay a nonpoverty wage, however poverty is defined. Of course, understanding why this is so takes us straight into the dynamics of capitalism and the wider question of inequalities of wealth and income. But a huge amount of research aimed at explaining poverty simply ignores these two uncontestable elementary facts.

Thus, sociologists ask: who are theunemployed or who are among the working poor? And they argue whether education, gender, or race discrimination is the critical fact, or whether we need to consider the psychology or skills of the poor. But even if gender and race did not count in labor markets (which they do) and even if everyone had the pertinent skills and motivation (which they do not), if the number of jobs is lower than the number seeking jobs, there will still be people who are unemployed; and if existing jobs are poorly paid, there will still be those who are employed but poor. Thus, for example, the argument that education is the solution to poverty is not an answer—even if, to be sure, extending educational opportunity would be a very good thing and even if its maldistribution does figure in understanding who is poor.

The argument against full employment is straightforward.

The idea of full employment, a substantial minimum wage, and redistributive mechanisms such as a negative income tax were at one time obvious poverty policy possibilities. Indeed, this was part of the message of Michael Harrington's *The Other America* (1962), which "discovered" poverty and is often credited with provoking the War on Poverty.

The "Keynesian consensus" had supposed, optimistically, that full employment was a sufficient answer to poverty and could be managed without structural changes in the economy. But when it gave way to the supply-side economics of Ronald Reagan, economic arguments against full employment—even as a ideal goal—were readily available.

It remains also an elementary truth of economics that what is in the interests of wage earners is not generally in the interests of those who employ them—and conversely. The argument against full employment is straightforward: using Alan Greenspan's metaphor, as the "pool of available workers" (Karl Marx's "reserve army") begins to run dry, there is a risk of wage inflation as workers seek to increase their share of profits. With inflation, creditors lose the value of their loans and investors lose confidence. Low growth results and nobody benefits.

WASHINGTON CONSENSUS

Accordingly, current theory holds that there is a natural rate of employment (NRE), the rate that is consistent with price stability. This rate is fixed at between five and six percent. Moreover, it is held that the economy can-

not grow at more than 2.5 percent without pushing the unemployment rate below the NRE.

The international version of this is the neoliberal Washington Consensus. It repudiates the Keynesian call for government-promoted full employment, and insists on fiscal austerity—to secure economies against inflation, along with privatization, and trade and financial liberalization—to secure free-market rule of the economy.

But history refutes these ideas. As a comparison of the economies of the industrial world shows, with appropriate government policies, economies can grow and corporations can be profitable, even if workers have a greater share of profits and even if there is an existing social safety net. The free market of fundamentalists does not exist. The question is not whether government has a role to play in matters of economic growth, income inequality, or poverty; the question is: what role? What policies? Similarly, while total world income has been increasing by an average of 2.5 percent annually and the gap between the rich and poor has multiplied, application of International Monetary Fund (IMF)-led austerity policies has enormously increased Third World poverty. Nor is the explanation of this, not to be developed here, a mystery.

But if we do understand the causes of poverty, the solutions will be politically difficult, exacerbated considerably by globalization. With capital and labor both mobile, full employment and a living wage cannot, today, be thought of as a national problem (as under the Keynesian consensus), but as one that requires regional and strong international institutions.

Unlike the IMF, these would need to serve not the interests of the American financial community, but the interests of workers everywhere. Indeed, there is some irony in the fact that Jeffrey Sachs, who engineered "shock therapy" for economies in transition to capitalism, now argues that less than 0.7 percent of the Gross National Product a year that rich countries have repeatedly promised but not delivered could be used to end global poverty.

And the money is there. For example, it can be shown that if the top five percent in the U.S. income distribution were to suffer a tax increase of seven percent, bringing their average of \$145,970 to \$135,834, the redistributed sum would take all the officially poor in the United States out of poverty. Of course, even if this were politically possible, there are arguments against the idea, prominently the idea that welfare dependency is a disservice to the poor. We subsequently consider this argument.

But since mainstream social science agrees with the Christian Bible that the poor will always be with us, there is a place for the questions of who is poor and why? Until the 1960s little attention was paid to poverty. The War on Poverty mobilized social science research. Hard science methods dominated. With an income-defined poverty line, researchers could consider other demographic variables and seek to establish correlations between those who were poor and, for example, their race, gender, age, educational level, or rural or urban place of residence.

This research could be characterized, following C. Wright Mills, as abstracted empiricism. It was ahistorical and quantitative; it required large data sets, and it aimed at identifying significant factors (via the use of regression techniques) that, presumably explained poverty. Since much of it was federally sponsored, it easily fit John Stuart Mill's category of "illiberal practicality," research aimed at producing predictive models and social experiments which then could be evaluated as to their success. It was no accident that at the behest of the secretary of defense, the new Office of Economic Opportunity was staffed by Defense Department and Rand Corporation policy analysts who were committed to the PPBS (planning-programming-budgeting system) style of research. Not only did this style of research put into the background structural issues that called for radical changes, but also it precluded answers to the causal questions that did get posed.

Thus, the explained variance of race on income disallowed seeing how racism was part of the fabric of practices in generating low-income neighborhoods and thus the conditions of neighborhood schools, how choices get structured by employment opportunities and by drugs, and how all this figures in the framing of expectations by peer groups.

MULTIPLE WARS

As luck would have it, just as the War on Poverty was getting started, so too was the war in Vietnam and the eruption of American cities. A consequence was that, contrary to President Ronald Reagan's belief, the War on Poverty was not lost: it was never fought. Daniel Patrick Moynihan's 1965 study, "The Negro Family," offered an argument that "the Negro family in the Urban ghetto was crumbling." This fed directly into another emerging set of ideas: a culture of poverty explained poverty. On the generous liberal reading of this idea, the culture of the poor was a reasonable adaptation to circumstances, even if it was self-defeating.

Yet, presumably changing the conditions could change the culture. One response, Community Action, was radical enough. Indeed, some people, at least, did escape their situations. Accordingly, the culturally available and politically opportune way of explaining poverty was convincing: the poor were poor because they made bad decisions and lacked the motivation that would get them good jobs (assuming, as always, that there are good jobs to be had). Accordingly, the proposed solution was to reshape the poor, perhaps with programs that provide values education, along with the right mix of incentives and penalties that would promote marital stability.

Thus, the 1988 JOBS program did not create jobs, but, aimed at mothers on welfare, it did seek to reinforce both an ethic of work and the traditional family. On this view, the worst thing that one could do would be to provide welfare that would only encourage welfare dependency. To be sure, there was qualitative research, including some important feminist research, which suggested strongly that there was no culture of poverty in any useful sense; that indeed, while it served ideological purposes to identify an underclass as not at all like "us," the distinction between the deserving and the undeserving poor had very limited application.

The problem remains: Where are the jobs that pay a living wage?

Social science did not create President Bill Clinton's aptly titled Personal Responsibility and Work Reconciliation Act of 1996, but it surely did make its contribution. Indeed, 200 studies of dependency may be found in an annotated bibliography generated by the Heller School at Brandeis University. In this context, it is worth noting that "the end of welfare as we know it" was strongly supported by a reinvigorated rational choice theory: one ended dependency by making welfare less attractive than employment. But of course, in the absence of opportunities for gainful employment, one can make welfare unattractive only by radically reducing the benefits—a surefire way to end dependency. Accordingly, seeking the help of families and friends who were also poor—and efforts at employment in the informal economy would become the only response by the jobless.

The idea that income redistribution in any form would discourage work had not gone untested. In the days when this was still on the political agenda, a series

of government-funded social experiments were conducted. While social experiments at their very best hardly meet the standards of laboratory experiments, these experiments strongly suggested that there was nearly no reduction in work effort by those who received the additional income. But if most people would rather work than take handouts, the problem remains: where are the jobs that pay a living wage?

SEE ALSO: Definitions of Poverty; Employment; History of Poverty; Poverty Research; Redistribution; United States; Work-Welfare Programs.

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Solidarity

AS DEFINED BY POPE John Paul II, solidarity is "a firm and persevering determination to commit oneself to the common good of all and each individual, because we are all really responsible for all." This determination refers to an unwavering decision of the will to use one's personal powers to care for each person in a social group; it is not a mere feeling of sympathy for the other, but an ability to see the other as another self and act accordingly. The basis of solidarity is the reality that all persons are members of one human race. In spite of the

wide range of cultural differences and external biological characteristics, all people have the same rational human nature, equal dignity as persons, and identical inalienable human rights. Solidarity works toward the common good by eliminating as many material and spiritual inequalities as possible so the equality of all will be manifested in a more just social and cultural life.

COMMON GOOD

The common good is the "the sum of those conditions of social life which allow social groups and their individual members relatively thorough and ready access to their own fulfillment," explained the Vatican II Council. It requires distributive justice particularly by the state, as guarantor of the common good, and on each person of authority in lower social groupings (for example, work, family, voluntary organizations). Also necessary is stewardship of the earth's resources. An international common good is required. Countries and continents exist at different levels of development and their populations, or portions of them, do not have the same access to the necessities of life. The common good is manifested in the distribution of goods and remuneration for work within and between countries.

Its two greatest threats are unbridled desire for profit and for power on the part of those in authority. Those in lower social positions threaten it by an attachment to material goods and the selfish use of personal property. Overcoming these threats requires a decrease in the pursuit of special interests, the sharing of material goods, controlled use and consumption of goods, and the use of property at the service of man.

UNIVERSAL DESTINATION OF GOODS

The earth's resources, which "all men can by natural right avail themselves, to sustain and develop life," according to Pope Pius XII, belong to all and should be distributed according to justice and love. The universal destination does not interfere with the right of private property. This has been a consistent teaching that was well articulated by Pope Leo XIII in his encyclical *Rerum Novarum*. He said:

The fact that God has given the earth for the use and enjoyment of the whole human race can in no way be a bar to the owning of private property. For God has granted the earth to mankind in general, not in the sense that all without distinction can deal with it as they like, but rather that no part of it was assigned to any one in particular, and that the limits of private possession have been left to be fixed by man's own industry, and by the laws of individual races. Moreover, the earth, even though apportioned among private owners, ceases not thereby to minister to the needs of all, inasmuch as there is not one who does not sustain life from what the land produces.... [T]hat which is required for the preservation of life, and for life's well-being, is produced in great abundance from the soil, but not until man has brought it into cultivation and expended upon it his solicitude and skill. Now, when man thus turns the activity of his mind and the strength of his body toward procuring the fruits of nature, by such act he makes his own that portion of nature's field which he cultivates—that portion on which he leaves, as it were, the impress of his personality; and it cannot but be just that he should possess that portion as his very own, and have a right to hold it without any one being justified in violating that right.

Although Leo XIII was referring to property as in land, this teaching continues to hold true. Property is necessary for people to express their personality, develop as persons, and meet personal and familial needs. If the universal destination of resources is respected and acted upon, more people could quantitatively and qualitatively enjoy a better life.

INTERDEPENDENCE

Solidarity requires an awareness of the interdependence of all people. There is a tremendous disparity between developed wealthy nations, where a minority of the world's population lives, and undeveloped poor nations, where the masses live. The former possess continued means of economic growth and a higher standard of living; the latter, especially those with exports of raw materials, accumulate debt while the standard of living declines. The gap between the two grows wider as one grows richer and the other poorer. Rich nations have a responsibility to help the poor ones, particularly if that wealth has been accumulated unjustly, both through aid (for example, economic training) and a reform of international monetary institutions.

Poor nations have a responsibility to contribute their cultural and social riches to the international community, to join with other poor nations—perhaps on a regional basis—to pool resources and work for development, and to avoid the mistakes that wealthy nations have made on their path of development (for example, progress measured, often in exclusively economic terms). Interdependence means that wealthy and poor nations will contribute to the international common good according to their means, both materially and spiritually.

The gap between the wealthy and the poor exists also in regional and local areas of nations, particularly between cities and suburbs, and between urban and agricultural ways of life.

Interdependence must be recognized at this level, with the wealthy contributing to the poor. St. John Chrysostom said, "Not to enable the poor to share in our goods is to steal from them and deprive them of life. The goods we possess are not ours, but theirs." The poor have a responsibility to work for their own betterment and not depend solely on the aid of the wealthy, and to contribute their cultural riches to the nation.

The teaching of John Paul II on this matter has been summarized by D. McCarthy as: "Every economic decision must be made as a moral decision considering the enhancement of human integrity, the improved quality of life for those directly and indirectly affected by the decision and ecological ramifications."

A recognition of this interdependence and a willingness to act on it by ensuring a just distribution of the earth's resources according to need and love will contribute to peace on the international and national levels. Pope Paul VI said, "If you want peace, work for justice."

Solidarity works to eliminate material and spiritual inequalities. The focus is often directed toward the material, but the poor include not only those who lack material means. Both those with and without material goods can be poor in terms of personal suffering from age, illness, disability, loneliness, or despair. Mother Teresa of Calcutta said, "Being unwanted, unloved, uncared for, forgotten by everybody, I think that is a much greater hunger, a much greater poverty than the person who has nothing to eat." Solidarity requires moral support and compassion for those suffering spiritual want.

SEE ALSO: Catholic Church; Concern; Fourth World; Mother Teresa; Religion; Third World.

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Solomon Islands

THE SOLOMON ISLANDS is a nation of more than 900 islands in the south Pacific Ocean, east of Papua New Guinea, with some of the most severe poverty in the world. The islands are a former protectorate of the United Kingdom, but obtained independence on July 7, 1978. The country remains part of the Commonwealth of Nations, an association of independent nations, most of which are former British colonies that cooperate to promote democracy and human rights.

In addition to extreme poverty, the Solomon Islands suffer from ethnic violence, political corruption, and endemic crime that have undermined the country's stability and civility. Conditions were sufficiently bad in June 2003 that country leaders requested assistance in reestablishing law and order.

A multinational force of 2,200 troops and police officers, primarily from Australia, New Zealand, Fiji, Papua New Guinea, and Tonga, arrived on July 24, 2003 and subsequently restored peace and disarmed ethnic militias. This Regional Assistance Mission to the Solomon Islands (RAMSI) was reduced to 320 police officers and 120 military troops by the end of 2004. It subsequently has helped maintain civil and political order, reinforced regional security, and assisted in the rebuilding of government institutions.

Economic and social conditions in the Solomon Islands are harsh by world standards. Its Human Poverty Index in 1999 was higher than for all the least developed countries in south and southeast Asia. Income per person has declined significantly since then. The Solomon Islands' Gross Domestic Product per capita was \$2,650 in 1999. It fell to \$1,700 in 2002.

Prior to the arrival of RAMSI, the country suffered an economic collapse caused by the severe ethnic violence, the closure of key businesses, and a lack of government funds. The continued presence of RAMSI has allowed a return of law and order, economic stability, and modest economic growth.

Contributing factors to the poverty in the Solomon Islands include the wide dispersal of the islands, the smallness of the economy, rapid population growth, illiteracy, poor education, and a lack of funds. The extremely high dispersal of landmasses over a wide area of the ocean make the development of large markets difficult. The smallness of its economy makes it difficult to achieve economies of scale in production. Combined with the country's geographic fragmentation, this implies that the cost of public administration, utilities, education, and health services is significantly higher than in larger, more developed economies. The small population also implies that it is difficult for the Solomon Islands to have experts in specialized areas of modern technology. The nation is forced to rely on foreign expertise.

Poverty in the Solomon Islands is exacerbated by its extremely high rate of illiteracy (70 percent in 1998) and low levels of enrollment in school (39 percent of 5-to-14-year-olds in 1998). Education is hampered by the multiplicity of local languages and dialects. The rapid growth of the population, about 3.5 percent per year, makes it difficult to build schools and medical facilities to keep pace. Consequently, the availability of education and healthcare is actually decreasing on a per capita basis

In the past, the government failed to collect revenues from the country's timber exports. This lack of funds and excessive government borrowing created a fiscal crisis in the late 1990s, which required additional foreign loans that have added to the country's debt problem. These conditions make it difficult to apply traditional market reforms to the economy of the Solomon Islands. The Solomon Islands receives millions of dollars in economic aid annually, primarily from Australia.

Human Development Index Rank: 128 Human Poverty Index Rank: Not included.

SEE ALSO: Australia; Corruption; Crime; Debt; Extreme Poverty.

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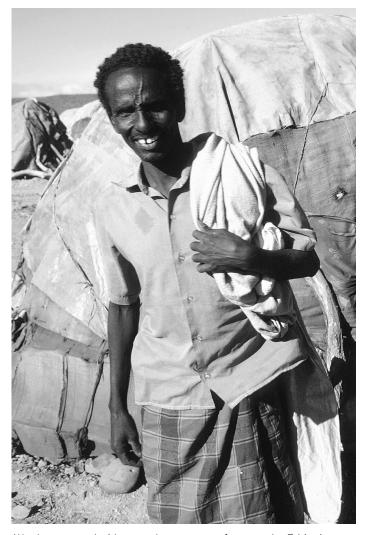
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Somalia

ACCORDING TO A United Nations Development Program report, about 43 percent of the Somali population are estimated to be under extreme poverty (23.5 percent in urban and 53.4 percent in rural and nomadic areas), having a per capita income less than \$1 (purchasing power parity, PPP) per day. The general poverty, measured as persons having per capita income less than \$2 (PPP) per day, is estimated at 73.4 percent (60.7 percent urban and 79.9 percent rural and nomadic). Translated into numbers, five million people in Somalia live in poverty, 1.4 million of them in urban and 3.6 million of them in rural and nomadic areas.

In 1991 the state of Somalia collapsed totally and has not been resurrected since. During 1991 and well into 1992, most of Somalia was ravaged by inter-clan warfare, banditry and widespread famine that claimed the lives of about 270,000 Somalis. The violence disrupted economic activity and agricultural production and led to another famine that killed more than 300,000 people. The violence not only has reduced the productive capacity of the economy and worsened the operative environment for economic activity but the damage sustained by the infrastructure has also led to a breakdown of institutions to provide goods and services.

Two circumstances led to the Somalia famine of 1992. The inability of any single clan to form a government following the ouster of former dictator Siad Barre plunged the country into a civil war centered on the capital city of Mogadishu. Its is estimated that about 30,000 people died in these confrontations and the total number of deaths would not have exceeded the stated number if not for a drought that had devastated the country roughly around the same time. Because of the volatile political situation it was nearly impossible for relief efforts to succeed in getting food to the vulnerable without incident. Even after international agencies



War has created widespread poverty: a refugee at the Ethiopia-Somalia border seeking relief.

managed to send in relief supplies, they were subject to looting by various warlords who began using food as a weapon by selling it on the black market for profit.

Droughts occur very frequently and lead to water shortages and starvation, particularly in the rural communities, which are more dependent on rainwater and grass for their survival in the raising of livestock and cultivation traditions. In Somalia, devastating floods often follow droughts, which has mainly affected southern parts of the country where the Juba and Shabelle flow. More recently, another natural disaster affected Somalia. The 2004 Indian Ocean tsunami killed an estimated 150 people, displaced about 5,000, and affected a total of 54,000 others in the northeastern coastal region of Somalia. In addition, the tsunami inflicted substantial damage on the Somali fishing industry, destroying a number of fishing boats and equipment.

Although an accurate picture of minority groups residing in Somalia has not yet been established, estimates show that they constitute one-third of the total Somali population. These minority groups include Bantu, Bravenese, Rerhamar, Bajuni, Eyle, Galgala, Tumal, Yibir, and Gaboye. Many of these groups live in conditions of great poverty and are exposed to numerous forms of discrimination and exclusion.

As a result, in Somalia the number of displaced persons exceeded the level of refugees anywhere in the region. Two types of refugees can be made out: first, those who fled into bordering countries like Djibouti, Ethiopia, Kenya, and Yemen; and second, those who migrated to major cities like Mogadishu in search of food. International migration has not only been driven by economic or poverty related factors but by political reasons as well. The main reason for migration has been the intertwining of political conflict and the search for economic opportunity.

Poverty and political strife in Somalia have also been the cause of massive environmental damage. Environmental degradation increases poverty since many of the poor are closely dependent on the natural environment for their survival. For example, charcoal plays an important role in the energy sector as well as the economy of Somalia.

However, the use of charcoal places a heavy strain on local wood resources, resulting in acute environmental consequences such as deforestation, which in turn leads to desertification and ultimately to the destruction of land suitable for grazing. This will inevitably affect nomadic communities who are entirely dependent on grazing. Somalia has also been used as a dumping site for hazardous toxic waste from industrialized countries. Several European firms have illegally dumped hazardous waste, and the income generated from this trade has benefited mainly local warlords, but it has polluted many natural habitats and has negatively affected the health of many poor Somalis residing close to these disposal sites.

Human Development Index Rank: Not included. Human Poverty Index Rank: Not included.

SEE ALSO: Drought; Environmental Degradation; Famine; War and Poverty.

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South Africa

THE REPUBLIC OF SOUTH Africa, located at the southernmost tip of the African continent, is the most developed country in Africa. Among African countries, South Africa's annual per capita income of \$11,100 ranks second only to that of Mauritius (\$12,800), an oil-producing nation. Nevertheless, South Africa is considered a lower-middle-income nation. In 1867, Dutch settlers discovered diamonds in what is now South Africa, followed by the discovery of gold in 1886. In addition to diamonds and gold, South Africa's wealth of natural resources includes chromium, antimony, coal, iron ore, tin, uranium, copper, and natural gas. In the 21st century, South Africa has a diversified economy and great potential for growth, and the South African stock market is among the top 10 in the world.

For almost a century, South Africa's black majority was subjugated, first under colonialism and then under the system of apartheid. The system was abolished in the 1990s, and a new black-majority government was established. However, South Africa's problems were far from over. The following decade saw South Africa rise to the forefront with one of the highest HIV/AIDS prevalence rates in the world (21.5 percent). Resources were further sapped by a 50 percent poverty rate and 26.2 percent unemployment rate. Some 23.8 percent of the South Africans live on less than \$2 a day, and 7.1 percent survive on less than \$1 a day.

Despite the end of apartheid, South Africa has been identified as the most unequal country in the world. The poorest 20 percent of the population claim only 2 percent of the country's wealth, while the highest 20 percent share 46.9 percent of all resources. The per capita income of whites is nearly nine times that of blacks. The Gini Index of Human Inequality ranks South Africa at 59.3 percent.

South Africa's population of 44,344,136 experiences a life expectancy of 43.27 years and a median age of 23.98 years. Life expectancy has actually decreased

since the 1980 rate of 54 years. Some 30.3 percent of the population are under the age of 14, and 5.2 percent have reached the age of 65. South Africans have a 44.9 percent chance of dying before the age of 40.

The 21.5 percent prevalence rate of HIV/AIDS has been devastating to South Africa. By 2003 estimates, 5.3 million people were living with this disease, and 370,000 had died from HIV/AIDS and its complications. Because most South Africans have access to safe water and proper sanitation, the country escapes the food- and waterborne diseases that are prevalent in Africa. South Africans also have greater access to medical care and to affordable essential drugs than do most Africans. However, an outbreak of cholera occurred in South Africa in 2003.

South Africans have a 44.9 percent chance of dying before the age of 40.

From 2003 to 2005, the infant mortality rate in South Africa rose from 53 deaths per 1,000 live births to 61.81 deaths per 1,000. The mortality rate of children under the age of 5 is 66 per 1,000. The reason that childhood mortality rates are high for such a highly developed country is that the poorest South Africans in isolated villages lack the access to healthcare that is available in urban areas. The infant mortality rate of blacks is four times higher than that of whites in South Africa. Some 12 percent of all South Africans under the age of 5 are malnourished and two percent are severely underweight. Some 25 percent of children under 5 suffer from moderate to severe stunting, and three percent suffers from moderate to severe wasting.

South Africa has improved rates of childhood immunizations, but more needs to be done to reach children in rural areas. In 2003, 83 percent of children between the ages of 12 and 23 months old were immunized against measles, and 94 percent were immunized against DPT3. At the same time, infant measles immunizations were reported at 78 percent, infant tuberculosis immunizations at 94 percent, DPT immunizations at 82 percent, and polio immunizations at 84 percent.

The fertility rate of women of childbearing age in South Africa is 2.24 children per woman, and the adolescent fertility rate is 42 per 1,000 births. As a point of comparison, the average fertility rate for the period between 1970 and 1975 was 5.4 children per woman. Even today, fertility rates are highest in rural areas. Some 62 percent of South African women use some method of

contraception, and three-fourths of all women have used contraception at some point.

Maternal mortality is high in South Africa at 230 deaths per 100,000, despite the fact that trained medical staff attend 86.4 percent of all births. In urban areas, 98 percent of all births occur in medical facilities. However, in the eastern Cape area of South Africa, 40 percent of the women give birth at home. Some 94 percent of all South African women receive antenatal care, but HIV/AIDS and other pregnancy-related infections take a toll, particularly on poor women.

South Africa has made great strides in increasing literacy over the past decades. Approximately 86.4 percent of all people over the age of 15 can now read and write. In 1980, 22.4 percent of males and 25.2 percent of females were literate. These numbers are particularly low when compared to literacy rates of sub-Saharan Africans in 1980, when literacy rates were recorded as 50.8 percent for males and 72.4 percent for females. The reason for South Africa's low literacy rates, of course, was that under apartheid many members of the black majority were uneducated.

Most South Africans receive at least 13 years of schooling. In 1999, 87 percent of all South Africans in the relevant age group were enrolled in primary schools. By 2003, total enrollment had risen to 99 percent. Between 1990 and 2002, the primary completion rate for males rose from 72 to 89 percent and the completion rate for females climbed from 81 to 91 percent. Despite these gains, there are high repetition and dropout rates at all levels of education in South Africa.

Human Development Index Rank: 120 Human Poverty Index Rank: 56

SEE ALSO: Apartheid; Colonialism; HIV/AIDS; Racial Discrimination; Wealth Inequality.

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Spain

AT THE START OF THE contemporary age in Spain, the church mainly financed welfare for the poor. However, after the successive deamortizations of property belonging to hospitals and hospices, the church and local councils seriously truncated religious charity. This was replaced by liberal state-supported welfare.

In this new form of beneficence, being poor was not a religious state (the humble, mild, or blessed as expressed in the New Testament) or the description of those who owned nothing. Rather, it referred to a person who was without work or could not work because of age. There were two main periods: one in which welfare was the responsibility of local councils (1812–55), and another that gave greater control to the provincial councils (1849–1907), a period in which the religious institutions began, once again, to play a major role.

Also, at the end of the 19th century, the socialists of the German (Verein für Sozialpolitik) and British (Fabian Society) schools began to exert their influence. In Spain, this was reflected in the establishment of social security via the Institución Libre de Enseñanza (Free Institution of Education 1876), organized by the professors of the Oviedo Group, alongside the "regenerationism" and social Catholicism of Leo XIII. This had its first antecedent in the Commission of Social Reforms (1883), created to compile information on the state of the working classes.

At the beginning of the 20th century, the Institute of Social Reforms was created, as well as the National Social Welfare Institute (INP). Their aim was to stimulate popular welfare in the form of retirement pensions and to administer voluntary mutual benefits. These initial steps led to insurance funds covering job accidents (1900), compulsory job retirement (1919), and maternity (1929). A whole series of private Mutual Aid Societies, with scarce capital, also grew up (4,517 in 1916), which insured their members against accidents, old age, and even unemployment. The Second Republic (1931–36) attempted to round off the legislation with unemployment insurance, in the midst of the 1930s crisis, which was never passed into law.

Following the Spanish Civil War (1936–39), the very destruction of the war and international isolation caused general poverty. The 1940 census recorded that social assistance agencies and the Kitchens of the Fraternity for the Poor and Needy attended to 4.5 percent of inhabitants at the start of the year. From 1940 to 1946 there were 30,000 deaths due to starvation. General F. Franco's government (1939–75) intervened in the

economy and introduced ration cards, while the black market began to flourish.

The National Social Welfare Institute was put in charge of regulating the new state's social security. In addition to the already existing insurance for accidents, maternity, and job retirement, other plans were put into place: illness (1942), special farming regime (1958 and 1966), unemployment (1940, 1945, 1954, 1961, and 1972), and family bonus programs (1942 and 1946). Franco's dictatorship also took control of the Workers' Mutual Funds and Associations, set up by firms and paid for through a tax on wages.

In 1965 there were three million Spaniards in a situation of absolute poverty.

Toward the end of the 1950s, the Spanish economy embarked upon a process of liberalization (the 1959 Stabilization Plan) and began to grow, while Keynesian ideology spread among Spanish economists. Spain experienced an annual Gross Domestic Product (GDP) growth of 6.42 percent from 1950 to 1974. This economic expansion generated structural changes in the social welfare system: emigration, a drop in the percentage of the working population employed in agriculture, and a growth in female employment. The process shattered the traditional welfare system (Cáritas, a religious nongovernmental organization, calculated that in 1965 there were three million Spaniards in a situation of absolute poverty) and forced the creation of social security in 1963 (Social Security Founding Law), which was passed in 1967 but which, by no means, meant the creation of a welfare state.

The economic crisis of 1973, the death of Franco (1975), and the arrival of democracy in Spain (the 1978 constitution) all led to the creation of a modern welfare state. The downturn of the economy caused previously unheard-of unemployment levels (2.5 percent in 1973, 21.6 percent in 1985, 11.6 percent in 1990, 18.4 percent in 1994, and 11.4 percent in 2002) and damaged the production system, thus forcing the social commitment of the newly established Spanish democracy.

As a result, the Moncloa Pacts of 1977 were signed, putting in place tax reforms and modifying the social security system, making it universal and redistributive. Thus, over the years, government expenditure in social services has grown: in 1975 it was 17.5 percent of GDP (of which social security was 9.9 percent; healthcare, 3.7 percent; education, 3.9 percent) and, by 2000, the figure

had reached 22.4 percent (accounted for by social security, 13 percent; healthcare, 5.1 percent; education, 4.3 percent). This level of protection can well be seen in the coverage rate of unemployment benefits (44 percent of the unemployed in 1987, 59 percent in 1990, and 71 percent in 1994), as well as in the number of those benefiting from public healthcare (84 percent in 1981 and 99.7 percent in 1990).

During this latter period, economic growth was high in Spain, in line with that of an industrialized nation (annual growth of 3.03 percent in the period 1974–2000). This growth has enabled the country to rid itself of Third World poverty, but that of relative poverty. Researchers calculated this relative poverty as affecting 21.6 percent of the population in the period 1973–74, dropping to 20.6 percent in 1980–81, and falling again to 19 percent in 1990–91 ("Average Expenditure over Total Population under 50 percent" criterion). This poverty level drops one percent every 10 years, though economic conditions may cyclically modify the percentage of poor people.

Finally, there are two other questions. One has to do with the geographical distribution of poverty, which, according to current data, is concentrated mainly in southern and central Spain: Extremadura, Andalusia, Castilla-Leon, Castilla-La Mancha, Ceuta, and Melilla. To a lesser extent, it is also present in Madrid, Navarre, the Basque Country, Catalonia, the Balearic Isles, Cantabria, and the northern provinces. The other question refers to the great number of immigrants who are settling in the country (legalization and family regrouping measures were passed in 2000 and 2005). This will mean that, in the long term, Spain's poverty statistics will not drop, and may grow.

Human Development Index Rank: 21 Human Poverty Index Rank: 11 (HPI-2)

SEE ALSO: European Union Definition of Poverty; Immigration; Social Security; Unemployment; Welfare State.

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Speenhamland System

SPEENHAMLAND IS NAMED for the town of Speen in Berkshire County, England, where the magistrates established a poverty relief system rooted in the belief that every citizen is entitled to a minimum standard of living. In May 1795, the magistrates declared "the present state of the poor law requires further assistance than has generally been given them" and dictated that citizens be entitled to a minimum guaranteed income, irrespective of earnings. The result was a means-tested sliding-scale wage supplementation system based on the price of bread.

Rural England was plagued by a period of soaring poverty rates during the late 18th century. The difficulty of importing foodstuffs due to England's involvement in the French wars, combined with a series of bad local harvests and the growing population, led to a rapid rise in the price of bread. Consequently, the threat of social upheaval loomed because of high prices and increased unemployment. Concern about alleviating this spurred a widespread debate and with the intention of mitigating the effects of rural poverty, the Speenhamland system emerged.

FUNDAMENTALS OF SPEENHAMLAND

Previous to Speenhamland, relief was provided only to the infirm, the aged, or the dependent in the form of outdoor relief as dictated by the Elizabethan Poor Laws of 1601. The Speenhamland system changed this by allowing able-bodied people to draw on the poor rates. The parish would supplement any given laborer's income to an established basic subsistence level through wage supplementation.

The legislation read, "when the gallon loaf of second flour, weighing 8 pounds 11 ounces shall cost 1 shilling, then very poor and industrious man shall have for his own support 3s weekly, either produced by his own or his family's labor or an allowance from the poor rates, and for the support of his wife and every other of his family 1s 6d. When the gallon loaf shall cost 1s 4d, then every poor and industrious man shall have 4s weekly for his own and 1s 10d for the support of every other of his family." Notably, the minimum weekly income for a worker would rise or fall by every member of the worker's family—the amount of which was dependent on the price of a gallon loaf of bread.

The 1662 Settlement Laws, an integral component of the Speenhamland system, dictated that entitlement to relief was reliant upon where an individual was settled. Because of the prevalence of migrant laborers and the subsequent need to protect parishes from pauper migrations, relief was regulated through a residency requirement, granting assistance to individuals only in the parish in which they lived.

The premise of these allowances spread quickly and the Speenhamland system has been credited with saving many families from starvation. Yet what was intended as a safety net to relieve poverty actually triggered adverse effects, most notably its impact on employment. The guaranteed income was seen as creating a disincentive to work and as prompting a decline in wage levels during the Speenhamland period. Furthermore, the design of the system was said to encourage early marriage and large families, as aid was dependent on the number of family members.

As employment grew less stable and access to relief became increasingly restricted, expenditures on poor relief escalated to the point of challenging the feasibility of maintaining the Speenhamland system. Speenhamland was ultimately condemned for the way it was thought to thwart the functioning of a free labor market. In 1834, the Poor Law Report and the Poor Law Amendment Act were passed, ending the Speenhamland system of poor relief.

In spite of this and the fact that Speenhamland was not a national system, the lessons of Speenhamland have had a crucial impact on social welfare and poverty policy debates for two full centuries. The remnants, primarily the promise of a minimum income, are still debated on the floor of the U.S. Congress. Most notably this premise resurfaced with the disputes over the transformation of 20th-century welfare policy—work mandates, income tax credits, and social entitlements.

SEE ALSO: Earned-Income Tax Credit; History of Poverty; Minimum Wage; Poor Laws; Social Assistance; United Kingdom.

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Squared Poverty Gap Index

THE POVERTY GAP Index is a measure of poverty that calculates both the prevalence and the depth of poverty in a country. It is computed by calculating how far each poor individual is below the official poverty line as a percentage of the poverty line itself, and then averaging these proportional poverty gaps over the entire population. Persons above the poverty line are assumed to have a poverty gap of zero.

One problem economists raise concerning the Poverty Gap Index as a measurement tool is that it does not account for the distribution of income among the poor. All persons who fall below the poverty line are treated equally in calculating the index, regardless of how far below the line they fall. Thus, a change in the income of an utterly destitute person alters the Poverty Gap Index equally to a change in income for someone just below the poverty line cutoff. For this reason, some economists advocate the use of the Squared Poverty Gap Index to account for variations in income below the poverty line.

The Squared Poverty Gap Index is computed in a similar fashion to the Poverty Gap Index by calculating how far each poor individual is below the official poverty line as a percentage of the poverty line itself, except these proportional poverty gaps are squared before averaging over the population. In this manner, those persons who are further from the poverty line are weighted more heavily.

For example, suppose a country has 10 citizens and a poverty line of \$1,000 per year. If one person has an annual income of \$400 and a second person has an annual income of \$600, while the remaining eight persons have incomes in excess of \$1,000, then the simple Poverty Gap Index for the country is equal to .4 plus .6 divided by 10, or 10 percent. The Squared Poverty Gap Index is equal to .16 plus .36 divided by 10, or 5.2 percent.

Now suppose a policy change results in a transfer of \$300 of income from the poorer individual to the richer one so that the new annual incomes are \$100 and \$900. While this clearly exacerbates poverty among the most poverty-stricken, it is not reflected in the Poverty Gap Index, which remains unchanged at 10 percent (.9 plus .1 divided by 10). The Squared Poverty Gap Index, however, rises to .01 plus .81 divided by 10, or 8.2 percent, reflecting the change in the income distribution.

As with other poverty measures, care must be taken in comparing the Squared Poverty Gap Index across nations since the official definition of poverty may differ significantly from country to country. International agencies have attempted to correct for this deficiency by standardizing definitions of poverty.

The most commonly used standardized measure of poverty is the \$1-a-day level, which corresponds to an annual income of \$365 adjusted for inflation and international differences in costs of living (also known as purchasing power parity, or PPP). By the \$1-a-day threshold, the Squared Poverty Gap Index for the developing world was 2.5 percent. This figure represents a significant decrease from past numbers largely because of reductions in the poverty in India and China. In 1981 and 1990, the Squared Poverty Gap Indexes for the developing world were 6.4 percent and 3.6 percent, respectively.

Unfortunately, while the Squared Poverty Gap Index does account for differences in the distribution of income among the poor, it, unlike the Headcount Index and Poverty Gap Index, does not lend itself to an easy intuitive interpretation. The 2.5 percent figure has little meaning outside a numeric statistic that can be measured across countries and across time periods.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Headcount Index; International Poverty Rates; Poverty Gap; Poverty Gap Index.

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Squatting

SQUATTING REFERS TO the act of occupying land or structures with the intent of creating temporary or permanent shelter without the consent of the owner. For example, a squatter may be a homeless individual who takes up residence in an old abandoned building. Although the building is otherwise uninhabited, if the individual does not hold a lease to the property, or possess some other form of entitlement, he is acting as a squatter. Squatting is a common occurrence in cities, where abandoned buildings are prevalent, and is often the consequence of a lack of affordable housing.

Individuals or families may choose to squat for several reasons. Homelessness is a common precipitator to

squatting and the two often go hand in hand. Without adequate income, it is difficult to find satisfactory housing in many cities. Elevated rent and extended government-subsidized waiting lists force many individuals and families to the streets. Squatting is a realistic product of a desire to survive life on the streets.

In some cases, the squatter settlement can be established as a legitimate community.

Poverty and homelessness are so common in certain parts of the world that squatter settlements are familiar sights around the periphery of many cities. The migration of families from rural areas, where jobs are scarce, to the city increases city populations to the point that lack of housing is a typical phenomenon in developing countries. Homeless families establish themselves in settlements rather than live with family or friends in overcrowded conditions in the city. This grouping together that creates squatter settlements can be advantageous.

In some cases, the squatter settlement can be established as a legitimate community that is eligible for government assistance. This means that services such as water and sanitation may be provided to the settlement and members of the settlement may have access to government-subsidized programs they were ineligible for when they did not have a permanent address, as noted by S. Speak.

The relationship between homelessness and squatting may be less related in some impoverished countries. For example, it is not unusual for rural landowners in China to temporarily leave their properties and families to find work in the city in order to supplement their housing and living situation. Any income earned in the city is then remitted to the family who continues to reside in the rural area.

In order to save money while living in the city, these individuals may resort to squatting; however, even though they are living on the street, they are not truly homeless. They maintain ownership of a residence even though they may not be living there.

Squatting for political reasons has been popular in Europe and Canada in the past. Political activists may be neither impoverished nor homeless; however, their political stance is for the support and protection of the disadvantaged. Squatting activity in this regard is a political expression aimed at reducing squatting occurrences and conditions associated with squatting.

In many countries, squatting is illegal. Squatters can be arrested on charges of trespassing and breaking and entering. While squatting is a criminal offense, squatters sometimes use the courts to claim a residence as their own. Laws, such as squatter's rights, create avenues for squatters to establish land or property as their own. Squatter's rights, also known as adverse possession, refers to the right to claim ownership of property simply by living on or possessing it for a period of time. While most countries favor the rights of the property owner, most countries allow for the provision of squatters to obtain possession of property they do not own under certain circumstances. In the United States, in order for someone to claim squatter's rights, the following conditions must be met: the property must be put to use or occupied, the use must be public and visible, the land must be used or occupied without the permission or approval of the landowner, use of the property must not be shared with anyone else, and the property must be used continuously for a certain period of time. Local law determines the time period.

Homesteading is another means squatters use to obtain possession of property. Homesteading is similar to obtaining title to property by claiming squatter's rights; however, possession of the property is not hostile. The property either does not have a rightful owner or is owned by the government. The government then allows the homesteader to use the land with the expectation that she will eventually gain title to the property.

Squatting is an option for the many homeless and impoverished who are seeking refuge from living on the streets. It is an alternative to the unkempt shelters available in many parts of the world, and the social regulation and control that exist in some of the shelters make them less than appealing to those who are staunchly independent. Squatting is often a temporary solution to obtaining relief from homelessness and poverty. While it provides the individual or family with shelter and a degree of protection from the elements, the living conditions are often less than desirable and can even be dangerous. Dilapidated buildings can cause accidents to those living in them, and lack of electricity to heat a structure can result in hypothermia to squatters living in colder regions of the world.

SEE ALSO: Crime; Destitution; Homelessness; Housing Assistance; Shelter.

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Sri Lanka

THE DEMOCRATIC Socialist Republic of Sri Lanka, earlier known as Ceylon, became independent from British colonial rule in 1948. Its ranking in the Human Development Index (HDI) is the highest on the Indian subcontinent. Sri Lanka's Gender Development Index (GDI) was 69 percent in 2005, showing a level of human development better than the world average of 64 percent. But the ongoing war with Tamil secessionists and a mismanaged bureaucracy have hampered its social and economic development.

Sri Lanka was following the path of a socialist economy until 1977. The liberalization of its economy witnessed considerable progress, but the conflict with the Liberation Tigers of Tamil Eelam (LTTE) resulted in slowing down the growth rate of the country. In a warravaged economy, social inequality and poverty increased.

In the beginning of this century, Sri Lanka did not make much progress on social and economic fronts. There was a negative growth rate of 0.6 percent and a decrease of Gross Domestic Product (GDP) by 3.7 percent. The Gross National Product (GNP) decreased by 1.3 percent in 2001. The public debt was a staggering 104.3 percent of GDP in 2004. The cost of war was increasing. It was about five percent of GDP in 2000, whereas the figure was 1.3 percent of GDP in 1982. The foreign exchange reserve of the country was decreasing.

The percentage of people below the poverty line was 22 (1997), with 88 percent living in rural areas. Before the cease-fire of 2002 with LTTE, the economy was reeling under the protracted war, and economic progress was jeopardized. The closure of 745 small-scale industries in 2001 through privatization threatened job security. The share of the health sector was only 1.4 percent of GDP. Malnutrition became a menace because of food insecurity. The increase in prices and wage stagnation deprived people of a proper diet.

In rural areas, the condition of self-employed women was miserable. The women working abroad made a substantial contribution to national income, but the government did not take sufficient steps to check their conditions. The people suffered from taxes imposed to defray the cost of war. The conflict with LTTE left a trail of death, maimed bodies, life in refugee camps, and loss of property and livelihood. Even children were recruited in the war.

The government took measured steps after the end of the conflict to ensure economic development. The task before the nation was to increase employment and productivity, generate resources, and overcome budget deficits for economic growth and the reduction of poverty. The government is envisioning job recruitment of two million in coming years.

The rate of unemployment declined to 7.8 percent in 2004. Experts point out that public debt must be brought under control, otherwise it will grow faster than the economy of the country. The Relief, Rehabilitation and Reconciliation (RRR) program was launched to meet the bare necessities of people, promoting improved economic conditions. Increasing the productivity level and investment was emphasized. The implementation of the poverty reduction strategy by the government was facilitated by the assistance of \$4.5 billion from international donors.

In the mid-2000s, economic growth is picking up and the GDP increased to 6.5 percent in 2004. Reforms, political stability, and continuation of the peace process are helping to achieve the projected 10 percent growth rate in GDP, reducing the poverty level to a considerable extent.

SEE ALSO: Conflict; Debt; Privatization; War and Poverty.

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Stabilization

STABILIZATION IS A general term that usually applies to calls for control of different areas of life that are

viewed by some individuals or groups as growing or declining undesirably. Controls to achieve stabilization can affect the poor positively or negatively.

Some forms of stabilization are enacted as price controls. In other cases it may be immigration or population stabilization, which means control over the growth in numbers of people. Another form of stabilization refers to the social environment, such as neighborhood stabilization. This form of action seeks to organize people so they can work together to improve the social and even physical conditions of their neighborhood.

When price controls are implemented, stabilization takes the form of rationing. The government, in conditions of price controls, artificially fixes the price of some good or service. The stabilization of the price may benefit the poor or the society in general to the detriment of others. It may on the other hand be a way to distribute goods such as gasoline during an oil shortage.

Rent control is a form of price control stabilization. It fixes rents and does not allow landlords to increase them. Landlords may be held responsible for keeping their properties in good condition even if this means incurring a financial loss. In the short run, rent controls in a city can keep the price of housing from spiraling out of control. However, in the long run the stock of housing for all may be reduced because landlords are unable to profit from their properties. In New York City the use of rent controls led to the abandonment of thousands of properties, with a subsequent loss of housing opportunities for all.

Some advocates of population stabilization do so on the grounds that their motives are purely ecological. Their announced goal is to preserve the environment. This means that people have to be restrained in their activities that could affect the environment.

Some ecological groups call for reducing birthrates and stopping immigration. Ecological advocates of population stabilization see unending population grow as a major source of environmental destruction. Since the poor usually have more children than the rich, limiting birthrates effectively limits the ability of the poor to gain access to the world's goods and services.

Some anti-immigration groups, especially those against illegal immigration, fear that large numbers of immigrants will destabilize the society and cause the original groups to lose control of the society. This is especially the case if the immigrant groups have a much higher birthrate than the native population.

Stabilization policies usually encourage a form of politics that uses euphoric language to insinuate to the

general population that the preferred policy is an unmixed blessing. Current political discussion in California and other places often centers on immigrant stabilization, which means stopping illegal immigrants from entering the state. Since the laws prohibit people from being denied welfare benefits or education benefits even if they are illegal immigrants, the impact upon taxpayers and the quality of life is significant.

Stabilization may also refer to the political conditions in a country. The United Nations Mission in Haiti has been extended beyond 2005 in order to further lower the likelihood of civil conflict that could ignite a regional conflict involving several countries.

The presence of the United States in Iraq was a mission aimed at achieving political stability. Stabilization in this case means an end to active fighting and the institution of a permanent new government.

SEE ALSO: Immigration; Economic Growth; Housing Assistance; War and Poverty.

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Standard Food Basket

A STANDARD FOOD Basket (SFB) is a food-based variant of the poverty line measurement methodology. It is used to estimate malnutrition or hunger to determine absolute or extreme poverty. Usually the poverty line is considered as the level of income below which one cannot afford to purchase all the resources one requires to live. Different countries use different poverty lines. Some countries determine the poverty line as a fraction of the median income and mostly emphasize the relative or social content of the standard of living. Most countries have chosen a less relative concept for the poverty line where the typical methodology consists in the valuation of a standard food basket, which is based on actual expenditure patterns and the recommended calorie intake level.

Globally, however, it is more common to use only one poverty line in order to compare economic welfare levels. Generally, the poverty line is the cost of the basket of commodities that each equivalent adult in the household requires to attain a given minimum standard of living. The current poverty line, developed in the early 1960s, is considered to be the minimum dollar amount needed for individuals, couples, or families to purchase food and meet other basic needs. It was first calculated in the United States. Now it is used in many countries. In each country an SFB is defined for the average individual or for the average individual in each household. Individuals are classified on the basis of the households to which they belong.

It is based on diets or eating habits of the group observed in surveys of household income and expenditures. Recommended nutritional requirements in terms of age, weight and height, sex, and type of activity are important factors for an SFB calculation. The SFB uses arbitrary consumption figures, which are assumed to represent upper percentiles of the daily consumption of food items. The figures are obtained from the household surveys. Based on the surveys of household income and expenditure, the social layers with the lowest income whose purchases of food place it above the nutritional requirements are determined.

The data obtained from the surveys of households provide a list of quantities of foodstuffs that satisfy the predefined nutritional requirements of the individual. The quantities of foodstuffs are then multiplied by the prices, which in principle each household has to spend, although in practice there is usually a single range of prices or sometimes one rural and one urban. In this way the total cost of the per capita food basket is obtained.

The Standard Food Basket variant has a number of specific limitations. The procedure is not only assuming that in satisfying nutritional standards the selected group should also satisfy the rest of their basic needs, but also assuming what should be the result of the measurement exercise: that this population group is not poor. Further issues arise in measuring household living standards. The choice between income and consumption as a welfare indicator is one issue. Incomes are generally more difficult to measure accurately, and consumption meshes better with the idea of the standard of living than does income, which can vary over time even if the standard of living does not. But consumption data are not always available, and when they are not, there is little choice but to use income.

This procedure does not consider social services, which are provided by the government on a subsidized basis, as is typically the case with education, healthcare and housing. These services are not accounted for in monetary income, which forms the basis of the measurement of poverty. Neither are they considered in the calculation of the poverty line, which is based on the pattern of actual or effective expenditure. It follows that the measurement of poverty renders an incomplete picture of the standard of living of a household. It excludes social services like education, healthcare, and housing, which are no less important than market commodities for the standard of living of the population.

SEE ALSO: Needs; Nutrition; Standard Food Basket Variant; Standard of Living.

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Standard Food Basket Variant

THE STANDARD food basket variant is any method of determining a poverty line using the cost of meeting basic nutritional requirements as the primary basis for setting the poverty threshold. The standard food basket variant is used by many countries, including the United States, to set the official poverty line.

The use of this method in the United States dates back to 1961, when Mollie Orshansky first calculated poverty thresholds for American households using the economy food plan developed by the United States Department of Agriculture (USDA). The USDA regularly calculates the cost, for a variety of family sizes, of providing a nutritionally complete diet under four differing levels of spending. The least costly plan, and the one used by Orshansky, is known as the thrifty plan (formerly known as the economy plan).

Orshansky then multiplied the annual cost of the thrifty food plan by three to arrive at the poverty line, since empirical data on consumer expenditure patterns from the 1950s showed that the typical family of three

or more persons spent approximately one-third of their after-tax income on food.

Once the original thresholds were established in 1963, the poverty lines were then adjusted over time based on changes in prices, at first in the price of the appropriate food basket but after 1969 by changes in the overall Consumer Price Index instead. Thus, while the original poverty thresholds in the United States were established using a standard food basket, the current poverty line is not based directly on the current cost of providing an adequate diet. For example, in 2003 the thrifty food plan for a family of four ranged from \$5,060 to \$5,850 depending on the ages of the household members. The official poverty line for a two-adult, two-child household in the same year, however, was \$18,660, between 3.2 and 3.7 times greater.

There are many criticisms of using the standard food basket variant for establishing the poverty line. The most common complaint is that the basic methodology of estimating the cost of food and then applying a multiplier of three is seen as arbitrary. Many advocate instead using a basic needs consumption basket for determining the poverty line. The problem with the consumption basket approach, however, is determining which items are deemed as necessities and which items are luxuries. For example, is a telephone considered a basic need that should be included in the consumption basket, or is it a luxury that should be excluded?

Others suggest that fixing a poverty line (adjusting for inflation, of course) based on consumption patterns from the 1950s and 1960s fails to account for improvements in society's general welfare levels. As society grows wealthier and the general population gains access to new and improved goods and services, it is argued that the poverty line should rise as well to allow those who cannot afford these new products to be counted as poor. For example, in the 1950s, few households, regardless of income status, had automatic dishwashers, washing machines, or television sets. Therefore there would have been no reason to count those persons without the means to acquire these items as poor.

As ownership of these products has become wide-spread, however, in a general sense, those who do with-out these modern conveniences might be considered in poverty. In short, rather than using a multiple of a fixed standard food basket as the poverty line, a relative measure of poverty should be used. Of course, a relative measure of poverty makes it virtually impossible to measure progress in the fight against poverty over time in any absolute sense, as the definition of what it means to be poor is constantly changing.

SEE ALSO: Needs; Nutrition; Standard Food Basket; USDA Poverty Line.

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Standard of Living

STANDARD OF LIVING refers to the overall or aggregate wealth of an individual or a representative member of a larger community. Initially viewed in purely monetary terms, the concept is now considered to be more appropriately treated in broader terms, including subjective measures of well-being and opportunity. Nobel Prize-winning economist Amartya Sen has referred to capabilities as a measure of living standards. This term has the virtue of including the concept of access to opportunity, that is, a measure of economic equality embedded within. Low standards of living are identified as representing a relative level of poverty within countries, and the inability to survive on the current standard of living represents absolute poverty. Government policies, in democratic societies at least, are generally aimed at increasing the overall standard of living of society, although perhaps by privileging certain sections of that society.

In poor societies, a standard of living refers to possession of basic necessities, particularly food and personal security. As economic conditions improve, people become able to exercise taste and discrimination in selecting a combination of goods and services that they can obtain to define their own living standard. The American psychologist Abraham Maslow wrote that people have a hierarchy of needs that are to be satisfied in order, from the very basic physical security needs at the bottom, up through various levels of ownership of physical goods and services, and then into the realm of self-realization and self-actualization.

Above a certain level of income, therefore, people will strive to improve their living standard through access to opportunities that vary with an individual's personality, including intellectual expression, adventurous

travel, and spiritual development. Many such expressions of self-actualization have implications for the type of society in which the individual lives. Increasingly, understanding of the holistic nature of the environment and its impact upon personal health and well-being is stimulating citizen demands for cleaner air, safer streets, and general improvements in the living conditions of public spaces. Increasing the standard of living, therefore, is associated with improving the accountability and responsiveness of government.

The ways in which the standard of living is defined change in terms of both time and space. The five treasures of Chinese consumer life no longer include the sewing machine and radio, but are now the mobile telephone and television. In many cultures, an acceptable standard of living is defined by access to sufficient goods to provide a dowry and hence become married. Societies that favor interdependency in family life value a standard of living in which many family members can live together, which is anathema to the independence valued by many Western people.

Governments may try to promote the standard of living by increasing income opportunities, providing services that enhance the ability of people to take advantage of opportunities, or providing support for vulnerable individuals, in some cases by reducing household size.

Since the standard of living depends on total household income divided by number of household members, the standard may rise with more income or fewer people. The Chinese government enforced (with considerable social cost) a one-child-per-family policy with a view to improving household standards of living. Other governments have acted in more subtle fashion by increasing career opportunities for women, which has had a similar effect.

The World Bank operates a series of Living Standards Measurement Surveys around the developing world. These surveys employ questionnaire instruments of considerable complexity, in the hope of capturing all or at least most of the elements that constitute standard of living. These surveys have evolved over time.

Historically, a number of movements have been founded on the basis of avoiding or subverting the attempt to accumulate the maximum rate of standard of living as measured by economic terms. Sometimes this is based on spiritual reasons, such as the rejection of modern technology by the Amish people of the eastern United States. Sometimes political or secular ideological reasons are the motivation, as in the case of the

Levellers from the era of the English Civil War and the many groups of people who have sought to avoid accumulation of consumer goods as a priority. More generally, raising to a primary goal the increase in a quantified measure can lead to a heightened emphasis on physical goods at the expense of intellectual or spiritual values, since physical goods are more easily measured and their presence may be compared among different people. In such a case, the standard of living diverges from subjective measures of well-being.

SEE ALSO: Household Income; Living-Standards Measurement Study; Moral Poverty; Sen, Amartya.

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Starvation

THE SIMPLEST DEFINITIONS of the word *famine* emphasize two features: famines are associated with severe shortages, especially of food, and they are causally associated with hunger and starvation. However, starvation is the characteristic of some people not having enough food to eat. It is not the characteristic of there not being enough to eat. While the latter can be a cause of the former, it is but one of many possible causes.

Another common group of definitions equates mass hunger and starvation with famine. The focus here is on the physiological plight of famine victims—famine is described in terms of inadequate food intake, rather than inadequate food availability. However, famines imply starvation, not vice versa. Starvation is a normal feature in many parts of the world, but this phenomenon of "regular" starvation has to be distinguished from violent outbursts of famine. The distinction between starvation and famine is usually made in terms of the numbers of people affected. It is generally agreed that famines affect sizeable populations over a relatively large area, while starvation afflicts individuals or small groups of people.

A third distinction between starvation and famine is the time contrast. In analyzing starvation in general, it is important to make clear distinctions among three different issues: lowness of the typical level of food consumption, declining trend of food consumption, and sudden collapse of the level of food consumption. Famine is chiefly a problem of the third kind. Thus, extreme, widespread, and catastrophic cases of hunger or starvation should be described as famine. How extreme will be determined by the area, the duration, and the number of people affected, especially in terms of excess mortality.

CHARACTERISTICS OF STARVATION

Starvation is a severe reduction in vitamin, nutrient, and energy intake, and is the most extreme form of malnutrition. *Malnutrition* is a general term for the medical condition of a person or animal caused by an unbalanced diet—either too little or too much food, or a diet missing one or more important nutrients.

Most commonly, malnourished people or animals either do not have enough calories in their diet or are eating a diet that lacks protein, vitamins, or trace minerals. Medical problems arising from malnutrition are commonly referred to as deficiency diseases. Scurvy is a well-known and now-rare form of malnutrition, in which the victim lacks vitamin C.

Common forms of malnutrition include proteinenergy malnutrition (PEM) and micronutrient malnutrition. PEM refers to inadequate availability or absorption of energy and proteins in the body. Micronutrient malnutrition refers to inadequate availability of some essential nutrients, such as vitamins and trace elements, that are required by the body in small quantities. Micronutrient deficiencies lead to a variety of diseases and impair normal functioning of the body. Deficiency in micronutrients such as vitamin A reduces the capacity of the body to resist diseases. Deficiency in iron, iodine, and vitamin A is widely prevalent and represents a major public health challenge.

In humans, prolonged starvation (in excess of one to two months) causes permanent organ damage and may result in death. According to the Food and Agriculture Organization of the United Nations, more than 25,000 people living in Asia, Africa, and Latin America die of starvation every day, and more than 800 million people are chronically undernourished. On average, every five seconds a child dies from starvation.

Starved individuals lose substantial fat and muscle mass as the body turns to these tissues for energy. The

skin's pale and dry appearance attenuates this emaciation. Vitamin deficiency is common, often resulting in anemia, beriberi, pellagra, and scurvy. These diseases collectively may cause diarrhea, skin rashes, edema, and heart failure. Individuals are often irritable, fatigued, and lethargic as a result.

Starvation is usually treated by slowly increasing food intake until no nutrient deficiencies remain. By this time, the diet of a recovering individual should consist of 5,000 calories and twice the Recommended Dietary Allowance of nutrients.

CAUSES OF STARVATION

In order to make some sense of the relationship between the very high proportions of Third World populations seemingly at risk and the relatively low and declining death rates, one can think of life-threatening undernutrition as an acute and relatively infrequent phenomenon, generated by random or perhaps seasonal misfortunes, operating against a background of continuing risk factors. However, there are situations in which some kind of relatively sudden misfortune affects a large number of people or households at the same time or cumulatively over a short period.

This might happen because of one or a sequence of harvest failures, or because of a natural disaster such as flooding or earth movements that destroy food stocks and disrupt both food production and employment. The scale of this might be beyond the level at which existing networks of mutual support and self-help, through selling possessions, borrowing, calling in debts, temporary migration, and so on, are adequate to prevent starvation.

At a certain point in this rising tide of distress and failure to cope, the process becomes self-reinforcing. Because remaining food stocks are hoarded and not sold, prices begin to rise—except for livestock that, by contrast, can become almost valueless. Normal social obligations are ignored and public institutions for relief cease to function; large numbers of people abandon their land and homes and begin to move in search of relief; deaths from starvation begin to rise and this further damages both the cohesion and viability of households and then the functioning of public services and social organizations.

There are many variants of this process of the genesis of famine, depending on the normal prefamine patterns of living, the extent to which people and social institutions have strong traditions of response based on past experience, and, in more recent times, the extent to

which external assistance is mobilized in time to prevent or ameliorate the effects of social disruption.

However, history and paleo-anthropology suggest that in the past humankind has always made use of a range of mechanisms, physiological and/or behavioral in character, which provide a "feedback" link, whereby the current density of a population influences the subsequent reproductive performance of individual members.

This results in populations that regulate themselves at levels that are always somewhat below the maximum that existing food supplies could sustain. Such self-regulated populations tend to vary in size more or less in parallel with food supplies, but do not seem to be limited by food in the short term; the observation that there are more animals where there is more food is commonplace, but examples of starvation are much more rare. This self-regulating strategy does not prevent the kind of famines that are the result of external or perhaps random processes.

People abandon their land and homes and begin to move in search of relief.

However, it does prevent them from being repeatedly and regularly caused by a population simply outgrowing the capacity of its own environment to provide a level of food energy that is sustainable in the long term. The reason why self-regulation of numbers is likely to be an inherited characteristic of large-bodied species is that those that lacked such mechanisms would be likely to damage their own ecological niche so severely that numbers could not regenerate in time to save them from extinction.

Thus, if population size is not kept in balance with resources through variation in the stream of births, then the only alternative is variation in the stream of deaths. If the balance of births and deaths over the long run is such that the ratio of population to resources falls bellow a minimum determined by the necessities of life, then mortality will increase to right that balance. The normal level of mortality could be balanced with fertility, either through widespread starvation or through an increased susceptibility to infectious disease among the malnourished. On the other hand, there could be mortality crises because of a sudden scarcity of resources that accounted for exceptional losses. Excluding periods of crisis mortality, neither the high death rates of the past nor the comparatively high death

rates of some contemporary countries can confidently be attributed to widespread starvation. It must be pointed out that even if many of the deaths in a famine period were due to disease rather than to outright starvation, the sudden rise in death rates was sometimes associated with an abrupt fall in the availability of food to some, whatever the causes of this scarcity.

WAYS OF DEALING WITH STARVATION

There are some ways by which starving people may return to the prestarvation state, including invention of new or improvement of available sources of food, acquisition by peaceful means of necessary foods from other groups, emigration of the population from the region of famine to one where there is food, and war and the forceful requisition of supplies from the well-fed groups by the starving people.

Another method is redistribution of essential foods and of the riches that are found within the group by means of unsystematic acquisition in a criminal way from the well-fed people by the hungry, massive, and to some extent organized attacks by the hungry people upon the satiated, who are seen as the holders of "food storages" and the equivalents (by way of revolts, insurrections, and revolutions). This can also take place through interference by the authorities of a given group who conducts the redistribution from above, and consequent changes in the economic-nutritional organization of the society; or through voluntary contributions by the satiated people of a part of the nutritive essentials to the hungry, either as gifts or for corresponding services (charity, foreign aid, or private agreement between the satiated and the hungry on certain conditions, which often leads to the enslavement of the latter).

SEE ALSO: Disease; Famine; Food Shortages; Hunger; Malnutrition.

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Stigmatization

STIGMA IS A widely used term that connotes a less desired or devalued status. Numerous definitions of stigma exist and many publications over the past decade have attempted to clarify or enhance the definition of stigma. The concept of stigma gained popularity with the publication of Erving Goffman's (1963) classic work, Stigma: Notes on the Management of Spoiled Identity and reference to stigma as an "attribute that is deeply discrediting," causing the individual to become "tainted" and "discounted." Most definitions of stigma reference an attribute (label) and social perceptions and beliefs about the attribute (stereotypes). It is not the attribute itself that produces stigma, according to C.I. Waxman, but rather the social perception of the attribute that determines the stigma. Stigma arises "from social interactions between those who acquire potentially discrediting conditions and the individuals with whom they interact," as phrased by S.C. Ainlay et al. Stereotypes develop from negative beliefs and characterizations that may apply to some individuals and are generalized to all individuals in a given category.

A definition of stigma based on solely labeling and stereotyping is not sufficiently comprehensive. In fact, with such a definition, lawyers, accountants, or artists could then be viewed as stigmatized groups, theorize B.G. Link and J.C. Phelan. Thus, an expanded definition of stigma is needed to capture the full nature of the stigma experience. Stigma, according to Link and Phelan, is the convergence of labeling, stereotyping, separation, status loss, and discrimination together in a power situation. In their description of the stigma process, human differences are initially labeled, and dominant-culture beliefs associate labeled individuals with negative stereotypes.

Separation occurs when the label creates an "us" and "them" or in-group and out-group phenomenon. Status loss and discrimination, although not commonly included in the definition of stigma, are part of the meaning of stigma and the known outcomes that occur when individuals and groups are devalued and discounted. This definition describes the multilayered experience of stigma.

Included in the definition by Link and Phelan is the acknowledgment that stigma involves power. Power differences are often not considered in situations involving stigma but are essential for stigma to occur. An extreme example of power differences is the Nazi power that stigmatized Jewish people. Stigma involves power in day-to-day situations when individuals who control ca-

reers and housing, for example, stigmatize certain powerless groups.

CATEGORIES OF STIGMA

Stigma is generally regarded as a social construct or label given by society. Stigma is "bound by culture, time, and society," according to Ainlay. Circumstances associated with stigma reflect values and beliefs of a culture. Societies have beliefs about the degree to which specific attributes are desirable or undesirable. Attributes frequently regarded as stigmatizing in current literature include mental illness, HIV/AIDS, epilepsy, addictions, homosexuality, some cancers (e.g., lung cancer), leprosy, and welfare status.

The stigma of poverty involves relegating those in poverty to being undesirable.

Although a myriad of circumstances have been associated with stigma, general categories of stigmatizing attributes have been recognized. Goffman, in his classic book on stigma, described three categories of stigmatizing attributes: physical stigma (such as deformities), tribal stigma (such as race and religion), and deviations of individual character (such as unemployment, alcoholism, and mental disorder). The stigma of poverty does not fit neatly into any one of these categories, but rather can be part of several categories, as noted by Waxman.

The stigma of poverty has fit into a tribal stigma (or group stigma) especially in recent decades, with many people associating welfare with African Americans. Although this association is not accurate, it continues to persist. The stigma of poverty can also fit into the category of deviations of the individual with reference to unemployment, status as a welfare recipient, and in combination with other attributes. In many cases, stigma involves combined attributes such as poor disabled individuals, individuals with mental illness and poverty, and persons who are poor and use illegal drugs.

The stigma of poverty involves relegating those in poverty to a status of being undesirable and undesirably marked. Terms such as *underclass* and *welfare-dependent* are considered by many people in poverty to be stigmatizing. A qualitative study of people living in poverty by K. Underlid identified perceptions of devaluation. Individuals were conscious of prevailing views of "the poor" as worthless, stupid, troubled, or lazy, to name a

few descriptors. One respondent stated, "You hear people say 'there they go, off to the welfare office for handouts; They're just milking the system."

CONSEQUENCES OF STIGMA

Stigma is a powerful and insidious process that limits opportunities for those stigmatized in numerous farreaching ways. Discrimination and poor treatment in the areas of earnings, education, healthcare, housing, and earnings are potential consequences of labeling and stereotyping, note B. Major and L.T. O'Brien. Discriminatory practices may include, for example, refusing to rent to an individual or not treating healthcare needs equally.

Social rejection and isolation are common ways that nonstigmatized people respond to stigmatized people. Rejection and exclusion can range from overt forms (like segregation) to more subtle actions (such as being treated as if not present, not consulted in decision-making, distancing). Isolation resulting from the stigma of poverty limits access to material needs as well as cultural riches. One's social self and self-identification are developed from the society and its culture, and it is only when the person is part of society that the normative system and values can be internalized. Although stigmatized persons are aware of the normative system, they lack the in-group ownership of values and norms.

Internalized stigmas are a major effect of stigma. The internalized stigma process involves taking in negative societal beliefs and expectations. According to Waxman, for individuals on welfare, for example, society may view the need for such service "as sufficient evidence that the individual is morally defective, not to be trusted, and should be constrained in some way by society." Negative feelings and beliefs that individuals then hold affect behavior and further action. A participant attending a Coalition Against Poverty workshop described feeling "like an onion and gradually every skin is peeled off you and there's nothing left. All your self-esteem and how you feel about yourself is gone you're left feeling like nothing and then your family feels like that." Such a process is extremely damaging because it becomes independent of external support. Stigmatized persons express feeling different from others and describe feelings of embarrassment, guilt, shame, denial, and fear. Clients living in poverty describe feeling "demoralized," a loss of self-esteem, having broken dreams, and lots of self-criticism.

A profound sense of powerlessness permeates the stigma experience. A client at a meeting with a social se-

curity staff, for example, verbalized that she feels "it's them that have the power, and you sit there like ... something shriveled up on a chair."

Powerlessness is exemplified in passivity, dependence on others, uncertainty, hesitancy in planning, and doubt in performance. Powerlessness among stigmatized persons is further compounded by the lack of involvement in important roles.

Research by Major and O'Brien supports the finding that academic achievement is lower among stigmatized (versus nonstigmatized) groups, as measured by dropout rates, standardized test scores, likelihood of earning a Bachelor's degree, and percentage of public education money received. Reasons for differences in achievement are multifactorial, with discrimination often cited as a contributing factor. Lowered expectations and limited support for the stigmatized person's hopes and aspirations can further limit achievement. Stigma affects health, as stigmatized groups have been shown to be at greater risk for health problems. The effects of stigma have been shown to be barriers to seeking treatment.

Stigma research in the social sciences has grown dramatically over the past several decades, especially in the area of cognitive processing of stigma, according to Link and Phelan. The effects of stigma are powerful and pervasive in all cultures.

Stigma has been referred to as a "social death" in that it results in almost complete social rejection and avoidance. Understanding the process of stigma is important in developing approaches to change stigmatizing circumstances.

SEE ALSO: Anti-Defamation League; Antidiscrimination; Exclusion; Racial Discrimination; Social Exclusion.

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Street Children

THE UNITED NATIONS defines a street child as any girl or boy for whom the street (in the widest sense of the word, including unoccupied dwellings and wastelands, etc.) has become his or her habitual abode and/or source of livelihood, and who is inadequately protected, supervised, or directed by responsible adults.

Further, street children are categorized by the United Nations in four different ways: 1) those who spend part of the day on the street working to earn money for their family, 2) those who return home following a number of days on the street, 3) those who return home only on the weekends, and 4) those who spend their entire lives on the streets and who may travel home on occasion. Studies of street children indicate that once children spend time on the street, they tend to stay longer in that environment despite its general harshness. In addition, if there is no attempt on the part of their family to retrieve street children, they may separate themselves from their parents and become even more remote from their original home and community.

The general impression of street children is that they are criminals and represent a menace to society. Street children are in many ways feared by society simply because they are impoverished and disconnected from their homes. The organization Human Rights Watch has researched and published extensively on the theme of street children. It points out in its documents that governments worldwide subject street children to physical abuse and even murder by police. Ironically, they are considered to be a danger to society rather than children needing protection.

Common social ills associated with street children include poverty, HIV/AIDS, lack of education or interrupted schooling, disintegrated families, and substance abuse. Children living on their own without help are particularly prone to abuse and have little if any opportunity to claim their rights.

A United Nations UNICEF estimate in 2002 of the number of street children worldwide was 100 million. Not surprisingly, the majority of them reside in countries in the developing world. Latin America was the leading region in that year, with 40 million street children. Asia and Africa followed, with 30 million and 10 million respectively.

Perhaps the only bright spot in this dire scenario is the work of a number of nongovernmental organizations (NGOs), including some religious groups that are actively try to help these children. Their ability to assist in remedying the conditions in which street children exist is limited by finances and, in many instances, by the opposition of the very governments that should be helping the children. Governmental oppression of street children is common, and either outright neglect or stern institutionalization of the children seems to be the most common governmental response to the social problem.

The plight of street children worldwide is in stark contrast to the pronouncements of the Convention on Human Rights of the Child, published in 1990. The 1990 *Declaration of the Rights of Children*, an expansive and comprehensive document, provided detailed information in 54 articles to legally assist governmental organizations in the improvement of living conditions for children and to ensure that their rights were recognized and protected.

In 2002, the United Nations Special Session on Children was held for the purpose of reviewing the achievement of the goals stated in the 1990 declaration. The conclusions reached in 2002 were not positive. The 1990 declaration stated that "the well being of children requires political action at the highest level. We are determined to take that action." It would appear that only minimal progress has been made in challenging and eradicating the plight of street children.

Mexico has serious economic problems that have led to an increase in the number of street children. In 2002, 40 percent of the Mexican population lived below the established poverty line. Many families live in such abject poverty that their children are forced to work on the streets in order to augment the meager family income. A major reason for the increase in the number of Mexicans crossing illegally into the United States is the state of the economic system in Mexico. When Mexican individuals and families attempt to make the crossing, their children are often left behind, which adds to the number of children on the streets.

Colombia has experienced an enormous displacement of people in the two years from 2003 to 2005. In that period, more than three million people were forced to relocate because of the armed conflict in the country. More than half of those displaced were children under 18 years of age. In Morocco, thousands of girls working as domestics have faced both physical and psychological abuse and economic exploitation.

Surprisingly, Moroccan law denies even basic labor rights to child workers and the employers who abuse the children are rarely brought to justice. *Favelas*, or slum areas, surround Brazil's major cities. Most of the street children living in that country come from the

favelas where social conditions are so dire that the street is perceived as being a better place. With the favela or the street as their only choices, these children are truly living in a no-win situation: the favela offers no real opportunities for living a healthy life, and the street, as insidious as it is, has become a viable alternative.

Organizations in Africa such as Catholic Action for Street Children and Street Child Africa are working toward eradicating the dire conditions experienced by street children. Street Child Africa is a member of the 2005 Make Poverty History initiative, a movement to convince the G-8 countries to provide vastly increased financial aid to countries in the developing world. Street children are not restricted to countries in the developing world.

In 2005, Hollygrove Home in Los Angeles, a refuge for homeless children for over 125 years, closed its doors permanently. The closing reflected current thinking about homeless children, which suggests that it is better for children not to be institutionalized but to be placed in foster homes or the homes of relatives. Hollygrove was a stable environment. It remains to be seen if the relocation of its children to foster care or to live with relatives will succeed or eventually add to the number of street children in that west coast metropolis and other cities.

SEE ALSO: Children and Poverty; Exclusion; Homelessness; Make Poverty History; UNICEF.

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Structural Dependency

STRUCTURAL dependency, also known as dependency theory, is a method of analyzing and understanding the international economy that stresses the differences between the powerful central nations of the core and the largely powerless and impoverished na-

tions of the periphery. The idea developed in the 1960s and drew upon Marxist thought. It was given its perhaps most forceful expression by Theotonio Dos Santos, "Underdevelopment, far from constituting a state of backwardness prior to capitalism, is rather a consequence of and a particular form of capitalist development known as dependent capitalism." In other words, "backwardness" is not a fault of an individual nation or the people in it or even a temporary phenomenon that can be overcome through the use of foreign aid or development but is, instead, an inevitable process caused by capitalism. Hence, foreign aid is of little value and may even be counterproductive in covering up the need for radical change.

The economies of peripheral nations are frequently characterized by extensive reliance upon primary commodities and the extraction of natural resources. These products are sold at low prices in international markets controlled by core nations and are used as inputs in manufacturing processes, which then see manufactured exports sold in peripheral nations at inflated costs.

Core nations use their political and military power to regulate these forms of exchange and are linked to elites within peripheral nations who work according to their own class-based interests, rather than national interests, by ensuring that suppressed classes in peripheral nations are unable to obtain means by which the status quo may be challenged. This is achieved through working with multinational companies to restrict profits from resource extraction to within the elite and with the arms industry to obtain the means to suppress the mass of people.

Structural dependency is an important theme in the works of, among others, Andre Gunder Frank, Raul Prebisch, and Immanuel Wallerstein. Pope John Paul II, in an encyclical letter, also expressed sentiments that are very similar in nature and told from a moral and equity standpoint. Structural dependency is vulnerable to the charge that it cannot explain the change in status of, for example, the East Asian Tigers (South Korea, Hong Kong, Taiwan, and Singapore) in moving from the periphery to the core. It is also perhaps an unnecessarily pessimistic view that gives little credence to the possibility that less developed countries could, by virtue of better resource management, democratization, and diligence, improve their own lot. Nevertheless, structural dependency remains an important stream of thought in development studies.

SEE ALSO: Foreign Aid; Frank, Andre; Marx, Karl; Prebisch, Raul; Structuralist School; Wallerstein, Immanuel.

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Structuralist School

THE STRUCTURALIST school emerged in the late 1940s, and reached its heyday in the 1950s and 1960s, as a school of thought that addressed the problems of development in the Third World, putting itself in the Marxist tradition and against the neoclassical theory. Its focus has been mainly on Latin American countries, although it was later embraced to tackle underdevelopment in African and far east Asian countries as well. The founder of the structuralist school is considered to be the Argentinean economist Raul Prebisch. He was the director of the Economic Commission for Latin America (ECLA), founded in 1948, which can be seen as the economic organization where structuralist theory was developed. Other main exponents of the school are the Brazilian economist Celso Furtado, the Germanborn Hans Singer, the Chilean economist Osvaldo Sunkel, and the English economist Dudley Seers.

The structuralist analysis starts by observing that underdevelopment does not depend on lack of savings and of capital accumulation, as maintained by the neoclassical theory. Rather, it depends on the combination of lack of inducement to invest and lack of foreign exchange, which are determined by structural characteristics of underdeveloped economies. The main aim of the theory is then to identify the structural characteristics that prevent countries to develop and, as a consequence, to recommend policies apt to change them. The key features of the structuralist approach to development theory can be paraphrased from D. Hunt, as follows.

Economic growth does not imply economic development, as reiterated by C. Furtado. Economic development requires not only an increase in output, but

also a change in the sectoral composition of output: there must be an expansion in the number of industries that use advanced technologies, so that labor productivity will be maximized.

Underdevelopment is the result of the historical process of incorporating underdeveloped countries into the world economy. In the international economic context, the role of underdeveloped countries (UDCs) is that of suppliers of raw materials and of markets for mass-produced goods. The path toward development previously followed by advanced countries cannot be replicated because of the position of UDCs in the current international economy: advanced countries have never been underdeveloped, but rather undeveloped—they did not have to compete with other advanced countries once industrialized.

As a consequence, underdeveloped economies are characterized by a dualistic structure: a traditional agricultural sector and a modern sector, owned by foreign capital and with a high degree of openness, which imports capital goods and produces primary products for export.

Devaluation not only would not solve the problem, it would exacerbate it.

Development cannot be sustained externally: a necessary condition to create development is for underdeveloped countries to generate their own growth dynamic. Export production must generate sufficient internal demand to induce a process of sustained investment.

Inflationary pressure and balance-of-payments (BOP) crises do not depend on easy monetary policy, as maintained by the monetarist theory. They are rather the results of economic structures of underdeveloped economies: inflationary pressures are mainly due to low internal elasticity of supply, and BOP crises are often the result of low external income elasticity of demand for primary products combined with low internal price elasticities of supply and demand for primary and manufactured goods. The role of the government is fundamental to achieve the structural transformations necessary for development. It must give incentives for both the implementation of import substitution policies and the creation of a common market among underdeveloped countries.

The structuralist school always had a policy-oriented approach to development. Structuralists identify

the key role played by the international economic context when producing their policy recommendations. More precisely, they maintain that there exist two main potential constraints on development: the long-run trend of the terms of trade, and the BOP disequilibria. According to Prebisch, as quoted by J. Love, the theory of comparative advantage does not hold. One prediction of such a theory would be that, if productivity goes up in the manufacturing sector, then the price would go down and the terms of trade for primary products would improve. This does not happen because wages and prices are downwardly rigid in the manufacturing countries because of unionization.

In this way, advanced economies are able not only to keep their productivity gains but also to reap the benefits of UDCs' productivity gains. The policy recommendation of the structuralists to UDCs is then to industrialize. In order to do so, a country requires needs to expand its modern sector. However, the expansion of the modern sector requires a short-run increase in imports. This, in turn, implies a crisis in the BOP of that country, imposing a second constraint on development. To overcome the BOP deterioration, the monetarist recommendation would be devaluation. According to the structuralist school, devaluation not only would not solve the problem, it would exacerbate it.

Indeed, the BOP would further deteriorate for three main reasons: first, underdeveloped countries are likely to have low price elasticities of demand for imports and exports, if their sum is less than one, then a devaluation would worsen that country's balance of trade; second, if export production is owned by foreign firms and if there is any constraint on expanding exports in the short-term, then the only effect of devaluation would be to raise the domestic price of exports, which in turn would be imply higher profits for the foreign firms that are likely to be remitted abroad; third, devaluation will raise the domestic price of imports, which is mainly going to affect the most capital-intensive sectors. The main policy recommendations for countries that want to reach economic development via industrialization are then:

- 1) To increase wages, as a consequence of greater productivity, in order to sustain demand even at early stages of industrialization.
- 2) To use taxation to drive away demand from goods with a high import content.
- 3) To tackle inflationary pressure in the short run not by restricting the money supply, as recommended by monetarists, which would slow down investment in the crucial initial stage of industrialization, but rather

by foreign borrowing. In the long run, inflation will be eased down as a consequence of structural changes.

4) To tackle BOP crises, in the short and medium term, by cutting nonessential imports, expanding primary exports, investing in import-substituting sectors, and promoting common markets among UDCs with the help of advanced countries in terms of countercyclical policies, reduction of protectionism, and foreign direct investment. In the long run, structural changes will diminish the importance of imports.

The structuralist school had a strong influence on development policies implemented in Latin America. The creation of the Latin America Free Trade Agreement (LAFTA) and Brazil's national development planning in the 1950s are two examples of the important role played by the structuralist theory in development policies.

In the 1960s, it also influenced economic planning in African countries, such as Ghana, Uganda, and Tanganyika. The structuralist theory has been criticized on various grounds. Following D. Hunt, we can identify four main grounds of criticism:

Methodological and empirical foundations of the analysis of empirical terms of trade: the structuralist argument of the secular deterioration of the terms of trade for the less developed countries has been criticized both for empirical inaccuracy, that is, mainly for the use of imprecise proxy variables, misleading data aggregation, and the sensitivity of results to the selection of the base year, which is also noted by G. Meier; and for conceptual errors, that is, the use of trends only in the commodity terms of trade to examine the gains from trade without any further analysis of the country's factoral terms of trade, that is, commodity terms of trade corrected for changes in productivity in export-producing sectors.

Conceptual and logical validity of the theoretical approach: criticisms focused mainly on the argument of a foreign exchange constraint to growth—it actually amounts to a savings constraint, as shown by V. Joshi—on the theories of inflation and balance of payments crises—the monetarist argument—and on the custom union argument—the welfare costs are likely to outweigh the benefits, which is also discussed by R. Lipsey.

The efficient cost of the import-substitution strategy: an import-substitution policy implies dramatic distortions in sectoral allocation.

Errors of omission: the structuralist theory has been criticized by neo-Marxists on the grounds that its policies represent only superficial reforms, since full capitalist development of the periphery is impossible without a revolutionary transformation of the political and economic power.

Following the stagnation and the increasing inequalities of the mid-1960s, the structuralist theory began to lose its appeal. It came under strong criticism under two different perspectives: neoclassical and monetarist economists criticized it because it interfered with the market mechanism, and neo-Marxists criticized it because of its inability to examine the class logic of the economic situation. However, the structuralist approach continued to influence development economists and gave rise to two alternative approaches to development, which influenced much of development policy in the 1970s: the dependency theory and the basic needs paradigm.

SEE ALSO: Basic Needs; Dependency School; International Trade; Market Efficiency; Marx, Karl; Prebisch, Raul; Third World.

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Students Against Sweatshops

UNITED STUDENTS against Sweatshops (USAS) is an international organization of student organizations at both the campus and the individual level, dedicated to improving labor rights and ending sweatshop conditions. The sweatshop is defined quite broadly as being any workplace in which people are required to work for very low wages in poor or unsafe conditions. Nevertheless, the term is most commonly encountered in reference to the apparel industry.

USAS has campaigned to ensure that the universities they attend adhere to the same high principles and standards that the student members support. This is

founded on three core programs: the Sweat-Free Campus Campaign, the Ethical Contracting Campaign, and the Campus Living Wage Campaign. These are pursued with the application of four principles: "We work in solidarity with working people's struggles. We struggle against racism, sexism, homophobia, classism, and other forms of oppression within our society, within our organizations, and within ourselves. We are working in coalition to build a grassroots student movement that challenges corporate power and that fights for economic justice. We strive to act democratically."

The origin of USAS shows the growing importance of information technology, especially the internet, in locating and disseminating information rapidly across large geographical distances, as well as the increase in the power of consumer activism. Concerned students became aware of the practices of some multinational clothing companies in locating factories overseas and filling them with low-wage labor. This was not a new phenomenon, but the technology enabled news of these activities to spread to the customers of the developed world and then to other interested people. The personal reports from workers proved to be particularly persuasive.

In 1998, student delegates from 30 different educational institutions met in New York to establish USAS, which then had two main goals: "1) to provide coordination and communication between the many campus campaigns and 2) to coordinate student participation and action around the national, intercollegiate debate around Codes of Conduct and monitoring systems." The campaign then spread very rapidly to more than 100 institutions and evolved into its current form.

University merchandising of clothing with official logos added is a market worth approximately \$2.5 billion per year, and most university executives were mindful of this stream of revenue when students began to demand transparency in the sourcing of these products and guarantees of good practice in their production. Sit-ins and protests led to some arrests and fines, but in terms of causing universities to change their corporate sourcing practices they must be considered a qualified success. Further, a number of very well-known branded clothing corporations have become much more open about their labor practices.

USAS is led by a committee of 13 students elected by the entire membership of the network. Part-time regional organizers coordinate activities across North America, and the USAS accepts donations to support its activities. Although interest in partisan politics among young people seems to be at a low ebb, singleissue politics still excites and stimulates widespread participation in the political process.

SEE ALSO: International Nongovernmental Organizations; Living Wage Campaign; Technology; Working Poor.

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Subemployment

THE TERM SUBEMPLOYMENT is used in several different ways. First, measures of unemployment do not always fully capture poverty issues concerned with the condition. There are, for example, occasions when people are not fully employed or not employed at a level of compensation sufficient to keep them out of poverty, or when employment for some is not sufficient to provide a necessary level of income for all members of the workers' households. In circumstances such as these, the concept of subemployment has been suggested.

This would entail the creation of new measurement systems to give a better understanding of low-income statistics. Inevitably, since it will show higher levels of need, governments are wary of suddenly introducing subemployment measures because of possible loss of public support and increase in liability. The reported rate of subemployment might, in developed countries, represent three, four, or more times the unemployment rate.

Second, some writers would also include within the subemployed those who are not working but who are not actively seeking employment. This would include not just those people whose unemployment is frictional—that is, they are in a process of transition (such as moving from one location or profession to another, or moving onto or off of a government training scheme), but also those not wishing to work for various reasons. Such categories are extremely difficult to measure effectively.

The actual proportion of people who would be included in a subemployment category is very difficult to establish because the criteria to be used are not clear, and because resources are scarce to conduct the appropriate research, especially in developing countries. Further, the categories in which people might fall are subject to rapid and unpredictable transition. For example, people living in small, rural villages in developing countries may use a motorcycle to travel to a local town on days or afternoons when agricultural duties are not pressing to search for casual wage labor. During periods when sufficient day labor is available, poverty is avoided, but not so when work is scarce.

Underemployment is endemic in many agricultural societies and among petty or family retailers. Family members are called upon to assist on a seasonal basis, but otherwise continue with education or other duties in other times. These situations can prove resilient in the event of external shocks. For example, during the East Asian Financial Crisis of 1997, many of those affected in Thailand by job loss in factories in urban areas were able to mitigate the worst effects of unemployment by returning to familial homes and undertaking casual agricultural or other forms of part-time work. More developed societies no longer have this capability, as the agricultural sector has become comparatively small and highly productive. The destruction of the coal industry in Britain, for example, led to structural unemployment in communities with very few alternative employment opportunities.

An additional use of the concept of subemployment is in terms of the state economy's ability to provide sufficient amounts of genuine employment opportunities for all those people in the economy who wish or need to avail themselves of them. Capitalism, according to the eminent economist Joseph Schumpeter, employs "creative destruction" in introducing new products to the market. In other words, people involved in creating outmoded goods and services lose their jobs and must seek alternative forms of work. The degree of responsibility imposed on the individual visà-vis the state for seeking out, relocating to, and preparing for new jobs varies from society to society.

Welfare states such as those of western mainland Europe and Japan, for example, redistribute tax income to governmental employment departments so that they assist in advisory and retraining services for affected workers. In noncapitalist societies, different methods are used to combat subemployment. The communist regimes of China and the former Soviet Union guaranteed employment for all members of the labor market,

even if that meant an inadequate level of meaningful work. However, few states have the necessary infrastructure to manage this level of organization and, even in China where employment was allocated by the state rather than chosen, the practice is gradually being eliminated. Government organizations in China provide pensions to former workers. Loss of this "iron rice bowl" would lead to destitution for those affected, and so progress is necessarily cautious.

When day labor is available, poverty is avoided, but not so when work is scarce.

Predatory state regimes may seek to restrict employment opportunities among ethnic or regional groups in order to limit the amount of economic and political power such constituencies are able to deploy. The divide-and-rule policy of the British Empire used this principle and helped cause inequities and bitterness that have lasted generations.

SEE ALSO: Employment; Labor Market; Minimum Wage; Wage Slavery.

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Subjective Measures of Poverty

POVERTY IS CUSTOMARILY defined as a lack of needed resources, principally food and those leading to safety. Most researchers would ideally wish to measure poverty objectively, according to some internationally recognized set of criteria. The most well-known are incomes of more or less than \$1 or \$2 (purchasing power parity) per day. In the United States, the 2003 poverty threshold for a three-person family with one child was \$14,810 per annum. However, objective measures are not always relevant. Poverty can exist in developed countries but very rarely in terms of the kind of ab-

solute poverty that can lead to threat of starvation. One approach to measuring relative forms of poverty would be to consider poverty in this case to consist of a threshold of income, which would be a fraction of the national mean, or median, income. Another approach is to ask individuals directly whether they consider themselves to be poor, and how they determine what poverty is. Subjective measures such as this tend to focus on an ability to access social and economic opportunities and comparisons with peer groups. Some might define themselves as poor because of lack of a television or as being on the wrong side of the digital divide. Analysis following these lines tends to arouse public criticism, which is often mingled with contempt for people who are deemed to be part of the improvident poor.

Subjective measures are also appropriate in field-work in societies about which comparatively little is known, and in which conventional patterns of understanding poverty may be inappropriate. For example, many developing societies have intricate family and neighborhood networks that can be used to mitigate sudden shortages of food or other items that might not be captured by rigidly conceived objective criteria. However, young men in those same societies might feel impoverished if they were unable to assemble the goods necessary for a dowry, and hence could not marry. In cases such as this, employing subjective criteria is simply good research practice. It is usually possible, in any case, subsequently to formalize subjective criteria into objective measures.

More generally, as income levels rise, societies are becoming more interested in subjective measures of personal satisfaction and self-realization. This has helped shape the debate about suitable measures of poverty by suggesting that, once certain thresholds are reached, other measures of well-being become more important. These include such issues as personal dignity, achievement, and self-esteem. They also include freedom from stress or anxiety caused by financial or housing issues, and other value judgments that are very difficult to assess accurately. In sharply unequal societies, lifting people out of poverty simply by providing income is a necessary, but not sufficient, aspect.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Deserving Poor; Direct and Indirect Measures of Poverty; International Poverty Rates.

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Subsistence

SUBSISTENCE IS THE CONDITION of living on foodstuffs or other resources that are taken from nature in small quantities that provide at most a bare living or perhaps a living sufficient for good health and a surplus for trading. Anthropologists use the term *subsistence* patterns to describe the sources and methods a society uses to get food and other necessities.

In the earliest ages of human existence all the people of the earth lived by hunting and gathering. Anthropologists have come to call this method of subsistence foraging. Foraging as a manner of living often provided food to eat in abundance when the hunting and gathering were good, but at times meant hunger and starvation when hunting failed. Shelter needs were also usually minimal, with brush shelters or caves being the most reliable places to find relief from the elements of the weather.

In human development, the domestication of animals led to a pastoral style of life, with people using or perhaps herding animals. The search for good grazing promoted a nomadic way of life. With the development of agriculture around 12,000 years ago, along with domestication of animals, the lifestyles of humans began to improve. Today agriculture and fishing are enormous businesses that produce food in abundance. Food is distributed through stores, restaurants, and other outlets.

The development of agriculture in the river valleys of the Nile, Mesopotamia, Indus, Yellow, and others permitted the development of cities and of civilization. Agricultural surpluses allowed some people to devote their energies to something other than food production. Today there are millions of subsistence farmers supporting families with the food that their small plot

will grow. This mode of agriculture is very dependent for its success in sustaining a family upon the climate, soil conditions, agricultural practices, and the types of crops grown. Usually everything is consumed by the family working the subsistence plot. To produce more or to produce a cash crop that they will not consume but will sell for cash is unlikely. Usually their plot is too small for conversion to a cash crop economy and they are usually too remote from markets where their cash crop could be sold.

There are whole countries in Africa and elsewhere that are dependent upon subsistence agriculture. In Chad, Gambia, Eritrea, and Benin subsistence agriculture is the main source of income for the whole country and in some cases the only source.

In addition to subsistence farmers, there are still peoples around the world—some of whom are no-madic and some settled, in countries such as India, Brazil, or in much of Africa—who live a subsistence lifestyle of hunting and gathering.

For example the Bisa people of the Luangwa Valley in central Zambia still engage in hunting as it has been traditionally practiced by their ancestors. Many bushmen still hunt primarily for a living in the arid regions of southern Africa. People living a traditional, subsistence, hunter-gatherer lifestyle can be found in locations from the tropics to the Arctic.

There are also nomadic pastoralists, especially in the deserts or arid zones of Africa and Asia, who are living a traditional herding lifestyle. Some of the desert herders are in the cold deserts of the Arctic, such as the Lapland people.

PROGRESS AND TRADITION

The lifestyles of the traditional subsistence people are often in conflict with more modern or technologically advanced ways of extracting a living from nature. For example the Gwich'in, an indigenous people in the southern part of the Arctic National Wildlife Refuge (ANWAR) in Alaska, are at great odds with the Inupiat Eskimo people on the Arctic Sea coast at the northern end of the ANWAR area. The Gwich'in are a militantly traditionalist people who want to preserve their traditional subsistence lifestyle. The Inupiat want to have oil exploration and drilling for the jobs and revenues that it will bring.

The government of the United States has, by treaty with various Native American tribes and others, provided for fishing by traditional methods. In addition it is promoting in a variety of ways optimum levels of fishing stocks for subsistence fishing, as well as commercial and sport fishing. In addition to the traditional peoples who live by the practice of hunting and gathering skills handed down from ancient times, there are millions of people who are subsisting on the little they get from the farming, hunting, fishing, or trading they are able to do. Numbering in the hundreds of millions, some are also welfare recipients living in cities.

As the Industrial Revolution was developing at the end of the 18th century, a revolution in agriculture was also developing. In the 20th century, great advances in fertilizers, seeds, feeds, genetic breeding of livestock, medicines, and many other features of modern agriculture led to great increases in intensive agricultural production. The results are such that whereas it took four or five farmers to produce enough food in 1800 to feed an additional nonfarming person, by 2000 one farmer could produce enough food to feed over 200 additional people.

At least one billion people are still in a bare subsistence condition.

The intensive use of agriculture has allowed a great expansion of the earth's population. However, the distribution of food stocks is uneven, usually for political or economic reasons. The result has been that at least one billion people are still in a bare subsistence condition.

Subsistence is the basic food allowance that is needed to preserve life in a fit and healthy condition. The military has historically been very interested in calculating the rations needed to feed troops in the field or sailors on long voyages.

Napoleon is famous for the saying that "an army travels on its stomach." Food supplies or the lack thereof can seriously affect the morale, esprit de corps, discipline, and physical condition of an army. The same is true of people in poverty, who may be reduced to a bare subsistence whereby their caloric intake is enough to preserve life but insufficient to provide the energy needed for creative thinking and work.

From the earliest history of the U.S. Army, Congress was interested in the caloric intake of troops in the field. This interest has been continued even into the age of flight. For example airplane crews are at risk if they fly at less than peak physical condition. This makes it necessary that palatable nutritious food be available. Otherwise the crews will be more susceptible to fatigue.

Historically, enlisted personnel were given a "basic allowance for subsistence" (BAS). This included room as well as board. The BAS is part of the cost of maintaining a military force.

There are movements in the world today that advocate and practice a subsistence lifestyle. People in these types of subsistence movements see globalization of the industrial market economy as a cause of growing world poverty. They advocate a return to older, simpler technologies. Advocates for the subsistence movement are drawn from a number of other movements, such as the women's liberation movement, the older cooperative movements, and other similar organizations. Advocates contend that subsistence food production and subsistence lifestyles will stop the unceasing drive for the accumulation of wealth that currently reigns in the capitalist economies. Instead advocates claim that the subsistence lifestyle will promote an increase in happiness, human dignity, and the quality of life.

SUBSISTENCE ADVOCACY

Advocates of the subsistence movement argue that it is the alternative to the sterilization of life and the violence endemic in the corporate-driven globalization of market and productive forces. They cite thousands of low-tech subsistence experiments with farming, herding, or cottage industry manufacturing that exist across many countries in the world.

In contrast there are some who advocate the use of coercive political policies to force peasants or people dependent upon subsistence lifestyles to abandon their subsistence labor food-producing norms for commercial labor norms. The use of coercion is presented as a way to force people to be free of imprisoning subsistence lifestyles. Others see the way an economy is organized, whether industrial or subsistence, as a political issue. Still others see it as a moral issue and use moral analysis to critique the foreign aid policies of the industrial countries.

Some governments use the idea of a subsistence level as a basic human right and a measure for subsidies or for the welfare of people in the society. In the Czech Republic, the Gypsies (Romany) have usually been on the margins of society. Recent measures have been taken to raise in their levels or subsistence levels through better jobs and other means.

The policy of a basic subsistence living can be found in the use by the Russian government of a subsistence standard for its children and pensioners. The subsistence standard is set by calculating a "consumer

basket" of goods and services and other basic expenditures that are necessary for a person to survive. In Russia this has been set at a level that exceeds the minimum wage.

In contrast the subsistence level in the Czech Republic was lowered in 2005 by the Czech government in order to use deprivation as a motivation for working. The Czech government's subsidies for the poor had been set at a level that many policymakers came to believe was too high because it left people with enough to live on without having to strive to make a living. The net effect was to subsidize the able-bodied.

In some countries, such as China, the subsistence allowance has been coupled with the minimum wage to subsidize those who work for low wages. The effect is to subsidize the income of those who are at the bottom of the rapidly growing economy.

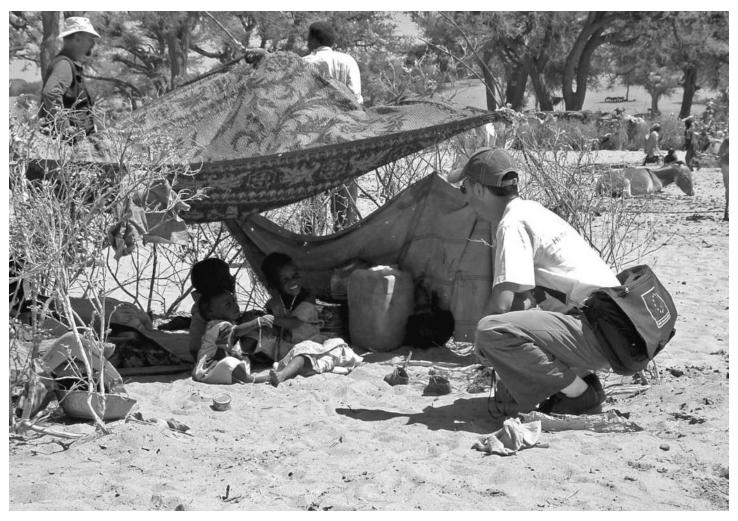
SEE ALSO: Deprivation; Famine; Globalization; Malnutrition; Standard Food Basket; Starvation.

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Sudan

THE SUDAN, geographically the largest African nation, is a low-income, severely indebted nation with 40 percent of the people living below the national poverty



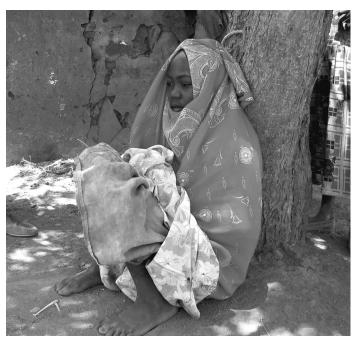
An aid worker seeks out displaced children in October 2004 in the Darfur region of Sudan. Darfur has an acute malnutrition level of 22 percent, a result of outbreaks of violence and threats to its already fragile existence.

line and 18.7 among the ranks of the unemployed. Approximately 31 percent of all Sudanese are malnourished. Sudan was involved in civil war for most of the latter half of the 20th century. The causes of the war stemmed from attempts by the Muslim-dominated north to control the southern section, which is neither Arab nor Muslim.

While northern Sudan has not escaped poverty and disease, conditions are much worse among the southern Sudanese who have less access to available health and economic resources. The World Health Organization estimated that in 2005, more than two million people in southern Sudan needed food assistance. This need is most urgent in Darfur, which has an acute malnutrition level of 22 percent in response to outbreaks of violence and threats to its already fragile existence. Some 80 percent of the Sudanese population are involved in subsis-

tence agriculture, and Sudan suffers from periodic devastating droughts. The Sudanese survive on an annual average income of \$370. Data from the Sudan are often sketchy, particularly from the south.

Because of war, famine, and human rights abuses, some two million Sudanese have been killed and another four million displaced since 1983. On January 9, 2005, the opposing forces within Sudan signed a peace agreement. In an effort to improve the economy, the government is engaged in major reforms recommended by the International Monetary Fund (IMF), instituting new economic policies and infrastructure investments. Sudan began exporting crude oil in 1999, and long-term economic prospects appear more favorable. In the meantime, the government faces a formidable task. Since the World Bank refused to extend loans to the Sudanese government so long as war continued, Sudanese



A 9-year-old famine victim of the Darfur crisis in Sudan waits for aid from relief workers.

economic health is largely dependent on reestablishing relations with the World Bank and the IMF and with those in a position to extend financial aid to the country.

The Sudanese population of 40,187,486 has a life expectancy of 58.54 years and a median age of 18.07 years. Some 43.2 percent of the population are under the age of 14, and 2.4 percent are 65 or over. The people have a 27.6 percent of not surviving until the age of 40. The Sudan has a 2.3 percent HIV/AIDS prevalence rate. In 2001, it was estimated that 400,000 Sudanese were living with this disease, which had killed 23,000 others. All indications are that the epidemic is growing.

The World Health Organization estimates that 90 percent of the diseases that plague Sudan are contracted from infected water. At times during the war, up to 90 percent of the population lacked access to safe water. By 2005, 25 percent of the population still lacked access to safe water and 38 percent lacked access to proper sanitation. The lack of these basic services places the Sudanese at very high risk for contracting food- and waterborne diseases that are prevalent in Africa. In some areas, the population is at high risk for malaria, dengue fever, and sleeping sickness. Respiratory diseases are also common.

In 1995, the Carter Center of Emory University, founded by former president Jimmy Carter, negotiated a humanitarian cease-fire, which lasted for several

months, allowing health officials to treat thousands of cases of Guinea worm disease and river blindness and to train locals in preventing these debilitating diseases. The Carter Center also assisted in instituting a child-hood immunization program. In Sudan, there are only 16 physicians for every 100,000 residents, and half of the population lacks access to affordable essential drugs. Health centers are often inaccessible and may not be equipped to deal with the problems they face. Sudanese who choose to receive care at hospitals often incur debts they cannot pay. These debts may be passed down to children who are also unable to meet such obligations.

Childhood mortality in Sudan is one of the highest in the world because of extreme poverty and rampant disease. However, infant mortality has decreased in recent decades. In 1980, 104 infants died out of every 1,000 live births. By 2005, that number had declined to 62.5 deaths per 1,000. Between 1970 and 2003, mortality rates for children under the age of 5 plummeted from 172 to 93 deaths per 1,000. Childhood mortality rates continue to be higher in the non-Muslim south than in the Muslim-dominated north. Approximately 41 percent of all children under the age of 5 are malnourished, and 31 percent of all infants are born with low birth weight.

HEALTHCARE

Most Sudanese parents fail to practice measures to protect their children from preventable diseases. Among infants, 52 percent are not immunized against tuberculosis; 51 percent are not immunized against measles; and 40 percent are not immunized against DPT and polio. Half of all children between the ages of 12 and 23 months are not immunized against DPT3, and 43 percent are not immunized against measles. Even though families do not, as a rule, place their children under insect-treated nets to protect them, half of all children do receive antimalarial drugs. Around 87 percent of all children under the age of 5 do not receive essential oral rehydration therapy when they are ill.

As a whole, Sudanese women bear 4.85 children. That number has decreased since the 6.1-children-per woman fertility rate recorded for 1980. The adolescent fertility rate is 55 out of 1,000 births. Only seven percent of Sudanese women use contraceptive measures, and the prevalence of contraceptive use has declined over the past few years.

Sudanese maternal mortality is one of the highest in the world and has not decreased substantially since



Waiting for water in the Darfur region in Sudan: Because of war, famine, and human rights abuses, some two million Sudanese have been killed and another four million displaced since 1983.

1970. In 2000, maternal mortality was estimated at 590 deaths per 100,000 live births. Like infant mortality, maternal mortality is highest in the non-Muslim south. While trained medical staff now attend 86.3 percent of all births, 86 percent of Sudanese births occur at home away from emergency facilities.

Some 61.1 percent of the Sudanese population over the age of 15 can read and write. Males have a distinct advantage over females with a literacy rate of 71.8 percent as compared to 50.5 percent for females. Literacy rates have fluctuated over the past decades, and the drop in female literacy has been significant. In 1980, 50.1 percent of Sudanese males and 81.3 percent of females could read and write. Between 1990 and 2000, male literacy dropped from 40 percent to 30.8 percent, and female literacy decreased from 68.3 to 53.8 percent.

Most Sudanese children attend school for at least five years. Primary school completion rates improved from 1999 to 2002 as rates for males increased from 42 to 49 percent and rates for females rose from 39 to 45 percent. The years between 1990 and 1995 saw a drastic decrease in male primary school completion rates in response to the volatile political situation. In 1990, 99 percent of Sudanese males completed primary school. By 1995, that number had dropped to 46 percent. Female completion rates remained at 39 percent during that period. All educational levels experience a significant rate of absenteeism and dropouts.

Human Development Index Rank: 141 Human Poverty Index Rank: 59

SEE ALSO: Carter Center; Child Mortality; Children and Poverty; Disease; Drought; Malnutrition; Subsistence; War and Poverty.

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Supplemental Security Income

SUPPLEMENTAL SECURITY Income (SSI) is a cash assistance program administered by the Social Security Administration in the United States. However, the program is separate from other Social Security programs because it is funded from general government revenues and has no connection to Social Security payroll taxes. Also, eligibility for SSI does not depend upon having any previous work history. Legislation creating SSI passed in 1972, and the program began paying benefits in 1974. SSI replaced a collection of programs providing benefits to different types of recipients that were administered by the states as prescribed by the Social Security Act of 1935 and its amendments in 1950.

SSI provides cash assistance to the "deserving poor," who are not expected to earn a suitable income compared to the general working-age population. These groups include the aged (65 and older), the blind, and the disabled. Blind and disabled children are also eligible for SSI benefits. With SSI, the federal government assumed control of preexisting programs that had been administered through grants to individual states.

In January 2005, the federal portion of the SSI benefit for individuals totaled \$579 per month, or \$6,948 per year. The corresponding amount for married couples was \$869 per month, or \$10,428 per year. These amounts are adjusted each year for inflation. If SSI were the only source of income, then both of these amounts would leave their recipients below the corresponding

poverty thresholds. But most state governments choose to augment federal SSI benefits, and only six states abstain (Arkansas, Georgia, Kansas, Mississippi, Tennessee, and West Virginia). State-funded additions can help to bring SSI recipients above the poverty threshold. In most states, eligibility for SSI also automatically qualifies a person for Medicaid and food stamps.

Eligibility for SSI requires passing a resource test and an income test, in addition to being aged, blind, or disabled. Singles cannot have countable resources worth more than \$2,000, and married couples have a \$3,000 limit. Countable resources include cash, financial assets, land, life insurance, automobiles, personal property, and other valuables. But excluded items include the applicant's home, household goods, one wedding ring and one engagement ring, burial spaces, a car, and other limited resources.

Assuming an applicant meets the resource test, then the income test applies. One may receive the full SSI benefit amount if unearned income is less than \$20 per month, and earned income is less than \$65 per month. Any unearned income above \$20 results in a one-to-one reduction of SSI benefits. For each dollar of earned income above \$65, the SSI benefit is reduced by 50 cents.

In 1974, elderly recipients dominated SSI. About 2.15 million people aged 65 and older received SSI benefits in 1974, which was about 59 percent of the total. Initially, only 70,000 blind or disabled children received SSI benefits, and the total number of blind or disabled beneficiaries aged 18 to 64 was about 1.4 million people. The total number of SSI recipients grew from 3.6 million in 1974 to 6.7 million in 2004. But in 2004, aged recipients totaled 1.8 million people, or about 27.4 percent of the total. In 2004, there were about one million children and 3.9 million beneficiaries aged 18 to 64. Expenditures rose from \$3.8 billion in 1974 to \$34.2 billion in 2004. After accounting for the effects of inflation, this represents a 140-percent real increase.

SEE ALSO: Aged and Poverty; Social Assistance; Social Security; United States.

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Supply-Side Economics

SUPPLY-SIDE ECONOMICS is the body of thought that is concerned with government policy in relation to aggregate supply. It is an approach that stemmed from the reactions of policymakers, economists, and 20th-century conservatives to the Keynesian revolution, which dominated economic thought from 1936 to the 1970s, when developed nations began experiencing low or negative economic growth.

Supply-side economics emerged from this state of affairs in the 1970s and 1980s. Governments, according to these supply-siders, had focused too much of their attention on aggregate demand to undue neglect of aggregate supply. With economies sliding into recession and seemingly stagnant secular economic growth, economists, politicians, and others were ripe for a change. No one embodied the sentiments, at least in the political realm, of supply-side economics—and ushering in their policies—more than Ronald Reagan.

The foundations of the supply-side revolution have roots in classical economics with the belief that the free market works in not only correcting economic downturns, but also in maximizing output. While its foundations lie in classical economic theory, the supply-side revolution is a direct by-product of the Keynesian revolution and its economics. It is a redirection of economic policy away from demand management—actually its rejection—toward policies that focus on supply-side factors with a belief in the welfare-maximizing effects of a free-market system.

Supply-side economics is as much about monetary policy, as it is about fiscal policy with the classical principle that a monetary policy favoring price stability and low inflation is important in providing the positive conditions for planning in credit markets, labor markets, and wherever else monetary contracts are important.

To understand the supply-side revolution, it is necessary to examine the state of affairs that existed beforehand, both in theory and in policy. The term *supply-side economics* was created by Jude Wanniski in 1975 to give currency to a growing tide of discontent and its alternatives to the demand-side economics produced by the predominant Keynesian economics of the day. The events leading up to this time are crucial in understanding the opportunity of reinventing classical economics. The oil crises that shocked the U.S. economy, as well as others, led to recession and high inflation in 1974 and into 1975. The mounting importance of government presence in the economy through welfare, entitlements, and other redistributions of income financed through

higher taxes indicated a creeping socialist state and its accompanying malaise. This, along with the growing influence of monetarism, led to the foundation of supply-side economics. It was this environment that produced supply-side economics.

In the Keynesian world that dominated economics in the 1960s, aggregate demand management was advocated and was believed in principle. But the shifting Phillips Curve convinced economists and others that the tradeoff with inflation, caused by increases in aggregate demand, was short-lived and did not exist in the long run. This shifted the emphasis toward the natural rate of unemployment and full-employment output. The question became, if we cannot influence output through demand management, how can we influence employment and output through supply factors?

TAX REDUCTION

Supply-side advocates believe that reduction in marginal tax rates will increase supply-side factors, such as work incentives and investment incentives. Through increased labor and investment, real output will grow. The point is often missed, though: it is not merely about monetary incentives through tax cuts—few will deny that they exist—but is also about the size and role of government in economic activities. How large should the government be and what should its role be in the economy? It is, in essence if not in principle, a call for fiscal and monetary responsibility and competence, while keeping government involvement to a minimum.

There are no founders of a school of supply-side economic thought, but there are significant streams of influence and some notable individual contributors to supply-side economics. The Austrian School, noted for its recommendation of monetary responsibility and free markets, is one such body of thought. Supply-side economics is, as noted above, largely a reactionary school. One of the exceptions is the work of Arthur Laffer and his famous curve. This curve shows the impact of income tax rates on government revenue. The argument is as follows: when tax rates are zero, tax revenue will also be zero.

When tax rates are 100 percent, tax revenue will also be zero because there is no incentive to work. There therefore exists some curve that at first rises and then falls. There must then exist some tax rate at which tax revenue is maximized. This theory provided supply-side economists with the theoretical basis they needed for the rationale of lowering tax rates while balancing the budget.

There were some who believed that tax rates were so high that by lowering them, tax revenue would increase simply by the greater work incentive provided and therefore the higher tax base. This would, for instance, allow the Reagan administration to increase defense spending while decreasing taxes without worry that the budget deficit would grow.

The economic policies of the Reagan administration are fundamentally those of the supply-side body of thought. However, Reagan subscribed to other viewpoints that are not considered to be supply-side economics in the sense used here—as a coherent body of thought embodied by a group of academics. Many confuse Reaganomics—as Reagan's economics came to be called—with supply-side economics since both were concerned with tax cuts and their effects on economic growth and output.

Supply-side policy widened the gap between rich and poor and did not alleviate poverty.

For instance, the trickle-down effect is often supposed to be a tenet of supply-side economics. This effect occurs when taxes are eased for the classes or groups who are more responsible for economic growth, such as high-income people or businesspeople; the increased investment and work of these people will somehow trickle down to all the others. The notion is that any increase in productivity will increase demand for lower productivity factors and therefore in some sense trickle down. There is even a Laffer effect in this since the tax burdens of others will be eased.

Putting either Keynesian (demand-side) or supply-side policies into effect is no easy matter since both have consequences for both demand and supply factors. When John F. Kennedy implemented tax cuts to stimulate the economy, he anticipated demand factors being affected. However, supply-siders argued that the prosperity of the 1960s was due in part to supply-side factors being affected. There is really no way of separating the two effects.

The Reagan administration and its immediate follower, the George H.W. Bush administration, were responsible for the most conscious efforts to implement supply-side policy. Marginal tax rates were reduced during the Reagan administration and the 1980s were largely times of prosperity. Reagan decreased marginal income tax rates, thereby spurring the work efforts of the labor force, and the capital gains tax, thereby

spurring the investment incentive. Real Gross Domestic Product (GDP) responded accordingly once the economy was out of the recession of 1981–82 caused by the tight monetary policy of the Paul Volcker Federal Reserve, which was to diminish the upward spiraling of the inflation rate.

OTHER FACTORS

Many argue, however, that Reagan's policy had a greater impact on demand and that the resulting success of the economy was due to other factors once aggregate demand had been stimulated. The policy of the Federal Reserve is cited as one of the factors. The Federal Reserve gave up its belief that aggregate demand ought to be managed through discretionary monetary policy in favor of low inflation and minor adjustments. Again, no one can say for sure whether Reagan's policies affected demand factors or supply factors more.

Essentially, supply-side economics is a school of macroeconomic thought that emphasizes the importance of taxation and business incentives in encouraging economic growth, in the belief that businesses and individuals will use their improved terms of trade to create new businesses and expand old businesses, which in turn will increase productivity, employment, and general well-being.

This in turn is expected to increase the economic welfare and alleviate poverty. However, the connection between supply-side economics and poverty reduction is still to be established. The implementation of the supply-side policy widened the gap between rich and poor and did not substantially alleviate poverty in the United States.

The chief influence of supply-side economics seems to be a realization that demand management of the economy is not always the best policy—that there is an alternative. But the alternative is not so much an emphasis on supply-side factors but one on the ability of the free market to generate economic growth. It is clear that once supply-side policies are implemented and maintained with a minimum government involvement in the economy, any further tax cuts will lead to either growing deficits—and one may argue through Ricardian Equivalence that this is identical to taxes—or smaller government revenues and therefore a smaller than acceptable government presence in the economy. Therefore, supply-side policies are either a more or less one-time arrangement or an ongoing offsetting policy to demand management and a government that always has a tendency to expand beyond what is necessary.

SEE ALSO: Economic Growth; Monetary Policy; Reagan, Ronald (Administration); United States.

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Suriname

THE REPUBLIC OF Suriname, located in northern South America, received its name from the Surinen Indians who originally inhabited the land. Suriname became a Dutch colony early in the 17th century and was renamed Dutch Guiana. Five years after gaining independence in 1975, Suriname became a socialist republic but was ruled by a series of civilians with nominal power. International pressure led to free elections in 1987, but the elected government was overthrown two years later. By 1991, democracy had been restored, and free elections have continued.

The alumina industry dominates the Surinamese economy, providing 15 percent of the Gross Domestic Product (GDP) and 70 percent of export earnings. Services generate 65 percent of the GDP, and industry produces 22 percent. Agriculture accounts for 13 percent of the GDP. In general, the economy is still in the process of becoming a viable market economy. This change is taking place by means of structural reforms, liberalized markets, and increased competition. Austerity measures have been introduced and tax increases have been instituted. The Netherlands has temporarily resumed aid to Suriname. Prospects for future economic growth are tied to offshore oil production and bauxite and gold mining. Suriname ranks 17th in development potential among the richest countries of the world.

With an annual per capita income of \$4,300, Suriname is a lower-income nation with a poverty rate of 70 to 80 percent and an unemployment rate of 17 percent. Economic inequality has doubled in Suriname since the 1970s. The richest 20 percent of the population hold over 50 percent of the nation's wealth. Approximately 11 percent of the Surinamese people are malnourished.

In addition to lacking basic needs, many people live in constant fear. Ironically, many civil servants in Suriname have traditionally lived below the poverty line. Most of them are women, who remain in these jobs because they would not have health insurance otherwise. Proposals for establishing a state insurance fund that would cover all citizens have been debated but never passed.

In 1980, the projected life span was 64 years for Surinamese males and 69 years for females. Longevity rates have been steadily increasing over the last decades. Currently, life expectancy in Suriname is 68.96 years. Females (71.27 years) outlive males (66.75) by about four years. Suriname has a population of only 438,144. The median age is 26.13 years. Almost 30 percent of the population are under the age of 14, and 6.2 percent are at least 65 years old. With a prevalence rate of 1.7 percent, HIV/AIDS is of growing concern in Suriname. More than 5,000 Surinamese are living with the disease. Fewer than 500 have died. Access to healthcare is inadequate, and there are only 50 physicians for every 100,000 residents. Around 18 percent of the population have no access to safe drinking water, and seven percent lack basic sanitation.

Infant mortality is high in Suriname, but rates have decreased in recent years. Between 1990 and 2005, the infant mortality rate dropped from 35 to 23.57 deaths per 1,000 live births. Among all children under the age of 5, the mortality rate dropped from 48 to 39 per 1,000 deaths. About 13 percent of children under the age of 5 are malnourished, and 13 percent of infants are underweight at birth. Immunization rates for children from birth to 23 months old are relatively low, ranging from 71 to 74 percent.

Fertility rates have declined over the past decades in Suriname. Between 1970 and 2005, the fertility rate dropped from 5.3 to 2.34 children per woman. Among adolescents the fertility rate is 26 births per 1,000. Approximately 42 percent of Surinamese women use some method of contraception. Only nine percent of births in Suriname take place outside the presence of trained medical staff. Maternal mortality continues to be high, however, occurring at a rate of 110 deaths per 100,000 live births.

Literacy is high in Suriname, and 93 percent of the population over the age of 15 can read and write. With a 91 percent literary rate, females lag behind males (95 percent). All girls are enrolled in primary schools, but only 97 percent of boys are enrolled. About 63 percent of the relevant age group are enrolled in school at the secondary level.

Human Development Index Rank: 86 Human Poverty Index Rank: 23

SEE ALSO: Child Mortality; Healthcare; Maternal Mortality and Morbidity; Netherlands.

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Sustainability

SUSTAINABILITY IS A CHARACTERISTIC of dynamic systems that maintain themselves over time. As an economic, social, and environmental concept, sustainability means providing for the best for people and the environment for now and for the indefinite future, without diminishing world resources. This notion was placed on the international political and scientific agendas in 1987 with the report "Our Common Future," the Brundtland Commission Report, which was prepared by the World Commission on Environment and Development, chaired by Norwegian Prime Minister Gro Harlem Brundtland.

The report defined sustainability as meeting the needs of the present without compromising the ability of future generations to meet their own needs. This belief echoes indigenous knowledge and practice, particularly of the Iroquois Confederacy principles, which state that all decisions should be made with consideration of the effect they will have on the next seven generations to follow us. Hence sustainability is concerned with maintaining a delicate balance between the human need to improve lifestyles and feelings of well-being, and preserving natural resources and ecosystems, on which we and future generations depend. These two fundamental principles are known as quantity and quality sustainability.

Based on these principles, sustainability entails maintenance of a sustainable scale of the economy relative to its ecological life-support system; a fair distribution of resources and opportunities between present and future generations, as well as between agents in the current generation; and an efficient allocation of resources that adequately accounts for natural capital. Ideally, it is the balance between efficiency (to do things right) and effectiveness (to do right things).

TYPES OF SUSTAINABILITY

Roughly, sustainability can be classified into four main types: human, social, economic, and environmental.

Human sustainability means maintaining human capital, which is a private good of individuals rather than between individuals or societies. Health, education, skills, knowledge, leadership, and access to services constitute human capital. Investments in education, health, and nutrition of individuals have become accepted as part of economic development.

Social sustainability covers political, cultural, and all people-centered issues, except economics. It demands that the basic conditions for human life exist within society. These conditions include social justice, human well-being, strong social capital, advanced social interaction, and cultural richness. Social sustainability is related to how we make choices that affect other humans in our global community. Social sustainability emphasizes protecting the vulnerable and respecting social diversity. It involves systematic community participation and strong civil society and relates to the distribution of wealth within and between generations (that is, intra- and intergenerational equity) as well as the distribution of rights to use environmental services contained within a given ecosystem. Social sustainability is also related to more basic needs of happiness, safety, freedom, dignity, and affection. These conditions cannot be met without a healthy and sustainable natural environment and economy.

Economic sustainability means holding investment at rates sufficient to maintain stocks of capital. It also means that economic prosperity and development should be achieved without decreasing the prospects for posterity. Economic sustainability requires economic capital to be stable, to remain intact. The basic idea is to determine the maximum level of consumption by current generations such that capital (natural or man-made) accumulates to permit future generations to enjoy the same opportunities. Implied is the notion that some capital stock is maintained indefinitely in order to perpetuate future levels of consumption.

Further, economic sustainability is blind to the physical state of the ecosystem and does not directly

consider equity conditions. In addition, the treatment of common property resources, externalities, and resources without market prices is a vexing problem for economists. Thus, achieving economic sustainability is not sufficient to ensure sustainability without consideration of the set of factors related to environmental sustainability.

Environmental sustainability is a multidimensional concept. Environmental sustainability means conserving and recycling natural resources and limiting air, water, and land pollution to amounts that can be assimilated by the environment.

To measure environmental sustainability in tangible ways that make both economic and policy sense, a new practical tool called the Environmental Sustainability Index (ESI) has been developed by Yale University, Columbia University, and the World Economic Forum and introduced worldwide. This tool is also used to measure the environmental impact of social behavior. The ESI provides a measurable link between civil society and environmental management. It comprises 67 separate variables that influence environmental sustainability. These variables range from sulphur dioxide in the air to corruption, and are grouped into 22 core indicators such as eco-efficiency, population stress, and the responsiveness of the private sector.

The complex interconnections among the economic, social, and environmental aspects of present challenges of sustainability put forward a new paradigm of decision-making for all spheres of society. It projects a new perspective on current issues and challenges, and calls for a better consideration of the need for changes in human values, attitudes, and behaviors in order to achieve sustainability that will meet human needs and reduce hunger and poverty, while maintaining the life support systems of the world and preserving global resources. All these interrelated concepts call for monitoring the state of environmental and human systems, formulating effective policies, and assessing progress toward a more sustainable form of development. This concept raises many issues of how we should act in the world today in order to combat poverty and cater to the needs of the people. It also calls for best practices in order to ensure environmental protection, economic growth, and social progress.

SEE ALSO: Distribution; Economic Growth; Environmental Degradation; Human Capital; World Economic Forum.

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Swaziland

SWAZILAND IS a lower-middle-income nation in which 47 percent of the people live in poverty and 34 percent are unemployed. Early in the 21st century, Swaziland gained international renown as the country with the highest prevalence of HIV/AIDS cases in the world (38.8 percent). The epidemic has created an environment in which children head 10 percent of all households because their parents or guardians have succumbed to the disease. Swaziland has a high level of inequality and is ranked 60.9 percent on the Gini Index of Human Inequality. The poorest 20 percent of the population subsist on 2.7 percent of the country's resources, while the richest 20 percent share 64.4 percent.

The Swazi economy is heavily dependent on subsistence agriculture, in which 80 percent of the population are employed. Swazi crops are frequently threatened by droughts that sweep the area. Such a drought led to a major food shortage in 2002. The shortage was particularly damaging to children, women, the elderly, and the chronically ill. Rice is the major element of the Swazi diet, and the shortage contributed to a 61 percent increase in the price of this essential food. As a result, the poorest people often went without food. UNICEF, the United Nations' organization for children, estimated that more than 231,000 people were in need of food aid. Many families were forced to decide between feeding and educating their children.

Swaziland is landlocked, and there is a limited supply of potable water. Since the mid-1980s, Swaziland has experienced some economic diversification, with sugar and wood pulp bringing in export income. Swaziland's natural resources include asbestos, coal, clay, gold, diamonds, quarry stone, and talc, but only coal

and quarry-stone mines are in operation today. Geographically, Swaziland is almost surrounded by South Africa, and the Swazi economy is heavily intertwined with that of the larger country. Only one-tenth of Swazi exports go to other countries, and some three-fourths of all Swazi imports come from South Africa. The Swazi economy is also dependent on regular remittances from the Swazi who work in South Africa.

Total life expectancy declined from 43 years in 2003 to 35.65 years in 2005 in great part because of the HIV/AIDS epidemic. The Swazi have a median age of only 18.72 years. Some 40 percent of the population are under the age of 14, and only 3.8 percent have reached the age of 65. The Swazi have an astonishing 70.5 percent chance of not surviving to the age of 40.

With the HIV/AIDS prevalence rate, the disease has taken a devastating toll in Swaziland. By 2003 estimates, 220,000 people out of a population of 1,173,900 are living with the disease and another 17,000 have died. As a whole, the Swazi have access to medical care, and only five percent lack access to affordable essential drugs. However, the lack of safe drinking water has placed some 150,000 people at risk for developing the waterborne infections that are common in sub-Saharan Africa. Some 48 percent of the population are at risk for developing other diseases spread through inadequate sanitation.

Infant mortality has fluctuated in Swaziland over the past several decades. From 1970 to 1990, infant mortality dropped from 132 deaths per 1,000 live births to 77 deaths per 1,000. However, between 1990 and 2002, the number of infant deaths increased to 106 per 1,000. The increase in infant deaths was directly related to the HIV/AIDS epidemic. Among Swazi children under the age of 5, mortality levels decreased from 196 deaths per 1,000 in 1970 to 153 deaths per 1,000 in 2003. Nine percent of Swazi infants are below normal birth weight, and 10 percent of children under 5 are malnourished, two percent severely so. Approximately 30 percent of children under the age of 5 suffer from moderate to severe stunting, and one percent suffer from moderate to severe wasting. Only seven percent of ill children receive lifesaving rehydration therapy when needed.

The progress of immunization programs in Swaziland has been uneven. In 2003, 95 percent of children between the ages of 12 and 23 months were immunized against measles. Between 1990 and 2002, the rate of infant measles vaccinations decreased from 86 to 72 percent, and DPT immunizations dropped from 89 to 77 percent. In 2003, 95 percent of Swazi infants received

immunizations against tuberculosis, but only 76 percent were vaccinated against polio.

The total fertility rate of Swazi women is 3.7 children per woman. In 2003, total fertility was recorded at 4.2 children per woman, and the adolescent fertility rate was reported at 97 out of 1,000 births. It was estimated that during the period between 1975 and 2002, 28 percent of Swazi women used birth control. Between 1994 and 2000, the number of trained medical staff attending births in Swaziland jumped from 56 to 70 percent. In 2000, maternal mortality was estimated at 370 deaths out of 100,000 births.

Approximately 81.6 percent of the Swazi population over the age of 15 can read and write. These numbers have improved significantly since 1980, when literacy rates were reported at 36 and 43.6 percent for males and females respectively. Most Swazi children attend school for at least 10 years. In 2000, 78 percent of males and 85 percent of females completed primary school. However, school attendance and completion rates have both been negatively affected by the food shortage and by the HIV/AIDS epidemic.

Human Development Index Rank: 147 Human Poverty Index Rank: 97

SEE ALSO: Children and Poverty; Disease and Poverty; Drought; Healthcare; HIV/AIDS; South Africa.

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Sweden

FOLLOWING WORLD WAR II, Sweden developed one of the world's most advanced capitalist welfare states. This was done via a large increase in social transfers financed by a corresponding increase in taxation. Since the late 1970s, government expenditures have

been some 60 to 70 percent of Swedish Gross National Product. In contrast, the corresponding average for the high-income countries in Europe has been 45 to 50 percent, and for the United States approximately 33 percent.

Consequently, Sweden has been a leading country in developing "cradle to grave" economic security for its citizens. Some key economic security programs are include a universal old-age pension system, tax-financed national health and education systems, income replacement for illness, a generous unemployment compensation system, large-scale government job retraining programs, an extensive system of family benefits, and a large and highly subsidized public housing sector.

Comparisons based on the rigorous Luxembourg Income Study (LIS) clearly demonstrate the effectiveness of Swedish antipoverty policies. For example, dramatic differences are shown when Sweden is compared with the United States, a country with many small social transfers.

Specifically, LIS data from the mid-1980s show that before taxes and transfers, the U.S. poverty rate was almost 20 percent whereas the corresponding figure for Sweden was even higher, some 26 percent.

However, after cash and in-kind transfers, the Swedish poverty rate fell to 4.3 percent, almost a 22-percentage-point decline. In contrast, the U.S. poverty rate fell only 6.6 percentage points, remaining above 13 percent. Moreover, the LIS data show that the effectiveness of Swedish social programs in reducing poverty among children is even greater than for the general population.

Relative to most other countries, Sweden's social transfers are significantly larger and better targeted. To begin with, Swedish old-age pensions replace approximately 65 percent of previous income and provide a standard minimum pension floor at 50 percent of median income or higher. In contrast, the United States has no effective standard old-age pension floor at even 40 percent of median income. Even more important as an antipoverty policy is Swedish family policy, since in Sweden, as elsewhere, family poverty is strongly linked to number of children.

First, Sweden provides to each family a significant cash transfer per child. Second, the government guarantees child support payments to families. Consequently, families do not suffer economic hardship because an absent spouse fails to provide the legally mandated child support. Finally, Sweden provides a range of programs to help single parents enter and remain in the labor force with earnings close to 50 percent of median income or above. Chief among these are the provision of

low-cost but high-quality childcare via a national network of public daycare centers as well as generous parental leave policies.

Sweden's system of social transfers has clearly been highly effective at reducing poverty. However, a vigorous and enduring debate focuses on the long-run viability of the Swedish welfare state. Market-oriented economists argue that the high level of taxation and massive social transfers have strong disincentive effects on labor supply, saving, risk-taking, business investment, and entrepreneurship. In addition, more subtle effects of the Swedish welfare state include potential adverse effects on the intensity and quality of work, investment in education both with respect to the level of schooling and the field of study, choice of occupation, and geographic labor mobility. The potential adverse effects noted are argued to be largely responsible for Sweden's lagging economic growth since the early 1970s. For example, in 1970 Sweden's income per person ranked fourth in the world. By the mid-1990s Sweden's income had fallen to 16th position.

However, other economists strongly challenge this view. They argue that Sweden's poor economic performance in recent decades is largely the result of defective macroeconomic policies, not microeconomic disincentive effects due to high taxes and social spending. A key argument here is that much social spending (for example on healthcare, education, family support policies) has actually increased the productivity of the economy while Sweden's effective tax rates, especially on capital income, are much lower than commonly believed. Indeed, some argue that the best empirical studies suggest that Sweden's welfare state has had no negative effect whatsoever on Sweden's long-run economic growth rate. In summary, neither economic theory nor the empirical economic literature provides definitive answers with respect to the effects of welfare state taxation and social spending on economic growth. However, the Swedish welfare state has clearly been extremely effective at greatly mitigating poverty.

Human Development Index Rank: 6 Human Poverty Index Rank: 1 (HPI-2)

SEE ALSO: Luxembourg Income Study; Socialism; United States; Welfare State.

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Switzerland

SWITZERLAND IS A landlocked country in central Europe known for its political neutrality, discreet banking system, and high standard of living. Bordered by Austria, France, Italy, Liechtenstein, and Germany, the country supports German, French, and Italian as official languages. The capital city is Bern and the total population approximately 7.5 million. Annual Gross Domestic Product (GDP) per capita exceeds \$33,000 on the purchasing power parity method. Switzerland is home to the international Red Cross and Red Crescent organizations, which are humanitarian organizations involved with disaster relief and developmental programs. The Red Cross was the creation of Henri Dunant, a Swiss man who organized emergency aid to the soldiers of both sides at the Battle of Solferino in 1859. The Geneva Convention of 1864 represented the first multilateral agreement on the treatment of wounded of any side during wartime and has been updated with further agreements specifying acceptable wartime behavior and treatment of civilians.

The reputation the Swiss have achieved for managerial efficiency is enhanced by the location of United Nations institutions in that country. Switzerland has maintained a stance of neutrality since the Treaty of Westphalia in 1648, and this has allowed it to escape the depredations of the two world wars. The confidentiality of its banking system has encouraged the development of international banking, although the lack of transparency has fueled fears of money laundering and asset hiding.

Despite the high level of income enjoyed by Swiss, there is still some inequality and poverty, with people falling into the new poor category. At the turn of the century, approximately 120,000 children were adjudged to be living in poverty in Switzerland, and more than 20

percent of single people were in receipt of income support. There was no central system of maternity leave, and child support levels varied considerably by region (canton). Aging of the population has also emerged as a significant problem. These are manifestations of the concept of the new poor, which involves categories of largely urban people who suffer from unanticipated gaps in public services.

The Swiss people generally have a strong interest in poverty reduction and international partnerships with developing nations. The private response to the Indian Ocean tsunami of December 26, 2004, for example, amounted to \$225 million. Official Development Assistance (ODA) reached \$1.55 billion in 2004, although it is likely to miss meeting its obligations to the United Nations in this respect. Nevertheless, a strong, centralized system infused by humanitarian principles has proved effective in delivering poverty reduction solutions internationally. One-third of ODA is distributed to Swiss nongovernmental organizations (NGOs), onethird to the International Red Cross and Red Crescent organizations, and the remainder is divided among United Nations agencies. Improvements have been suggested in terms of decentralizing authority to field managers and allocation procedures being restructured.

Human Development Index Rank: 7 Human Poverty Index Rank: 7 (HPI-2)

SEE ALSO: European Relative-Income Standard of Poverty; European Union Definition of Poverty; International Red Cross and Red Crescent Societies; New Poor.

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Syria

THE SYRIAN ARAB Republic is located in one of the most volatile areas of the world. Syria's closest neighbors are Lebanon, Israel, Turkey, and Iraq, and the history and economy of Syria are closely interwoven with

those countries. For almost 40 years, Syria has maintained a military presence in Lebanon in the face of international objections. In the summer of 2005, Israel accused Syria of test-firing Scud missiles in retaliation for continued American pressure to withdraw from Lebanon. Since the 1990s, Syria and Israel have met periodically to discuss the return of the Golan Heights area, which was taken over by Israel during the 1967 Arab-Israeli War, but no consensus has been achieved.

The war in Iraq and the general turmoil in the Middle East have played havoc with the Syrian economy. Declining oil production and exports, industrial expansion, water shortages, and pollution of available water sources have also taken a toll. Nearly a third of the labor force is involved in agriculture, and the rest are engaged in services (43 percent) and industry (27 percent). Moderate reforms have been directed at slashing interest rates, creating private banks, raising prices on a number of subsidized foodstuffs, and consolidating exchange rates.

With an annual per capita income of \$3,400, Syria is a severely indebted, lower-middle-income nation. Both poverty and unemployment stand at 20 percent. The social net provided for the Syrian poor covers female-headed families, families with disabled children, and the elderly. International programs also provide aid to needy Syrians.

General health in Syria is threatened by the lack of potable water and by the severe water pollution that has resulted from improper disposal of raw sewage and petroleum refining wastes. As a result, one-fifth of the population lacks access to safe drinking water. Half that number lack access to proper sanitation. There are 142 physicians for every 100,000 residents. Around 20 percent of Syrians are unable to afford essential drugs.

Over the past decades, life expectancy has steadily increased for both males and females. Life expectancy rose from 60 percent for males and 63 percent for females in 1980 to 68.75 percent for males and 71.38 for females in 2004. The median age in Syria is 20.37 years. Over 37 percent of the population are under the age of 14, and 3.3 percent have seen a 65th birthday.

Infant mortality has been significantly decreased in Syria over the last decades. Between 1970 and 2005, infant mortality declined from 90 deaths per 1,000 live births to 23 per 1,000. The drop in mortality among children under the age of 5 has been even more dra-

matic, plunging from 129 per 1,000 in 1970 to 18 per 1,000 in 2003. Approximately 18 percent of all children under 5 are malnourished, and six percent of babies are underweight at birth.

About 18 percent of under-5s are moderately to severely stunted, and four percent are moderately to severely wasted. Childhood immunizations are almost universal in Syria, ranging from 98 to 99 percent among children from birth to 23 months old. The country has been free of polio since 1995.

In 2005, Syrian women bore an average of 3.5 children each. Teenage mothers give birth at a rate of 39 per 1,000. Fertility rates have been more than halved since 1980, when women gave birth to an average of 7.4 children each. Contraceptive use in Syria has more than doubled from the 20 percent rate in 1980 to the 48 percent rate reported in 2005. Trained medical staff attend 76 percent of all births. Based on modeled estimates for 2000, maternal mortality in Syria occurs at a rate of 160 deaths per 100,000 live births.

Education at the primary school level is compulsory in Syria. As a result, illiteracy rates have decreased significantly. Between 1980 and 2005, male illiteracy dropped from 27 to 19.3 percent, and female illiteracy fell from 66.2 to 36 percent. At the same time that literacy rates increased, the rate of primary school completions steadily declined. Completion rates dropped from 103 percent for males and 92 percent for females in 1990 to 93 and 85 percent for males and females respectively in 2000.

Human Development Index Rank: 106 Human Poverty Index Rank: 29

SEE ALSO: Conflict; Iraq; Israel; Lebanon; War and Poverty.

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WORLD POVERTY

T

Taft, William Howard (Administration)

WILLIAM HOWARD Taft (1857–1930) was the 27th president of the United States, serving from 1909 to 1913. Compared to his dynamic and reform-minded predecessor, Theodore Roosevelt, the rotund William Howard Taft seemed anything but a Progressive.

His opponents in the Democratic Party and in his own party derided Taft for being an advocate of business interests. They pointed to his support for the Payne-Aldrich Tariff of 1909, which he described as a significant alteration in the existing protectionist policies, but which many others regarded as a very cynical and superficial revision of those policies. The Payne-Aldrich Tariff did minimally lower some tariff rates on some imports of manufactured goods, but it also raised rates on products associated with the major trusts, such as the mining, steel, and food-processing industries.

Indeed, through his Secretary of State Philander C. Knox, Taft initiated what he called Dollar Diplomacy, the pointed use of American political and military influence to promote the international expansion of American business. Although this policy was described

as a necessary response to the competition of the highly industrialized European powers, critics have emphasized that in places such as China and Latin America, European competition became an all-too-easy rationalization for exploiting economically underdeveloped nations that were politically and militarily unable to resist American demands.

Nonetheless, Taft did sign a number of laws extended antitrust regulations. The Taft administration oversaw the division into smaller entities of the Standard Oil Company and of the American Tobacco Company, both of which were found to be monopolies. The Mann-Elkins Act of 1910 extended federal oversight to all operations of railroads that conducted interstate commerce, and it eliminated the common practice of overcharging for short hauls because of the federal restraints on the rates that could be charged for long hauls.

It should be noted that during Taft's term, the Sixteenth Amendment was approved, authorizing the federal imposition of an income tax. Certainly, it is a matter of great dispute whether, over the long term, the income tax has reduced poverty by providing revenues for antipoverty programs or it has directly and indirectly increased poverty by reducing real incomes.

Taft also served subsequently in the role of chief justice of the Supreme Court, a position that suited his character better than his political appointments.

ALL ANGLES

Born into a privileged family in Ohio, Taft was placed under considerable pressure by his parents, and later his wife, to constantly achieve. He entered politics as a member of the Republican Party, but had only limited success in electoral contests. An extremely obese man, his personal style was ponderous as, with a lawyer's training, he attempted to consider all angles of a situation rather than take the decisive action required of a political leader. As governor of the Philippines, in the wake of the blood-soaked occupation by American forces and the violent suppression of insurrectionists, Taft was responsible for establishing a civil service that would cement American control.

SEE ALSO: Philippines; Republican Party; Roosevelt, Theodore (Administration); Wilson, Woodrow (Administration).

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Tajikistan

TAJIKISTAN, WITH JUST over seven million people, and located in the mountainous terrain of central Asia, is the poorest among the states of the former Soviet socialist republics. Its population at the turn of the century was described by J. Falkingham as "facing severe economic, physical and psychosocial stress."

By 2005, conditions had improved, but real percapita income was roughly no more than \$300 per year. Even before the breakup of the Soviet Union, Tajik-

istan was known as the poorest among its 15 republics. Then, about half of its population had per capita monthly incomes of 75 rubles (roughly \$150) as compared to 33 percent of the population in neighboring Kyrgyzstan and five percent in Russia, as noted by Falkingham.

After the unexpected breakup of the Soviet Union (1991), and an ensuing civil war in Tajikistan (1992–97), the economy began to shrink precipitously, with annual Gross Domestic Product (GDP) contractions reaching minus 30 percent and minus 28 percent during 1992 and 1993, corresponding to the deadliest period of the war, which resulted in an estimated 50,000 fatalities. The 1997 peace accord between Tajikistan's government and the Islamist-dominated opposition paved the way for gradual security and economic growth.

Since then, the GDP has continuously grown, with an average annual rate of 10 percent for the five-year period 2000–04. Still, the size of the economy by the end of 2004 was less than 60 percent that of 1989. And by 2003 the percentage of the population living under poverty (living on less than the equivalent of \$2.15 per day at purchasing power parity, or PPP, a rate of exchange accounting for price differences across countries and allowing for cross-national comparisons of real incomes) was 64 percent—a high figure, but an improvement over 1999, when an estimated 81 percent of Tajikistan's population were considered poor by World Bank calculations.

Over half of the average household's expenditures are spent on food, 11 percent on health and hygiene and 10 percent on ceremonies (such as weddings, circumcision, and remembrance of the dead), as shown by P. Foroughi.

Children, the elderly, women-headed households, and the rural population, engaged in what should theoretically be the profitable cotton-growing sector, constitute the poorest segment of the population. Households with larger numbers of children are poorer and the very old, who had previously relied on pensions to survive, can no longer do so since their official pensions cover no more than two to three days of expenses. Government expenditures, which under Soviet socialism were the chief source of sustenance for the population, have significantly dwindled.

As a percentage of GDP in 1998, Tajikistan's spending on health (one percent) and education (2.1 percent) was the lowest among all five central Asian republics, according to Falkingham. Poverty and unemployment have forced as many as 700,000 mostly male, rural citizens to seek work abroad, mostly in Russia. The remit-

tances—over \$220 million per year—sent by these workers back to their families in Tajikistan constitute a significant part of the GDP and serve as a critical survival mechanism for households.

Progress in fighting poverty is threatened by several troubling trends: first, the rate of truancy has increased. School attendance has fallen since 1999. Schools are in a state of dilapidation and the number of qualified teachers is sharply declining. Second, poverty-related health threats (such as outbreaks of typhoid, malaria, and even HIV/AIDS) have either not subsided or have risen. And third, the ongoing opium and heroin production and trafficking from Afghanistan have led to the spread of an underground illicit economy, rise in the level of drug trade and domestic drug use, and the spread of associated activities such as prostitution and human trafficking.

Human Development Index Rank: 122 Human Poverty Index Rank: Not included.

SEE ALSO: Communism; Crime; Healthcare; War and Poverty.

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Tanzania

THE UNITED Republic of Tanzania is an east African country that is classified as a developing nation by the United Nations (UN) and other international agencies that track countries' production capacities and socioeconomic conditions. Characterizing a country as a developing or less developed country (LDC) is equivalent to calling it poor. Tanzania therefore represents a case whereby it is possible to study poverty at the national level, in addition to analyzing the poverty of individuals or families.

The nation's status as a poor country is apparent in its national income data. Tanzania's Gross Domestic Product (GDP) is low—only about \$9.8 million in 2002,

according to the World Bank's World Development Indicators. Moreover the 2004 edition of the Human Development Report indicates that income per capita was about \$580 in that same year. If one were to order the nations of the world by per capita income, Tanzania would lie in the poorest 10 percent.

Over four-fifths of Tanzania's poor reside in rural areas.

The poverty of a nation is reflected in the status of its people. In poor countries it is standard for a large portion of the population to be poor, and this most often manifests itself in low consumption possibilities and low levels of well-being. Citizens of poor countries often lack many basic goods and services that most people living in rich or developed nations take for granted. For example, access to medical services is not widespread in Tanzania and life expectancy is only 43.5 years. About 43 percent of the population are undernourished, and about 29 percent of young children are underweight. Additionally, many people do not receive schooling in Tanzania because the government cannot afford to provide this public good to everyone.

As is the case in many developing countries, poverty is most severe in rural areas, where agriculture is the main source of livelihood. Over four-fifths of Tanzania's poor reside in rural areas, where agricultural production is hampered by low productivity tied to lack of sufficient irrigation systems, susceptibility to disease and pests, soil erosion, and poor access to roads. The production and transportation problems associated with such obstacles are obvious, and the incomes earned by individuals laboring under these conditions are not high. Regions such as Dodoma (the new capital), Kigoma, Rukwa, Lindi, and Mtwara are among the poorest in Tanzania. With the exception of the latter two, these regions do not produce any of the traditional export crops; they have poor roads and are not served by any of the railroad lines.

In its annual Poverty Reduction Strategy Progress Reports, the government identifies increasing economic growth as one of the chief avenues to reducing poverty. Others outside government, the World Bank for example, have focused attention on the need to reduce corruption in order to improve the country's economic performance. Corruption in Tanzania has grown from low-level corruption, most common among low-level public officers seeking to supplement their low in-

comes, to the level of the nation's decision-makers, where abuse of office can have a telling impact on an economy.

Human Development Index Rank: 164 Human Poverty Index Rank: 65

SEE ALSO: Corruption; Economic Growth; Public Goods; Rural Deprivation.

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Taylor, Zachary (Administration)

ZACHARY TAYLOR (1784–1850) was the 12th president of the United States (1849–50), although his administration lasted only 16 months before he lost his life to illness or, according to some, poisoning. Taylor's administration was beset by numerous problems that he was largely unable to solve in the time available to him. These included the possible extension of slavery across northern Mexico, the defeat of which had made Taylor's reputation and the scandal of corruption among senior cabinet members.

Taylor grew up in Kentucky and joined the army in 1806. His life was dominated by military service. During its 40 years, he served in the 1812 War, Seminole War, and Mexican War, among others. It was during this last war that he made his reputation with a string of brilliant victories, often accomplished through improvisational skill rather than slavish adherence to orders. This brought him to the attention of the Whig Party, which was then seeking a nominee to run for president. The Whig Party of America was named after its British forerunner as a political grouping resistant to inflexible command. Between 1834 and 1854, the Whigs represented a powerful political party that brought together a coalition of groups to fill the space left by the implo-

sion of the National Republican Party caused by crushing victories for President Andrew Jackson. The Whigs rarely espoused a common political line and internal conflict was rife. "Old Rough and Ready" Taylor was perhaps a natural candidate, but his willingness to continue governing in his familiar informal style meant that political disunity hampered his ability to lead. He had never held public office and, indeed, had never even voted. Nevertheless, the party received widespread support, and Taylor benefited from the enthusiastic campaigning of Abraham Lincoln, among others.

Taylor opposed the extension of slavery into new states, but was a slave owner himself, and a strong proponent of the rights of states. His victories in the Mexican War proved to be his biggest political problem, because of the wishes of many to extend slavery across the conquered territories. These included New Mexico and California. Taylor appealed to the people of the nascent states to apply for statehood, bypassing the territory stage, while drawing up constitutions outlawing slavery. This was a divisive, although principled, move. There were threats of secession from southern states, to which Taylor threatened to use military force.

Negotiations finally culminated in the Compromise of 1850, agreed on two months after Taylor's death, that successfully held off secession by a decade. The compromise provided for the concept of popular sovereignty, which was to lead to future discord, as too was the Fugitive Slave Act, which empowered judges acting alone to determine the status of escaped slaves and compel their return across state borders. This countered the work of the Underground Railroad in helping escapees find new lives, and enraged many moderates who henceforth opposed the extension of slavery in their own states. The spread of the railroad was making the need to clarify jurisdiction over land, and the ability to dispose of it, more urgent.

The clash of states and federal government was intensified during Taylor's tenure, but not resolved. However, he was able to claim that the country was at peace throughout the world and would strictly maintain a policy of neutrality in international affairs. Vice President Millard Fillmore succeeded Taylor as president.

SEE ALSO: African Americans and Poverty; Fillmore, Millard (Administration); Lincoln, Abraham (Administration); United States.

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Technology

TECHNOLOGY CAN BE defined as the processes, resources, skills, and knowledge involved in the transformation of production inputs into outputs. It consists of two major components: embodied and disembodied technology. Technology is not only embodied in physical capital but also in human capital, institutions, and social structures. It is customary for analysts to talk about the inputs and outputs of technology. Technological inputs are measured by investment in research and development (R&D) and the number of scientists and engineers employed in the R&D departments of firms and governments. Technological outputs are measured by patents, new products and processes, and the number of scientific publications.

Technological change is a process that leads to improvements in the ways in which inputs are transformed into outputs. Technological change helps to eradicate poverty and raise living standards. The affluence and rising living standards in the Developed Countries (DCs) have been attributed to the rapid technical change that has taken place in these countries. Conversely, the Less Developed Countries (LDCs) have remained poor largely because of their technological backwardness. The Newly Industrialized Countries (NICs), such as South Korea, Singapore, Taiwan, and Hong Kong, have succeeded in raising their per capita incomes and eradicating poverty by strengthening their technological capabilities. Thus, the LDCs have sought to promote technological development by acquiring, assimilating, and adapting technologies imported from the DCs.

There are three categories of technological change: labor-saving technical change, which results in the use of less labor and more capital; capital-saving technical change, in which less capital is used relative to labor; and neutral technical change, in which labor and capital are used in the same proportions. Because DCs are endowed with capital and deficient in labor inputs, they try to minimize production costs by generating labor-saving technical change.

Given the abundance of laborers in LDCs, capitalintensive technologies are not suitable for these countries. To minimize their production costs, therefore, LDCs should invest in the development of labor-intensive technologies.

CHANNELS OF TECHNOLOGY TRANSFER

While some aspects of technology can be transferred from one entity to another (codified technology), others are uncodified, tacit, or idiosyncratic. The LDCs have traditionally relied on a number of channels for acquiring foreign technologies (particularly the codified ones), including the following:

Arm's-Length Purchase of Machines. This channel is more viable when the technology is "mature," "standardized," and "stable." To be effective, however, the purchaser must have the skills to identify not only cheaper sources, but also suppliers that offer better conditions and opportunities for the purchaser to enhance its technological capability.

Licensing. This approach is usually adopted when the purchaser of the technology intends to use the seller's trademark or brand name on the final product. Thus, licensing is common in industries such as automobiles, consumer electronics, soft drinks, cement, and pharmaceuticals. In these industries, brand names and other methods of product differentiation are very instrumental in gaining market shares. Licensing is not necessary if the purchaser merely buys equipment from an equipment manufacturer and then uses the equipment to produce final goods or services.

Turnkey/Joint Ventures. In a turnkey project, a foreign consulting firm or manufacturer undertakes all the major tasks involved in setting up a venture, including the following: feasibility study, choice of equipment and suppliers, machine layout, equipment installation and start-up, and provision of managerial and technical skills. Some turnkey/joint venture agreements stipulate a time frame within which the foreign partner is expected to "transfer" the relevant managerial and technical skills to the local partners, and the former is expected to withdraw gradually from the project.

ACQUISITION, ASSIMILATION, ADAPTATION

The ability of a developing country to acquire, assimilate, and adapt foreign technologies depends, among other things, on the following factors:

The Role of the State. The experiences of the NICs have shown that the state can play an important role in helping firms to develop their technological capabilities. This can be done through the formulation and imple-



Promoting technology in less developed countries includes increasing the number of scientists, engineers, and technicians. Technological development involves the ability to modify, improve, and adapt a given technology.

mentation of policies that encourage firms to invest in technological innovation. Those policies include:

Economic Policy. Fiscal policy, such as tax incentives, can be used to spur firms into investing in technology. Trade policy that makes it expensive and difficult for firms to import machinery and equipment may also be used to encourage firms to strengthen their technological capability. Unable to import machinery and equipment more easily, firms are often forced to find creative ways of making effective use of foreign technologies. Monetary policy that provides cheap credit for investment in technology can also be instrumental for enhancing the technological capabilities of firms in developing countries.

Science and Technology policy (S&T). Economic policy can be effective in promoting technological development in the LDCs only if it is accompanied by a well-articulated S&T policy. A well-articulated S&T policy is one that explicitly identifies a country's development objectives and designs scientific, technological and skill-intensive programs for the achievement of

those objectives. A country's S&T policy must also be goal-oriented by targeting specific objectives, rather than being abstract. It must also be coherent, unambiguous, and simple so that industrialists, scientists, and researchers all understand the government's intentions.

Science and Technology Infrastructure. The level of development of a country's S&T infrastructure can affect the technological capability of firms in the country. A country's S&T infrastructure consists of all the scientific, technological, and educational resources and institutions that are available outside industry. Specifically, S&T infrastructure includes public research institutes, professional and skills development centers, and higher educational institutions. The S&T infrastructure and S&T policy constitute a country's national system of innovation.

Technoeconomic Threats and Opportunities. Some random and unexpected events that threaten the survival of firms may occur in the economy. These events may spur firms into generating technical change. For instance, fuel shortages caused by some exogenous events

may encourage firms to seek energy-saving methods of production. The government, however, may deliberately create situations that threaten the survival of firms, or situations that challenge them to be more innovative. One example is the restriction of the importation of raw materials, spare parts, machinery, and equipment.

Prior Accumulation of Scientific and Technological Knowledge. The ability of firms in a country to develop technological capability depends on the extent of prior accumulation of scientific and technological knowledge in the country. Countries with a long history of industrialization are more likely to have firms with strong technological capability. Some analysts suggest that South Korean firms were able to develop technological capability partly because Japan promoted industrialization in Korea during the colonial era.

TECHNOLOGICALLY BACKWARD

Internal and external factors are responsible for the technological backwardness of developing countries. Internal factors include: 1) overdependence on technologies developed elsewhere, which has discouraged them from developing indigenous technological capabilities; 2) protectionist policies that have encouraged LDC firms to be complacent in enhancing their technological capabilities; 3) an educational system that emphasizes liberal arts as opposed to science and engineering; 4) inadequate fiscal incentives for investment in R&D; 5) overvalued currencies that make it cheaper and easier to import technologies rather than developing them locally; and 6) the domination of LDC economies by the mining, quarrying, and service sectors. These sectors do not generate enough linkage effects that could result in technological development.

The following are some of the external factors that have retarded the technological development of the LDCs: restrictive policies imposed by multinational corporations on LDC firms, which have made it difficult for these firms to assimilate and adapt imported technologies; the tendency for multinational corporations to introduce complex technologies that are difficult for the LDCs to assimilate; and imperfections in the world market for technology—a market that is dominated by monopolistic and oligopolistic firms.

PROMOTING DEVELOPMENT

The following measures have been suggested as strategies for addressing the technological needs of LDCs:

Reduce the Excessive Focus on Research and Development (R&D). There has been an erroneous view in developing countries that R&D is the only source of innovation and technological change. Although the R&D function has become important as an institutional locus for technical change, there are also other important sources of technical change. The Japanese experience, for instance, has shown that shop-floor activities, such as reverse engineering, process engineering, project engineering, and design, are critical sources of technical change. There is the need to de-emphasize formal R&D in the LDCs and to focus more attention on developing firm-level and industry-wide institutional structures and programs for generating and managing technical change.

Discourage State Monopolization of R&D. R&D in the LDCs is conducted mainly by public institutions and specialized government agencies. By contrast, there is private-sector domination of R&D in DCs and the NICs. For instance, over two-thirds of R&D projects in Japan, the United States, and the United Kingdom, and over half in Germany and France, were funded by the private sector. One of the benefits of industry-funded R&D projects is that they are often focused on what firms perceive to be critical for their competitiveness and survival. Many industry-sponsored R&D projects originate from perceived problems in existing products or processes, and such problems range from minor difficulties, such as a spare part that fails earlier than its projected lifespan, to a major difficulty that completely compromises the function of the product. A new S&T policy is needed in the LDCs that recognizes the fact that those industrial enterprises, rather than specialized institutions, are more salient in the technological innovation process.

Develop the Science and Technology Infrastructure. a major precondition for technological development is the existence of high-quality public research institutes and higher institutions of learning.

Increase the Number of Scientists, Engineers, and Technicians. Technological development involves the ability to modify, improve, and adapt a given technology. These tasks cannot be accomplished without a large pool of local scientists, engineers, and technicians. Although the absolute size of this pool cannot be specified ex ante, there is a consensus that it should be comparable to those available in technologically advanced developing countries, such as the NICs.

Invest in Human Capital. The level of investment in human capital is also a determinant of the ability of a country to promote technological development. South Korea's transformation from an agrarian society to an exporter of high-tech products was preceded by a huge investment in human capital, particularly in the training of scientists, engineers, and technicians. Education is a major mechanism for creating, adapting, and spreading knowledge. Basic education increases people's capacity to learn and to interpret information. Higher education and technical training are also needed to build a labor force that can keep up with a constant stream of technological advances.

Do Not Overprotect Domestic Firms. Developing countries tend to offer a blanket protection to their "infant industries." While a temporary protection may be necessary to encourage infant industries to learn and assimilate foreign technologies, prolonged protection may also encourage them to be complacent in developing their technological capabilities. Unconditional and prolonged protection has resulted in the proliferation of perpetual infant industries in the LDCs—industries that have been unable to achieve international competitiveness as a result of their weak technological capability. Firms in the LDCs need to be exposed to international competition in order to strengthen their technological capability.

SEE ALSO: Access-to-Enterprise Zones; Capitalism; China; Credit; Development Gateway; Economic Growth; Education; Globalization.

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Temporary Assistance for Needy Families

IN 1996, CONGRESS enacted the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). PRWORA abolished the 61-year-old Aid to Families with Dependent Children (AFDC) program, which entitled families with children to receive cash as-

sistance as long so they met the criteria set by the federal government and state in which they resided, and replaced it with TANF, Temporary Assistance for Needy Families, widely heralded as the "end to welfare as we know it."

BLOCK GRANT

Under the TANF program, the federal government provides a block grant to the states, which use these funds in any manner reasonably calculated. States can use their TANF funds in ways designed to meet any of the following four purposes set out in federal law: 1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; 2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; 3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and 4) encourage the formation and maintenance of two-parent families. States have used TANF funds in a variety ways, including, but not restricted to, cash aid, emergency assistance, transportation, childcare, job training, education, and job subsidies.

Federal administrative oversight is dramatically restricted with expansion of state policy priorities. Congress specified the function of the federal Department of Health and Human Services (DHHS) to include only 1) reviewing state plans and operations; 2) monitoring state "maintenance of effort" levels; 3) conducting research and analysis; 4) providing technical assistance; and 5) disseminating information on "best practices."

States have established their own directions to determine who will be eligible for various TANF-funded benefits and services. States mainly use TANF funds to assist lower-income families with children. There are several critical elements to determine eligibility, such as moralistic personal responsibility, time limits, work requirements, and immigrant status:

Moralistic Personal Responsibility. TANF prohibited federal assistance to teen mothers living separately from their parents or not attending school, as well as to individuals convicted of significant drug offenses. It also demanded that states address out-of-wedlock pregnancies and statutory rape.

Time Limits. TANF has mandatory time limits, resulting in a maximum of five years of allowable TANF assistance over a person's lifetime (with exemptions possible for up to 20 percent of families). States may

choose to implement a shorter time limit, and more than 20 states have done so.

To take individual circumstances into consideration, many states have adopted policies to exempt families from the time limit during periods when they are not expected to work, such as when they are caring for a young child, dealing with a personal or family crisis, or fulfilling their work requirement through paid employment.

A significant percentage of immigrant children are ineligible for TANF.

Work Requirements. Adults in families receiving assistance under the TANF program must participate in work activities for at least 30 hours a week after receiving assistance. PRWORA defines the work activities that states must achieve and the activities that can count toward meeting those participation requirements, including 1) unsubsidized or subsidized private- or public-sector employment; 2) on-the-job training; 3) work experience; 4) job search and job readiness assistance for up to six weeks; 5) community service programs; 6) provision of childcare services to an individual participating in a community services program; 7) vocational education; 8) job skills training; 9) education related to employment; and 10) satisfactory school attendance for teen parents.

Participation in educational activities is limited to 12 months for any recipient, except for teens who are completing high school. The state must put adult recipients to work after two years of assistance (or less, at the state's option) and can place them in workfare programs if they have not found a job after two months.

Immigrant Status. Prior to the 1996 PRWORA, legal immigrants generally were eligible for most federally supported programs, although the income of an immigrant's sponsor was factored in for the first three years. PRWORA prohibits states from using federal TANF funds to assist most legal immigrants until they have been in the United States for at least five years; exceptions include refugees, those seeking asylum, and those on active military service or in possession of an honorable military discharge.

States can use state "maintenance of effort (MOE)" funds to provide benefits to recent immigrants, but fewer than half do so. Given these restrictions, a significant percentage of lower-income immigrant children are ineligible for TANF.

EFFECTS OF TANF

Since the PRWORA began, welfare caseloads have declined significantly. In the first five years, and overall, the number of single parents who now work has risen dramatically. Several states have found that about 50 to 70 percent of TANF leavers are employed immediately after exiting, although average earnings are usually below the poverty level. Both the economic boom that has accompanied and facilitated the first five years of this restructuring and the "halo effect" that infused new programs with excitement and motivated workers should be considered in long-term outcome evaluation.

Several studies reported that almost two-thirds of women who left welfare for work returned to welfare at least once for many reasons, such as earnings reductions with low-pay, along with several employment barriers, including lower education levels, mental health problems, and childcare and transportation difficulties. For instance, single mothers with low education levels are now seeking employment. As a result, they face several challenges, such as obtaining affordable childcare and low wages.

Such problems raise issues concerning lack of health insurance and related benefits for these families. Comprehensive approaches are critical for reducing welfare dependency, including individual employment plans; job training and education; supportive services such as work allowances, cash assistance for childcare, transportation, and food stamps; addressing health concerns and insurance; client assessments to identify co-occurring needs and problems; and interventions that target co-occurring problems.

SEE ALSO: Aid to Families with Dependent Children; Family Budgets; Family Size and Structure; Welfare; Welfare Dependence.

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Thailand

THAILAND IS THE MOST economically well-developed country in mainland southeast Asia, and an important regional leader in the struggle against poverty. It has a tropical climate that provides comparative advantages in various forms of agriculture and has also historically housed important trade centers that linked Mediterranean traders with those of India, Persia, China, and Japan. During the period of European colonization, successive kings of Thailand (named Siam until 1939) used diplomacy to avoid being overrun and, uniquely for southeast Asia, remained independent throughout history.

The revolution that ended the absolute monarchy in 1932 has been followed by decades of slow progress toward democratization, regularly punctuated with episodes of military dictatorship. This has been associated with gradually increasing industrialization, increased wealth, and gradually reduced levels of poverty. The kingdom now has a population of approximately 63 million. Most business and government activities are clustered in the capital city of Krungthep (Bangkok). There is some regional inequality between the capital and the regions, most of which rely upon agriculture, with the poorest region being the northeastern region of Isaan, which is the home to 20 million ethnic Lao people.

Historically, Thai society has been based on a form of feudalism that featured land and resource ownership by the king and control of the nation by various officials and members of the nobility. Ordinary people were liable to provide corvée labor for the state, either through military service or on civil engineering projects, up to as long as six months per year. Different classifications of slavery were also important features of the economy. Nevertheless, the fertility of the river valleys and the produce of the jungle meant that most people were able to enjoy a comparatively healthy standard of living. However, occasional problems with flooding and drought could upset this pattern, leading to widespread hunger, especially in the Isaan region, much of which is set on a huge saltpan, which significantly reduces the fertility of the land.

The 1997 financial crisis and the tsunami of 2004 both revealed the continued vulnerability of the country to external shocks. Both events led, in addition to the human misery involved, to serious economic results, particularly in specifically affected regions. In the case of the financial crisis, many people who had lost their jobs were able to return to their family homes in

the provinces to switch to part-time or underemployment and hence the overall effects were limited. In the case of the tsunami, those Thais affected were mostly those who earned their living from the sea or from tourist-related activities.

While some were internal migrants had the option to return home, many lost all of their possessions. Recent government policies have focused on regional development and the attempt to mitigate the possibility of sudden onset of poverty. The 30 baht (\$.75) healthcare program, for example, aims to provide a wide range of health services available throughout Thailand at low cost and this has successfully reduced the prevalence of illness-led poverty. It is intended to increase the range of services to include medication for those infected by HIV/AIDS. Thailand was a pioneer in reducing infection rates for HIV/AIDS through promotion of the use of condoms.

Problems persist with continued violence in the southern border region with Malaysia, where a minority of the Muslim ethnic Malay community practices terrorism in the desire for a return to the separate state of Pattani. The persistence of bird flu within the poultry and wildlife of the country demonstrates not just the importance of chicken meat export to Thailand, but also the low level of enforcement of regulations over a vital industrial sector. The small-scale agricultural sector has the most prevalent rate of household poverty, since a great deal is conducted on a subsistence basis and personal indebtedness is high among many farmers. This has arisen for a variety of reasons, principal among them perhaps the problem of crop failure, which leaves farmers needing to borrow money to buy food. The populist and very popular Thai Rak Thai Party of Prime Minister Thaksin Shinawatra has expended efforts in alleviating rural indebtedness, but with only limited success.

Recent migrants to Thailand, specifically those hill tribe people who have entered illegally, are frequently subject to harassment by local officials and find it difficult to obtain proper registration papers. This makes them more vulnerable to poverty, as they cannot easily access government services or welfare programs and may be prevented from accepting employment. Many of the more than one million migrant workers in Thailand face similar problems. They are also one of the groups most vulnerable to human trafficking and forced entry into prostitution or other unsafe activities.

Human Development Index Rank: 73 Human Poverty Index Rank: 28 SEE ALSO: Disease and Poverty; Immigration; Laos; Natural Disasters; Subsistence.

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Third Way

THE THIRD WAY IS A political philosophy most commonly associated with the work of Professor of Sociology Anthony Giddens, and given expression in office by Tony Blair's New Labour Party in the United Kingdom, Gerhard Schroeder's Social Democrats in Germany, and Bill Clinton's Democratic administration in the United States.

In essence, it seeks to reinvigorate the center ground of politics free from extremist market-first policies on the right, and state control policies on the left. In their place, the Third Way supports market-friendly policies, emphasis on technology, globalization, human capacity development, and public-private partnerships created and fostered in the managerialist search for solutions that work, whatever the provenance of their ideological foundations.

For several years, the Third Way and its proponents seemed to be leading an international electoral revolution, but more recently the term has somewhat fallen into abeyance as previously hoped-for successes have proved elusive, and the international political environment has turned towards the authoritarian as the result of external events. In any case, the Third Way has been held up for ridicule for a variety of standpoints by critics who believe it is vacuous, lacking in empirical rigor, and that it appropriates right-wing ideas and presents them as centrist.

ORIGINS

The concept of a middle way that has inherent in it some form of moderation, and which fearlessly adapts the best parts of either extreme while eschewing the undesirable parts, has been common and popular throughout history. Aristotle, Queen Elizabeth I, and the Lord Buddha are among those who have called for a middle path. The idea seems plainly attractive.

So many incidences of binary structures—that is, ideological alternatives—are presented as representing sterile opposition that it is only through fusing the two that any progress could be made. Both G.W.F. Hegel and Karl Marx followed this methodology. It is easy, therefore, to cast such a debate in terms of right and left, public and private, and globalization versus antiglobalization and fashion from these oppositions a synthesis. By claiming that the Third Way represented an evolution of the left to cope with a modern world, which the right refuses to manage, proponents have used it to claim the whole of society as their natural constituency.

The second stage of Tony Blair's project, after all, after modernizing the Labour Party, was to unite it with the Liberal Democrats in a system of proportional representation that, dressed in the clothes of the center left but speaking the language of the populist right, would appeal to such a majority of the electorate that it would hardly ever be threatened. The alliance and electoral reform of this second phase may have been avoided, but the ability to speak in one way while doing another was lacking.

The benefits of the minimum wage, tax credits to lift thousands of the poorest out of poverty and provision of childcare and assistance to single-parent families have been almost completely ignored in election campaigns, which have been fought on grounds of crime and economic competence long regarded as the province of the right. Faced with criticism of the Third Way, nearly all of which comes from the left, Giddens has been unable to come up with convincing rejoinders restating the genuine substance of the system.

THE THIRD WAY AND THE STATE

The seminal moment of Tony Blair's project to modernize, as he saw it, first the Labour Party and then the British political system was his announcement at the party conference of 1994 that he intended to remove clause four of the party's constitution. Staunch traditionalists of the party had long treasured this clause, even if it had for some decades become next to impossible to achieve, and it called for the adoption into state ownership of all means of production.

Blair's resolution in ending this commitment demonstrated the abandonment of any remnants of the socialist basis to the Labour Party and the subsequent embrace of policies and justifications from ideologies of all stripes. It was the role of Giddens in this process to assure Blair and his advisors not to be fearful of adopting Conservative Party policy or of being labeled a political conservative. Instead, they should recognize that there are inevitabilities about certain aspects of the modern international economy, and build policies on what is inevitable rather than what might be desired.

The movement from capitalism to socialism is a long-term transition.

Consequently, markets must be accepted as referable to government control in most cases, while the ability of capital to move from country to country freely constitutes a positive aspect of the modern world. Instead of trying to prevent the spread of globalization, it should be modified in comparatively small ways to try to avoid inequalities that could destabilize the social system.

Blair and his party took this message to heart and subsequently went out of their way to court the rich and influential and to pursue public-private partnerships as well as market government activities, despite the often extensive evidence that these solutions were disastrously expensive, as in the case of the Public Finance Initiative described by G. Monbiot.

This appears to be because adhering to the Third Way has become associated with reassuring market forces that no actions will be taken that damage their interests. At the same time, the jackdaw selection of policies to create a portfolio has become devoid of an underlying, unifying ideology that explains the purpose and nature of government other than simply to obtain power and maintain it.

Internationally, building alliances and partnerships that would support Third Way initiatives often required such precarious leaps of reasoning that there was little in the way of genuine connection between the individuals and their traditions, and hence little really in common on which to build a philosophy.

ELECTORAL SUCCESS

It is questionable whether Blair's New Labour Party achieved its first electoral success in 1997, a crushing victory over the discredited, scandal-ridden Conservative Party of John Major, as a result of the ideological underpinning of the Third Way, or whether that ideol-

ogy was later created to fill a perceived gap in ideology criticized by observers subsequently.

Nevertheless, the first years of the Labour government are closely associated with the concept, although this has lessened subsequently, partly as a result of the loss of influence of one of its key architects, Peter Mandelson. In the United States, the electoral victory of Bill Clinton on the New Democrat platform was also considered to be an inspiration. Clinton refers to the term in his autobiography as being suitable to describe the philosophy, and although he does not strictly define the term, he notes that the agenda for a particularly noteworthy international Third Way conference was "to articulate a progressive consensus for domestic and foreign policies in the 21st century, and for reforms in the international financial system to minimize financial crises and intensify our efforts to spread the benefits and reduce the burdens of globalization."

In other words, Clinton's view of the Third Way is one that is fundamentally internationalist in its approach and pluralistic in nature. An internationalist approach is liable to receive criticism from those ideologically opposed to it that it reflects a new form of colonialism, in which non-Third Way nations must sign up to the provisions of the philosophy in order to benefit from its provisions.

This problem is magnified by the implicit acceptance of the validity of international financial institutions (whether reformed or not) as the legitimate tools for both managing the global economy and recommending changes to the economic management of individual states. In any case, economic sovereignty is compromised under internationalist approaches.

Continental European leaders associated with the Third Way included Schroeder of Germany, Italy's Romano Prodi and Massimo D'Alema, Wim Kok of the Netherlands, and President Peter Stoyanov of Bulgaria, as well as French Foreign Minister Lionel Jospin. These individuals mostly derived their political philosophies from the tradition of centrist European social democracy. This ideology derives from philosophical beliefs similar to Marxism, but it rejects the militant or totalitarian element believed to be inherent in that system, and instead adopts an evolutionary approach to social change.

The movement from capitalism to socialism is, therefore, to be managed as a long-term transition in which the role of the state is to protect the vulnerable and to reduce inequalities to maintain social harmony. Concomitant with this is a commitment to the welfare state and to enterprise labor unions as part of a tripar-

tite approach to labor issues. The social democratic tradition is largely absent in the United States, where both major political parties occupy political ground to the right and generally eschew social bonds in favor of individualism. From a high point at around the turn of the century, the electoral success of the Third Way has declined. First, the Republican candidate George W. Bush was adjudged to have won the office of president in the United States, while some European Union states elected less centrist governments and, also, particularly in France, voters rejected the European Union constitution, largely on the basis that it represented in part the Anglo-American model of competitiveness, which slashed public services and job security in a manner alien to the European tradition.

Tensions surrounding immigration and multiculturalism have also been inflamed by various terrorist attacks, and some right-wing political leaders as pretexts to restrict personal liberties and human rights provisions have exploited this situation. The years 2001–05 have seen a withdrawal from the consensual belief in multilateral and sophisticated, pluralistic approaches to problem solving. Since few if any influential leaders still engage in the discourse of the Third Way in any positive manner, it seems fair to conclude that its time has passed.

FUTURE INFLUENCE

The recent international terrorist attacks and national disasters have demonstrated that only governments can provide a large-scale level of services through the massive redistribution of resources and even then, they are frequently hampered by underinvestment. The ludicrous Reaganite notion that shrinking the state to enable private-sector institutions to fill the space is a viable model has again been exposed. The Third Way may in itself have proved inadequate as a political philosophy uniting both private and public sectors, but it did help stimulate debate about new ways for states to mobilize resources and create a discourse and vocabulary for further thought and research in the future.

SEE ALSO: Clinton, William (Administration); Globalization; Social Democracy; Socialism; United Kingdom.

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Third World

THE CONCEPT of the Third World is a product of two phenomena of the post-World War II period. The deepening Cold War between the United States and the Soviet Union resulted in the alignment of other nations within the spheres of influence of the two superpowers. At the same time, the dissolution of the European colonial empires led to a dramatic increase in independent states in the Caribbean, Africa, Asia, and the Pacific region.

The West and the East defined themselves largely against each other. In all regions of the world, the United States created alliances that were meant to check the spread of communism. Chief among these alliances was the North Atlantic Treaty Organization (NATO), which linked Anglo-American security with that of the western European states.

The Soviet sphere included its sometimes uneasy alliance with Mao Zedong's communist regime in China, as well as its support for a number of smaller client states scattered like strategic outposts across most regions of the world. But Soviet influence was centered in the Warsaw Pact through which it had formalized its domination of eastern Europe.

Although these two alignments of nations were seldom referred to as the First World and the Second World, the ostensibly nonaligned nations of the Caribbean, Latin America, Africa, Asia, and the Pacific region became known, almost by default, as the Third World. At first, the label was rather neutral, but as the nations of the Third World became increasingly politically unstable, socially fragmented, economically dysfunctional, and environmentally distressed, the term *Third World* began to carry a deepening stigma. It became synonymous not only with general backwardness, endemic malnourishment, and rampant disease, but also with ruthless kleptocracies, bitter internecine conflicts, and intransigent social and economic issues.

Although the states of Central and South America have been independent since the early decades of the 19th century, they and most Third World nations that have more recently achieved independence have experienced frequent changes of government that have not necessarily signaled a substantive change in manner of governance.

In fact, beyond the immediate destruction caused by the coup d'état, most of the population may remain minimally affected by any specific change in government. Yet the political instability that results from such frequent changes in government discourages foreign investment and prevents the steady accumulation and expansion of the country's assets that are the basis of economic prosperity.

THIRD WORLD INSTABILITY

Examples of this sort of political instability in the Third World are manifold. In March 1991, Nicephore Soglo defeated Mathieu Kerekou for the presidency of Benin (formerly Dahomey) in west Africa. Kerekou was the first president in 30 years of postcolonial African history to be removed from office by the electorate. Despite having had only two "presidents" between 1960 and 1982, the Central African Republic had five violent changes in government during that period. Between independence in 1960 and 1980, the Republic of the Congo experienced six violent military coups. Since Honduras achieved its independence in 1821, it has had more than 120 presidents, most installed and then removed from office by the military.

The military ruled Brazil from 1964 to 1985. Even with the proclaimed return to democratic elections, generals have continued to be among the leading candidates for the presidency. There is historical precedent for these recent events: between 1889 and 1930, the presidency was rotated among "governors" of states run by political bosses through highly controlled political organizations. Similarly, since the mid-1940s, power in Argentina has shifted violently nearly a dozen times between the Peronistas (essentially demagogic populists) and military regimes.

Moreover, most Third World nations face serious threats in the form of regional or internal racial, ethnic, tribal, religious, ideological, and economic conflicts. Despite the partitioning of Muslim Pakistan and Hindu India in the aftermath of independence from Great Britain, India is hardly a homogenous nation. Indians speak 15 major languages and 1,652 distinct dialects. The Sikh rebellion is only the most prominent of several dozen movements for ethnic and/or religious autonomy or independence.

At any given time, approximately 50,000 of the prisoners in India's jails are political prisoners. Moreover, despite the long-standing tensions between Hindus and Muslims, India has a sizable minority of more than 145 million Muslims who chose to remain in the more secular Indian state. Thus, India's Muslim population approaches that of Indonesia (242 million) and Pakistan (162 million), and it is equivalent to that of Bangladesh (144 million)—the most populous Islamic states in the world.

Since achieving independence from Great Britain in 1960, Nigeria has seemingly laid the foundation for long-term economic prosperity. It has great potential wealth agriculturally, minerally (especially in its significant oil reserves), and, increasingly, industrially. Yet, the country has been politically unstable, with the military almost regularly removing civilian governments by coups d'état. At the heart of Nigeria's problems are tensions among the four major ethnic groups in the country—the Yoruba, the Hausa, the Ibo, and the Fulani—particularly between the eastern, largely Christian Ibo and the northern, largely Muslim Hausa. Each ethnic group is represented by contending political parties and factions within the military.

In 1966, thousands of Ibo were killed by the Hausa and about a million more were driven from their homes in northern Nigeria. In 1967, the discovery of huge oil reserves in eastern Nigeria, or Biafra, led a small group of army officers to stage a coup and declare the region independent. Playing off the heightened tensions between the Ibo and Hausa, these officers, led by Lt. Col. Odumegwu Ojukwu, actually had great financial interests in the new oil fields. When Biafra became militarily isolated, Ojukwu refused to permit food relief to reach the people trapped behind his army. In effect, he hoped that the specter of starving millions would achieve what he could not achieve militarily. Tens of thousands starved before Ojukwu finally fled into exile.

REFORM ATTEMPTS

Often the attempt to enact fundamental reforms to moribund methods of governance under a succession of different governments has made an already volatile situation only worse. In Colombia, attempts at economic reform in the wake of the Great Depression led to ongoing political violence between liberals and conservatives that killed more than 200,000 people between 1948 and 1957.

Complicating the positions of most Third World nations is their continued economic and even political

dependence on their former colonizers—or in the western hemisphere, their continued subordination to the United States.

Despite the viciousness of the prolonged Algerian war of independence against France in the 1950s, today France remains one of Algeria's major trading partners, providing 25 percent of Algeria's imports. Though the Central African Republic achieved independence from France in 1960, 20 years later France bought 50 percent of the nation's exports and provided 58 percent of its imports. Similarly, 20 years after independence, Benin (formerly Dahomey) still depended on France to buy three-quarters of its exports.

Third World nations face serious threats in the form of regional or internal conflicts.

Niger not only is very dependent on its trade with France, but also employs annually some 250,000 French as administrators, teachers, and technicians. In Guinea, there was an immediate crisis when independence from France was achieved. When the French departed, the new country lost most of its administrators, technicians, doctors, teachers, and judges, and they took with them all of their records.

ECONOMIC DEPENDENCE

The foreign-owned facilities in Third World nations have often become symbolic of the consequences of their governments' failure to throw off the yoke of economic dependence. The most important industrial complex in Cameroon is the massive, U.S.-built and operated Alucam aluminum smelting plant. The U.S.-backed government in the Dominican Republic established four "free zones" where U.S. corporations could operate for 20 years without taxes. Falconbridge Nickel, Shell Oil, and Gulf & Western invested hundreds of millions of dollars in new Dominican facilities in the 1970s.

In 1984, over 2,000 people in Bhopal, India, died from the effects of a chemical leak at the Union Carbide plant. The incident became emblematic of the irresponsibility of foreign-owned industries in Third World nations.

In some instances, the World Bank and other organizations have exerted this sort of economic and political domination over ostensibly independent Third World nations. In 1989, the annual inflation rate in Ar-

gentina was 3,000 percent and the nation's foreign debt reached \$58 billion, or 70.13 percent of its Gross National Product.

In the aftermath of Indonesia's bloody war for independence from the Dutch and a decade-long, extremely violent, and free-ranging anticommunist campaign, the Indonesian economy became dominated by a consortium of Western conglomerates and banks called the IGGI or the Intergovernmental Group on Indonesia. This group fostered strong relations with the nation's powerful military. A group of U.S. economic policy planners, called the "Berkeley Mafia," was particularly influential in the 1970s.

In Bangladesh, government expenditures exceed revenues by more than 50 percent, and the government depends on foreign aid to make up the difference. In effect some commentators say the World Bank has as much control over the economy of the country as does the federal government.

SEE ALSO: Dependency School; Economic Dependence; Economic Growth and Poverty Reduction Strategy; International Monetary Fund; Millennium Development Goals; World Bank.

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Thompson, T. Phillips (1843–1933)

DURING THE LATE 19th century, Thomas Phillips Thompson was one of Canada's leading labor reform advocates and his writing represented one of the most influential critiques of capitalism within Canada. Thompson was born in Newcastle-upon-Tyne, England, on November 25, 1843, and his reformism was undoubtedly influenced by Quaker traditions concerning spirituality, self-worth, individualism, and personal and social education.

After immigrating to Canada at the age of 14 with his parents, Thompson studied law and graduated in 1865. However, he soon abandoned the legal profession and turned to a successful career in journalism, working in both Canada and the United States. While he initially wrote for mainstream publications, Thompson's social influence was principally seen in his writing for both the Palladium of Labor (Hamilton, 1883–86) and the Labor Advocate (Toronto, 1890–91). In 1887 he published The Politics of Labor, which combined much of his editorial work for the Palladium into a blueprint for social reform. This work was a serious economic examination of labor conditions in North America, focused primarily on labor and social conditions in the United States, where it was published with the assistance of Henry George.

Like many of his middle-class contemporaries, Thompson believed that the development of industrialism and monopoly capitalism had entrapped the worker. While industrialism undermined the traditional social position of many workers, the growth of monopolies eliminated economic opportunities, which had previously allowed workers to escape wage slavery. According to Thompson, fundamental changes in social philosophy were necessary before reform programs could succeed because the conditions of industrial soci-

ety inherently encouraged the development of negative traits such as greed, meanness, and dishonesty. Essentially, Thompson viewed human nature as inherently good, but warped by the pressure to survive under the capitalist system. This emphasis on environmentalism formed a predominant theme of social reform views during this period.

While both George and Edward Bellamy influenced Thompson, his work did not simply mimic the views of these writers. Thompson adapted George's single-tax concept to support his broader collectivist social views. While Bellamy focused on taxing the unearned profits from landownership, Thompson expanded this theory to include profits from all essential industries, from railroads to banks. Essentially, Thompson applied the fundamental principle of Georgeism, that wealth was produced only through social activity and that wealth therefore belonged to society as a whole, to all aspects of industrial society.

Thompson argued that the monopolistic process of corporate mergers would ultimately result in a public demand for nationalization. Rather than socialism, Thompson drew on capitalist analogies, arguing that this process would simply make government and society one immense joint stock company for carrying on the work of the country, with workers and managers simply being paid dividends from their share of the profits. Following the international success of Bellamy's utopian Looking Backward, Thompson incorporated many of the themes used by Bellamy into his own vision of collectivization. Thompson's adoption of Bellamy's nationalism as an analytical framework was illustrated in his Labor Advocate articles, which focused on issues of nationalization, municipalization, and the role of monopolies in creating the nationalist state.

SEE ALSO: Bellamy, Edward; Capitalism; George, Henry; Industrialization; Wage Slavery.

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TIP Curves

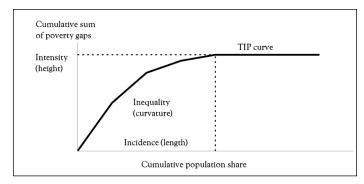
TIP CURVES ARE A GRAPHICAL method of representing multiple aspects of poverty and were developed by Stephen Jenkins and Peter Lambert in 1997. The term *TIP* stands for the "Three 'I's of Poverty," which include incidence, intensity, and inequality.

TIP curves are similar in nature to the more commonly used Lorenz curves. A Lorenz curve is a graphical representation of income inequality and is created by ordering up the entire population from poorest to richest and then graphing the cumulative percentage of the population against the cumulative percentage of the income earned by the population. In a hypothetical country where all persons have identical incomes, the Lorenz curve is a straight 45-degree line. As a country's income becomes progressively more unequal, the Lorenz curve gains curvature. The degree of curvature of the line displays the degree of income inequality that exists in the country.

To create a TIP curve, again the entire population is ordered up from poorest to richest, but then one graphs the cumulative percentage of the population against the cumulative poverty gap of the population, or the cumulative poverty gap per capita. The poverty gap is the difference between the poverty line and the actual income of each individual household. In other words, the poverty gap for a household is the amount of money that would be required to bring that household to the poverty line. Households with income levels above the poverty line are defined to have a poverty gap equal to zero.

The interesting feature of the TIP curve is that the shape of the curve has convenient interpretations. The length of the curve represents the incidence of poverty and is the percentage of the population that falls below the poverty line, otherwise known as the headcount index or poverty rate. The height of the curve represents the intensity of poverty and, depending on whether the y-axis is measured by the cumulative poverty gap or cumulative poverty gap per capita, is the amount of income that would be required to bring all of the poor up to the poverty level (known as the poverty gap), or the amount of income per capita that would be required to achieve the same goal (known as the poverty gap index). The curvature of the TIP curve represents the inequality of poverty and essentially behaves like an inverse Lorenz curve.

A country whose TIP curve has a more pronounced curvature is one where some of those households in poverty suffer from absolute destitution while others



The interesting feature of the TIP curve is that the shape of the curve has convenient interpretations.

are comparatively well-off. The "three 'I's of poverty" can be compared across countries using TIP curves so long as the cumulative poverty gap per capita model is used. When two TIP curves are graphed together, if the curves do not cross, the country whose TIP curve lies to the left of the other country's curve can unambiguously be said to suffer from more severe poverty. When two TIP curves cross, however, no such definitive statement can be made, as a tradeoff is being made among the intensity, incidence, and inequality of poverty in the two countries.

SEE ALSO: Headcount Index; Income Inequality; Poverty Gap; Poverty Gap Index.

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TOC-H

TOC-H IS A nondenominational Christian charity headquartered in the United Kingdom. The Reverend Philip "Tubby" Clayton founded the organization during World War I. In December 1915, while serving as a British army chaplain, Clayton set up a rest center for soldiers in Poperinge, Belgium, a small town just behind the front lines. The center was named Talbot House

after a fallen comrade, and it quickly became known by its initials, TOC-H, in the common radio signalers code of the time. Talbot House became a refuge from the horrors of war for thousands of British soldiers as well as those from other nations who traveled through the area. Clayton's center was open to men of all ranks and nationalities, which contributed to a sense of deep mutual understanding among those who visited the house and its famous upstairs chapel.

After the war, army veterans who wished to re-create the feeling of spirituality and camaraderie that existed at Talbot House began to set up similar facilities in England and elsewhere. Early in 1920, Clayton, along with Reverend Dick Sheppard and Sir Alexander Patterson, drew up the first formal mission statement for the organization that would grow to become the modern TOC-H society.

The written code, known as the "Four Points of the Compass," calls upon members to engage in the four ideals of "friendship, to provide members with opportunities to develop a spirit of understanding and reconciliation; service, to enable members, with their varying gifts, to serve their fellows; fairmindedness, to bring to members the knowledge and experience of others; and witness to God, to work for a better world through the example of friendship, service, and fairmindedness." The open nature of the original Talbot House also led to an emphasis in the modern organization on fighting prejudice, studying local and international conditions, and working to prevent conflict through understanding. Clayton served as the organization's unofficial ambassador, traveling the world promoting TOC-H and the ideals it espoused until his death in 1972.

TOC-H engages in a variety of charitable activities, including providing educational opportunities in inner cities, organizing activities for the elderly and disabled, and making outdoor and wilderness events available for disadvantaged youths. In addition, TOC-H operates a number of Talbot Centers that serve as conference centers and provide locations for other activities. TOC-H also serves as a source of funding and organizational expertise for newly formed community charities.

TOC-H has significant international activities, with operations primarily in British Commonwealth nations, including India, Bangladesh, Australia, New Zealand, Canada, South Africa, and Zimbabwe as well as several other countries with historical significance for the organization, including Belgium, France, and Germany.

SEE ALSO: Charity; Christian Antipoverty Campaigns; International Nongovernmental Organizations.

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Togo

BORDERING ON THE Bight of Benin in sub-Saharan Africa, the small Togolese republic covers six different geographic regions, which are home to some 37 African tribes. With an annual per capita income of \$1,600, Togo experiences an official poverty rate of 32 percent. Unofficial reports place the poverty rate at 72 percent, with 57.4 percent of the population classified as extremely poor. The fact that poverty affects women more than men has resulted in what is known around the world as the "feminization of poverty." One-third of the Togolese population is malnourished, as are one-fourth of all Togolese children.

The Togolese economy is based on a combination of subsistence and commercial agriculture, which employs some 65 percent of the labor force. Around 56.4 percent of all agricultural workers are women. Togo's most valuable asset is the arable land that covers 46.15 percent of the 54,385 square kilometers that make up the land area. However, only 2.21 percent of the arable land is allotted to permanent crops, and Togo imports much of its basic food requirements. Togo is subject to periodic droughts, and slash-and-burn tactics threaten much of the remaining forests. Major exports include cotton, cacao, and coffee. Fourth in the world in the production of phosphate, Togo lost almost 21 percent of that income in 2002 because of power shortages and the inability to keep up with development costs.

Because of ongoing political unrest, most foreign aid to Togo was frozen for a number of years. In 2004, the European Union resumed aid to Togo and began supporting new development programs. The Togolese government has initiated economic reforms along the guidelines established by the World Bank and the International Monetary Fund (IMF). However, Togo continues to face extreme poverty and high mortality and death rates that strip the country of both human and material resources.

The Togolese population of 5,681,519 experiences a life expectancy of 52.64 years and a median age of

17.78 years. Life expectancy has changed only slightly since 1980, when life expectancy was recorded at 48 and 51 years for males and females respectively. Some 43.2 percent of the population are under the age of 14, and only 2.6 percent of Togolese reach the age of 65. The Togolese have a 37.9 percent chance of dying before the age of 40.

Approximately 46 percent of Togolese lack access to safe water, and rampant water pollution is a constant threat to health. In 1992, Togo reported 10,000 cases of Guinea worm disease, a debilitating disease contracted through exposure to infected water. Through efforts by former president Jimmy Carter and Emory University's Carter Center, working in conjunction with locals to teach prevention methods, the incidence had plummeted to 601 in 2003. In some areas, the risk of developing malaria and yellow fever is also high. In addition to exposing the population to food- and waterborne diseases that are epidemic in much of sub-Saharan Africa, water pollution endangers the fishing industry, raising both health and economic concerns. Improper sanitation also creates major health problems in Togo, and 66 percent of the people have no proper access to this basic necessity.

General health is further threatened by the fact that Togo has only six physicians for every 100,000 residents, and roughly half of the population has no access to affordable essential drugs. The HIV/AIDS epidemic has also taken a heavy toll on Togo. By 2003 estimates, a prevalence rate of 4.1 percent had resulted in 110,000 reported cases of the disease and 10,000 deaths. In September 2001, Togo created the National Council to fight the spread of HIV/AIDS and other sexually transmitted diseases.

Infant mortality is high in Togo at a rate of 66.61 deaths per 1,000 live births. This is a marked decrease since 1980, when infant mortality was recorded at 128 deaths per 1,000 live births. Between 1980 and 2003, the mortality rate of children under the age of 5 declined from 216 deaths per 1,000 to 140 deaths per 1,000. One-fourth of all Togolese children under the age of 5 are malnourished. That number has remained stable since 1990. Seven percent of under-5s are severely undernourished. Approximately 22 percent suffer from moderate to severe stunting, and 12 percent suffer from moderate to severe wasting.

Between 1990 and 2002, infant immunizations dropped in all areas except those against tuberculosis, which increased from 73 to 84 percent. DPT immunizations dropped from 77 to 64 percent; polio immunizations decreased from 71 to 63 percent; and measles

immunizations declined from 65 to 58 percent. In 2003, 58 percent of children between the ages of 12 and 23 months were immunized against measles, and 64 percent were immunized against DPT3. At least 85 percent of Togolese children do not receive essential re-hydration therapy when they are ill.

Togolese women produce an average of 4.61 children each. This fertility rate has declined significantly from the 6.8 children per woman reported in 1980. The fertility rate of females between the ages of 15 and 19 is 80 out of 1,000. Some 26 percent of Togolese women use contraceptives, but that number has declined since the 34 percent rate recorded in 1990. Between 1990 and 2005, the number of professional medical staff attending births increased from 31 percent to 51 percent. Yet maternal mortality remains high. Between 1995 and 2000, model ratios indicated an increase in maternal deaths from 980 to 570 deaths per 100,000 live births. Because of entrenched tribal beliefs, Togo has a long history of discrimination and violence against women. In response to international pressure, the Personal and Family Code was revised to end legal discrimination, and in November 1998, Togo passed laws making female genital mutilation illegal.

Unofficial reports place the poverty rate at 72 percent.

While Togo has a literacy rate of 60 percent for all people over the age of 15, these figures are misleading. Three-quarters of Togolese males are able to read and write, but fewer than half (46.9 percent) of all women can do so. These numbers are best understood when compared to the 1980 female literacy rate of 82.2, indicating that declining female literacy poses a national problem for Togo.

On the average, Togolese children attend school for at least 10 years. With almost 40 percent of Togolese girls dropping out of school, the likelihood has been that girls would end up in domestic service or as the victims of child trafficking. To combat this probability, UNICEF, the United Nations' organization for children, launched a program to combine literacy, tuition assistance, and daycare for those who are mothers. Between 1995 and 2000, female school attendance rose from 32 to 42 percent. During the period covering 1990 to 2000, primary completion rates for males rose from 55 to 73 percent, and completion rates for females doubled from 26 to 52 percent.

Human Development Index Rank: 143 Human Poverty Index Rank: 76

SEE ALSO: Child Malnutrition; Environmental Degradation; Feminization of Poverty; Malnutrition.

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Tonga

KNOWN FAMILIARLY AS "The Friendly Islands," Tonga is composed of 150 islands in the south Pacific Ocean. Of these islands, 36 are uninhabited. Tonga is the only monarchy in the Pacific. After 70 years as a British protectorate, it became a member of the Commonwealth of Nations in 1970. Tonga is a lower-mid-dle-income nation with an annual per capita income of \$2,300. Approximately 65 percent of the labor force are involved in agriculture. The islands export squash, coconuts, bananas, and vanilla beans, and these exports make up two-thirds of the total exports. Despite the abundance of agricultural products, Tonga imports most of its food supply from New Zealand.

Regular remittances from Tongans who work abroad and receipts from the tourist industry provide the largest share of government revenues. Unemployment stands at 13.3 percent on the islands and is particularly prevalent among the young. Without foreign aid, the Tongan economy would be unstable. With substantial aid, Tonga has a well-developed system of social services and has increased funding for health and education.

A recently published study by the Asian Development Bank revealed that poverty on Tonga is generally an issue of hardship rather than the kind of extreme poverty that plagues the poorest nations of the world. On this basis, 23 percent of Tongans lived below the poverty line of \$28.18 per person per week. This meant

that some individuals were forced to choose between buying food and paying school fees for their children's education.

Among the Tongan population of 112,422, life expectancy is 71.5 years. This is an increase of over 10 years since 1980. Females generally have a five-year advantage over males. The median age on Tonga is 20.46 years. Over 36 percent of the population are below the age of 14, and 4.2 percent have seen a 65th birthday. All of the people of Tonga have access to safe drinking water, and 97 percent of the population have access to improved sanitation. There are 35 physicians for every 100,000 residents on the island, and only five percent of Tongans lack access to affordable essential drugs.

Infant mortality is relatively low on Tonga. In 2005, it was estimated that 12.62 infants died out of every 1,000 live births. Female infants died at a rate of 12.2 per 1,000 as compared to males at 13.97 per 1,000. Between 1990 and 2003, infant mortality rates decreased from 25 deaths per 1,000 live births to 15 per 1,000. During that same period, the mortality rate of all children under 5 fell from 26 deaths per 1,000 to 19 deaths per 1,000. Two percent of Tongan infants are underweight at birth. Childhood immunization rates for children between the ages of birth and 23 months are all in the high 90 percent range. The entire Pacific region has been certified as polio-free, and no measles outbreaks have been reported for several years.

Currently, Tongan women bear an average of three children each. Between 1970 and 2003, the fertility rate dropped from 5.5 children per woman to 3.4 children per woman. The adolescent fertility rate is 23 out of 1,000 births. About 41 percent of all women use some method of contraception. Over 92 percent of all births in Tonga take place in the presence of trained medical staff.

Literacy in Tonga is based on whether an individual can read and write either Tongan or English. Among the total population, 98.5 percent meet this criterion. There is only a negligible gender difference in this ability. Most Tongan students attend school for at least 13 years, and all children complete primary school.

Human Development Index Rank: 54 Human Poverty Index Rank: Not included.

SEE ALSO: Agriculture; Children and Poverty; Education; Healthcare; New Zealand.

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Totally Fuzzy and Relative Poverty Measures

THE MOST COMMON way to measure the prevalence of poverty in a region is to count the number of persons living in households that have incomes below a predetermined income level. This income threshold is known as a poverty line, and the percentage of the population that falls below this poverty line is referred to as the poverty rate or, in technical terms, the headcount index.

One criticism of measuring poverty in this way is the fact that all persons are designated as either "in poverty" or "not in poverty," with no gradations of any type. For example, a person whose annual income falls a mere \$1 below the poverty line would be considered poor while a person with just \$2 of additional income would be considered not poor. Some scholars have suggested that rather than thinking of poverty in such black-and-white terms, it would be preferable to think of poverty in a more continuous fashion.

To this end they devised a poverty measure with two different poverty thresholds known as the "totally fuzzy approach" (TFA) to poverty measurement. Under the TFA, all persons with incomes below the lower poverty line would definitely be considered poor while all persons with incomes above the higher poverty threshold would be considered not poor. People between the two lines would count as fractionally poor, depending on how close they were to either threshold.

For example, a person whose income fell exactly halfway between the two thresholds would be considered half poor while a person closer to the upper income line might be considered only one-quarter poor. Under the TFA method, the poverty rate is calculated by adding up all of the fully poor as well as the fractions

of the partially poor and dividing by the total population. Five years later, Bruno Cheli and Achille Lemmi expanded on the totally fuzzy approach by altering the way in which the poverty thresholds were calculated. They note that any poverty line is to some extent an arbitrary definition of poverty. Instead of using predetermined income levels as in the totally fuzzy approach, Cheli and Lemmi introduced the Totally Fuzzy and Relative (TFR) poverty measure, under which a person is considered poor or partially poor depending on how her income compares to the national distribution of income. In this way, the need to determine the income levels that define poverty is eliminated. The relative income level at which point a person starts to be considered poor, however, is still a subjective decision.

TFR measures can be modified to be multidimensional so that they combine standard-of-living indicators into a single statistic instead of simply using income as the sole measure of well being. One final advantage of the TFR measurement is that it can be used in the analysis of discrete data and not just continuous data. Discrete data are commonly found in surveys where respondents have a limited number of options from which to choose.

SEE ALSO: Absolute-Income-Based Measures of Poverty; Headcount Index; Income Inequality; Poverty Rate.

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Traumatic Poverty

TRAUMA AND POVERTY—both are real scourges of mankind. During the last four decades or so, attention to the immediate and long-term consequences of terrible, extraordinarily stressful events has very much increased. The psychosocial aspects of such events have been conceptualized. In this context, a traumatic event

is defined as an extraordinary event or a series of events that is sudden, overwhelming, and often dangerous, either to one's self or to significant other(s). It can be added that it is an event that harms nearly everybody severely. So it is quite normal that people develop during such a catastrophe the so-called traumatic stress reaction, which can be defined as a set of conscious and unconscious actions and emotions associated with dealing with the stressors of the catastrophe and the period immediately afterward.

Currently, there are only short definitions of traumatic events and the normal human reactions during such events. Before speaking about the psychological disorders that may result from traumatic events, we must outline what poverty means today. Poverty in developed countries such as France or Germany means something else than poverty in the so-called Third World, where often the basic needs cannot be satisfied. In places such as Germany, the social network can solve problems like malnutrition and homelessness. So in the developed countries it is reasonable to use a relative concept of poverty. In this context, poverty means that a household gets half of the household-size adjusted median income of the society. At first sight, it is noticeable that poverty is defined only as lack of material goods, whereas in the context of development aid, usually poverty is regarded as a more extensive problem.

Tsunamis, earthquakes, and armed conflicts create psychological problems and poverty.

In this context, poverty is defined as a function of capability deprivation, a lack of capacity that inhibits participation in well-being. This includes an income above some artificial minimum, but also access to a healthcare system, to education, and to long-term security or satisfaction of the basic needs, like shelter and nutrition. This comprehension of poverty paves the way to recognizing a connection between a traumatic event and the creation of poverty.

It is obvious that world-renowned catastrophes like tsunamis, earthquakes, and armed conflicts create both psychological problems and poverty. The psychological problems can be conceptualized as posttraumatic stress disorder (PTSD), which is defined by R.M. Goldenson in the following way: "An anxiety disorder produced by an uncommon, extremely stressful event (e.g. assault, rape, military combat, flood, earthquake, death camp, torture, car-accident, head traumas and characterized by

a) reexperiencing the trauma in painful recollections or recurrent dreams or nightmares, b) diminished responsiveness (emotional anesthesia or numbing) with disinterest in significant activities and with such feelings of detachment and estrangement from others, and c) such symptoms as exaggerated startle response, disturbed sleep, difficulty in concentrating or remembering, guilt about surviving when others did not, and avoidance of activities that call the traumatic event to mind."

This generally accepted definition of PTSD shows that poverty may be part of the cause of the "extremely stressful event" when people lose everything in one sudden moment (earthquake, fire, flood); in this sense poverty is traumatic. Poverty can also be traumatic in the sense of being a result of both—namely of the traumatic event itself and the psychological disorder named PTSD too.

MENTAL ILLNESS

So, for instance, tsunamis and long-term armed conflicts often cause extreme poverty in a whole region, and they also cause PTSD or other mental illnesses for many people. Poverty itself inhibits participation in well-being, such as getting medical care. PTSD inhibits recovery as well: severely mentally ill people are not able to help themselves and to change their situation with their own efforts. So, both poverty and PTSD affect one another; therefore help for the victims of catastrophes must include both reducing poverty and treating mental illness.

This is a very important aspect of traumatic poverty. There is another one, too, which is no less important. It is that poverty itself can be traumatic. A child born in a situation of extreme poverty suffers from a series of traumatic events. Often, very poor mothers/parents are physically and mentally ill; they are busy with the search for basic needs (food, water), so the child suffers from a lack of adequate care. This lack can be extreme: lack of food, water, healthcare, and parental love and care. This chronic traumatizing poverty causes long-term complex physical and psychosocial problems. Children growing up under the condition of extreme poverty often are so severely traumatized that they have no real chance for well-being.

Widespread, extreme poverty in developing countries is severely and chronically traumatizing, but it must be mentioned that the kind of poverty existing in developed countries, namely a "mere" lack of material resources, is traumatizing too. Poor parents in developed countries are often also unable to take care of

their children in a suitable way. Such parents are very often discouraged and focused on their own problems. So poverty in this sense is a risk factor for mental and even physical illness even in developed countries. This affects especially children, who are much more vulnerable than adults.

Poor children, even in rich countries, also suffer from an inability to become self-confident adults who are able to experience well-being. In this sense, poverty is traumatic even in developed countries.

SEE ALSO: Children and Poverty; Disease and Poverty; Healthcare; Homelessness; Natural Disasters;.

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Trinidad and Tobago

SITUATED BETWEEN the Caribbean Sea and the north Atlantic Ocean, the islands of Trinidad and Tobago are economically prosperous as a result of a booming tourist business and the petroleum and natural gas industries. In the diverse economy of the islands, 64.1 percent of the labor force are involved in services, mostly tourism. Nearly 10 percent are employed in agriculture. Prosperity is enhanced by low inflation and a trade surplus. Nevertheless, government officials are faced with a myriad of social problems that include poverty, a rise in violent crime, and an expanding HIV/AIDS epidemic.

Some 21 percent of the population of Trinidad and Tobago live in poverty and 10.4 percent are unemployed. Approximately 13 percent of islanders are malnourished. Some 39 percent of the population live on less than \$2 a day, and 12.4 percent survive on less than

\$1 a day. Available resources are unevenly divided, with the richest 20 percent claiming 45.9 percent and the poorest 20 percent subsisting on 5.5 percent. Trinidad and Tobago is ranked 40.3 percent on the Gini Index of Human Inequality.

The current projected life span is 68.91 years among Trinidad and Tobago's population of 1,088,644. Women have an advantage over men of over five years on the average. In 1980, life expectancy on the islands was 66 years. The median age is 30.91 years. Some 21 percent of the population are under the age of 14, and 8.3 percent have lived to see the age of 65. Around nine percent of islanders will never see a 40th birthday. The 3.2 percent HIV/AIDS prevalence rate threatens both the health and economy of the islands. By 2003, 29,000 islanders were living with the disease, which had killed 1,900. Most islanders have access to safe drinking water, proper sanitation, and healthcare. However, nine percent of the population lacks access to safe water, and one percent have no access to proper sanitation. There are 75 physicians for every 100,000 residents, but 20 to 50 percent of the people cannot afford essential drugs.

According to estimates for 2005, infant mortality in Trinidad and Tobago occurs at the rate of 24.31 deaths per 1,000 live births. In the 1970s, infant mortality was over twice that figure, at 49 percent. Between 1970 and 2003, the mortality rate of children under the age of 5 was cut from 57 deaths per 1,000 to 17 per 1,000. Around six percent of island children are malnourished, and 23 percent of all babies are underweight at birth. Four percent of children under the age of 5 suffer from moderate to severe wasting, and five percent experience moderate to severe stunting. Infant immunization rates against DPT increased from 89 to 91 percent between 1992 and 2003. At the same time, polio vaccinations rose from 85 to 91 percent and measles vaccinations increased from 79 to 88 percent. Childhood immunizations range from 88 percent for measles vaccinations to 91 percent for DPT3 vaccinations among children between the ages of 12 and 23 months.

Fertility on Trinidad and Tobago is estimated at 1.75 children per woman. Among females aged 15 to 19, fertility stands at 42 per 1,000 births. Fertility has declined considerably on the islands since the 1970s, when the average rate was 3.5 children per woman. Approximately 38 percent of island women use some method of contraception. Trained medical staff attend 96 percent of all births. Estimates for 2000 place maternal mortality at 160 deaths per 100,000 live births.

Literacy is nearly universal on the islands, and only 0.9 percent of males and two percent of females over

the age of 15 cannot read and write. In 1980, 3.2 percent of males and 7.4 percent of females were illiterate. Education is universal on Trinidad and Tobago, and most students attend school for at least 12 years. However, primary school completion rates have fallen from 96 percent for males and 103 percent for females in 1990 to 94 and 93 percent for males and females respectively in 2000. Some 41 percent of students enrolled in colleges and universities are studying math, science, and engineering.

Human Development Index Rank: 57 Human Poverty Index Rank: 15

SEE ALSO: Child Mortality; Crime; Education; HIV/AIDS.

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Truman, Harry (Administration)

HARRY S TRUMAN (1884–1972) was the 33rd president of the United States. He served as president from 1945 to 1953 and was influential in shaping postwar settlement in Europe and across the world. The only man ever to authorize the use of nuclear weapons, Truman presided over a period of international tension culminating in the Cold War and the Korean civil war. These matters drew his attention from domestic policies to some extent, and his 1949 Fair Deal policy package, which would have revolutionized life for millions of impoverished, was largely blocked by right-ing opponents.

The early years of the Truman administration were dominated by plans and policies drawn up during the concluding years of World War II, which Truman had largely spent heading the Senate War Investigating Committee and then as vice president. These plans included the formation of the Bretton Woods institutions—the International Monetary Fund and the World Bank, as well as the Marshall Plan, which is more properly known as the European Recovery Program.

It received its informal name because of the influence of its main creator and proponent, U.S. Secretary

of State George Marshall. This plan saw the disbursement of large amounts of American capital to European economies, which had been terribly damaged by the effects of the war. Disbursement was accompanied by market opening, free trade, and regional integration, which, whether by design or not, greatly benefited American industry, which had not been damaged by the war and thus was considerably more competitive than European firms. The Marshall Plan money was rejected by the Soviet bloc, which saw it as a form of American imperialism. At the same time, the Truman administration was negotiating around the world the end of European empires, as a continuation of the 1942 State Department "Declaration of National Independence for Colonies." This led to substantial opening of markets to American goods globally.

Truman had become president by virtue of the death of his predecessor, Franklin D. Roosevelt, some 12 weeks after taking power. He faced his first election in 1948, which he managed to win to considerable public surprise. In his January 5, 1949, State of the Union Address, Truman displayed his Democratic principles by outlining a package of policy measures that he termed the Fair Deal. This greatly developed the New Deal outlined by his predecessor, and was contrary to the prevailing public climate. Postwar America had witnessed consumer goods shortages and some social dislocation as women had been faced with returning to domestic employment.

Republican interests had reversed some provisions of the New Deal, notably the Taft-Hartley labor law, despite it being vetoed by the president. This act restricted labor rights significantly, including the banning of closed shops, secondary boycotts, and other hard-won rights.

Republicans and conservative Democrats, largely based in the southern states, also vehemently opposed the Fair Deal. Nevertheless, provisions that were involved included federal funding for education and housing, tax cuts for the poor, unemployment insurance, and a federal healthcare program. Very few of these provisions were ever enacted and this has led many to conclude that the Fair Deal was a failure. It would probably be more accurate to say that it represented an important statement that fairness and equity were not abandoned qualities in post-World War II America. Concrete benefits were felt by many of the disadvantaged.

Further, many women were appointed during Truman's administration, demonstrating his commitment to fairness. Even so, the inability to command a political

majority and the failure to control the banking and capitalist classes meant that fewer resources were available to help effect social change or support the subsequent War on Poverty.

Most of Truman's second term was engulfed in international tension. He shaped the Truman Doctrine in response to the British withdrawal of support from Greece. This policy of confrontation with the communist world led to hardening of the Iron Curtain across Europe and caused the United States to become involved in very bloody wars in Asia. The Cold War led to greatly increased expenditure on military goods and services and caused repression of various sorts in most countries of the world in which it was enacted. While some believe that Truman's response saved Western civilization, as Winston Churchill observed, others feel that a more conciliatory approach would have yielded greater benefits.

Truman declined to seek a second elected term and his successor was defeated by the wartime general Dwight Eisenhower. Truman had sought to emphasize civilian control of the military; President Eisenhower reversed the process.

SEE ALSO: Cold War; Democratic Party; International Monetary Fund; World Bank.

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Tunisia

THE TUNISIAN republic, located in northern Africa along the Mediterranean Sea, is a middle-income, moderately indebted nation. Some 7.6 percent of the population live below the poverty line and 13.8 percent are unemployed. Other than young people, unemployment

has hit the textile industry hardest, and unions have organized hunger strikes to protest layoffs, which have left some employees without an adequate safety net. The Tunisian economy is diversified, and only 22 percent of the people are involved in agriculture. Other income-producing sectors include mining, energy, tourism, and manufacturing. The Tunisian government is focused on further economic liberalization and reduction of the trade deficit.

At present, Tunisia is experiencing increasing demands for political openness. As a result, progressive social policies have raised the standard of living, although differences exist among regions. Anti-poverty measures have been a major part of Tunisia's reforms. In the 1960s, the poverty rate hovered in the 40 percent range. The Program of Assistance to Needy Families (PANF) has been credited with assisting 121,000 families and has been particularly helpful to single-mother families, who make up 53 percent of the program. Since 1993, the National Solidarity Fund has also helped tens of thousands of families by renovating primitive housing, supplying electricity, and updating plumbing to improve the quality of drinking water.

Tunisia also provides free medical care and food aid to disadvantaged groups. Even though the government provides assistance to the most disadvantaged groups, 7.6 percent of the population live on less than \$2 a day. The poorest people live either in urban slums or in rural areas. Available resources are not distributed equally, and the poorest 20 percent live on 6 percent of income while the richest 20 percent claim 47.3 percent. Tunisia is ranked 39.8 on the Gini Index of Human Inequality.

The Tunisian population enjoys a life expectancy of 74.89 years and a median age of 27.29 years. Since 1980, life expectancy has increased by more than 12 years for males and by more than 13 years for females. Just over one-fourth of Tunisians are under the age of 14, and 6.6 percent have reached the age of 65. There is a 95.1 percent chance that a Tunisian will survive to the age of 40.

Tunisia's attention to stemming the spread of sexually transmitted diseases (STDs) has allowed the country to bypass the HIV/AIDS epidemic that is ravaging much of Africa. However, general health is threatened by improper disposal of toxic and hazardous waste. Tunisia has limited access to freshwater resources, and 20 percent of the population have no access to safe water. About 12 percent have no access to proper sanitation. In some areas, water may be polluted by raw sewage. As a result, Tunisians face a risk of contracting common diseases that are spread through contact with

infected water, food, and soil. Most of the population has access to medical care, and 80 percent are able to afford essential drugs.

The government has paid a good deal of attention to reducing infant mortality in recent years. Between 1970 and 2005, infant mortality decreased from 135 deaths per 1,000 live births to 24.77 per 1,000. During that same period, mortality rates for children under the age of 5 plummeted from 201 to 26. Overall, Tunisian children are healthy. Four percent of all children under 5 are malnourished, and only one percent are severely malnourished. Approximately 12 percent of under-5s suffer from moderate to severe stunting, and two percent experience moderate to severe wasting. The rate of childhood immunizations is high, with more than 90 percent of children from birth to 23 months old receiving essential vaccinations.

The Tunisian government has ended legal discrimination against women and girls and developed a number of programs designed to end sex discrimination by enhancing education, job, and credit opportunities for females. Through a well-developed family planning program, the number of women using contraceptives has steadily increased over the past decades. From 1980 to 2005, the fertility rate dropped from 5.2 to 1.75 children per woman. In 2003, the adolescent fertility rate was recorded at 15 per 1,000. Approximately 91.2 percent of all basic health centers offer family planning and basic health services. Between 1990 and 2005, the number of births attended by trained medical staff rose from 69 to 90 percent. High-risk pregnancies and infants born with health problems are directed to university hospitals, where they are treated by staff specifically trained in obstetrics/gynecology and pediatrics. The mortality of mothers delivered in hospitals dropped from 68.9 per 100,000 to 54 per 100,000 in 2002.

Nearly three-fourths of the Tunisian population over the age of 15 can read and write, but male literacy is higher at 84 percent than the rate of 64.4 percent for females. This pattern of marked gender differences in literacy has resulted from high illiteracy rates among females in rural areas. Consequently, the government has initiated literacy programs to deal with the problem. As a result, female illiteracy in rural areas declined from 68.8 percent in 1980 to 28 percent in 2004.

Education is free and compulsory in Tunisia, and average school attendance is 13 years. Between 1990 and 2002, the primary school completion rate for males increased from 80 to 101 percent, and the female completion rate rose from 70 to 102 percent. Concentrated efforts to increase the status of women have been so

successful that females now make up 56.4 percent of the entire student population.

Human Development Index Rank: 89 Human Poverty Index Rank: 43

SEE ALSO: Feminization of Poverty; Gender Discrimination; Poverty Politics; Unemployment.

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Turkey

TURKEY IS A COUNTRY that links both Europe and Asia and the Christian and Islamic worlds. It has a territory of 301,000 square miles and occupies both Asia Minor and a small portion of mainland southeast Europe, on which is built the city of Istanbul, which in the past was an important center of European civilization, when it was known first as Byzantium and then Constantinople.

Turkey's history as the center of the Ottoman Empire was long and prestigious, but the empire fell into a long decline from which Kemal Ataturk (1881–1938) recreated it as a modern, secular, parliamentary democracy. In the early years of the 21st century, Turkey was pulled between conservative Islamic forces and liberal, secular forces who see the future of Turkey in Europe as a member of the European Union (EU). Currently, acceptance into the EU is dependent on improvements to the country's human rights record and the occupation of north Cyprus. Turkey is bordered on the western side in Europe by Bulgaria and Greece, and on the eastern and southern Asian side by Georgia, Armenia, Iran, Iraq, and Syria.

Much of the southeastern part of Turkey is home to ethnic Kurds, who represent around 20 percent of the total population of approximately 70 million, and who are part of the world's largest ethnic minority without a home country. The Kurdistan Worker's Party began a separatist insurgency in 1984 that continued into 2005 and has resulted in perhaps 30,000 deaths. Kurds complain of unequal access to economic opportunities and government services in the areas in which they live and, largely involved in agriculture, are generally poorer than the majority of the population.

A major earthquake in 1999 led to a banking crisis, which then triggered a more general economic crisis as years of inflation and resource misallocation brought about the near collapse of the country. An International Monetary Fund (IMF)-administered economic reform program has assisted in providing stability and a basis for future growth. However, the country continues to follow a form of dual development, with higher levels of growth and development in the generally western, secular areas than in the more conservative, religious, or ethnically Kurdish areas.

Turkey has comparatively low levels of absolute poverty but high levels of vulnerability. Approximately 1.8 percent of the population live in poverty and this has declined in the past decade. However, secondary levels of poverty have increased since the banking crisis in 2001.

The country's strategy report stresses the need to make the economy more resilient to minimize dangers from sudden external shocks and to plan for the sustainable economic development that will be necessary to bring people out of poverty. The strategy further emphasizes equitable access to health and education services and to economic opportunities, and points to reducing inequalities through regional development.

Inequality levels are high and are regionally based. Families with children are more vulnerable than the elderly, and some families have had to withdraw children from school or reduce their attendance. Rural-to-urban migration has represented an important method of alleviating poverty, but this has also had the effect of reducing family networks and support, as well as informal agricultural sector subemployment. Urban poverty has risen slightly in the aftermath of the crisis and is evident in such phenomena as increased risk and incidence of disease.

The fabric of Turkish society is reported to be fraying in areas of high levels of need, as people can no longer participate in reciprocal social events such as weddings and celebrations because of inability to meet their share of expenditure. This encourages indebtedness. The presence of religious charities is significant, but insufficient to meet all needs.

Human Development Index Rank: 94 Human Poverty Index Rank: 19

SEE ALSO: Cyprus; European Union Definition of Poverty; Islam and Poverty; Natural Disasters.

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Turkmenistan

SITUATED TO THE NORTH of Iran and Afghanistan and adjacent to the eastern shore of the Caspian Sea, Turkmenistan has a population of about five million and a landmass the size of Wyoming and Utah combined. Prior to independence from the Soviet Union in 1991, people enjoyed the benefits of socialism, including free and relatively good education and healthcare. Soon after independence, Turkmenistan attempted to increase its national income by focusing on maximizing its oil and gas exports and finding new clients besides Russia and Ukraine.

In an effort to become economically self-sufficient, the government also increased cotton production and revamped the agricultural sector, according to G. Gleason. Aiming to become rich and a "second Kuwait," the population of Turkmenistan is nevertheless struggling with serious socioeconomic problems and faces high unemployment and limited business opportunities.

The pervasiveness of poverty and its associated social ills is all the more ironic given that Turkmenistan's exports of oil and gas earned the government \$2.1 billion in 2003. Furthermore, the country's massive irrigation system has allowed for the production of large amounts of wheat—2.5 million tons in 2004 by Economic Intelligence Unit statistics. Similar to Uzbekistan, but more so to Belarus, Turkmenistan has kept much of its Soviet-era command system of production intact, with 80–90 percent of the economy being in the hands of the state, according to United Nations statistics.

At the same time, the government has the policy of providing oil and gas for local consumption substantially below international prices. Despite the fact that Turkmenistan's economy in 2005 had nearly caught up—sizewise—with that of its pre-independence era from massive investments in the oil and gas industries, anecdotal evidence points to an increasingly widening gap between the nouveau rich minority and the overwhelming poor majority.

Women have especially been vulnerable in the new economy. In spite of women's high representation in the parliament, a throwback to the quota policy of Soviet times, their share in industrial and managerial positions has been substantially reduced. The status of women remains important in the family as mothers and transmitters of traditions, but the man is considered the "head of the family." Poverty has also induced a widening sexual health crisis with high rates of maternal and infant mortality. Prostitution has risen among mostly young and poor females. There is also the associated drug abuse and a high degree of ignorance about sexually transmitted diseases (STDs) and HIV/AIDS.

Women's share in industrial and managerial positions has been substantially reduced.

Some blame the existing poverty on Turkmenistan's political system. The president, Saparmurat Niyazov, has been in power since 1985, also acting as the prime minister and the commander-in-chief. In 1999, Niyazov became president for life. The pro-government Democratic Party (former Communist Party) is the only major party on the Turkmen political scene. The president's book, *Ruhnama*, contains a nationalistic platform, and his views on religion, culture, and history are compulsory reading. Quotes from *Ruhnama* are inscribed side by side with verses from Koran in the largest mosque in central Asia, built in the president's native village of Kipcsak.

Human Development Index Rank: 97 Human Poverty Index Rank: Not included.

SEE ALSO: Communism; Islam and Poverty; Privatization; Women and Poverty.

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Tuvalu

LOCATED IN THE SOUTH Pacific just south of the equator, Tuvalu is composed of nine coral atolls, only eight of which are inhabited. The country was formed out of bitter ethnic differences within the British colony known as the Gilbert and Ellice Islands. The Polynesians of the Ellice Islands formed Tuvalu in 1975, leaving the Gilbert Islands to the Micronesians. Tuvalu attained independence in 1978. Any changes in sea level can potentially devastate the islands, and evacuation plans are in place to transfer Tuvaluans to Australia or New Zealand if the islands become flooded. Because of their vulnerability to sea changes, Tuvaluans have become concerned with global warming and its effect on the environment.

Tuvalu is relatively poor, with an annual per capita income of only \$1,100. None of the islands' land is considered arable because of its poor soil, so only subsistence agriculture exists, and that is unable to support the needs of the population of 11,366. Tuvalu's only major resource is fish, and most islanders earn a livelihood through exploiting the sea, reefs, and atolls.

With much insight, Tuvaluan officials have parlayed the country's internet domain into millions of dollars in royalties by leasing the name ".tv" in return for annual remittances that will expand the islands' revenues from 2000 to 2012. Additional income is derived from allowing Tuvalu's 900 area code to be purchased for business use. The government also depends heavily on regular remittances from Tuvaluans who work abroad, mostly as sailors or in the phosphate industry on Nauru. Tuvalu could not survive without foreign aid, including regular income from an international trust fund supported by Australia, New Zealand, the United Kingdom, Japan, and South Korea. Further income is derived from a fishing treaty with the United States. The government has recently instituted reforms designed to make the island more self-supporting and less dependent on foreign aid.

While data on many social indicators are unavailable for Tuvalu, it is evident that poverty on Tuvalu must be viewed in relation to the scarcity of opportunities to reach economic viability for individuals and for the nation as a whole. Limited government revenues have led to a weak infrastructure that is unable to provide adequate and accessible transportation, energy, health services, and quality education.

Life expectancy on Tuvalu is 68.01 years. Females have a projected life span of 70.33 years as compared to 65.79 years for males. The median age among islanders is 24.45 years. Approximately 31 percent are below the age of 14, and 5.1 percent of the population have lived to see the age of 65.

Since freshwater resources are not available on Tuvalu, most water needs are met through catchment facilities. Japan has already built one desalination plant on the islands, and plans to build another are in the works. As a result, all of the people on Tuvalu have access to safe drinking water. Improved sanitation is also universally available. There are 59 physicians on the islands, and 80 to 94 percent of the people have access to affordable essential drugs.

Infant mortality in 2005 was estimated at 20.03 deaths per 1,000 live births. At 17.02 deaths per 1,000 live births, female infants have a stronger chance of surviving than male infants at 22.9 deaths per 1,000 live births. Childhood mortality rates have decreased slightly on Tuvalu over the past few years. From 1990 to 2002, for instance, the mortality rate of children under 5 dropped from 56 to 52 deaths per 1,000. Five percent of all infants are underweight at birth. Infant immunizations have increased from the low 90s to 99 percent over the last few years.

The number of children attending primary school has also increased. Between 1996 and 2003, an average of 98 percent of Tuvaluan children attended primary school. By 2005, all children were doing so. Decreases in fertility have also been slight in Tuvalu. From 2003 to 2005, the total fertility rate of Tuvaluan women declined from 3 to 2.8children each. Trained medical staff attend 99 percent of all births on the island.

Human Development Index Rank: Not included. Human Poverty Index Rank: Not included.

SEE ALSO: Environmental Degradation; Foreign Aid; Subsistence; Technology.

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Tyler, John (Administration)

DURING THE JOHN TYLER administration, three notable events occurred that are germane to the issue of poverty. In 1841, Tyler signed the Preemption Act, which gave squatters on public lands the right of first-purchase to the land they occupied. This measure ensured that settlers living at a subsistence level could not be forced off land that they had begun to develop.

In 1844, Tyler's envoy to China, Caleb Cushing, negotiated the Treaty of Wanghia, which gave the United States commercial concessions in Chinese ports and ensured that American nationals would be held accountable to U.S., and not Chinese, laws and courts. This treaty permitted the United States to compete with the European powers in the economic exploitation of China at a time when the governance of China was becoming fragmentary. The increasing instability only increased the hardships suffered by the Chinese peasantry and urban poor.

Lastly, in 1845, the United States annexed Texas, creating the first significant Latino minority in the nation's population. Tellingly, there was more concern over whether slavery would be permitted in the new state than over the much-reduced economic, political, and cultural standing of the new Mexican-Americans.

John Tyler was born on March 29, 1790, in Virginia and studied law at the College of William and Mary. He was raised to believe in states' rights and strict adherence to the Constitution. Tyler served in the Virginia state legislature from 1811 to 1816, and as a Congressman from 1816 to 1821. In Congress he voted against nationalist legislation for internal improvement and protective tariffs. Tyler served as governor of Virginia for two years. He then held a seat in the Senate from 1827 to 1836. As a senator, Tyler reluctantly supported Andrew Jackson for the presidency. He then joined Daniel Webster and Henry Clay to oppose Jackson in the Whig Party.

Tyler lost a bid for the vice presidency in 1836. The Whigs nominated Tyler as vice president again in 1840. He and William Henry Harrison won that election. When Harrison died Tyler became the first vice president to ascend to the presidency. Initially there was some doubt about his legitimacy as president, but the House and Senate passed resolutions affirming his full authority.

Tyler soon came into conflict with his fellow Whigs. He vetoed two bills to establish a national bank. He also vetoed legislation to raise tariffs. The Whigs expelled him from the party and attempted to impeach him for misusing his veto powers. This attempt failed. Tyler later agreed to a more moderate tariff to protect northern industry from foreign competition, but for the most part his administration aligned with southern interests. John Calhoun joined his cabinet and the Tyler administration became strongly in favor of states rights. Congress later overrode his veto of a tariff increase.

Tyler retired to his plantation, but returned to politics when crisis arose. He attempted to avert the Civil War and served briefly in the provisional Confederate Congress. Tyler presided over relatively prosperous

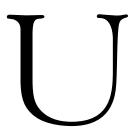
times. The issues of states' rights, tariffs, and slavery caused much controversy in these years. Tyler did not end controversy over these issues, but he did pursue the economically sound policy of free trade with great vigor. Tyler refused to allow party politics to sway his policies. This damaged his political career, but had positive results for the country.

SEE ALSO: Capitalism; Harrison, William (Administration); United States.

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WORLD POVERTY



UBN-PL Method

THE UBN-PL METHOD is a way to measure poverty using dual criteria for defining poverty. One criterion is unmet basic needs (UBN). Under the UBN criterion, a household is considered poor if it lacks access to any number of basic necessities such as clean water and sanitation facilities, basic education, and adequate housing. The inclusion of goods and services into the UBN criteria often depends largely on the availability of data. One significant difficulty of the UBN method is that the poverty rate depends largely on the number of categories chosen to include as basic needs: the more basic the needs selected, the more likely it is for a household to fail to meet the minimum standards for at least some of these needs.

The other criterion is the poverty line (PL). Under the PL criterion a household is considered poor if its annual income falls below a predetermined level known as the poverty line. The poverty line can be determined either through the standard food or consumption basket variant, in which the poverty line is based on the cost of purchasing a designated bundle of goods and services, or by the relative income standard, whereby the poverty line is defined as a fraction of a country's average income. It can be difficult to compare poverty lines among countries because of differences in the composition or costs of each country's food or consumption basket. International agencies have attempted to correct for this deficiency in the poverty line by standardizing definitions of what constitutes poverty. The most commonly used standardized measure of poverty is the "\$1-a-day" level, which corresponds to an annual income of \$365 adjusted for inflation and international differences in costs of living (also known as purchasing power parity, or PPP).

It can be argued that neither criterion on its own is a comprehensive measure of poverty, as each criterion on its own may identify significantly different groups as poor. For example, a household above the poverty line may live in an area with inadequate infrastructure that cannot easily be purchased despite a high income. Similarly, it is hard to argue that a household with no income is not in poverty even if many of its basic needs are met through public expenditures. In fact, in empirical studies of urban households in Latin American countries, only between 25 percent and 40 percent of households considered poor by one criterion are considered poor by the other. The UBN-PL method uses both of these independent measures simultaneously to

measure poverty by counting any household whose income is below the poverty line and/or has one or more unmet basic needs as poor. In other words, under the UBN-PL method a household is considered in poverty if it fails either criterion. Of course, measuring poverty in this way must lead to a higher incidence of poverty than by using either single method on its own. Indeed, the UBN-PL method has been used primarily for examining poverty in Latin America and has found area-wide poverty rates of 56 percent in 2000, significantly higher than PL-alone rates of around 44 percent for the same period.

Even using a combined poverty statistic like the UBN-PL method is not without problems. If both indicators point in the same direction, then household can unambiguously be considered either in or out of poverty; if the two measures give different indications, then difficulties arise. For example, a household of retired wage earners with little current income but a high level of wealth might be considered poor by the PL method and therefore also by the UBN-PL method, but an examination of the family's standard of living would clearly show them to be above any reasonable standard of poverty.

SEE ALSO: Basic Needs; Definitions of Poverty; International Poverty Rates; Standard Food Basket.

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Uganda

THE REPUBLIC OF Uganda is one of the poorest countries in the world. The percentage of the total population living below \$1 a day was 82.2 in 2001. Undernourished people comprised 21 percent of the total population in 2000, a decline from 29 percent 10 years earlier. Another improvement was seen from 1990 to 2001, when the literacy rate for youth (people aged 15 to 24) increased from 70.1 to 79.4 percent. Despite these

encouraging growth rates, a number of other measures indicate a generally low level of socioeconomic development for Uganda. For example, the probability at birth of surviving to age 40 is only 41 percent (2000–05 estimates). Also, nearly half the population of Uganda lacks access to a regulated freshwater supply. It is noteworthy as well that 23 percent of children less than 5 years of age are underweight. Uganda, like a number of other African countries, has experienced a high incidence of both AIDS/HIV. Current indications suggest that the country will continue to suffer from severe poverty for years to come.

Uganda is a landlocked country in east Africa bordering the Democratic Republic of the Congo, Kenya, Rwanda, Sudan, and Tanzania. The country gained independence from the United Kingdom on October 9, 1962, following more than 100 years in a colonial status. Uganda lies in a band of tropical climate and it receives ample rainfall. Natural resources within Uganda include copper, cobalt, limestone, and salt. In addition, large expanses of arable land (26 percent of total land area) are present and hydroelectric power is generated. Agriculture is the leading economic activity in Uganda and this sector employs over 80 percent of the labor force. Chief crops are coffee, tea, cotton, tobacco, a variety of grains, poultry, and milk.

The industrial sector employs five percent of the workforce and a growing service sector accounts for an estimated 13 percent. Uganda's import-export profile is indicative of its developing country status. Exports are primarily low-value-added commodities (with the exception of coffee), including fish and fish products, gold, cotton, and flowers. Conversely, imports represent high-value-added items like capital equipment, motorized vehicles, medical supplies, processed cereals, and petroleum. Uganda's main trading partner is Kenya. Fourteen percent of Uganda's exports go to Kenya and 29 percent of its imports are from that neighboring country.

The population of Uganda is approximately 27.3 million and its rate of natural increase (RNI) is 3.3 percent (2005 estimates). The country's RNI is nearly three times the world rate and is derived from the difference between the birthrate (47 births per 1,000 population) and the death rate (14 deaths per 1,000 population). If the current RNI were to hold steady for 23 years, Uganda's total population would double to 55 million people in 23 years. An increase of this proportion would only worsen the poverty conditions already seen within the country. Infant mortality rates as well are far above world average. In 2005, 68 of every 1,000 live

births did not survive their first year. Life expectancy at birth for the total population is 52 years and the total fertility rate for women in the childbearing years (ages 15 to 45) is 6.7 children, a rate far exceeding the world average.

Poverty in Uganda is especially prevalent in the rural areas. It is here that household sizes are the greatest, education levels are the lowest, and household income levels are far below the national average. In addition, the unfortunate combination of low expenditure for healthcare and the lowest probabilities of child survival are found in the rural areas of Uganda.

Human Development Index Rank: 144 Human Poverty Index Rank: 66

SEE ALSO: Children and Poverty; Healthcare; Kenya; Maternal Mortality and Morbidity; Rural Deprivation.

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Ukraine

UKRAINE IS A COUNTRY located in eastern Europe and is the second-largest on the continent, with a population of approximately 48 million. It is bordered by Russia, Belarus, Moldova, Romania, Hungary, Slovakia and Poland, as well as the Sea of Azov and the Black Sea.

Historically, Ukraine has been dominated by external forces, particularly the Polish-Lithuanian state, and later Russia. Ukraine formed part of the Union of Soviet Socialist Republics until its breakup, and subsequently declared independence in 1991. Ukraine is categorized as a lower-middle-income country with an annual per capita Gross National Income of \$970 in 2004.

Independence necessarily coincided with the withering of Russian influence and this had an immediate and serious economic impact, including energy price shocks, decreased demand from the military sector, and worsened trade relationships. These problems coincided with political instability and misrule, and together the negative impacts on the economy were severe, with Gross Domestic Product (GDP) decreasing by as much as 25 percent per annum in the early to mid-1990s. Demand for labor declined as did real wage rates, while household savings were obliterated by a blast of hyperinflation, which reached 10,000 percent. Reductions in government budgets meant that social welfare was greatly reduced and was revealed, in any case, to have many inefficiencies in targeting.

This situation has subsequently improved, with strong economic growth that, nevertheless, brought the country to only 40 percent of its 1990 GDP. By the turn of the century, 27 percent of Ukrainians were living below the poverty line and three percent were living in extreme poverty. Prospects for future growth depend on a wide range of industrial activities. Agriculture, which accounts for 12 percent of total GDP, is likely to be a leader in driving economic growth, although considerable reorganization of farming after the end of collectivization has been required.

Privatization of previously government-owned assets has also been a notable feature of recent development and has been of the usual mixed effects. Although the informal sector has grown in size and scope in the past 15 years, it has not been sufficient to offset the problems caused by both open and hidden unemployment. A considerable and largely unquantified growth in the shadow economy has also been problematic, as it leads to less work security for workers and lower government revenue because of tax avoidance, among other issues.

Poverty is most commonly characterized by large households with few members able to earn sufficient income to meet the needs of all. The elderly are particularly susceptible to poverty because of their inability to work for high income and the loss of their savings. Rural poverty seems to be no worse than urban poverty and possibly a little better through easier access to food. A particular problem is that facing those affected by the nuclear reactor emissions at Chernobyl, since poor health and forced evacuation of the town have left them with few opportunities to earn sufficient income. The Chernobyl Fund is a 12 percent levy on labor wages that acts further to depress wage rates and does not provide adequate compensation in properly targeted transfers.

Successfully tackling poverty in Ukraine will require a high level of political commitment and reform, greater roles for civil society, and dramatic increases in

corporate and governmental capacity and governance. Improvements in the regulatory structure and its policing will be required before privatization of energy networks can properly be considered.

Institutions in all sectors of the economy need to be strengthened, and issues such as free media and open and informed debate will assist in ensuring governmental and private-sector accountability. Immediate requirements for poverty assistance will likely continue to be met by overseas donations and development assistance. The Polska Akcja Humanitarna (Polish Humanitarian Organization), for example, has sent three convoy missions to Ukraine to distribute emergency relief, although actual needs far outweigh what has so far been provided.

Human Development Index Rank: 78 Human Poverty Index Rank: Not included.

SEE ALSO: Agriculture-Nutrition Advantage; Communism; Polish Humanitarian Organization; Privatization; Unemployment.

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Ultimate Poverty

POVERTY IS THE MAIN mistake of capital. Let us examine it from two angles: the relation between material and immaterial production, and the relation that poverty has to knowledge. When these two relations fail to be grasped, poverty is ultimate misery.

The first point we should consider is how material needs began to be expressed in the abstraction that is money. Since the birth of the market (10th to 8th centuries B.C.E.), things produced (a house, a bed, a shoe) have been compared for the purpose of exchange (one house equals five beds). The need for housing can be translated into the common value of the house that will make it possible to purchase it (or the amount of money needed to buy the house). The production of an object capable of being exchanged, that is, the produc-

tion of an object with value, is called material production. Another kind of production employs labor for ends that may be termed *immaterial*. Immaterial production produces an immaterial thing, something that, even if it has the capacity of being exchanged, is not entirely identified with value. What immaterial production fabricates and exchanges is called a service (all service of assistance can be an example).

So, apart from material production (the production of things), there is a kind of immaterial production, which consists of productions of service (for example communication services, caretaker services, personal assistance services). Even if, originally, immaterial production produced something that could not be measured as value (Karl Marx gives the example of the piano player who produces pleasure for the audience), immaterial production is measured with value and produces value.

Immaterial labor often creates the material situation that we understand as ultimate poverty: the wealth system produces ultimate poverty in that it bases its core productive mechanism on taking away the individual's time of life to convert it into a time of labor, which no longer serves the interest of the individual. Capitalist production disguises this stealing process by letting its productive mechanism remain abstract, that is, by setting ungraspable relations between its workers and their products.

The function of capital—if we assume its core mechanism to be the production of surplus, of that "occult quality of being able to add value to itself," as described by Marx; that part of production which is not absorbed but stored for the following process; that part of the production process on whose anticipation the entire engine rotates—is to let the capacity of the individual separate from his self-actualization. Ultimate poverty is the continuous production of lives, whereby the enjoyment of life is taken away to increase the time of labor reaped.

The abuse and misuse of individual self-actualization operated by capitalism are reflected in all the *a priori* forms of knowledge. A *priori* forms of knowledge are those forms of knowledge whereby the separation occurs between manual and intellectual labor. The first separation of manual from intellectual labor is marked by the birth of the slave, in turn connected to the birth of money (coinage). It is reflected in the first *a priori* forms of knowledge given birth by Western metaphysics in the 8th to 6th centuries B.C.E.

The origin of this separation and the establishment of *a priori* forms go together: the birth of money, as first general equivalent form (680 B.C.E.), also marks the

birth of abstract thought. This separation—of manual from intellectual labor, of mind from body, of abstraction from materiality—defines the space of an appropriation. This appropriation (for example, of the body of the slave by the mind of the master) goes together with exploitation.

It is exploitation because it sets unequal relations: the capacity of the slave for self-actualization is in the hands of the master. The slave, embodiment of money and cipher of the separation of intellectual from manual labor, expresses also the loss, on the part of labor, of its social character. The original social character of labor becomes single, an individual identity, and, as such, it can be appropriated. This single labor becomes a commodity, which can be appropriated by someone else. The expropriation of collective labor occurs thus for the appropriation of someone else's productive capacity. Aristotle defines the slave as the one whose capacity of self-actualization is the property of someone else.

Ultimate poverty is the fiercest decomposition of the collective mode.

The appropriation of someone else's capacity for self-actualization and his or her definition of life coincides with the breaking of collective labor into individual labor; this appropriation coincides with the separation between manual and intellectual labor, as well as with the separation of the material production of things from the knowledge of this process. Today's production casts us in a system of abstraction, whose main feature is the decomposition of modes of collectivity as a consequence of the exchange processes of commodities.

Ultimate poverty is the fiercest decomposition of the collective mode that belongs to us all. If capitalism's ultimate poverty is the decomposition of this collective mode, the new establishment of a body of slaves, the perpetual production of an abstract knowledge unable to express its source, we should empower the poor with forms of self-actualization, with the production of material knowledge made of bodies, minds, and lives.

SEE ALSO: Ancient Thought; Empowerment of the Poor; Marx, Karl; Poverty Politics; Wage Slavery.

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Underclass

FIRST COINED BY the European economist Gunnar Myrdal to acknowledge the increasing polarization of American society and the marginalization of poor people, the classification *underclass* has since been used in a pejorative or favorable fashion to describe a subset of the urban poor. From a cultural or behavioral perspective, the term refers to a group whose norms of conduct are at odds with mainstream values of work and personal responsibility. It is incorporated into a structural thesis to describe the chronically disadvantaged who are socially and physically isolated in areas of concentrated poverty and who lack the skills or opportunities to be gainfully employed.

In the late 1970s and into the 1980s, academics on both sides of the ideological spectrum embraced the term and attempted to substantiate their claims with some forceful arguments. These theoretical and conceptual distinctions echoed similar considerations from earlier decades. Efforts to distinguish between the deserving and nondeserving poor have had a long and varied history in the United States and elsewhere.

In Great Britain, the Poor Law enacted in 1601 allocated alms based on distinctions between those who were able but unwilling to work and the sick, aged, or very young who were considered to be victims of their circumstances. In the United States, recent welfare debates, which began in the 1960s, have centered on how to make the poor more accountable. These kinds of distinctions began to cloud discussions of the underclass following reference to the concept in a *Time* magazine article published in 1977.

On the left, W.J. Wilson made use of the term to highlight the growing disparity between the working middle class and the chronically jobless, urban minority groups who were being permanently excluded from the labor market because of inferior marketable skills or lack of work experience. C. Murray and others epitomized the arguments on the right by referring to the underclass in terms of cultural inadequacies and a predilection for idleness and deviance.

The academic community remained divided on its interpretation and application of the term and few empirical efforts were advanced on either side to operationalize it. Increasingly, the concept became so charged that academics in the United States began to shy away from using it altogether. However, it did not fall out of favor. Journalistic interpretations of neighborhood decline, civil unrest, or deviant behavior in urban areas were often laced with the term, and throughout the 1980s and early 1990s, one can find many accounts of the underclass in the popular press. The vast majority of these accounts take a decidedly negative bent and the term became a catchall phrase for nearly anyone who was poor and lived in the inner city.

The vast majority of these accounts take a decidedly negative bent.

Whether or not the term will reappear in academic discourse is debatable. The economic boom of the 1990s and the U.S. federal government's efforts to revamp the welfare system contributed to a reduction in the jobless rate in high-poverty neighborhoods. Should we witness significant erosion in these numbers and a concomitant decrease in the quality of life in many inner cities, it might reappear. Maybe this time it will become better defined and more easily interpretable.

SEE ALSO: Deserving Poor; Racial Discrimination; Urban Antipoverty Programs; Urbanization; Welfare.

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UNDP Regional Project for Overcoming Poverty

THE REGIONAL Project for Overcoming Poverty, initiated in the late 1980s and administered by the United Nations Development Program (UNDP), is a project designed for improving the living conditions of the poor. It was first applied in various countries of Latin America and the Caribbean.

The distinguishing feature of this project is the practical application of the combined methods of poverty line (PL) and unsatisfied basic needs (UBN) for determination, measurement, and description of poverty. The poverty line method is used primarily to identify the poor and estimate poverty incidence and gaps, while the UBN indicators were used mainly for poverty profiling and targeting policies.

The poverty line means the income of an individual or group of individuals (household) is below the level where they cannot afford to purchase all the resources like food, goods, and services that they require to live. Based on the buying power of the individuals of a basket of basic food and nonfood needs, the PL approach in the project established parameters and constructed a poverty line.

Using the UBN method, the UNDP Regional Project for Overcoming Poverty measured poverty in terms of people's access to basic necessities, including food and nonfood goods, as well as basic social services such as health, education, water and sanitation, and housing. Under the unsatisfied basic needs approach, the project evaluated the presence of household variables such as school-age children (ages 6 to 12) who are not attending school, critical overcrowding (three to four persons per room), inadequate housing (type of housing), housing that lacks basic services, lack of a water closet (sanitary conditions), and high economic dependency.

In Latin America the UBN exercise found that a large number of people were sharing a room, people lived in improvised or inadequate housing, they had inadequate water supply and inadequate sewer systems, they had a low school attendance for children, and they exhibited low household capacity to generate sufficient income.

The UBN approach not only involved the selection of a certain number of needs, the definition of minimum criteria to satisfy for each need, and the combination into poverty indexes, but also it tried to examine other factors, such as lack of participation in collective decisions, social marginalization, and discouragement.

The unsatisfied basic needs approach enabled the UNDP Regional Project for Overcoming Poverty to analyze the long-term problems and create poverty maps. It was especially useful in the formulation of poverty-relief social policy.

Based on its findings, the project has defined poverty as a state that makes it impossible for an individual or a family to satisfy one or more basic needs and to participate fully in the life of society. Using the combined UBN-PL method of measuring poverty, the project tried to estimate the number of people living in poverty in Latin America and to forecast the state of poverty for 1986, 1990, 1995, and 2000.

In 1989, the UNDP Regional Project for Overcoming Poverty had published a three-volume set of reports with recommendations of appropriate technologies for developing societies, collected around the world by United Nations researchers. In particular, they included multiple components related to housing for the poor, social services, employment and income generation, community building, and local development programs, including agroforestry.

To efficiently implement these activities, the project organized and actively involved the local population. Through the project, local leaders and micro-producers were trained and provided with technical assistance, which enabled them to transform into entrepreneurs. The project also ensured appropriate financing for the production of commodities and services.

SEE ALSO: Basic Needs; UBN-PL Method; United Nations Development Program.

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Unemployment

UNEMPLOYMENT IS A situation in which there are a greater number of people willing to work for a prevailing wage than there are jobs being offered. As such, un-

employment can be economically described as a surplus in the labor market. The size of unemployment is measured by unemployment rate, which is a ratio of total unemployment to the total labor force, where the latter is the sum of employed and unemployed. We typically count an individual who is 16 years of age or older, is not institutionalized (at school, in military service, retired), did not work a for particular period specified in national legislation (for example, one week), and seeks a new job as unemployed.

Since long-term mass unemployment had not existed prior to the Great Depression, economists treated the surplus in the labor market as one particular application of the general economic phenomenon—surplus of quantity supplied over quantity demanded. Only in the second half of the 20th century did unemployment policies, policies specifically designed to fight unemployment, reach the status of a major political and public concern, as the impossibility to find a job is indeed a reason for economic hardship among the masses of people.

The historically most widely used solution to unemployment cannot often be used today.

Unemployment rates in some industrialized countries of Europe are in the double digits, and some groups—youth, minorities, school dropouts—are hit severely, with unemployment rates within their groups reaching over 20 percent or more. This political and emotional aspect of the problem, however, does not change anything in the economic nature of the issue. Somebody is willing to work for an existing wage and there is no job available.

The surplus of labor exists because, for the existing supply of and demand for labor, the wage is too high. A crucial part of the problem is that some firms simply cannot afford to pay such a high wage and hence do not demand new employees. If the wage dropped, new jobs would become profitable for firms and the unemployment would disappear. Hence the most obvious recipe for elimination of unemployment is the decrease of the wage.

In today's reality, this solution may be quite difficult (labor unions and minimum wages are often mentioned as examples of these obstacles), and thus the most obvious and historically most widely used solution to unemployment cannot often be used today. In the past ,though, wages always declined during the time of high unemployment and economic crisis, which enabled firms to cut the cost, overcome economic problems, and create new jobs.

The Great Depression was the first major crisis in which wages in real terms increased as a deliberate objective of public policy that demonstrated a new situation in the labor market—the old remedies became impossible to be used anymore.

ELIMINATING UNEMPLOYMENT

If the wage cannot go down, is there any other way the problem of unemployment can be tackled? It is possible to identify two additional general sets of factors that could enable unemployment to be eliminated. The first is to increase the demand so that supply equals demand. How can this happen? We can generally point to the effects of a higher efficiency of production. However, this cannot easily be legislated. We can witness it though in every prosperous economy: entrepreneurs seek better efficiency to reap profits, and as a result demand for labor rises and wages go up.

The remaining factors capable of eliminating unemployment come from the supply side of the labor market. If supply of labor decreases so that it intersects the demand, quantity of labor supplied will correspond to the quantity of labor demanded. This reduction of the supply of labor can be caused by such factors as war, epidemics, net emigration, early retirement, and the raising of the age for compulsory school attendance.

There is no viable substitute for the old solution to unemployment.

Though unemployment can be reduced or eliminated in this way, such events can hardly help to elevate the standard of living. It is obvious that if fewer people work at any wage rate, less is produced, and consequently less can be consumed. The latter-mentioned supply-side factors, which make the labor force scarcer and would lead to an increase in wages (for those who remain in the labor force), can be controlled by governments or legislated.

As a result, fewer people work in those countries where governments are more active in this respect: only slightly more than 55 percent of the working-age population in Italy are employed (in France the corresponding number is 60 and in Germany 65), whereas in the United States it reaches more than 70 percent.

We can conclude by saying that there is no viable substitute for the old solution to unemployment—lowering of the existing wage to make employment of additional people cheaper.

It seems, therefore, that economic logic would call for flexibility of wage rates as the only existing means toward unemployment elimination. Empirically we can witness higher unemployment rates in those countries with more obstacles toward wage decreases—such as the European Union countries—and lower unemployment rates in those with more flexible labor markets, which is what mainstream economic logic would predict.

UNEMPLOYMENT BENEFITS

There is yet another major means of governmental involvement that is designed to tackle the issue of unemployment—unemployment benefits. They are put in place with the objective to help the unemployed to overcome economic hardship associated with unemployment but give birth to one unintended effect economists cannot overemphasize. As unemployment benefits change costs of unemployment—it is getting easier and cheaper to live without having a job—people do not try so hard to find a new job as before. A model of reservation wage depicts the situation.

Everybody without a job has a reservation wage—a minimum wage that she will take as a condition for accepting a new job. Typically, at the beginning of the unemployment period, one has very high expectations regarding the size of salary for which one would be willing to work again. As time passes, the reality of the job market and the financial pressure of the situation adjust expectations—reservation wage decreases with the passage of time.

At the same time, the longer one searches for a new job, the better job one can possibly find. Thus, these two considerations determine an optimal length of unemployment. With the addition of unemployment benefits the reservation wage changes—one becomes choosier. Paradoxically the government then attempts to help unemployed people, causing more people to be unemployed, which consequently leads governments to provide more unemployment benefits, which again causes more people to be unemployed, and so on.

We can thus witness a spiral that starts with government efforts to help the poor, for example, by preventing declines of wages or instituting minimum wages; this reduces the number of jobs firms can create and causes unemployment; governments respond by pro-

viding unemployment benefits; this prolongs and hence increases the number of unemployed people; this pushes up the size of public budgets; higher budgets typically lead to more government employees to administer the programs of relieving unemployment, developing new programs with the aim to fight unemployment, such as early retirement schemes; this increases the public sector and reduces the private sector, hence diminishing the number of people producing wealth and causing the standard of living to decline or not expand as much as it possibly could. A lower number of new jobs is created or new jobs in the private sector are not created at all. If one loses a job, it is becoming more and more difficult to find a new one.

LONG-TERM UNEMPLOYMENT

An illustration of this fact is provided by development in Europe during the last quarter of the last century. Long-term unemployment rapidly increased. In Italy some 60 percent of the unemployed were without a job for more than a year; in Germany it was about one-half; in France, it was more than 30 percent. If we add people who are unemployed for more than six months (but less than one year), the numbers increase still further. Long-term unemployment—defined typically as a share of unemployed people who remain unemployed for more than six months—reaches some 75 percent in Italy, 65 percent in Germany, and 55 percent in France.

If one loses a job, it is becoming more and more difficult to find a new one.

The corresponding figure for the United States would be some 20 percent during economic crises, but typically much lower, with decreasing real wages. There are obviously not only direct economic costs stemming from long-term unemployment. Besides not creating wealth when working, people's skills (much more today than in the past) become obsolete and future employment is more difficult; people affected by long-term unemployment suffer emotionally, losing social contacts and self-respect.

Thus, there is the danger that the unemployed would become permanently dependent on state give-aways and form a class of benefit consumers. It becomes in their best interest to cast a vote in democratic states for still more redistribution and more benefits. It may aggravate the problem of dependency and poverty.

EMPLOYMENT CLASSIFICATIONS

Economics textbooks often classify unemployment as frictional, structural, and cyclical. Frictional unemployment involves people who are temporarily between jobs, who quit or were fired, and are looking for a new job. This kind of unemployment is on the one hand reduced by better technologies, such as the internet, which provides easily accessible information, shortening the period needed to figure out what jobs are demanded by firms; on the other hand unemployment benefits cause this unemployment to lengthen, as explained by the reservation wage model above.

Unemployment becomes structural when there is no overall shortage of job openings but there is a mismatch between the skills required by employers and those possessed by people seeking work, or if there is a geographical mismatch. Though difficult for some people involved, such a situation is the result of economic dynamism that forces people to adjust, to improve their skills and qualifications, which consequently contributes to efficient production and a rising standard of living. One has to realize in this respect that the overall objective of economic life is not to work per se or have a stable job, but to participate in the production of useful and cheap goods that are demanded by consumers.

Production structure must respond to the changing structure of consumption. Only when resources including human labor are not wasted in the production of something nobody really wants—though produced by the old, well-mastered, modes of production—but satisfy consumer needs, then the standard of living can increase and more people can be lifted out of poverty. Only then can wages of employees continually go up, giving more people a chance to buy things they need to increase their well-being. No static society with "job security" ever worked as well for the masses of people as societies with structural unemployment—societies where people sometimes lose their jobs, find their skills obsolete, and have to retrain themselves—get new skills or acquire better education.

Cyclical unemployment refers to recurring increases of unemployment accompanying downturns in economic performance. To explain this phenomenon one would need to address the complicated and unsettled problem of causes of economic crisis. Marxists, for example, believe that economic crises—and thus cyclical unemployment—are necessary defects of capitalist economies emerging as a result of exploitation of laborers; Keynesians and many of their followers also believe that crises are necessary features of a capitalist econ-



Sometimes, for the unemployed, the longer one searches for a new job, the better job one can possibly find.

omy as a result of insufficient buying power in the hands of the population and have to be prevented by governmental countercyclical policies involving unemployment benefits, among other measures.

More and more scholars today would claim that most of the undesirable effects of crises are caused by governmental policies themselves and are simply unintended consequences of perhaps honest attempts to prevent unemployment and its hardship. A reservation wage model explaining why duration of unemployment increases is only one example of these effects. In any case, irrespective of the causes of cyclical unemployment, there are only three sets of factors that can eliminate it in any given situation—decrease of wage rate, shift of demand, or shift of supply. Unemployment is still a mere surplus of people willing to work for an existing wage. As explained above, dropping the wage rate seems to be the only viable short-term solution. With people back to work producing wealth, economic progress can then in the long term take care of the increase of their salaries and lift their standard of living.

Economists often refer to such a typical long-term unemployment rate, that is, a rate whereby people are not without jobs because of economic crises (cyclical unemployment is zero), as a natural rate of unemployment. Frictional and structural unemployment would then be two major components that would qualify as natural unemployment. A general consensus among economists is that mostly through governmental policies that make unemployment less costly more people are "naturally" unemployed, that is, the natural rate drifted in the 20th century upward in the United States and more in the European Union countries, such as Germany and France.

From this point of view, neither new technologies, computers and robots, nor globalization, neither free trade nor immigration, can cause a shortage of jobs. All these processes, like similarly important changes of economic structure in the past, such as new machinery, and factory production, merely change the structure of jobs. They free people from occupations that can today be performed better by somebody else or something else.

We would never have been able to live such prosperous lives in the West today if we still were mostly farmers as our ancestors were. Fortunately most of them lost their jobs. They became available for other useful jobs because technology and machines did the work in agriculture people had to do before. They did not end up as unemployed. They became industrial workers, service providers, bankers, doctors, or scientists, producing goods and services that as farmers they were not able to deliver.

The same process continues today. Some people have to lose their jobs because there are already cheaper ways to get the same goods and services. And again they are made available for other jobs to be done.

SEE ALSO: Deserving Poor; Employment; Minimum Wage; Unemployment Insurance; Welfare.

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Unemployment Insurance

UNEMPLOYMENT insurance can provide a powerful way to fight poverty by providing income security to those who have involuntarily lost their jobs and face a precarious financial situation. Nonetheless, unemployment insurance can only be available for the formal job sector, and those working in informal sectors are more likely to experience poverty and not be covered by programs such as unemployment insurance. The International Labor Organization estimated in a 1998 report that about 150 million people are unemployed throughout the world, and only about 25 percent of these people benefit from unemployment insurance.

Unemployment insurance programs are most commonly found in Organization for Economic Cooperation and Development (OECD) countries, though the role of unemployment insurance is expanding in many middle-income developing countries as well. Striking the appropriate balance between income security and employment incentives is an important part of a poverty-fighting strategy.

Governments must consider many factors when designing unemployment insurance schemes. These include the level of unemployment benefits, which are typically defined in terms of the replacement rate of pre-unemployment income. Also, the duration of benefits must be decided, as well as the extent of coverage in terms of what percentage of unemployed people will qualify to receive benefits. Governments can also design employment protection legislation to make it more difficult for companies to fire their workers.

Economic theory points to several advantages from unemployment insurance. First, people are generally happier to experience consumption smoothing, in which the level of consumption they enjoy does not fluctuate too much from year to year. Unemployment insurance helps to provide this smoothing effect by replacing a certain amount of income lost due to involuntary unemployment, in exchange for the worker or employer paying small insurance premiums while the worker is employed.

Another important benefit of unemployment insurance is the potential for improved efficiency provided by the cushion of support to unemployed workers so that they have a greater opportunity to find the most suitable job match. The overall production of the economy is increased when workers can take the time to find a job that best matches their skills and talents, rather than be forced to accept the first available job opportunity.

However, there are also potential disadvantages to providing unemployment insurance, which result in decreased overall employment and work effort among the working-age population. As with many government programs designed to improve society's welfare, policymakers must strike the appropriate balance between efficiency and equity in their unemployment insurance scheme. The problems created by unemployment insurance relate to adverse selection and moral hazard, which result from the different information held by insurers and their clients about the likelihood of the client becoming unemployed. If unemployment insurance is voluntary, the people who buy insurance are those who realize they are more likely to become unemployed. This is adverse selection. Additionally, moral hazard results from insured people behaving in ways that make it more likely for them to lose their job, and it can be quite difficult for the insurance provider to determine whether their customer's job loss was voluntary or involuntary. In fact, private markets rarely provide unemployment insurance for these reasons.

Government provision of unemployment insurance can solve the adverse selection problem by requiring everyone to participate. But the government cannot fix the moral hazard problem, as any provider of insurance can only try to limit moral hazard by finding the appropriate balance of program parameters. The parameters most relevant for controlling the moral hazard problem include the level and duration of unemployment benefits.

MORAL HAZARD

As the replacement rate of unemployment benefits to employment earnings increases, recipients will be better able to endure unemployment without suffering from poverty. As the period of duration increases, then recipients will also have a longer period to collect benefits and find another job. But increased generosity for these parameters is what leads to a larger moral hazard problem and less overall work effort. Empirical studies of unemployment insurance are not entirely conclusive, but many studies have found evidence of moral hazard. As replacement rates and benefit duration increase, unemployment also tends to increase. Questions also remain as to whether more generous unemployment benefits can lead people to stay unemployed so long as to find it difficult to reenter the workforce, or whether unemployment benefits increase the natural level of unemployment associated with an economy producing at its full potential.

The results of such studies have convinced policy-makers in a number of countries to reduce the generosity of unemployment benefits in recent years, in terms of both the replacement rates and duration of benefits. Unemployment insurance can be an important tool for reducing poverty, but policymakers must work to strike the appropriate balance between efficiency and equity when designing schemes to meet the needs of their countries and to reduce poverty.

SEE ALSO: Employment; Moral Poverty; OECD Countries; Social Insurance; Unemployment.

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a richer appreciation of the needs of children and of ways to uphold their rights.

The early years of UNICEF's existence were primarily devoted to providing relief for children in Europe; so much of the continent had been destroyed or damaged during World War II (1939–45). This relief included food, clothing, and healthcare. In 1953, the success of the early operations persuaded the United Nations (UN) to extend UNICEF's mandate indefinitely so that it could become a permanent part of the UN. At the same time, UNICEF started a global campaign against yaws, a disease then affecting millions of children, but which can be treated with penicillin.

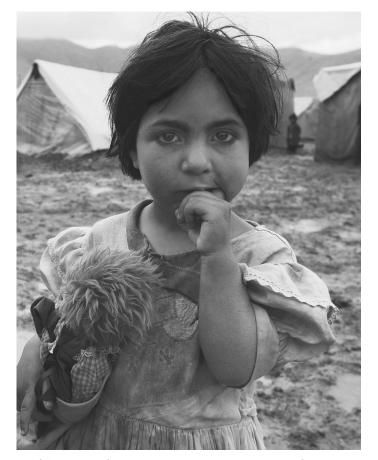
The following year, the movie star Danny Kaye became UNICEF's first ambassador at large, traveling the world to promote its message and assist in facilitating its work. The popularity of celebrities from different fields makes them well qualified to raise the profile of issues that UNICEF might wish to promote. Dozens of prominent celebrities have subsequently been appointed ambassadors at the international, regional, and

UNICEF

THE UNITED NATIONS International Children's Emergency Fund (UNICEF) is an international relief organization created as part of the United Nations in December 1946 to provide relief specifically for children around the world. It is currently active in 157 countries and territories around the world.

Its mission is to "defend children's rights, help meet their basic needs, ensure their survival and increase their opportunities to flourish; rally political will to invest in the well being of children; respond to emergencies and strengthen the ability of children and their families to handle crises, including armed conflict, natural disasters and HIV/AIDS; assist countries in transition to protect the rights of young people and to provide vital services to children and their families; advance equal rights for boys and girls and encourage their full participation in the development of their communities; and work toward the human development goals adopted by the world community and the peace, justice and social progress enshrined in the Charter of the United Nations."

This mission statement has broadened considerably as UNICEF has matured as an organization and come to



UNICEF provides food, clothing, shelter, and healthcare for children such as the young war refugee above.

local levels. Whoopi Goldberg, Sir Roger Moore, David Beckham, Jackie Chan, Lucy Liu, and Manchester United Football Club are all among the diverse list of individuals and organizations who have been enlisted as UNICEF ambassadors. The position is held to be very prestigious and entails considerable responsibility for public behavior and image.

UNICEF was instrumental in framing and promulgating the 1959 Declaration of the Rights of the Child, which built on the 1924 Geneva Declaration of the Rights of the Child. This is based on 10 separate principles, which are justified because "the child, by reason of his physical and mental immaturity, needs special safeguards and care, including appropriate legal protection, before as well as after birth," and because "mankind owes to the child the best it has to give."

The principles include the right to a name and a nationality, the right to social welfare, the right to compulsory free education at least at the elementary level, the right to freedom from trafficking, and the right to be the first to receive relief. Enshrining human rights in this way lays a responsibility upon governments to ensure not only that they are upholding these rights for their own children but also that they do what they can to ensure rights are upheld. The responsibility also lies upon individual people, when they have the ability to choose their government, to choose a government that is able and willing to deliver appropriate social services and welfare to all children, irrespective of race, color, creed, status or any other demographic criterion.

In 1961, UNICEF broadened the scope of its actions from health services to a more holistic approach to the welfare of the child, including education in particular. This focused at first on teacher training and support and provision of classroom equipment in newly independent countries. The process of decolonization following World War II meant that many countries across Africa and Asia were coming to terms with supporting their own public services.

Cold War activities by the United States and the Soviet Union led to many countries being influenced to follow certain political ideologies in return for material support. UNICEF, as a member of the independent development community, had an important role in helping states provide educational services to children without having to abide by political conditionality. In 1965, UNICEF was awarded the Nobel Peace Prize for "the promotion of brotherhood among nations."

In his acceptance speech, Executive Director Henry Richardson Labouisse described the difficulties facing children in the 1960s: "The hard reality is that, in more



One of UNICEF's goals is to provide relief for children who are orphaned or made vulnerable by AIDS.

than 100 developing countries of the world, the odds that confront the average child today are still overwhelming. They are four-to-one against the child receiving any medical attention, at birth or afterwards. Even if he survives until school age, the chances are two-to-one that he will get no education at all; if he does get into school, the chances are about four-to-one that he will not complete the elementary grades. Almost certainly he will have to work for a living by the time he is 12.

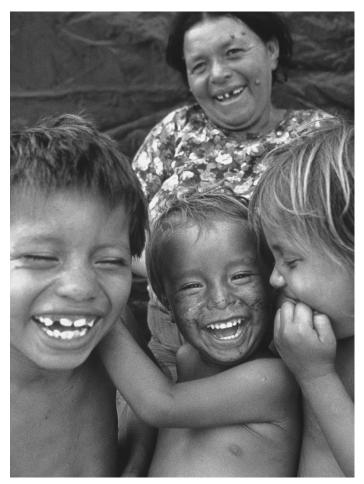
"He will work to eat, to eat badly and not enough. And his life will, on the average, end in about 40 years. Such statistics make us face the staggering waste of human energy and talent that drains, year in, year out, the very nations which need them the most."

The situation at the end of 2005 showed considerable improvement, and the Millennium Development Goals, if achieved, will show further progress. However, there are still countries where the treatment of children is very abusive and others in which warfare and violence are significantly worsening children's lives and opportunities.

The International Year of the Child in 1979 provided an opportunity around the world for individuals, organizations, and governments to reaffirm their commitment to children's rights and to celebrate children's lives and achievements.

The breastfeeding code that was adopted in 1981 brought UNICEF, as well as the code's sponsor, the World Health Organization, into some conflict with the corporate world. The International Code of Marketing of Breastmilk Substitutes brought to public attention the deaths that had resulted from improper use of prepared milk products in the developing world.

The following year, in 1982, UNICEF launched a new drive for children's health that focused on four main areas: growth monitoring, oral rehydration therapy, breastfeeding, and immunization. These are low-cost and comparatively low-technology techniques that nevertheless have saved many lives around the world. Five years later, the UNICEF study Adjustment with a



Part of the UNICEF mission around the world includes "advancing childhood, advancing humanity."

Human Face brought conflict with the International Monetary Fund and the World Bank, which were promoting their loan programs under the conditionality imposed by Structural Adjustment Programs. These were criticized by many for the unfairness of their provisions for the less well-off and also because of the inappropriate way in which the same solutions were applied in so many different countries, despite the very obvious differences in social and economic conditions. In the following years, UNICEF again broadened its scope for debate and advocacy in addition to its continued emergency relief, education, and outreach programs. This includes a focus on the impact of war on children and campaigns to focus and reenergize commitments to children's rights.

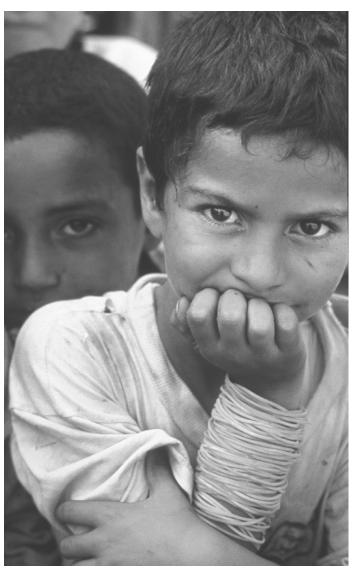
UNICEF FUNDING

In 2003, UNICEF received a total financial funding of \$1,968,539,227 from a variety of international governmental and organizational sources. Main areas of expenditure are early childhood development (34 percent), immunization (22 percent), girls' education (21 percent), and child protection (10 percent). In terms of geographical area, 24 percent of expenditures are dedicated to east and south Africa, 20 percent to west and central Africa, 18 percent to south Asia, and 16 percent to the Middle East and north Africa.

UNICEF is the world's leading children's organization and, with headquarters in New York, it mobilizes considerable amounts of resources and influence, and what some would call Soft Power. In May 2005, outgoing Executive Director Carol Bellamy was succeeded by Ann Veneman, who attracted some controversy because of her former role as secretary of agriculture in the United States, and because of a cluster of appointments to high-profile international organization leadership positions of right-wing Americans who have a track record of hostility to internationalism and to the stated aims and goals of those organizations.

SEE ALSO: Child Malnutrition; Child Mortality; Children and Poverty; Children's Hunger Relief; Disease and Poverty; Education; War and Poverty.

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UNICEF identifies "children under threat," and this includes the organization's focus on the impact of war on children.

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United Arab Emirates

THE UNITED ARAB EMIRATES (UAE) is a country bordering Kuwait and Saudi Arabia, located on the

coast of the Persian Gulf. It consists of seven emirates, Abu Dhabi, Dubai, Sharjah, Ajman, Ras al-Kheimah, Umm al-Qawein, and Fujeirah. The national capital is located in Abu Dhabi, but the political and commercial center is in Dubai. Previously, the UAE consisted of a loose federation of mostly nomadic peoples whose desert lifestyle relied upon international trade routes passing through its territory. This changed with the discovery of oil, which inevitably changed the country's relations with the outside world, especially the United Kingdom, which had dominated it for many years. Independence was gained in 1971 and, under the vigorous leadership of Sheikh Zayed, the country embarked on a policy of rapid industrialization and social development, while maintaining the traditional conservative Islamic culture.

More than half of the UAE's population of less than four million consists of temporary migrant workers who undertake the great majority of low-paid and low-skilled work, as well as technical and professional tasks. Visa and residential qualifications are strictly handled and any migrant without appropriate sponsorship is quickly deported. This effectively prevents poverty among migrants. The citizens of the UAE enjoy an average income of \$25,300 (GNI method, 2003), primarily from oil and gas revenues.

The great bulk of petrochemical deposits lies in Abu Dhabi territory and a large proportion of the incoming funds are invested in a variety of offshore projects through the Abu Dhabi Investment Authority (ADIA). It is believed that the amount of investment made by ADIA is sufficient to ensure the continued standard of income of all UAE citizens irrespective of future oil revenues. Attempts to diversify the economy have met with only limited success, and parallel investment required of international firms wishing to participate in the petrochemical industry that creates manufacturing and service jobs is largely managed by overseas people. However, Dubai is seeking to position itself as the Arab media and technological center.

The northern emirates are not prosperous, and in the absence of oil would have remained in historical levels of poverty. However, the Abu Dhabi authorities subsidize all services, including electricity, telephone, education, and health, and also provide a high salary to anyone wishing to take an available public-sector job. The Private Loans Authority, established in 1991, provided low-cost loans to citizens wishing to finance new property. Other programs exist to ensure that poverty among UAE citizens has become completely eradicated. The only people at threat of poverty are those migrant

workers who are sponsored but in low-income posts in which freedom is limited, such as domestic workers. Islamic charities and organizations are powerful forces for redistribution in cases of need and are also significant in assisting people overseas, primarily in Islamic societies.

Human Development Index Rank: 41 Human Poverty Index Rank: Not included.

SEE ALSO: Foreign Direct Investment; Islam and Poverty; Redistribution; United Kingdom.

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United for a Fair Economy

UNITED FOR A FAIR ECONOMY (UFE) is a U.S. nonprofit organization that is registered as nonpartisan and independent. The UFE aims to "raises awareness that concentrated wealth and power undermine the economy, corrupt democracy, deepen the racial divide, and tear communities apart. We support and help build social movements for greater equality." This is achieved through popular education, research, and dissemination of information. There are three main policy areas addressed.

The Tax Education Program aims to strengthen local and state level capacity in the struggle to maintain a progressive tax system. The Racial Wealth Divide Education Program is an outreach and educational program designed to promote knowledge about the differences in wealth among different ethnic groups in the United States. The Global Economy Program addresses the emergent issues arising from globalization and the global economy and seeks ways to help individuals and organizations have their voices heard.

The UFE has an explicit and specific belief that both the United States and the world more generally would be a better and fairer place if wealth were spread more equally and there were less financial inequality among people.

Proponents of free-market economics and certain religious beliefs contest this view, but research increasingly demonstrates the link between inequality and social ills. People who live in societies that have a higher level of equality tend to be happier and live longer than those in other societies, even other societies with higher average levels of income.

There is little common ground between the two positions.

Further, extreme levels of inequality nearly always lead to social unrest sooner or later. The UFE explains: "Our vision is of a global society where prosperity is better shared, where there is genuine equality of opportunity, where the power of concentrated money and corporations neither dominates the economy nor dictates the content of mass culture. We envision communities and nations that do not have dramatic disparities of income, wages, wealth, health, safety, respect, and opportunities for recreation and personal growth."

This belief is contested by many people who hold the position that those individuals and corporations who have power and influence do so because of their own abilities in an essentially fair marketplace. There is little common ground between the two positions.

The UFE hopes to achieve its goals through these measures: "To stop the march toward growing inequality, we must build a powerful fair economy movement that can contest the dominant economic policies and propose policies that ensure shared prosperity. There must be a stronger countervailing force to the power of concentrated corporate influence and wealth. Key elements of this movement include a revitalized labor movement and a stronger voice from religious communities and coalitions of civic organizations. We are at the early stage of such movement formation, laying the groundwork for future opportunities to promote broader political understanding and mass action."

Current campaigns involve educating about and advocating for policies to oppose the racial wealth divide, unfair tax cuts, corporate lack of accountability, reducing the level of social security, and implementing an estate tax.

SEE ALSO: Corruption; Income Inequality; Racial Discrimination; Social Inequality.

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United Kingdom

THE UNITED KINGDOM IS a relatively affluent country with a 2005 population of 60.5 million. It includes England, Scotland, Wales, and Northern Ireland. Its Gross Domestic Product (GDP) per capita of \$27,147 makes it the 18th wealthiest country of the 177 countries in the world, and puts it roughly in the middle of European Union countries. It originated some of the most important social, legal, and economic innovations of Western civilization. In spite of these advantages, and occasionally because of them, the United Kingdom has wrestled with poverty throughout its long history. Historically, poverty in the United Kingdom has been associated with social and political change, war, poor harvests, economic progress, and technological revolution. Different regions of the United Kingdom (England, Scotland, Wales, and Ireland) have suffered severe poverty at different times.

POVERTY IN THE MIDDLE AGES

In the first half of the 13th century, the English population grew rapidly. The increased supply of labor caused wages to fall. At the same time, the increased demand for food caused prices to rise. The poor were caught in the middle. In the decades after 1250, large segments of the poor population became "harvest-sensitive"—meaning "with each bad harvest, more of them died, either of starvation or of the diseases attendant upon malnutrition," as phrased by K.O. Morgan. Having land to work, either independently or as a tenant, gave at least some protection against the most abject poverty. Even so, some tenants were better off than others.

A study of one estate in the West Midlands area found that the poorer tenants had a life expectancy of 10 years less than tenants who had a more comfortable income. Workers on large estates were paid both in cash and with enough grain to feed their families. Other

landless workers, however, were often prey to starvation. Those who owned land, on the other hand, were in luck. The same factors that impoverished the laboring classes (lower wages combined with higher prices for food) tended to enrich the owners of large tracts of land.

By the early decades of the 14th century, however, the situation was starting to reverse itself. Bad harvests in 1315–16 and 1320–21 condemned many people to starvation. During that period, 15 percent of the population in some areas died either from famine or disease. Disease also decimated herds of sheep and cattle, especially in 1319 and 1321. Finally, several areas of England experienced catastrophic floods in 1324–26 that drowned both people and livestock. These harsh conditions, and the hardships of poverty in general, had caused people to have fewer children.

The final blow was the Black Death, a plague carried by fleas borne on the backs of rats from sailing ships. The plague came to England in 1348 and spread thence to Scotland, Wales, and Ireland, wiping out a third of the United Kingdom's population in a few years. Smaller outbreaks claimed even more lives in 1360–62, 1369, and 1375. As a result, the population growth of the previous century turned into a decline, causing a labor shortage—particularly of farming workers. At the same time that landowners had to pay more to their workers, food prices were declining and the landowners got less for their produce.

The hardships of hunger, want, and the Black Death were a terrible price to pay for a reduction in poverty, but in the end, the reduction did come and the state of the poorest Britons—at least the ones who survived—did improve in the last decades of the 14th century. Tenant farmers paid lower rents to landowners at the same time that they and other workers received higher wages, and lower food prices decreased their cost of living. Some members of the lower classes even had extra money to spare, which they used to lease more land from landowners, lend to other workers, and even build stone houses for themselves—a development that was unheard of in earlier centuries.

Just as before, the rich and poor experienced a see-saw effect. As the lot of the poor improved with higher wages, lower food prices, and lower rents, the lot of the rich worsened for the same reasons. The rich were not inclined to take such developments lying down. Then as now, "money talked." When wages began to rise after the Black Death plague of 1348, King Edward III issued a decree in 1349 "to curb the malice of servants who were idle and not willing to serve after the pestilence

without excessive wages," as quoted by Morgan. The decree mandated that wages return to their pre-plague levels and restricted the movement of workers. Parliament passed a corresponding law in 1351. However, simply passing laws could not thwart economic forces, and conditions continued to improve for the lower classes. The struggle was not over. New taxes in 1377, 1379, and 1381 sparked the Peasants' Revolt of 1381.

Lower classes in both the country and the towns rebelled by evading the taxes as well as by violently attacking tax collectors and judges. They went to London, where they demanded an end to serfdom and land reform. To make their point, they robbed the homes of government officials, broke into prisons and released the prisoners, and ransacked government buildings. Eventually, however, the revolt simply ran down and the rebels went home without achieving much except blowing off steam.

In the early 18th century, just before the dawn of the Industrial Revolution (1760–1830) in England, population growth had outstripped the land available for cultivation. The result was low wages and a dearth of jobs. Farming was still a mainstay of lower-class jobs, and its seasonal nature meant that many thousands of workers were idle for part of the year. At the same time, manufacturing work (usually textiles) was done on a small scale, with individual laborers doing piecework in their homes. Several hundred thousand workers, including many agricultural workers, were able to gain off-season income from this type of employment.

Textile work was the most common and employed about 200,000 workers, according to F. Engels: "Before the introduction of machinery, the spinning and weaving of raw materials was carried on in the working man's home. Wife and daughter spun the yarn that the father wove or that they sold, if he did not work it up himself. These weaver families lived in the country in the neighborhood of the towns, and could get on fairly well with their wages because the home market was the only one."

The 19th-century writers such as Engels tended to see the Industrial Revolution as a catastrophe for the poor, and therefore they tended to idealize the period that preceded it. Engels continued his description of the rural working class: "So the workers vegetated throughout a passably comfortable existence, leading a righteous and peaceful life in all piety and probity; and their material position was far better than that of their successors. They did not need to overwork; they did no more than they chose to do, and yet earned what they needed. They had leisure for healthful work in garden

or field, work which, in itself, was recreation for them." Engels's rosy account of rural poverty and his dark view of the Industrial Revolution—though hugely influential in the 19th and 20th centuries—were "based on the writings of the Reverend Philip Gaskell, whose earnestness and honesty are not in doubt, but whose mind had not been confused by any study of history," as phrased by T.S. Ashton. Though Engels was only 24 when he wrote *The Condition of the Working Class in England*, and he had not yet met Karl Marx, his description of life in the countryside bears an eerie resemblance to Marx's description of life under communism, except that Engels's farmers/weavers didn't also compose symphonies, do scientific research, and paint land-scapes in their spare time.

The Industrial Revolution brought poverty problems of its own.

In fact, many rural workers could not survive financially on the part-time work they were able to find, and they were chronically unable to find full-time employment. Depending on the year and the area of England, between 10 percent and 33 percent of the population needed charity or poor relief payments at some point. The problems of part-time employment were not the only factor that drove rural workers to the cities. In the early 18th century, Parliament passed laws supporting the "enclosure movement," which turned common lands and pastures over to nobles and other large landowners. Previously, these lands had been open to use by anyone. Many tenant farmers and other laborers had used them to earn extra income from farming or livestock. Once the lands became the private property of the wealthy (through a process similar to privatization in the late 20th century), lower-income classes were deprived of that income.

As a result, some small farmers had no way to earn a living except to go to the cities and seek factory work. Many rural workers at last despaired of finding work in the countryside and headed for the cities. London experienced a large influx of such workers, but high food prices drew spending away from other goods and reduced employment opportunities in urban areas as well. The beginning of the Industrial Revolution around 1760, combined with another slight decline in the population, reduced the severity of poverty and unemployment in the cities. However, the Industrial Revolution brought poverty problems of its own—new and,

in some ways, even worse than those that the poor had faced in the countryside.

THE INDUSTRIAL REVOLUTION

At the same time that workers were migrating to the cities, economic and technological developments made manufacturing labor more productive, thus lifting many people out of the worst levels of poverty. In particular, joint-stock companies (the precursors of modern corporations) allowed the concentration of capital needed to set up factories that produced more goods faster than was possible when workers toiled alone in their homes. New technologies made mass production more feasible. Finally, improvements in communication and transportation created larger markets for manufactured goods through foreign trade. These productivity improvements and wider markets created new jobs and more opportunities for the poor to avoid starvation.

The lot of the urban poor was far from sunny. Flooded with workers from the countryside, the cities became overcrowded and unsanitary, with open sewage often running alongside narrow streets. Factories were also crowded and often dangerous, hours were long; wages were low, and workers had few if any rights. "Everything which here arouses horror and indignation is of recent origin, belongs to the industrial epoch," wrote Engels, as horrified by the Industrial Revolution as he had been delighted by the lives of the rural poor. The London Times reported in 1843 that "within the most courtly precincts of the richest city of God's earth, there may be found, night after night, winter after winter, women—young in years, old in sin and suffering, outcasts from society, rotting from famine, filth, and disease. Let them remember this, and learn not to theorize but to act. God knows, there is much room for action nowadays."

On balance, however, the Industrial Revolution benefited most poor Britons. Work was hard, but factory laborers usually earned more than they could have if they had stayed in the countryside. Partly because writers such as Engels and newspapers such as the *Times* publicized them, the problems of overcrowding and sanitation were eventually worked out, even if imperfectly, by a combination of economic forces and legislation.

THE POOR LAWS

During the same centuries that the lot of low-income Britons waxed and waned, Parliament passed a series of laws to help the poorest citizens. In 1601, it passed the Act for the Relief of the Poor, which set the basic policies that England would follow until the 20th century. The law delegated a great deal of responsibility for poor relief to local parishes. Church officials collected taxes for poor relief and distributed help to those who needed it. In addition, the law provided ways that poor children could work and become apprentices, thus learning trades to sustain them later in life.

Help, however, was often mixed with cruelty. The worst of the abuses was the establishment in the 18th century of hundreds of workhouses where the poorest of the poor lived and labored long hours under harsh conditions. Workhouses simultaneously provided poor relief, punished the poor for their presumed sloth, and often enriched the workhouse operators. Workhouse operators charged a weekly fee to the local parish for the support of each inmate, and then kept any surplus between the fee and their actual cost of support. The operators also kept any profit from goods (usually textiles) produced by the inmates.

In 1834, the Poor Law Amendment Act set nation-wide standards for workhouses and aimed to eliminate all other kinds of poor relief. The standards did little to eliminate abuses and, instead, made the abuses into official policy. Over the next century, several laws tried to improve treatment of the poor, but workhouses and other abuses endured in various guises until the establishment of the British welfare state in the 20th century.

DAWN OF THE WELFARE STATE

Around the beginning of the 20th century, many writers and social reformers agitated for improvements in the United Kingdom government's help for the poor. Seebohm Rowntree, author of *Poverty: A Study of Town Life* (1901), found that more than 27 percent of the population of York, a large city, lived in poverty. This was a lower figure than he would have found 100 years earlier, and even those living in poverty in 1901 were materially better off than some nonpoor people of a century earlier, but that was irrelevant. Beyond the most abject inability to acquire food and shelter, poverty is a relative matter. The poor of 1901 were still in great difficulty, and their plight was more painful because they found themselves juxtaposed almost daily with other Britons, whose affluence was shocking by comparison.

The result of this agitation was a series of government initiatives that, for the first time, held out substantial help for the poor without adding a side dish of punishment for real or imagined laziness. In 1907, the

government began to provide free school meals to poor children; in 1908, old age pensions; in 1909, attempts to stimulate the economy to provide more jobs; and in 1911, the National Insurance Bill, which provided "last resort" benefits for workers who were sick or unemployed. The public, shocked by having been forced to look squarely at the poverty that had been right in front of them, generally gave its support to these measures.

The United Kingdom's welfare state advanced further in the 1940s, when the shared sacrifice of both rich and poor Britons created a sense of national unity that created support for more generous programs of poor relief. In 1942, the government commissioned the economist Sir William Beveridge to write a study of "Social Insurance and Allied Services."

Presented to Parliament in November 1942, the report argued for a National Health Service to provide free medical care, as well as expanded poor relief for families with children and government-funded housing programs, which created a million new dwellings from 1946 to 1952. The welfare state created in the 1940s remained the foundation of the United Kingdom's poor relief efforts through the early years of the 21st century.

THE EARLY 21ST CENTURY

At the end of the 20th century and the beginning of the 21st century, the United Kingdom still wrestled with poverty, but it was poverty of a different kind than had afflicted the country in previous centuries. The poorest Britons (as well as a large immigrant community living in the United Kingdom) were no longer in danger of starvation and, relative to their predecessors in the 17th century, were at very little risk of disease. The poverty rate (defined as households with less than 50 percent of the society's median income) hovered in the range of 12–15 percent, though the lot of the poor was ameliorated by the British welfare state.

Income inequality was not severe, with a Gini index of only 0.368. Average life expectancy at birth was 78.4 years, not as good as Japan's 82 years but light-years ahead of Swaziland's 32.5 years. In the early years of the 21st century, the United Kingdom finally had the luxury of trying to improve the lives of its poorest citizens instead of merely trying to keep them from dying.

Human Development Index Rank: 15 Human Poverty Index Rank: 15 (HPI-2)

SEE ALSO: Beveridge Scheme; Engels, Friedrich; Industrial Revolution; Marx, Karl; Medieval Thought; Poor Laws.

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United Methodist Church Initiatives

THE INITIATIVES of the United Methodist Church are numerous. Some deal with evangelism, some with social issues, while many others deal with issues of poverty. These initiatives may be started by the local congregation, by the area Conference of Methodist Churches nationally, or by United Methodist churches through their ecclesiastical connections on a continental or global basis. The United Methodist Church is a mainstream Protestant denomination that has successfully conducted mission work throughout its history. In the 20th century, the United Methodist Church has increasingly engaged in social ministries to aid the poor of the world. Charity is a long-standing practice among Christians, as is the freedom of the local congregation to take the initiative of meeting the needs of the poor locally without seeking permission.

Initiatives in effect have a spontaneous or entrepreneurial spirit that leads the members of local churches to see the deprivation of the poor and to rise to meet the challenge the poor present. Initiatives meet poverty problems with determination, energy, and a readiness to enter boldly into new ventures. Examples of initiatives at the local level occurred after the devastating Hurricanes Katrina and Rita in the Gulf Coast region of the United States in the summer of 2005. Millions of people were evacuated, and many suffered the loss of their homes, businesses, or jobs. To meet these needs for as many people as possible, local Methodist churches spontaneously organized mission actions.

For example, the First United Methodist Church of Coppell, Texas, first organized prayer meetings and then a collection of cleaning supplies along with "health kits" (that is, toothbrushes, wash cloths, and other personal hygiene items). These were then passed to locations where they were needed by floodwater victims. Some church members went to help clean up de-

bris. Examples of this relief-giving and relief work could be found in numerous other Methodist churches across the United States.

Examples of initiatives in response to Hurricanes Katrina and Rita that were at a regional level could be seen in the relief ministry organized by the West Florida Conference. In Methodist polity a conference is a group of local churches governed by a bishop, so when a conference acts there is the power of numbers applied to an initiative. The California-Nevada Conference, for example, has an emergency relief initiative ready to respond when needed. The vulnerability of children during the events of Hurricane Katrina prompted an initiative on children and poverty.

Examples of United Methodist initiatives at the national level can be found in the Bishops Initiative on Children and Poverty, efforts to address ethnic needs, or youth initiatives. Examples of the United Methodist Church's initiatives globally can be found in the General Board for Global Missions in its AIDS Ministries, Disabilities Concerns, and many more, such as the Health and Welfare Ministries, which helps Methodists to become involved globally in addressing the healthcare needs of children, youth, older persons, and mentally and physically challenged persons. It seeks to promote more than just individual healthcare. It seeks to organize community-centered primary health programs in foreign lands.

The Medicine Box is an initiative that provides 18 essential drugs and medical supplies that are likely to be needed in a community of 1,000 persons in a three-month period. The medicines are often the very basics that can make a critical difference in the survival of people in the poorest countries. Many of the supplies are donated by American pharmaceutical manufacturers and by the giving of local congregations through the encouragement of the leadership of the United Methodist Church.

Great numbers of Medicine Boxes were donated following the great tsunami on December 26, 2004. Other global initiatives include the Bishop's Appeal for the Children of Africa. The initiative provides relief and reconciliation to the many thousands of children and families who have been victimized by war. The spiritual and physical well-being of children is central in the initiative. African bishops have responded to the Bishop's Appeal for the Children of Africa with requests to pray and expressions of appreciation. Having firsthand experiences of the value of the aid, they encouraged individual American Methodists to become pen pals with Africans and encourage local congrega-

tions to continue to develop initiatives to aid the world's poor.

SEE ALSO: Charity; Christian Antipoverty Campaigns; Protestant Churches; Protestant Ethics.

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United Methodist Committee on Relief

THE UNITED METHODIST Committee on Relief (UMCOR) is a nonprofit humanitarian organization used by the United Methodist Church to achieve three primary missions: to provide disaster relief for natural events such as earthquake, storms, and floods; to provide refugee assistance caused by civil violence or war; and to promote and assist development that reduces homelessness, hunger, and poverty in the world.

To meet the needs of disaster victims UMCOR has a cadre of disaster relief specialists. These individuals are organized into a trained corps ready to support responses to disasters in the United States. UMCOR has the capability to rally disaster response specialists in many countries to meet disaster relief needs. This capability is a result of the global presence of the Methodist Church. UMCOR is constantly training disaster specialists from around the United States and the world. This training is a result of its partnership with the Methodist Church to be found around the world, and its cooperation with other international nongovernmental agencies. UMCOR maintains relief supplies in warehouses in various locations. These can be dispensed to locations around the globe in a relatively short period of time.

UMCOR began on April 26, 1940, when Bishop Herbert Welch called for the formation of an agency to meet wartime suffering and to serve as a "voice of conscience." The Methodist Committee for Overseas Relief (MCOR) was formed in response to his call. MCOR struggled with numerous mission issues in its

early years. However, by the late 1960s it was operating in an established manner and growing to meet the needs of impoverished people. UMCOR has expanded from its humble beginnings as a temporary relief agency into a global mission that is a permanent part of the United Methodist Church, with programs in nearly 100 countries in the world.

The organization's policies for operations are developed and supervised by a board of 18 directors who represent Methodist churches in countries around the world. It has a permanent staff to conduct operations and to handle the various monies it receives. Its main source of donations is the One Great Hour of Sharing. This offering allows it to minister to the poor in hundreds of projects in the United States and around the world. UMCOR is a legally tax-exempt nonprofit organization under section 501(c)(3) of the Internal Revenue Code of the United States.

Donations UMCOR receives from American citizens are eligible to be counted as charitable contributions. One hundred percent of all donations made to UMCOR go to the emergency project the giver designates. All revenues are audited in keeping with the accounting and auditing policies of the United Methodist Church. A special offering made to the One Great Hour of Sharing pays for the administrative costs of operating UMCOR.

UMCOR works with other agencies, including the National Council of Churches, the World Council of Churches, the Heifer Project International, and Habitat for Humanity. It promotes the development of financial independence in poor countries, especially among women, with its Credit with Education program. This program rewards women who successfully pass literacy training with financial credits that can be used to start a small business. It also addresses trade and international debt issues.

SEE ALSO: Habitat for Humanity; Heifer Project; International Nongovernmental Organizations; United Methodist Church Initiatives.

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United Nations Development Program

WITH A HIGH-PRIORITY mandate to fight poverty, the United Nations Development Program (UNDP) works with people and governments in over 170 developing countries through a broad network of more than 130 offices, with the main office in New York City. UNDP was established in November 1965 when the United Nations (UN) General Assembly merged the UN Special Fund and the Program for Technical Assistance to create a new entity. Now it is the largest development organization in the world. It is governed by a 36-member Executive Board, representing both developing and developed countries, which meets annually. At the country level, the UNDP is headed by a resident representative who also serves as a resident coordinator of the United Nations System's activities for development.

A key organization in development, UNDP administers a number of special-purpose funds, including the UN Capital Development Fund (UNCDF), the Office to Combat Desertification and Drought (UNSO), the United Nations Volunteers (UNV), and the UN Development Fund for Women (UNIFEM) in addition to its regular programs. It also sponsors a global program on HIV/AIDS and takes the lead in the coordination of the United Nations Development Group.

Sometimes UNDP is described as the "United Nations' global development network" or as the "United Nations' principal provider of development advice, advocacy and grant support." Both these descriptions illustrate that UNDP is central to the achievement of international development goals and takes a holistic approach to development in general and to eradicating poverty in particular.

MULTIDIMENSIONAL CONCEPT

Poverty is viewed by UNDP as a multidimensional concept that derives from politics, geography, history, culture, and societal specificities and is linked to systems and structures of international trade, debt, and finance. Poverty has numerous complex and interlinked causal factors that make people powerless and vulnerable, such as gender discrimination, lack of employment opportunities, inadequate means of livelihood, and lack of access to healthcare, knowledge, and information. These factors are connected to power relations, policies, systems of government and structures, cultural traits, gen-

der issues, human rights, education, diet and nutrition, and health.

Through volumes of conducted studies UNDP generated new evidence of the causes and dimensions of poverty, which pushed the organization to call for a broader agenda to attack it. This agenda includes equity, social inclusion, women's empowerment, and respect for human rights, which matter very much for poverty reduction.

In order to fight poverty at its source, UNDP is now actively working with governments and civil society. It promotes partnership that involves people in planning, implementing, and sustaining activities to improve their lives. UNDP does it through helping countries to achieve sustainable human development by helping them to build their capacity to design and carry out development programs in poverty eradication, employment creation, and sustainable livelihoods, the empowerment of women, and the protection and restoration of the environment, giving first priority to poverty eradication.

MILLENNIUM DEVELOPMENT GOALS

This plan of action was charted in the Millennium Declaration signed by the leaders of 189 nations at the United Nations Millennium Summit in September 2000. They committed to a set of internationally agreed targets called the Millennium Development Goals (MDGs), which aim at reducing poverty, hunger, disease, illiteracy, and environmental degradation and combating HIV/AIDS and discrimination against women by 2015. Through the Millennium Declaration, UNDP plays a leading role by providing developing countries with consulting services and by building national, regional, and global coalitions for change.

To support this national, regional, and global coalition for change, UNDP uses many advocacy and promotional tools, including Global and Regional Poverty Reports, studies of basic social services prepared through participation in the 20/20 Initiative in partnership with UNICEF, and Human Development Reports (HDR) written by a team of independent specialists.

These advocacy tools stimulate international and national debate on key development issues, including poverty reduction, equity, gender empowerment, and human rights. At the field level UNDP produces published National Human Development Reports (NHDR) in consultation with governments, civil society organizations (CSO) and its development partners. NHDR drew attention to the national human development con-

cerns, advocated for a more people-centered approach to policymaking, and made a special effort to collect data on measures of human poverty as well as income poverty. The reports help to monitor progress and setbacks in human development and poverty at the national level.

UNDP supports making globalization work for poor people.

In many countries UNDP has been instrumental in formulating poverty reduction strategies (PRS) and Poverty Reduction Strategy Papers (PRSP), which are tools for bringing together governments, stakeholders, and development partners for a coordinated and consolidated effort to fight poverty. To make sure that the voices of the poor are heard and their needs are taken into account, the strategies have given considerable emphasis to participation by the poor in this process. This aspiration requires harmonization of the PRS and PRSP with the Common Country Assessment (CCA) and the UN Development Assistance Framework (UNDAF), which are intended to strengthen the consistency and effectiveness of the UN system's contribution to a country's development efforts.

As a part of development efforts, UNDP also participates in reforming trade, debt relief, and investment arrangements to better support national poverty reduction and make globalization work for poor people. In doing so, UNDP sponsors innovative pilot projects; connects countries to global best practices and resources; promotes the role of women in development; and brings governments, civil society, and external donors together to coordinate their consolidated efforts to fight poverty on micro- and macrolevels.

SEE ALSO: Human Development; International Nongovernmental Organizations; Millennium Development Goals; Poverty Research; UNDP Regional Project for Overcoming Poverty; UNICEF.

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United States

SOME PEOPLE FIND it hard to understand or explain why people are poor in such a wealthy country as the United States. Poverty in the United States is a complicated subject. In order to observe it, one has to define it. Armed with a definition, one can designate which individuals in society experience it. A logical next question is, "Why are those people poor?" The level of complication rises enormously with this question. Where the poor are located is less complex, though it must rely on good data. As complicated as the question above is, the question of what should be done to reduce or eliminate poverty is even more challenging. How do genetics play in? What role should individual responsibility have? What should government involvement be? Where can an interested person read more?

WHAT IS POVERTY IN THE UNITED STATES?

According to the Merriam Webster online dictionary, poverty is "the state of one who lacks a usual or socially acceptable amount of money or material possessions"; destitution is "extreme poverty that threatens life itself through starvation or exposure." The astute reader will realize at the outset that *usual* or *socially acceptable* are rather vague terms. While these terms imply that poverty is a relative (that is, depends on the levels of other variables) concept, destitution causes one to think that it is an absolute (that is, it is fixed in terms of a known standard) measure.

The phrase, threatens life itself, leaves one little room to wonder about the levels of other variables. The 2005 Live Aid concerts from Philadelphia to Tokyo were staged to draw media attention to the absolute poverty in many parts of present-day Africa, as the Group of 8 industrialized nations' leaders met in Scotland to discuss world affairs. Absolute poverty will not disappear anytime soon. Relative poverty, by definition, can only go away if each individual has the same socioeconomic status. This also will not happen anytime soon.

If one is to do something about poverty, how does one operationalize the definition? There needs to be a statistical definition of poverty. A U.S. pioneer in that effort was Mollie Orshansky. For the most-accepted version of her poverty threshold, she used a U.S. Department of Agriculture (DOA) "economy" food plan designed for adequate nutrition with low available funds. From a previous survey by the DOA, she learned that the average family of three or more members spent about one-third of its income on food. Hence, she mul-

Size of Family Unit	Related Children under 18 years			
1 person	0	1	2	3
Under 65 years	9,827			
65 and over	9,060			
2 persons				
Under 65 years	12,649	13,020		
65 and over	11,418	12,971		
3 persons	14,776	15,205	15,219	
4 persons	19,484	19,803	19,157	19,223
5 persons	23,497	23,838	23,108	22,543
6 persons	27,025	27,133	26,573	26,037
7 persons	31,096	31,290	30,621	30,154
8 persons	34,778	35,086	34,454	33,901
9 persons or more	41,836	42,039	41,480	41,010

Table 1. 2004 Poverty Thresholds Source: US Census Bureau 2004

tiplied the cost of the food plan by three to get the income (after tax, in her view) that would be considered the poverty threshold for a family of that size. Orshansky made adjustments for different family sizes and other demographic attributes, and generated a table of 124 poverty thresholds expressed in 1963 dollars. For bureaucratic reasons, before-tax income was eventually used. A person (family) is considered poor if income falls below the threshold.

One might get the impression that "adequate diet" is related to avoiding starvation and destitution, and that the Orshansky thresholds reflect an absolute measure of poverty. If so, then does the threshold become relative as it moves through time? Some scholars argue that the answer is a definite "yes."

Economists compute inflation by comparing the money spent on a "market basket" of goods and services bought at prices in a given year and at prices in a base or reference year. The amount spent in the base year is divided into the amount spent in any given year, and the given year's price index value is computed. The amount of inflation that happens between two years is the difference in the values of the price index divided by its original value. Any amount stated in a given year's dollars (current dollars or nominal value) can be converted into base-year dollars (constant dollars or real value) by dividing by the value of the price index.

Gordon Fisher points out that the "standard budgets" at "minimum subsistence" that preceded Orshansky's thresholds, and the thresholds themselves, rose over time even though they were expressed in constant dollars. He writes, "These successive absolute-poverty lines rose in real terms as the income of the general population rose." This setting of higher absolute poverty lines over time has made the poverty line relative to the current standard of living.

Size of Family Unit	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$ 9,310	\$11,630	\$10,700
2	12,490	15,610	14,360
3	15,670	19,590	18,020
4	18,850	23,570	21,680
5	22,030	27,550	25,340
6	25,210	31,530	29,000
7	28,390	35,510	32,660
8	31,570	39,490	36,320
For each additional person, add	3,180	3,980	3,660

Table 2. HHS 2004 Poverty Guidelines Source: Federal Register 2004

Several changes in the poverty threshold occurred over time, and many debates about the details remained unresolved. In 1992, the National Research Council's Committee on National Statistics created a Panel on Poverty and Family Assistance. In its report, the panel proposed new guidelines for establishing an official poverty measure. Many of these guidelines are reflected in the U.S. Census Bureau's official poverty measure: income is before-tax income added up over family members, and includes money income from work, transfer payments and other sources, plus noncash benefits such as food stamps, excluding capital gains and losses; poverty thresholds are from the list of 48 according to family size and age; there is geographic variation in the thresholds; and thresholds are updated by the Consumer Price Index. Table 1 shows 2004 poverty thresholds for up to three related children under 18 years of age. The numbers increase as the number of persons increases, but decline as the number of those persons who are children increases. The interested reader may learn her or his family member income, and compute family income for comparison to the table values updated to the year of reading this. She or he may imagine living within those values.

Parallel to the Census Bureau thresholds are the poverty guidelines used by the U.S. Department of Health and Human Services (HHS). Table 2 shows some of the recent guidelines by which the less fortunate can qualify for various assistance programs. The reader can see variations from the census thresholds, but none are overwhelmingly different.

Once it is established what it means to be poor, one can look at which groups in society suffer from poverty more than others. Although there might be a relationship between a person's poverty status and where the person lives, the question "Who is poor?" might be answered appropriately using countrywide data. There-

Characteristic	No. (in 000)	Poverty Rate (%)	
All	35,861	12.5	
Age			
Under 18	12,866	17.6	
18-64	19,443	10.8	
65 and over	3,552	10.2	
Race/Ethnicity			
White, not Hispanic	15,902	8.2	
Black alone or in combination*	9,108	24.3	
Black alone	8,781	24.4	
Hispanic origin+	9,051	22.5	
Asian alone or in combination*	1,527	11.8	
Asian alone	1,401	11.8	
Residence			
Inside metropolitan areas	28,367	12.1	
In central cities	14,551	17.5	
Outside central cities	13,816	9.1	
Outside metropolitan areas	7,495	14.2	

^{*}The 2003 and 2004 CPS on which these estimates are based asked respondents to choose one or more races.

Table 3. Poverty in the US in 2003 Source: IRP 2004

fore, in this section, the data used to identify the poor will not be location-specific. In 2003, the Institute for Research on Poverty (IRP) published a table showing poverty among individuals by the Official Poverty Measure. According to Table 3, 12.5 percent of the total U.S. population lived in poverty in 2003. The numbers displayed in this table are estimated values and were based on the 2003 and 2004 Current Population Surveys (CPS). Table 3 shows the numbers and percentages of different characteristics of poverty. Each characteristic will be discussed separately later in this section.

In the late 1950s, 22 percent of the total U.S. population lived in poverty, representing 39.5 million people. The poverty rate declined between 1959 and 1969 to 12.1 percent, and increased slightly to 12.5 percent by 1971. After 1978 the rate rose steadily, reaching 15.2 percent in 1983. In 2000, 31 million people were poor (11.3 percent of the population). The rate rose to 12.5 percent in 2003. Chart 1 shows a time series for the poverty rate and the number in poverty from 1959 to 2003.

Poverty data according to different types of demographic characteristics tell a revealing story. All these data were based on income below the poverty threshold in 1999. Table 3 shows that 17.6 percent of the total U.S. population under 18 years, 10.8 percent of the age group of 18 to 64 years, and 10.2 percent of the 65-and-over group are poor. A detailed age-group distribution is shown in Chart 2. It is evident from this chart that

⁺Persons of Hispanic origin may be of any race.

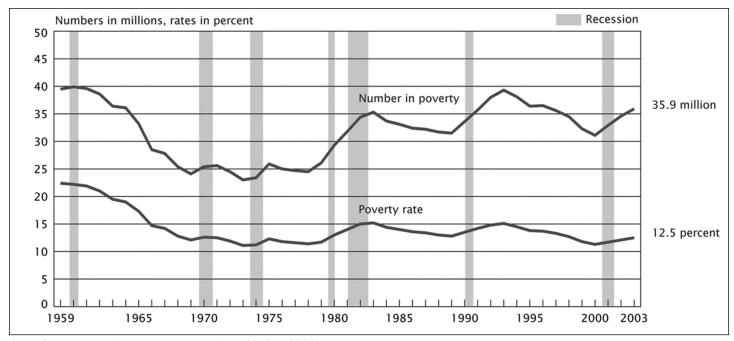


Chart 1. Number in Poverty and Poverty Rate: 1959 to 2003 Source: DeNavas-Walt et al., 2004/U.S. Census Bureau

people from age 18 to 24 years were the most highly represented among the poor. According to the U.S. Census Summary File 3, Table 89, households composed of people less than 65 years is the largest group (90 percent) that was below the poverty level in 1999. Chart 3 shows that even in that age group, households lead by a female were much larger in number (37 percent) than households led by a married couple. According to IRP, the percentage of blacks and Hispanics among the poor remained near 30 percent during the 1980s and mid-1990s, and thereafter began to fall. This

proportion dropped to 22.1 percent for blacks and 21.2 percent for Hispanics in 2000, which is the lowest rate for both groups since poverty was first measured in the United States. The percentages for the white and Asian races were 8.2 percent and 11.8 percent respectively.

Residence location is also a key dimension in characterizing the poor. The metropolitan-area poverty rate differs greatly between the people who live in a central city and those who live in the suburbs. The average central-city poverty rate was 15.7 percent in 1979 and 21.5 percent in 1993, its highest point. By 2003 it became

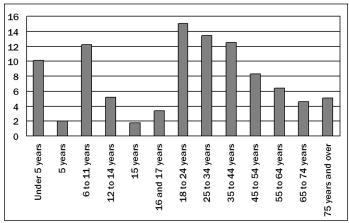


Chart 2. Percentages of Age Groups Among Poor People Source: U.S. Census Bureau 2005

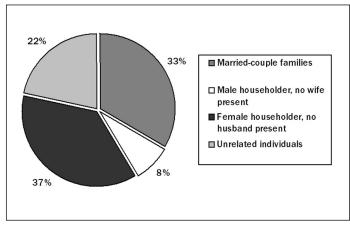


Chart 3. Poverty Among People Under 65 by Household Type Source: U.S. Census Bureau 2005

17.5 percent, almost twice the rate for the suburbs. Among the people living outside of metropolitan areas, 14.2 percent lived in poverty in 2003.

In 2003, 7.6 million families lived in poverty, and of all family types, poverty was highest among those headed by single women. According to IRP, 28 percent of all female-headed families were poor compared to only 5.4 percent of married-couple families. Again, in both categories the rate of families having related children less than 18 years old is much higher than in the other age groups.

Poverty status also varies according to the age of the householder. According to the 2000 U.S. Census Summary File 3, Table 92, for all types of family households, a significantly higher number of householders facing poverty are in the age group of 25 to 44 years. The U.S. Census 2000 Summary File 3, Table PCT51 shows poverty status in 1999 by place of birth and citizenship status. According to this table, among the people who are poor, 84 percent were U.S.-born and 16 percent were foreign-born. Among the foreign-born poor, 76 percent were not citizens while the remaining 24 percent were naturalized.

Poverty status is also linked to educational achievement. Based on 1995 census data, M.S. Litman has shown that people with a college degree faced less poverty than people with a high school diploma. People with a high school diploma faced less poverty than those without one. He also shows that people who worked full-time faced less poverty than those who worked less than year-round.

WHY ARE PEOPLE POOR?

Perhaps the least complicated division of the poor in the United States is voluntary versus involuntary. There are those who take a life-cycle approach to decisionmaking and sacrifice short-term income and wealth to invest in themselves. Economists call this incurring an opportunity cost (the value of the best foregone alternative) to invest in human capital (the composite of a person's mental and physical capabilities) for higher rewards in the future. The future costs and rewards can be compared to present costs and rewards when the choice is to be made, by computing the present value of the future amounts. Medical and other graduate students may be the most common examples in the United States. Aside from this type of investment, many individuals and families choose to forego the material benefits of higher income and wealth to adopt a lifestyle of "voluntary simplicity." For the purposes of this article, those who are poor through voluntary choice will not be considered as part of the poverty problem.

People whose resources place them involuntarily under the poverty threshold may be in that position because of biology, psychology, economic conditions, and/or the social environment. Those individuals whose mental and physical abilities are not sufficient for normal economic activity would generally have resources below the poverty threshold, if they were left to fend for themselves. Besides young children and the elderly, this group includes those who are mentally and/or physically disabled through genetics, armed, or accident. Perhaps this is the most obvious reason that some people are poor. Less obvious in explaining why a person is poor are psychological difficulties. While their brains may be anatomically intact, there may be behavioral abnormalities that prevent them from being productive members of society. Of course, among the nondisabled, there is a wide distribution of mental (including motivational) and physical abilities that have implications for earning income and accumulating wealth. There is also the prospect of receiving wealth from previous generations as inheritance.

The economic and social environments circumscribe the individual's (family's) ability to provide income resources that exceed poverty levels. Economic conditions include the general state of the economy, as represented by overall demand and supply for resources and for produced goods and services. As noted by M. Odekon, the poor find themselves continuously unable to break out of the cycle of poverty, as they cannot obtain the human capital to get and keep skilled jobs in an increasingly technological economy.

If they cannot get high-paying jobs, then they cannot escape from poor nutrition and inadequate housing coupled with inadequate school systems. Their children are virtually doomed to the same life, with little hope for their children as well. Economists note that unemployment generally falls into four categories: cyclical, frictional, seasonal, and structural. The first follows the ebbs and flows of the business cycle; the second reflects people between jobs; the third involves jobs that depend on weather, holidays, etc.; and the fourth depicts an economy that has changing demands for worker skill-sets. Those involuntarily poor who can get jobs (the working poor) are likely to be low-skilled workers who are laid off first in an economic slowdown, have seasonal jobs, or have skills that may not remain in demand in a globalized, high-tech economy. The "digital divide" has come to reflect the gap in technological skills that the poor are experiencing. As computer skills

State	01- 03	State	01- 03	State	01- 03
Alabama	15.1	Kentucky	13.7	N. Dakota	11.7
Alaska	9.0	Louisiana	16.9	Ohio	10.4
Arizona	13.9	Maine	11.8	Oklahoma	14.0
Arkansas	18.5	Maryland	7.7	Oregon	11.7
California	12.9	Massachusetts	9.7	Pennsylvania	9.9
Colorado	9.4	Michigan	10.8	Rh. Island	10.7
Connecticut	7.9	Minnesota	7.1	S. Carolina	14.0
Delaware	7.7	Mississippi	17.9	S. Dakota	10.9
D.C.	17.3	Missouri	10.1	Tennessee	14.3
Florida	12.7	Montana	14.0	Texas	15.8
Georgia	12.0	Nebraska	9.9	Utah	9.8
Hawaii	10.7	Nevada	9.0	Vermont	9.4
Idaho	11.0	N. Hampshire	6.0	Virginia	9.3
Illinois	11.8	New Jersey	8.2	Washington	11.4
Indiana	9.2	New Mexico	18.0	W. Virginia	16.9
Iowa	8.5	New York	14.2	Wisconsin	8.8
Kansas	10.3	N. Carolina	14.2	Wyoming	9.1
				U.S total	12.1

Table 4.
Three-Year Averages of State-Level Poverty Rate, 2001-2003
Source: IRP 2004

become more and more necessary for employment, the indigent fall further and further behind. These conditions make it less likely that the working poor will retain jobs, and the jobless poor will find jobs that pay non-poverty-level wages. As noted below, these are exactly the demands that are increasingly being placed on them by assistance programs.

The globalized, high-tech economy has produced another effect germane to the position of the poor—the distribution of income seems until very recently to have become more unequal. The Gini coefficient, a measure of inequality in the distribution of some attribute over a certain population, takes on a value between 0 (perfect equality) and 1 (perfect inequality). The U.S. Gini coefficients of income distribution for years 1970, 1980, 1990, and 2000 were .394, .403, .428, and .462, showing increasing inequality. In 2004, however, it was .408. This is evidence that the upward trend may be reversing.

In comparison to other countries, however, even the lower number shows that the United States has a more unequal income distribution. For 2004, Germany, Japan, India, and the United Kingdom had Gini coefficients of .283, .325, .249, and .360.

The social environment may have a strong influence on individuals and families in poverty. Some may infer hopelessness from the fact that all or most of their friends and relatives cannot seem to break out of the cycle of poverty. Others may be affected by the availability of illegal drugs, or by the notion that crime is a way to obtain material rewards without building up le-

	Poverty Rate under 65 years		
Census Subdivisions	Married-couple families	Families with a Male householder, no wife present	Families with a Female householder, no husband present
New England	24.0	7.3	40.3
Middle Atlantic	30.0	7.6	40.6
East North Central	26.7	8.0	40.5
West North Central	31.1	7.9	33.6
South Atlantic	29.0	8.0	40.3
East South Central	31.9	6.8	41.9
West South Central	40.0	7.5	36.0
Mountain	38.2	9.3	29.6
Pacific	41.1	9.5	29.9

Table 5. Percentage of Poor by Household Type under 65 years Source: US Census Bureau 2005

gitimate productive potential. Gender, ethnic, and racial groups may face explicit or implicit discrimination.

Discrimination against (for) a person is generally defined as the decision not to choose (to choose) a person, all other things being equal, based on gender, ethnicity, or race. Anticipating and/or experiencing discrimination against them can add to the frustration and hopelessness of those already in a disadvantaged position. Of course, this can be viewed as a chicken-egg problem: people who have been branded as "risky" cannot get jobs or social or political positions to show that they are competent and trustworthy. Their children have few or no role models, hence they are in this position as well, etc. Finally, one might argue that people are poor because society lets them be poor. In the United States' capitalist economic system, private property rules, and positive returns to labor and other factors depend on positive contributions by those factors. If left unfettered, this socioeconomic Darwinism will lead to the weeding out of the nonproductive and those who do not own capital and other factors. However, social philosophers such as John Locke believed that once born, people deserved some semblance of an adequate quality of life. The debate over whether the nondisabled poor should be supported will continue into the foreseeable future.

WHERE ARE THE POOR IN AMERICA?

The distribution of poor people in the United States is the result of several forces in American history. As some of these are treated in the next section, the discussion here will involve facts, not forces.

Poverty rates vary considerably within different geographic or political boundaries. They vary by state (from six percent in New Hampshire to over 17 percent in Alabama, Mississippi, New Mexico, and the District of Columbia) and by region (from 10.7 percent in the midwest to 14.1 percent in the south). Large variations can be observed among counties and municipalities. In this section, only poverty data at the state and census subdivision levels will be discussed.

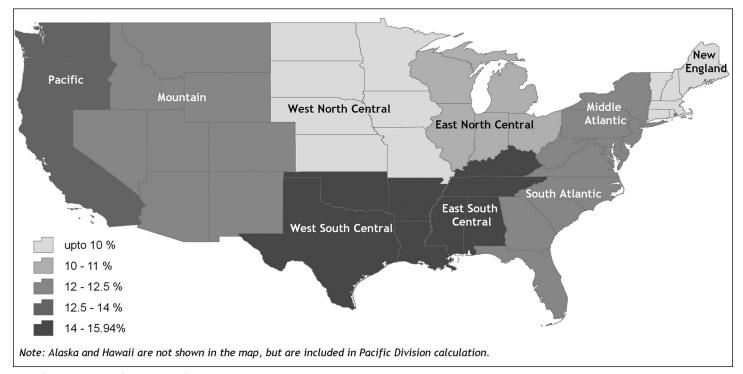
Over the years, interesting patterns of poverty rates can be observed in different states. However, state poverty rates in a single year are not very reliable. The IRP has published a table at the state level with selected three-year averages from 1991–93 through 2001–03. According to this table, the poverty rate was highest in Arkansas (18.5 percent) and lowest in New Hampshire (six percent) in the period 2001–03. In this period, the District of Columbia had the highest poverty rate six times; New Mexico had it six times; Mississippi, Louisiana, and West Virginia five times each; and Arizona, Montana, and Arkansas once each.

Sometimes, the poverty rates in adjoining states were distinctly different. For example, during the pe-

riod 2001–03, the poverty rate in the District of Columbia was 17.3 percent whereas it was only 7.7 percent in the adjacent state of Maryland.

As above, all poverty rates were calculated from the number of persons whose income fell below the poverty line in 1999. Among the census subdivisions, the poverty rate was the highest in the West South Central Division (15.94 percent) and the lowest in the New England Division (9.07 percent), based on Summary File 3–SF3. Map 1 displays five categories of poverty rates among the Census Subdivisions. Note: Alaska and Hawaii are not shown in the map, but are included in Pacific Division calculation.

Poverty data at the census subdivision level will be further discussed according to age, household type, race, and gender. The percentage of the poor is different for different age groups in the nine subdivisions. Poor people in the under-18 age group living in the West South Central Division have the highest percentage (37.5 percent) and people in the New England Division have the lowest (31.5 percent). In contrast, people 65 and over living in the New England Division comprise the highest proportion (12.4 percent) compared to the lowest (6.4 percent) in the Pacific Division. The age group of 18 to 64 makes up the highest proportion in



Map 1. Percentage of Poverty by Subdivision Source: U.S. Census Bureau 2005

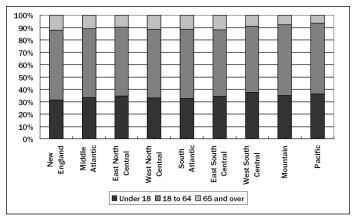


Chart 4. Percentage of Poor People by Age Source: U.S. Census Bureau 2005

all subdivisions, ranging from 53.7 in the West South Central Division to 57.3 in the Mountain Division. Chart 4 shows the percentage of poor by age in all Subdivisions.

According to the U.S. Census 2000 Summary File 3, Table 89, who makes up the poor varies by type of household in different subdivisions. Among poor people under 65 years, the percentage of poor who are in married-couple families is the highest in the Pacific Division (41.1. percent) and the lowest in the New England Division (24 percent). The percent poor that are in families with a female householder (with no husband present) is on average higher than that of other types of families. Female-headed households (with no husband present) make up the highest proportion of poor in the East South Central Division (41.9 percent) and the lowest in the Mountain Division (29.6 percent). Although the New England Division has married-couple families

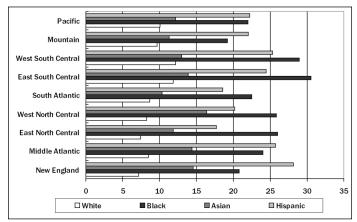


Chart 5. Percentage of Poor People by Race Source: U.S. Census Bureau 2005

as the lowest percentage of poor over the divisions, that statistic is high (40.3 percent) for families with a female householder (with no husband present). This situation is reversed in the Pacific Division, as shown in Table 5.

Percentages of the poor by race in 1999 are shown in Chart 5. From this chart, it is evident that blacks and Hispanics make up more of the poor in all the subdivisions. In the West South Central, East South Central, South Atlantic, West North Central, and East North Central Divisions the rate is higher for blacks; the rate is higher for Hispanics in the rest of the Subdivisions. Among the other races, the percentage of Asians among the poor is higher than that of whites in every division.

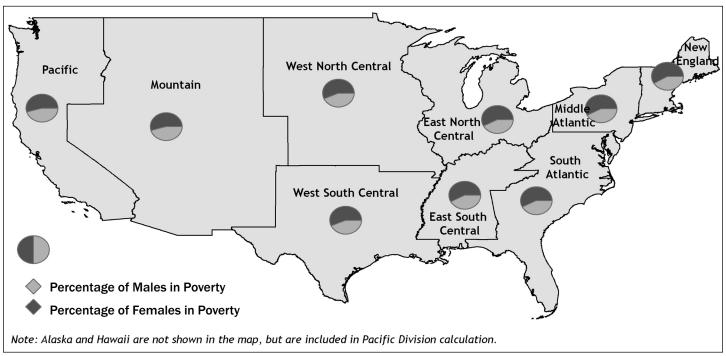
As components of the poor, the male and female genders have a distinct pattern in all the Subdivisions; females (total of all age groups) are more highly represented among the poor than males. The difference between these two percentages is the highest in the New England Division, where males make up 42 percent and females 58 percent. Map 2 shows a pie-chart distribution of percentage of poor for the male and female genders in all divisions. Note: Alaska and Hawaii are not shown in the map, but are included in the Pacific Division calculation.

It is clear that different parts of the United States face different issues when it comes to dealing with poor people. The common thread, however, is that all of these people need to eat, sleep, and think in the shortrun, while transforming themselves into productive members of society in the long run.

WHAT HELPS ALLEVIATE POVERTY?

Relative poverty, at some fraction of society's median income, will never be eliminated. However, society can virtually eliminate involuntary destitution if it has the will. Those who cannot mentally and/or physically sustain themselves will be supported throughout their lives, institutionalized or cared for in some other manner. Tackling the psychological reasons for poverty is a harder problem to overcome, as the problems are often difficult to pin down. In addition, it may not be easily determined whether the person truly has a problem or is strategically fabricating it.

Economic conditions and the social environment are difficult to separate in a discussion of the alleviation of poverty in the United States. The role of government in a free enterprise, capitalist economy is as much a social issue as it is an economic one. Economists have endless debates about whether to emphasize efficiency (maximum output for a given input) or social justice



Map 2. Percentage of Poverty by Gender Source: U.S. Census Bureau

(relatively equal well-being of different groups in society) in private-sector and public-sector affairs. Most U.S. economists would argue for efficiency in the private sector.

They base their argument on the evidence that the U.S. economy creates a lot of value for the resources it uses up. The efficiency argument dictates that people be hired and paid only if they contribute positive value to the production sector; if not, people need other means to survive. These same economists wonder about efficiency in the public sector, especially when it is intermingled with social justice. Minimum-wage legislation is just such a blending that nearly always generates heated controversy. Cost-benefit analysis (estimating the dollar-value of the outcomes achieved and of the resources sacrificed in order to maximize the difference) as a tool for policy guidance can only go so far in informing decisions that often involve nonmarket evaluation of people and of "public" goods and services for these people.

Social justice is a sticky wicket, as there is no general formula for it. It means different things to different people, and its appeal is highly dependent upon whether a person is generally a "have" or a "have not," and a political "liberal" or a "conservative." If you have a lot of wealth, you may or may not be so willing to share it with the less fortunate. If you are less fortunate, you are

very likely to support redistribution in your favor. Society must decide which value judgments will prevail. The poor fall squarely in the lap of social justice. Whose fault is it that they are poor? Who should pay? How much?

Solutions to the involuntary poverty problem among the nondisabled poor fall somewhere along the spectrum of allowing total dependency to demanding total self-sufficiency. Total dependency would involve supporting people completely with transfer payments (payments received for which no goods and services are expected in return) such as welfare checks. Total selfsufficiency means that the people use only their own resources to live. Total dependency is thought to be an inferior solution because nondisabled poor adults will, in general, have little or no motivation to develop marketable skills. Their children will see that it is possible to survive without having productive skills, and may then base their survival on "entitlements" and not work-for-pay. Total self-sufficiency is thought to be commendable with respect to the people being earnest workers. However, if they cannot muster the resources to stay healthy and/or to support and educate their offspring to allow them to raise themselves above the poverty level, then many nonpoor in society will believe that these working poor should be subsidized in their effort to become totally self-sufficient.

Finding the right mix of support for current physical and mental needs, and for education and training for potential future employment, is a difficult problem under ideal conditions. Within the milieu of declining inner-city school systems, the exporting of higher-paying manufacturing jobs, and the offshoring of higher-paying information-technology jobs as part of the process of globalization, the solution becomes more elusive.

Those poor willing to work find lower-paying service jobs with little or no hope for better pay and career advancement. Alcohol and illegal drugs, unwanted pregnancies, sexually transmitted diseases, and crime often find their way into the mix, driving the poor further and further from a reasonable solution.

Though the current situation has unique twists, the problem is not new. Early social attitudes and U.S. policy toward the poor were strongly influenced by the following aspects of the English Poor Laws: care for the poor is a public responsibility at the local level; public assistance is denied to those whose families can provide for them; and children of the poor could be apprenticed to farmers and artisans who would care for them in exchange for work. Since the 17th century, there were many people living on the land that became the United States who were barely able to survive. Local privileged folks in Boston set up an almshouse for the destitute as early as 1685.

HELPING THE DESERVING POOR

In the 1700s, it has been estimated that roughly one in four Caucasians and nearly all African-Americans were poor. Immigrants generally had a tougher time avoiding poverty than native-born people. While many farmers lived on the edge of subsistence, urban wage earners fell into poverty when local economic conditions were unfavorable. It is thought, however, that the social attitude toward poverty was that it was the inevitable result of nature and the way the economy worked. Apparently, pity and not blame was the prevailing mind-set. The 19th century brought agricultural and industrial expansion, but poverty persisted. A moralistic view of poverty evolved. The poor were poor because of their own failings, and those who were deemed "worthy" (not improvident, drunken, lazy, or financially promiscuous) should be helped.

Private charities began to develop careful screening techniques to remove the able-bodied and the "unworthy." In the second half of the century, society's help for the poor was to become more efficient, and large public poorhouses were created. It was also at this time that journalist and self-styled economist Henry George wrote his famous work on how poverty would always persist in a capitalist economy that allowed landowners to keep the location rent that he thought belonged to society. He proposed that a tax equal to that rent would solve the poverty problem.

Vocational education for the able-bodied, including the poor, got a boost in the early 20th century by President Woodrow Wilson's signing of the National Vocational Education Act (PL 64-347) of 1917. However, world war and economic boom and bust were waiting to happen in the years to follow. Many would argue that the beginning of big federal government in the United States came at the time of the Great Depression. Since roughly one out of four U.S. workers was without a job, poverty was widespread. Government policymakers adopted the suggestion of English economist John Maynard Keynes—insufficient private-sector economic activity can be supplemented by public spending on projects that help society in general. As part of President Franklin Roosevelt's New Deal, several "makework" programs were developed to provide income to workers and their families, and certain economic "cushions" were placed under people's economic lives. Social Security payments to provide for old age and payments when disabilities precluded work were examples.

These cushions set the stage for divorcing public payments from productivity and job training, and federal "entitlements" were born. During the 1940s, mechanized agriculture reduced the need for farmworkers. Many rural poor moved to urban areas. After World War II, many poor southerners moved to the northern United States. These migrations drastically changed the demographics of poverty in the United States as they have been shown above.

President Lyndon Johnson made the War on Poverty one of his major social thrusts in the 1960s. According to Bill Anderson, "The government's attack on poverty was to be three-pronged. First, Congress passed numerous transfer programs such as rent subsidies, increased welfare payments, college tuition grants, Medicare and food stamps. Payments ... were to go to those who most needed the funds: the elderly, poor minorities and dependent children. The second point of attack was to be centered in community action groups, which were to coordinate antipoverty plans with neighborhood self-help groups. To help spur such activity the Office of Economic Opportunity created the Job Corps, which was to provide jobs for unemployed youths, and Volunteers in Service to America (VISTA).

YEAR	PRESIDENT	NAME	MAJOR PROGRAMS
1972	Nixon	Social Security Amendments (PL 92-603)	Created the Supplemental Security Income (SSI) program which replaced a patchwork of state programs for the aged, blind, and disabled.
1975	Ford	Title XX Amendments of the Social Security Act (PL 94-120)	Gave maximum flexibility to the States by allowing them to use Federal funds to fill the gaps in funding for needed services.
1981	Reagan	Omnibus Budget Reconciliation Act (PL 97-35)	Amended Title XX to establish the Social Services Block Grant (SSBG) program for states to provide services to low-income people.
1993	Clinton	Department of HHS final rule implementing requirements for States to report on their use of SSBG funding	Encouraged achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency.
1994	Clinton	Social Security Act Amendments (PL 103-432)	Developed means of tracking and predicting dependence on three means-tested programs: Aid to Families with Dependent Children (AFDC), Food Stamps, and Supplemental Security Income (SSI).
1996	Clinton	Personal Responsibility and Work Opportunity Reconciliation Act (PL 104-193)	Replaced the AFDC Program with a block grant to states called Temporary Assistance for Needy Families (TANF): assisting needy families so that children can be cared for in their own homes; reducing the dependency of needy parents by promoting job preparation, work and marriage; preventing out-of-wedlock pregnancies; and encouraging the formation and maintenance of two-parent families.
1998	Clinton	Child Support Performance and Incentive Act (PL 105-200)	Provides for an alternative penalty procedure for States that fail to meet Federal child support data processing requirements, and reforms Federal incentive payments for effective child support performance.
1999	G.W. Bush	Ticket To Work and Work Incentives Improvement Act (PL 106-170)	Added a new part to the Social Security SSI program whereby clients get a "ticket" and can receive employment services, vocational services or other services to help them go to work or to earn more money.
2004	G.W. Bush	Child Nutrition and Women, Infants and Children Reauthorization Act (PL 108-265)	Expands the availability of nutritious meals and snacks to more children in school; eases the process for low-income families that do submit school meal applications.
2005	G.W. Bush	Welfare Reform Extension Act (PL 109-4)	Amends TANF to extend through June 30, 2005, the TANF program, the national random sample study of child welfare, and child welfare waiver authority.

Table 6. A Sample of Laws and an Agency Ruling Influencing the Welfare of the Poor

Congress also appropriated more than one billion dollars for projects in the impoverished Appalachia region. ... The third leg of the antipoverty triad was the passage of numerous equal opportunity laws, including the Voting Rights Act, the Civil Rights Act and other laws that forbade racial discrimination in hopes that blacks and other groups would not be barred from jobs or homes."

However, many thought that welfare dependency became the social problem of the 1970s. Again according to Anderson, "Three and four generations of families dependent upon transfer payments like AFDC [Aid to Families with Dependent Children] and food stamps crowd into ... tax-supported slums where rates of crime, divorce and teenage pregnancy are at historic highs. On the outside restrictive government policies like minimum wage and licensing prevent many poor persons from moving into entry-level jobs that might

promise them a successful future. In short, the causes of poverty not only remain under the welfare system; they are nurtured by it as well."

A sample of federal laws and an agency ruling from the 1970s to today that impacted the plight of the poor are given in Table 6 with the goal of showing how different aspects of the poverty problem were addressed. During the administration of Richard Nixon, federal officials realized that blind, disabled, and elderly people needed support, but some could be encouraged to generate some income on their own. In 1972, the Supplemental Security Income program provided monetary support, incentives to work, and access to medical care through Medicaid to those groups.

The Social Security Act Title XX Amendments of 1975 and the Budget Reconciliation Act of 1981 streamlined the way states could obtain and use funds to provide social services to low-income individuals and

families, the latter creating the block grant system. Both laws continued the support of disadvantaged people, albeit with the expectation that the more able would seek employment.

The trend toward prompting those receiving public assistance to work was magnified in the ruling of the Department of Health and Human Services (HHS) that states needed to report their progress in getting their clients to become more self-sufficient. The 1994 law listed in the Clinton years contained means of getting hold of the "dependency" problem. The PRAWORA (Personal Responsibility and Work Opportunity Reconciliation Act) of 1996 ended federal entitlements to assistance with TANF. States now had the job of dealing with those receiving public assistance, and of reporting efforts of those recipients to obtain gainful employment and provide stable family relationships. Continuing on the theme of accountability and stable family relationships, the 1998 law mandated that states monitor and report child support delinquency. The 1999 law under George W. Bush pushed further in the direction of getting the blind, disabled, and elderly to work.

While the 2004 CNAWICRA (Child Nutrition and Women, Infants and Children Reauthorization Act) aimed at providing better nutrition for children in general, it made it easier for the children of poor families to receive meals without cost. The most recent act extends the TANF for a few months. It also extends funding for the HHS Secretary to conduct a national study based on random samples of children who are at risk of child abuse or neglect, or are determined by States to have been abused or neglected.

Finally, it extends the Child Welfare Waiver Demonstration authority, which provides States with an opportunity to use federal funds more flexibly in order to test innovative approaches to child welfare service delivery and financing.

Human Development Index Rank: 10 Human Poverty Index Rank: 17 (HPI-2)

SEE ALSO: African Americans and Poverty; George, Henry; History of Poverty; Johnson, Lyndon (Administration); Medicaid; Medicare; Social Security; USDA Poverty Line; War on Poverty; Welfare.

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United Way

UNITED WAY International is a global network of voluntary organizations that raises money, other donations, and volunteer services within communities and directs those resources to local charitable, nonprofit agencies and projects. It is active in 45 countries divided into five regions of the world: Africa; Asia-Pacific; Europe, central Asia, and Middle East; Latin America and Caribbean; and North America. The countries with participating United Ways include several of the newer European Union states, much of the British Commonwealth, and many developing countries in Latin America, Africa, and Asia.

United Way International sponsors a biennial World Assembly as well as regional conferences (What Is United Way? 2004). The international body was incorporated in 1974 as an organizational spinoff of United Way of America (UWA); however, the movement for federated funding began on the local level both in the United States and abroad.

United Way of America, the U.S. national association, describes itself as "a community-based national movement" made up of about 1,400 independent local organizations that in 2003–04 raised \$3.59 billion to ad-

dress local needs through support of nonprofit agencies and organizations. More than a million volunteers are mobilized annually. UWA supports local United Ways by providing "training, consultation, mediation, conferencing, national research, and assessment tools," as reported on its website, and UWA receives its support from dues paid by local United Ways, as well as from corporate and other grants.

UNITED WAY HISTORY

The United Way movement has a long history that began in 1873 in Liverpool, England, with the idea that charities might work cooperatively to raise funds. The U.S. history is traced to Denver in 1887, although the Cleveland Chamber of Commerce advanced the concept of coordination, first by approving agencies for funding and later by creating a Cleveland Federation of Charities and Philanthropies (later Welfare Council) to include almost all local charitable organizations. E.L. Brilliant and D.R. Young note, "The concept of coordinated fundraising is straightforward. By avoiding duplication and competition, charities can exploit economies of scale, and use resources more effectively," and they describe the first important role of the first federated funds as that of fiscal intermediary.

World War I gave impetus to the concept of combined fund drives, as War Chests became a popular way to raise money for causes that in some communities included the Red Cross, YMCAs, and other social agencies, as stated by E.L. Brilliant. In 1918, Rochester, New York, became the first community to use the name "Community Chest" for the concept of pooling money for charity. This early development took place in the context of Progressive-era social reforms and the Settlement House and Charity Organization Society movements that gave rise to the modern profession of social work. Brilliant traces aspects of each of these traditions in the burgeoning federated funds and their leaders, who in 1918 founded the American Association of Community Organizations.

By 1918, 14 federated funds had been established in the United States, and by 1950 the number had grown to 1,270. In many communities Welfare Councils of social agencies operated either within or in tandem with Community Chests. With growth and professionalism, the two types of organizations strengthened their roles in community problem-solving and social planning. Rapid growth of Community Chests also resulted from changes in federal tax policy. For example, in 1935, Congress passed legislation allowing tax-deductible

charitable contributions by corporations, and in 1943 withholding for taxes and union dues opened the door for charitable contributions to be deducted voluntarily from individual paychecks.

Community Chests also faced challenges during the period of growth before 1950. National health and welfare organizations, such as the Red Cross, American Cancer Society, and other foundations to fight specific diseases were multiplying, and they usually stayed outside of the Community Chest drives, which were designed to benefit local charities. Employers disliked multiple fund appeals in the workplace, and ultimately fund solicitations began to merge into a larger federated drive under the name United Fund. The national membership organization that had provided leadership for both funds and councils changed its name in 1956 to United Community Funds and Councils of America (UCFCA).

The central role of United Funds was challenged by increased federal funding.

During the late 1960s and early 1970s the UCFCA faced the first of two modern crises. The central role of United Funds was challenged by increased federal funding for social welfare, the proliferation of non-profit agencies eligible for new government funding, and the advent of public community planning through Community Action Agencies and Model Cities programs. In 1970, the UCFCA changed its name to United Way of America (UWA) and moved its national offices closer to Washington, D.C. It also adopted the report of a management study it had commissioned; one key recommendation of the report was that the United Way movement should not limit its activity to fundraising in the narrow sense of the term. Local funds and councils should be problem-solvers and need-meeters rather than just fundraisers and coordinators of existing services.

A second, broader report during the 1970s also had relevance for the UWA. The Commission on Private Philanthropy and Public Needs (commonly called the Filer Commission after its insurance executive chair, John H. Filer) was convened in 1973 at the initiative of John D. Rockefeller II and the Brookings Institution. The Filer Commission, embroiled in controversy from the start, ultimately was critical of aspects of the voluntary sector and its funding, including the role of the United Way.

One issue was that local United Ways frequently directed large shares of resources to established organizations with strong national offices and popular programming. As the decade advanced, new federated fund drives that targeted minority, women's, and other causes emerged and offered competition to the United Ways.

The second crisis the UWA faced in its modern history was one of leadership and public trust. In the early 1990s the longtime UWA president was criticized in the press for shortcomings in fiscal accountability, topheavy administration, high professional salaries and perks, questionable hiring of friends and family, and controversial expenditures, as related by J.S. Glaser. William Aramony, the president who had led the national association for 22 years, was forced to resign after intense media coverage led to public outrage based on perceptions of his use of funds donated for charity. Subsequently, Aramony was convicted on related charges. In the wake of the scandal, the UWA was restructured and worked to rebuild public trust.

CHANGING CONDITIONS

In the 21st century, the UWA is at the center of a highly successful federated funding, coordinating, and planning network, and is the largest such organization in the United States. However, longtime observers note that the UWA and local United Ways face continued challenges to adapt to changing conditions and retain their central position in American philanthropy.

When given the choice, many donors opt to designate agencies to receive their funds, and United Ways responded by offering areas of "community impact" for donor selection. Community Impact funds enable local United Ways to reemphasize the historic roles of community planner and change agent by initiating new programs. However, UWA and the local United Ways face continuing challenges, including competition from similar organizations.

Some, like United Jewish Communities, are virtually as old as the United Way, and others have emerged much more recently as alternative funds. In some communities, United Ways, other federated funds, and non-affiliated organizations have begun to cooperate in joint fund drives, giving rise to a new identity for the federations that Brilliant and Young identify as *charitable mutual funds*. This term suggests that funding federations offer donors and volunteers alternative, diversified groups of giving programs for their charitable contributions.

SEE ALSO: Charity; Charity Organization Society; Community-Based Antipoverty Programs; United States; YMCA and YWCA.

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Universal Healthcare

THE WORLD HEALTH Organization (WHO) defines universal healthcare coverage as "access to key promotive, preventive, curative and rehabilitative health interventions for all at an affordable cost, thereby achieving equity in access." Under this definition, a population is said to enjoy universal healthcare if every member of that population is able to obtain access to needed healthcare services. Ordinarily, such services include physicians' care (including preventive care), admission to hospitals, and supplies of medicine or medical devices. The universal healthcare principle does not necessarily preclude the payment of fees by users of needed healthcare services. However, it does require that such services be available to all, including those who lack the ability to pay.

Because healthcare services are costly, policymakers who seek to implement universal healthcare coverage must decide how to pay for, or finance, its cost. Moreover, in order to control that cost, policymakers also must specify the particular healthcare services that will be guaranteed to all. In its 2000 World Health Report, WHO stated that policymakers should strive "to make funding available, as well as to set the right financial incentives for providers, to ensure that all individuals have access to effective public health and personal healthcare."

Universal access to healthcare may be financed in many ways. Most often, where it exists, universal healthcare is financed through public social insurance, private health insurance, or some combination of the two. Under public social insurance plans, governments may provide healthcare services directly to their citizens, or may pay for health services that are provided by third-party caregivers in the private sector. Either way, governments must finance such plans through taxation, borrowing, or the receipt of international aid. If taxation is relied upon, then the form of taxation selected to finance universal healthcare coverage will determine the extent to which wealthier taxpayers will subsidize healthcare for the less fortunate.

Under a health coverage system financed by progressive income taxation, high-income taxpayers will cross-subsidize healthcare for the poor. A universal health coverage system financed by sales or consumption taxes, in contrast, would tend to be less redistributive because wealthy people tend to consume a smaller portion of their incomes than others. Private insurance plans, including group health plans purchased by employers for their employees, are not designed to redistribute wealth.

WESTERN COUNTRIES

In 1946, the United Kingdom became the first noncommunist nation to provide universal healthcare coverage to all residents. Implementing a proposal set forth by British economist William Beveridge in his 1942 report "Social Insurance and Allied Services" (the Beveridge Report), the United Kingdom established the taxpayer-financed National Health Service (NHS), a government agency that that employs healthcare professionals who provide service directly to British residents. Most western European nations followed suit. In 1957, Canada implemented a "single-payer" system, in which the government pays for—but does not directly provide—healthcare services to Canadian residents.

In Canada and western Europe, private health insurance plans remain available to supplement the basic universal health coverage provided by the government. In these countries, private insurance serves to cover certain healthcare services not paid for by the government, to reduce waiting time for services, and/or to cover additional costs of care.

A full 27 countries, including Germany, Austria, Belgium, Luxembourg, Israel, Costa Rica, and Japan, have achieved universal healthcare coverage by implementing Social Health Insurance (SHI). Under an SHI plan, every employed or self-employed person must contribute to an insurance fund based on one's salary or income, while the government pays for low-income workers and those not unemployed. Public and private

healthcare workers provide the program's healthcare services.

Not every country is capable of attaining universal healthcare coverage through adoption of an SHI plan. In addition to having sufficiently high national income to fund the plan, a nation seeking to implement SHI must be able to enforce collection of contributions from workers, including the self-employed. It also must have the administrative wherewithal to set up and run an SHI program, a legal system that can resolve coverage disputes, and a healthcare structure in place to provide covered services. In high-income countries that have adopted SHI programs, the length of time required to achieve universal healthcare has ranged from 20 to 127 years.

UNITED STATES

In the United States, government-funded healthcare coverage is provided for approximately 25 percent of the population: to the elderly through the federal Medicare program; to many children and adults living in extreme poverty, through Medicaid; to veterans through the Veterans' Administration; and to Native Americans through the Bureau of Indian Affairs. Working adults generally must obtain healthcare coverage from private insurance companies. Because some working adults are uninsurable or cannot afford to purchase coverage (or choose not to), approximately 44 million U.S. residents (about 16 percent of the population) went uninsured in 2001. Uninsured persons in the United States often receive emergency care in public hospitals, but preventive care and nonemergent situations frequently go unattended.

A large portion of the population remains at risk for catastrophic consequences.

In the 1940s and 1990s, U.S. Presidents Harry Truman (1945, 1947, and 1949) and William Clinton (1993) proposed the adoption of national health insurance programs in the United States. Their efforts, however, failed. Accordingly, unlike in western Europe, Israel, and Japan, universal healthcare coverage has not been achieved in America. Although the populations most vulnerable to health problems and poverty, the elderly and the poor, have access to healthcare, a large portion of the population remains at risk for the catastrophic consequences of a costly and disabling illness.

Among the poorest nations, universal healthcare focuses on basic preventive measures (vaccinations, immunizations), simple interventions (oral rehydration therapy, iodized salt), and the basic elements of public health, such as clean water, sanitation, and nutrition. These nations lack sufficient indigenous healthcare providers and often rely on international organizations, such as the WHO, and nongovernmental charitable organizations to achieve basic healthcare goals.

SEE ALSO: Beveridge Scheme; Healthcare; Medicaid; Medicare; Redistribution; Social Insurance; World Health Organization.

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University of Kentucky Center for Poverty Research

THE UNIVERSITY OF Kentucky Center for Poverty Research (UKCPR) is located in the Department of Economics at the University of Kentucky in Lexington, Kentucky. It is a research center for discovering the nature and solutions needed to overcome the problem of poverty. UKCPR is a nonprofit academic research center. It is independent and also nonpartisan in its research methods and goals.

UKCPR was established in October 2002 in a cooperative effort of the University of Kentucky and the U.S. Department of Health and Human Services. It was one of three federally designated Area Poverty Research Centers. The initial funding was provided by financial grants from the Office of the Assistant Secretary for Planning and Evaluation (ASPE).

The director of the center is the chief operational officer. An executive committee advises the director about matters involving the university campus. There

are five departmental liaisons who are responsible for promoting good relations between the center, and the individual units on campus. There is also a national advisory board composed of scholars from the south who are specialists on southern poverty. Their task is to advise the director about the center's research agenda. The University of Kentucky center is one of three area centers established at the same time.

The other two centers are the Institute for Research on Poverty at the University of Wisconsin in Madison and the Rural Policy Research Institute located at the University of Missouri in Columbia. Another companion center is the National Poverty Center, located at the University of Michigan in Ann Arbor.

All the centers have an area focus. The UKCPR's area of focus is the southern United States, comprising the 16 states that form the Southern Governor's Association and the Southern Legislative Conference. The association and the conference include the states of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. The research mission mandate to UKCPR is to examine the causes, consequences, and correlates of poverty in the south. The research is conducted using a multidisciplinary approach. The great hope for the research is that it will aid policymakers in designing poverty programs and policies, and in addition market forces will find new opportunities for growth, which will promote prosperity.

The staff, faculty, and researchers have been drawn from a variety of disciplines. These include economics, political science, public health, public policy, social work, and sociology. The mix of various disciplines promotes a cross-disciplinary approach to the research agenda. The research activities of the center are partially funded by ASPE. The support goes to scholars who are focused on poverty studies of the south. The Internal Research Support Program aids faculty at the University of Kentucky.

A Regional Small Grants Program helps scholars who are not members of the University of Kentucky. The Young Investigator Development Grants Program supports young academics. The Emerging Scholars Program is designed to help new academics.

Grants go to historically black colleges and universities and to Native American tribal colleges and universities to support poverty research. Graduate students who will be future poverty researchers can get dissertation fellowships to support poverty research. UKCPR publishes a quarterly newsletter, *Insights on Southern*

Poverty. It also publishes a variety of discussion papers on key poverty issues.

SEE ALSO: Institute for Research on Poverty; National Poverty Center; Poverty Research; United States.

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Urban Antipoverty Programs

URBAN ANTIPOVERTY programs come in many different forms. By definition, exclusive of agriculturally based poverty alleviation programs, urban antipoverty policies attempt to address the phenomenon of urban poor—a rapidly growing category in the majority of countries across the world.

The main approaches used by governments against poverty can be classified as 1) direct aid to human capital, 2) economic development and urban regeneration, and 3) mass incarceration.

Direct aid to human capital, or cash and/or service transfers (such as job training) given directly to urban poor to lift them above a poverty line, is an approach utilized in western Europe, the United States, and other parts of the world, but is criticized by social conservatives as paternalistic and failing to distinguish between the "deserving poor" and the "undeserving poor."

Economic development and urban regeneration programs are by far the most popular form of urban antipoverty program across the world. From World Banksponsored urban regeneration in India to real estate development proposals in downtown Brooklyn, New York, policymakers believe that through urban redevelopment efforts that bring middle and upper classes back into the city, the economic success will trickle down to the benefit of original poor inhabitants. In reality, such regeneration programs involve a displacement of working-class residents from urban centers. Finally, the penalization of poverty is a phenomenon found increasingly in, but not limited to, the United States.

To fully understand the shift away from direct aid programs toward urban regeneration, it is useful to examine the history of United States federal urban poverty programs since the 1960s. Gary A. Dymski highlights a number of early antipoverty programs based on economic development. One example is the 1966 CAAP (Community Action Against Poverty) Program, which provided organized communities the opportunity to apply for community health centers and provided funds to start Community Development Corporations (CDCs), which in turn provide a host of social programs. At the same time, the federal government waged war on inner cities through urban renewal where governmentally appointed redevelopment authorities obtained rights of eminent domain over "blighted," largely minority neighborhoods.

This last point is key to understanding the relationship between renewal and social tranquility, since, as noted by John Mollenkopf in *Marxism and the Metropolis*, "virtually all of the riot areas (of the late 1960s) were sites of major renewal efforts; quite frequently struggles over the nature of renewal lurked behind the riots as an implicit issue." In 1969, the Richard Nixon administration replaced many of the existing urban antipoverty programs with the Model Cities Program (MCP). In 1974, the Nixon administration created the Community Development Block Grant (CDBG) program, which pooled various programs aimed at reducing poverty and redeveloping urban areas.

"One of the reasons they are out of work is that they do not know ... how to work."

CDBG signaled the last concerted effort to address urban poverty at a federal level. In the following decades, there was a redefinition of poverty itself. There was a concerted move from seeing poverty as a macroeconomic, structural, and demand-side problem to an individual problem. With Bill Clinton's 1996 Personal Responsibility and Work Opportunity Reconciliation Act (welfare reform), urban antipoverty programs reflected stereotypes that attributed poverty to personal failings rather than socioeconomic structures and systems. As J. Peck eloquently describes, "workfirst" antipoverty programs "presume a 'deficient model' of the unemployed: that one of the reasons they are out of work is that they do not know (or have somehow forgotten) how to work."

Thus with dwindling individual direct aid and past antipoverty programs with fledgling support, urban regeneration and renewal are "revitalizing" poorer neighborhoods across the globe. Yet more often than not these projects are fueled by global corporate real estate interests that systematically gentrify urban cores. The process of gentrification strategically appropriates urban space occupied by the working classes and greases the wheels of capitalist production rather than social reproduction.

In the United States, the rebirth of urban redevelopment efforts occurred almost simultaneously with deconcentration programs aimed at redeveloping public housing projects into mixed-income communities. Thus as an antipoverty project, deconcentration takes on a spatial emphasis under the notion that concentrated poverty is itself one of the main reasons the poor find themselves without economic opportunities. The most controversial deconcentration program, HOPE IV (Housing Opportunities for People Everywhere), known previously as the Urban Revitalization Demonstration, emerged from recommendations of the 1992 National Commission on Severely Distressed Public Housing to eradicate severely distressed public housing via physical and management improvements, in addition to social and community services.

Another widespread phenomenon that can be considered a *de facto* urban antipoverty program is the mass incarceration associated with the penalization of poverty. While in the United States, African Americans are disproportionately overrepresented among the nation's poor, they are also massively overrepresented in the country's jails and prisons: black men make up six percent of the national population but have accounted for over half of new admissions in state and federal prisons every year since 1989, according to sociologist Loic Wacquant.

Wacquant writes: "The invisible hand of the market and the iron fist of the state combine and complement each other to make the lower classes accept desocialized wage labor and the social instability it brings in its wake. After a long eclipse, the prison thus returns to the frontline of institutions entrusted with maintaining social order." Wacquant maintains that a similar, yet distinct, process is occurring in Europe. Using the case of France, Wacquant suggests that the French state is supplanting its increases in social intervention with increases in penal intervention.

On the one hand, the state provides a wide and relatively generous social safety net with government-sponsored work contracts for the unemployed that include training (Contrats Emploi-Solidarité), expands the government minimum income plan (RMI) and provides truly universal healthcare. On the other hand, riot

police routinely patrol suburban housing estates, criminal penalties are made harsher, and foreigners face swifter deportation (after serving their sentence in France). Thus while in the United States the penalization of poverty comes at a retrenchment of the social state, in Europe it appears to complement social programs.

SEE ALSO: Clinton, William (Administration); Community-Based Antipoverty Programs; Crime; Deserving Poor; France; Nixon, Richard (Administration); Urbanization.

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Urbanization

IN THE COMING DECADES, perhaps the most significant challenge facing nations across the world will be the understanding and managing of an ever-increasing urban population. The world's population, already estimated at 6.1 billion, is expected to increase to 7.8 billion by 2025. Even more alarming is the fact that the majority of this growth will occur in urban areas, of which 90 percent will be in poorer, developing nations. While urbanization is not inherently detrimental to society, its most prevalent and troublesome consequence is the widespread poverty that often follows it.

The migration to and the inhabitation of cities is known as urbanization. This unique trend defies traditional human patterns because for most of recorded history, humanity has existed in a largely rural setting. It was not until the early to mid-1900s that the developed nations began seeing a considerable growth in the urban

areas and stability in rural ones. Undeveloped nations or Third World countries are now seeing the increase in urban growth that their more developed neighbors experienced more than 75 years ago.

Urbanization is a problem that exists in all nations across the world regardless of development. Although the challenges and solutions may differ among countries, urbanization and the poverty that often follows it are a problem that must be confronted and dealt with throughout the world.

By 2025, the majority of the world's urban population will be living in poverty.

Underdeveloped countries are predominantly located in Africa, Latin America, and Asia. It is in these places that urban growth and poverty will be at their worst. In the early 20th century, while the more developed countries were experiencing urbanization, the underdeveloped countries were still predominantly rural. In 1950, only 14 percent of the population in these countries resided in areas classified as rural. As of 2000, most of the countries had an urban population above 50 percent, and it is projected by the year 2025 that this percentage will reach as high as 82 percent. It is also projected that the rural population in many developing countries will stop growing, while the urban population will enhance significantly.

There are many possibilities for why urbanization is taking place in these countries, but the most supported and likely answer is globalization. Almost all countries are now linked through increasing trade in an ever-growing global economy. Those that are not, or that are to lesser degrees, are countries that are more likely to struggle economically. One way for underdeveloped countries to improve the economy is to entice foreign investments and compete in trade. However, the results of such efforts are usually negative and harmful for low-income citizens.

Most underdeveloped countries do not have any exports that would be valuable to the outside world. The lone exception is food. Unfortunately, most developing countries are forced to grow crops that are not traditionally grown in their country, and their success is dependent on foreign demand. This emphasis on export products places the small self-sufficient farmers in detrimental situations because they cannot afford the equipment or the new products that the market demands. In the event that the farmers can afford the costs

because the product is often not consumed nationally, their profit is largely dependent on international demand. If this lags, it is very difficult for the farmer to sustain his livelihood. Without these foreign sales, he has to look for other places to work and he turns to the city.

Another step most developing nations take in an attempt to integrate into the global economy is opening up to foreign investors. This investment usually takes the form of companies from more developed nations who set up factories for manufacturing purposes. These new factories are usually established in or very near to urban areas and they provide a large number of job opportunities. The possibility of employment, coupled with the majority of the rural population unable to survive in agriculture, leads to an influx of urban population. While it may seem that the jobs offered by foreign investors are a blessing to these needy people, it is in actuality an opportunity that often leads directly to worsened poverty.

The primary reason companies open factories in undeveloped countries is the cheap labor. By their very nature, developing countries do not have labor laws or unions to protect employees. It is not that the people of these countries do not want these groups, but they are at a stage comparable with the pre-union era of the United States.

What happens in countries where there is little work and a large population is that the companies with the jobs to offer can get employees very easily and for a fraction of what it would cost to pay them in more developed countries. A large urban population is not dangerous in itself, but when it is combined with poor job options, it leads to rampant poverty.

The level of poverty in many developing nations in Latin America, Asia, and Africa is devastating. The World Bank estimates that there are close to 600 million people living below the poverty line (about \$370 a year). This number is over 40 percent for developing countries' urban populations, and it is rising steadily. It is believed that by 2025, the majority of the world's urban population will be living in poverty, the worst of which will be in developing countries. The greatest threats to the poor urban population in these countries are unhealthy drinking water, malnutrition, improper living quarters, and a lack of basic healthcare needs. The people hit hardest by the cruel environment they live in are the urban youth.

The children who live in urban poverty in the developing countries have a mortality rate that dwarfs that of their neighbors. A study in Bangladesh in 1990 showed

that the mortality rate for low-income families was 152 children for every 1,000 born. This number is significant when compared to the wealthiest areas of the world where there are only five deaths for every 1,000. Poor countries generally suffer from poorer living conditions, but this problem only increases when large numbers of poor people are living in close quarters in very unsanitary environments.

The urban poor in undeveloped countries face three major categories of challenges. The first and most acknowledged is traditional disease and death that result from unfavorable living conditions. In cities where there is a large population, the vast majority of people live in slums that often do not provide even the basic living needs. In most situations, water is not readily available, and when it is, its quality is very poor.

Malnutrition is common among adults and children and diseases like measles, malaria, and HIV/AIDS are widespread. A new challenge that many individuals are faced with is physiological. The mental strain of living in degraded conditions, overcrowded with little hope of improvement, leads many of the urban poor to depression. The last challenge facing these people is reproduction, and it not only affects them but also helps to compound the poverty dilemma.

The homeless and those without jobs are most prevalent in urban settings.

When urbanization occurs in more developed countries, reproduction generally slows as potential parents practice safe sex and family planning. In fact, many developed nations expect to see a reduction of urban population over the coming years. This pattern is reversed in urbanizing poor countries, especially in the slums. In these places, family planning and safe sex are either not primary concerns or the population is not familiar with the concept. Regardless of why it happens, the birthrates of the urban poor in undeveloped countries are growing at an exponential rate. In addition to the population increase, promiscuity and prostitution are common, which helps facilitate the spread of disease—so much so that African countries comprise 80 percent of AIDS deaths annually and the likelihood of having AIDS is almost four times as great if one is living in an African city.

Poverty exists in both developed and undeveloped nations; however, poverty is measured and defined differently in each place. For example, the poor in developing nations would see the living conditions of the poor in North America as a luxury. In the United States, the poorest people in the country traditionally reside in urban settings. Population in cities is continually growing although not at a pace similar to that of developing countries.

In addition, the quality of life in countries like the United States means better health options and an infinitely superior water supply than those available to even the poorest residents. Jobs ensure a minimum wage and unions work to ensure worker rights. There are even welfare systems in place that supplement pay for those people unable to work. However, even though there are many benefits to living in a developed country, there is still a large population living below the poverty line.

Poverty is the worst in inner-city districts, and has become increasingly worse over the last few decades. These areas are the poorest, and most dangerous, and allow fewer opportunities for self-improvement than any other place in the United States. Paradoxically, this poverty originated because of the economic prosperity of the nation as a whole. As the economy became stronger and stronger, two things began to happen. The first is that the more financially secure people began migrating to the suburbs to live. The trend of working in the city and living in more spacious suburbs is a one that continues to this day. Second, rents were increasing at a rate exceeding the income of most of the poorer class. This price jump forced them into more dilapidated areas, reserving the costlier areas for those who were wealthy and still desired to live in the city.

One of the main reasons poverty is prevalent in many major cities is that the minimum wage has not increased at a rate proportional to inflation. The federal minimum wage was \$5.15 in 2005. If it had risen according to inflation, it would be closer to \$12 an hour. Since this is not the case, the poor urban citizens cannot afford many of the necessities of comfortable living and the number of people below the poverty line only increases.

Also, the homeless and those without jobs are most prevalent in urban settings. Approximately 95 percent of the homeless population live in cities and the fringing suburbs. The call for public housing is so high that many city agencies have ceased to accept requests because the list is already too long. One of the worst consequences of being poor and living in the cities is the lack of quality education.

The lack of quality educational facilities in cities not only perpetuates the poor continuing to be poor, but also acts as a deterrent for movement of wealthier people into the city. In city schools, nearly 75 percent of the student body are poor. The educational system is so substandard that the majority of the students who attend fail to achieve basic competency levels in reading and mathematics, and almost half fail to graduate from high school in four years. The education or lack thereof prevents most poor children from ever having the opportunity to improve their life and to escape poverty.

Urbanization leads to poverty in both developed and developing countries. The problem is most prevalent in the undeveloped countries and in the near future is only going to get worse. If the problems are not addressed in the near future, it is very likely that the majority of the world's population will be living in unsustainable and unhealthy living conditions.

SEE ALSO: Foreign Direct Investment; Globalization; Industrialization; Urban Antipoverty Programs; Wages.

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Uruguay

INDIGENOUS PEOPLE originally inhabited what is now the Oriental Republic of Uruguay, but two centuries of Portuguese and Spanish rule virtually eliminated this population. In 1811, Uruguay rebelled against Spain but was conquered by the Brazilian Portuguese within six years. Assisted by Argentina, Uruguay finally achieved independence in 1825.

In the late 1960s, the Tupamaros, a violent Marxist urban guerrilla movement, forced the Uruguayan president to concede to military control of the government. Even though the rebellion was crushed fairly quickly, the military had become entrenched throughout the government. In 1985, Uruguay was restored to civilian rule. In the 21st century, Uruguay is known for having

one of the freest political and labor environments on the South American continent.

The Uruguayan economy is characterized by an export-oriented agricultural sector, a well-educated labor force, and high levels of social spending. During the late 20th century, Uruguay experienced an economic downturn as a consequence of economic problems in Argentina and Brazil. When Argentine banks withdrew huge sums from banks in Uruguay, the result was an unemployment rate of almost 20 percent and surging inflation. Uruguay's external debt doubled, but negotiations with the International Monetary Fund alleviated immediate problems. In 2004, the economy grew around 10 percent. Approximately 70 percent of Uruguay's labor force are engaged in services, and 16 percent are employed in industry. About 14 percent are involved in agriculture. The current unemployment rate is 13 percent.

Uruguay is an upper-middle-income nation with an annual per capita income of \$14,500. Despite relative affluence, one-fifth of the population lives in poverty. Almost four percent of the people live on less than \$2 a day. Most poor people live in rural areas and in migrant communities. Around 40 percent of children in Uruguay are born into the poorest families. Generally, these families are headed by females with little education. Many of them are teenage mothers. Efforts to break the cycle of poverty for young mothers have focused on state-sponsored childcare programs that allow poor mothers to pursue education and training. Preschool programs target poor children to prepare them for primary school. Uruguay has received World Bank funds to build kindergartens in the poorest areas.

Under the National Food Program, food is distributed to needy families. The poor also receive free healthcare and education. The social security system underwent a major overhaul. The program now covers unemployment benefits, family allowances, and noncontribution pensions. In 1989, a constitutional amendment mandated increases in the real value of pensions. As a result, 35 percent of the elderly were no longer poor. Incomes are fairly well distributed in Uruguay, and the country is ranked 44.6 on the Gini Index of Human Inequality.

Healthcare is widely available in Uruguay. There are 387 physicians for every 100,000 residents, and most people have access to affordable essential drugs. Only two percent of the population lack access to safe drinking water, and only six percent do not have access to improved sanitation. Uruguayans enjoy a life expectancy of 76.13 years. Females (79.45 years) outlive men by an

average of over seven years. Among the population of 3,415,920, the median age is 32.46 years. Around 23 percent of the population are below the age of 14, and 13.2 have reached the age of 65.

Infant mortality rates in Uruguay have been steadily declining. Between 1970 and 2005, infant mortality fell from 48 to 12 deaths per 1,000 live births. Among all children under the age of 5, the mortality rate dropped from 57 to 14 deaths per 1,000 during that period. Four percent of Uruguayan children under the age of 5 are malnourished, and eight percent of infants are underweight at birth. Eight percent of under-5s suffer from severe to moderate stunting. Childhood immunization rates are high for children from birth to 23 months old, ranging from 91 to 99 percent.

Fertility is low in Uruguay, and women have an average of 2.2 children each. The birthrate declined from three children per woman in the 1970s. Among adolescents, the fertility rate is 63 per 1,000 births. Trained medical staff attend 100 percent of all births. Maternal mortality is consequently low, occurring at a rate of 26 deaths per 100,000 live births.

Literacy is almost universal in Uruguay, and only two percent of the population over the age of 15 are unable to read and write. For several decades, education has been universally available. As a result, most students attend school for 15 years.

Human Development Index Rank: 46 Human Poverty Index Rank: 1

SEE ALSO: Argentina; Brazil; Children and Poverty; Social Security; Women and Poverty.

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U.S. Catholic Conference

U.S. CATHOLIC Conference, Social Development and World Peace Department, the public policy arm of the United States Catholic Bishops, works to apply the principles of Catholic social teaching. When the United States Catholic Bishops organized to form the National Catholic Welfare Conference in 1919, they formed a Social Action Department to interpret and propagate the church's social teachings, especially in regard to industry, international relations, politics, and charitable work.

They based their activity on the teachings of the popes dealing with social issues as well as statements by the bishops in the United States. In 1967 the department was reorganized and renamed the Department of Social Development and World Peace to reflect an expanding role for the church in humanitarian efforts.

"How can hunger in the human family be overcome?"

The department's reorganization was largely prompted by the creation of the Pontifical Commission of Justice and Peace, an official and permanent office within the Catholic Church established by Pope Paul VI in 1967 to respond to the pressing issues of world poverty, justice, and peace. The creation of the commission was called for during the Second Vatican Council, a meeting of the world's Catholic bishops in Rome from 1963 to 1965, at which time over 70 speeches were made on the topic of world poverty.

Americans were among the chief supporters of the pontifical commission, including Joseph Gremillion, a parish priest from the diocese of Alexandria, Louisiana, who was then serving as the director of socioeconomic development for Catholic Relief Services; Luigi Ligutti, also a parish priest involved in rural ministry, who served as the director of the National Catholic Rural Life Conference; and James J. Norris, a layman then serving as president of the International Catholic Migration Commission and as assistant to the director of Catholic Relief Services. Along with other council participants and observers, they advocated for a permanent structure within the church to further the goals of justice and peace.

The conciliar document, Gaudium et Spes (Constitution on the Church in the Modern World, 1965), specifically called for the creation of "an organism of the universal Church" to promote "progress in needy regions and international social justice." Emphasizing concrete action, shared responsibility for world problems with other Christian churches, and an increased role for the laity, the goal of the new structure was "to arouse the people of God to full awareness of its mis-

sion at the present time, in order on the one hand, to promote the progress of poor nations and encourage international social justice, and on the other, to help underdeveloped nations to work for their own development." Two years later, Pope Paul VI's document on international development, Populorum Progressio (1967), was termed by the Vatican a "charter" for the Pontifical Commission of Justice and Peace. Consistent with the ideas presented in Populorum Progressio, one of the first priorities for the commission was to establish regional committees to engage as many as possible in their global work.

At least seven national committees had been founded by the end of 1967, including branches in Belgium, France, the United States, the Congo, Venezuela, Germany, England, and Wales. In the United States, the U.S. Conference of Catholic Bishops formed a committee for World Justice and Peace in April 1967, under the direction of a priest, Marvin Bordelon, and supervised by Bishop John J. Dougherty. The committee initially included seven American bishops. To the committee were also named 10 advisory experts, both clergy and laity, Catholic and non-Catholic.

The early work of the department for Social Development and World Peace focused on the United States' role in fostering international justice and emphasizing the role of the church as servant. Its first obstacle was convincing Americans to abandon their excessive nationalism and provincialism, which they believed, allowed many to ignore international concerns. Calling U.S. efforts at assisting other countries a "national disgrace," the department urged international monetary reform, reexamination of U.S. military programs, and elimination of tariffs.

Current priorities for the department include ending the use of the death penalty, welfare reform, universal healthcare, housing, trade reform, international debt relief, elimination of nuclear weapons, and agricultural issues. A recent statement of the office, "For I Was Hungry and You Gave Me Food" (2003), offers a Catholic reflection on food, agriculture, and farmworkers, asking such questions as "How can hunger in the human family be overcome?" and "How can we ensure that farmworkers and owners of small farms, in the United States and around the world, live and work with dignity?"

Another current initiative in conjunction with Catholic Relief Services is a campaign to ease international poverty by focusing on how U.S. economic policy can either aid or hinder relief for the poor. The campaign focuses on influencing U.S. trade policy to

highlight successful efforts to overcome poverty globally, promoting American aid that fosters long-term development and empowerment of the poor, and elimination of debt of the poorest countries in the world.

SEE ALSO: Catholic Church; Christian Antipoverty Campaigns; Religion; United States.

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USDA Poverty Line

THE OFFICIAL measures of poverty for the United States are now compiled and reported by the U.S. Census Bureau. They originate from research conducted in the early 1960s by Mollie Orshansky, an economist at the Social Security Administration. Though Orshansky was not attempting to develop general poverty thresholds, her results appeared just as the government sought a way to measure poverty as a part of President Lyndon B. Johnson's War on Poverty in 1964. The poverty thresholds are based on the guidelines of the U.S. Department of Agriculture (USDA) for a minimal diet needed to obtain proper nutrients during times of emergency.

The purpose of the USDA poverty line is to determine whether or not a family's income is so low as to be inadequate. Income used in this determination includes job earnings, government welfare, social insurance programs, pensions, interest, dividends, rents, and other cash sources. Benefits that are provided in-kind by the government, such as food stamps or housing subsidies, are not counted. Capital gains or losses are also not included in the calculation.

On the other hand, taxes are not deducted from income, including payroll taxes, potential income taxes, and the possibility of an Earned-Income Tax Credit for those with low incomes. The incomes of all family members living together are then summed and compared with a poverty threshold.

Poverty thresholds vary according to the number of family members, the number of related children included in the family, and the age of the household head in one- or two-person households. Poverty thresholds do not grow as quickly as the number of people in a family, because it is thought that people living together can enjoy lower costs through shared housing and other benefits. For instance, in 2004, the poverty threshold for a single person under age 65 was \$9,827, while the threshold for a two-person household with no children and a household head under age 65 was only 29 percent larger at \$12,649. For comparison, the poverty threshold for a family of four, two of whom are children, was \$19,157 in 2004. Each year, the poverty thresholds are adjusted for inflation.

The poverty thresholds do not indicate how close or far people are from the poverty line.

Orshansky developed the methodology for these thresholds in the early 1960s. She used the USDA analysis of the nutritional requirements needed for minimal survival during times of duress in order to calculate the cost of such a food budget. Then, she used the USDA's 1955 Household Food Consumption Survey to determine the percentage of people's household budgets that is spent on food, which she calculated as about one-third. Thus, the poverty threshold is determined as three times the cost of the minimal food budget.

Criticisms of the USDA poverty lines include that they are too low, since people were not expected to be able to survive on the minimal food budget for an extended period. Also, these thresholds are still based on survey data from the 1950s and have not been updated to reflect changing diet or improved living standards. Because incomes have generally grown faster than prices, those with incomes equal to the poverty threshold are falling further behind the rest of the population. The poverty thresholds also do not indicate how close or far people are from the poverty line.

SEE ALSO: Basic Needs; Food-Ratio Poverty Line; Nutrition; Standard Food Basket.

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Utopian Socialists

UTOPIAN SOCIALISTS WERE a group of authors who were against the poverty of human societies; they lived from the end of the 18th century to the start of the 19th century. They believed the capitalist economy to be unjust, and conceived ideal social formulas based more on universal fraternal love than on the class struggle. F. Engels, in *Socialism: Utopian and Scientific*, proposed the name *Utopian Socialists* in 1880 to identify the French utopians Henri de Rouvroy, Count of Saint-Simon, and Charles Fourier, along with the English author Robert Owen, and to differentiate them from the scientific socialists defended by Karl Marx.

Henri de Rouvroy, Count of Saint-Simon (1760–1825), dreamed of a society based on science and governed by the most able (entrepreneurs and scientists), who would solve all conflicts and help man reach happiness. From 1814 on, he dedicated his work to extol the role of industrialism, the progress of which would reduce poverty and ignorance. According to this author, the working class was uppermost—laborers, farmers, craftsmen, manufacturers, bankers, and artists—as opposed to the idle (those of independent means). He also defended inequality, since each person should take benefit from his or her social contribution, there being differences based on capacity and work.

Saint-Simon also insisted that the social structure should raise the physical and moral welfare of "the most numerous and poorest class," and confirmed the thesis that "all men should work." In 1821, he wrote Henry Saint-Simon to the Working Men, in which he proposed to improve their situation by means of a project of grand labors. In his final work, New Christianity, he put forward a mystic creed based on the principle of fraternal love, by which man's goal on earth was to work in favor of the poorest and most numerous classes. His followers, P. Enfantin (1796–1864) and Saint-Amand Bazard (1791–1832), considered private property to be unjust and called for equal opportunities

("each man according to his capability and each capability according to his works"), rejecting inheritance as a random distribution of property. They also wanted the state to take control of the instruments of work and divide them out to the maximum social advantage (collectivism). Saint-Simonism also had a practical application, inspiring great firms involved in banking, industry, railways, roads, and the building of the Suez Canal.

The thesis of Charles Fourier (1772–1837) was based on a life of cooperation as a means to modify the surroundings and create a new man. He criticized the abuses of free competition, the power of the monopolies, the errors made in agriculture, the proletarianization of the masses, alienation in the factories, and political and moral corruption. In 1803 he proposed that a minimum wage be established.

According to Fourier, civilization moved in a vicious circle in which "poverty stems from abundance itself." His solution for this was to set up cooperative or "phalanstery" communities, where farming and crafts would be the main trades. Collective work would improve the situation and production would increase, meaning that working from the age of 18 to 28 would be enough for a person to live easily for the rest of his life.

In addition to this, those living in a phalanstery (the author's calculations were that 300 families could live on nine square miles of land) would also adopt a new form of life: the family and marriage would gradually disappear; all tasks were available to take on and would be varied and attractive; and workers would form groups according to what they wanted to do. The movement spread to the United States and the rest of Europe. Other published works by Fourier include Theory of the Four Movements (1808), Treatise on Domestic Agricultural Association (1822), and The New Industrial World (1829–30).

Robert Owen (1771–1858), a successful partner and manager of a spinning factory in New Lanark (Scotland, United Kingdom), believed man to be a product of the organization and circumstances that surrounded him during his growth. As a result of this deduction, he started to work on improving the living conditions of his industrial workers. His factory became a model colony of 2,500 people, with shops and healthcare for the workers.

Drinking was frowned upon, schools were built, and in a short period of time, poverty disappeared. As early as 1815, Owen defended the cooperative system ("communal villages"), whereby the benefit of one man would not mean the loss of another. The way of life he

designed meant that everyone would work together, combining the advantages of the city and the country. In 1824 he bought land in Indiana and set up New Harmony to put his project into practice. Engels considered this effort to be the antecedent of co-ops and workers' bazaars (the exchange of vouchers, whose value corresponded to the number of hours worked). Of his many writings, the most important include New View of Society, or Essays on the Formation of the Human Character (1813–14) and Report to the County of Lanark (1821).

The Utopian Socialists drew attention to the deterioration of workers' living conditions, defending the need to socialize the benefits of economic growth. They also believed that the system should be managed by those who were most capable—scientists and entrepreneurs—to explicitly do away with poverty. Another of their ideas was that a cooperative system would make a more equal and just society in which, if work was to be shared, then the benefits of production should also be given to all. Furthermore, they began a current of opinion that attempted to fight against the injustices of the new socioeconomic order, which would, in the end, bring about the reform of social legislation.

SEE ALSO: Engels, Friedrich; Marx, Karl; Owen, Robert; Socialism.

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Uzbekistan

UZBEKISTAN, A CENTRAL ASIAN country with around 27 million inhabitants, became independent in 1991 at the time of the disintegration of the Soviet

Union. Even during the Soviet era, Uzbekistan was known to be poor, with over 45 percent of its population having incomes lower than the then-standard minimum. At the end of the Soviet era, Uzbekistan had the second lowest per capita income among the 15 republics—the lowest was Tajikistan. Its level of income inequality, however, as measured by the Gini coefficient, was lower than the Soviet average.

In the post-Soviet era, the social assistance programs that were common under communism were no longer sustainable. Budgetary transfers from Moscow, once accounting for as much as one-fifth of the Gross Domestic Product (GDP), nearly vanished. And the cotton sector, a chief source of income, ran into diminishing yields in terms of output per hectare, according to R. Pomfret.

In 2001, the poverty rate in the country was 27.5 percent, or 6.8 million people. And based on 2002 and 2003 government surveys, it was concluded that poverty was decreasing, but with varying degrees depending on geography. For example, the decline in poverty was much more noticeable in the area surrounding the capital city, Tashkent, by World Bank standards. In 1999, 41 percent of the population were aged under 16 and 62 percent lived in rural areas, by Economic Intelligence Unit statistics. Over two-thirds (70 percent) of the poor live in rural areas, where the poverty rate in 2003 was estimated at 30.5 percent, versus 22.5 percent in urban areas. The highest concentration of the poor resides in the southern and northern regions of the country, with the poverty rate in the south being nearly four times that of Tashkent.

Diseases associated with poverty are on the rise, such as tuberculosis and HIV/AIDS. About 50 percent of children suffer from various degrees of vitamin A deficiency and 60 percent of women of fertile age suffer from anemia due to iron deficiency. The poor have been exposed to effects of environmental degradation. The diversion of water for intensive irrigation use through-

out central Asia has prevented sufficient flow of rivers into the Aral Sea (once the fourth largest body of water in the world), thus leading to a water level reduction of the lake by 21 meters and surface shrinkage to nearly one-third of its natural size.

What is left of most of the Aral Sea is a salt and sand desert covering an area of 3.8 million hectares. Because of soil salinity, what used to be an area of sustainable agricultural activity, cattle breeding, and fishery for communities near the lake has nearly come to a halt. Increases in morbidity rates, particularly among women of fertile age in the same region, are also common, according to the World Bank.

Poverty and income disparity, coupled with authoritarian governance, are thought to be behind recent turmoil in the country. Opposition to the government is regularly and brutally suppressed. The government labels dissidents protesting unjust economic conditions and widespread poverty as extremists and terrorists. Many are accused, justly or unjustly, of being members of the Islamic Movement of Uzbekistan or Hizb ut-Tahrir, both fundamentalist groups bent on overthrowing the government.

Human Development Index Rank: 111 Human Poverty Index Rank: Not included.

SEE ALSO: Communism; Corruption; Environmental Degradation; Tajikistan.

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WORLD POVERTY



Vagrancy

VAGRANCY IS THE LEGAL TERM for people who do not have an established home and who drift from place to place and who lack any visible or lawful means of support. Many governments have ordinances against vagrancy. The customary meaning of vagrant was someone who was able to work, but who preferred to be idle and to live by begging.

Poor people drifting from place to place in search of work, lacking provisions and shelter, is a condition of human life that has occurred at many times and in many places. A variety of terms have been used to describe people in this condition. The terms for vagrant include vagabond, tramp, skid rower, drifter, beggar, hobo, bag lady, homeless person, itinerant, bum, urban nomad, and others. Sometimes the terms used to describe vagrants may indicate sympathy. Most of the terms used are pejorative.

Laws have often been passed to suppress vagrancy. Sometimes vagrancy is treated legally as a misdemeanor or minor crime with light punishment attached. At other times it has been treated as a serious crime (felony). The penalties used to punish vagrancy have included branding, whipping, conscription into military

service, and commitment to a workhouse, farm, or some other place. Vagrancy is not a crime per se. That is, it is not a crime to be penniless and without a permanent residence. Vagrancy statutes, municipal regulations, and ordinances interpret vagrancy as a breach of the peace. It is a threat to public order. The intention of vagrancy laws is to prevent crimes. Vagrants are engaged in a way of life that is much more likely to lead to a life of crime. Therefore, the state has a right to protect the public from potential criminals.

Before the Industrial Revolution vagrancy was often a rural problem. Farmworkers and other agrarian laborers would drift from place to place, seeking employment. These drifters were vagrants who violated the laws against internal migration even if they were only seeking better wages. Many were displaced tenant farmers who had been driven off their land by the enclosure movement. These older vagrant types had been forced to stay at home if they were unable to work. The "ablebodied" poor were sent to work parishes or workhouses. Some were sent back to their home parishes.

The changing economics of the Industrial Revolution and its aftermath forced changes in the vagrancy laws. As people were crowded into factories, the unemployed vagrants came to be seen as potential criminals

or as a potential burden to the community. As potential criminals they were seen as engaging in disorderly conduct.

In the Articles of Confederation, the first American national constitution, vagrancy or pauperism was viewed as legally outlawed. Efforts were made to jail or restrict the movements of indolent drifters.

In hard times people treat each other hard. This was the case during the Great Depression. Vagrancy laws were used to justify the burning of "Hoovervilles" (makeshift housing) and to justify the erection of blockades to stop migrants from moving about the land to search for work.

As the Civil Rights movement of the 1960s progressed, vagrancy laws were examined by the courts. In *Papachristou v. City of Jacksonville* (1972) the U.S. Supreme Court invalidated a Florida vagrancy law. The Court found the law too vague to be enforced. In addition the Court held that the law condemned otherwise innocent behavior. A theme of court decisions on vagrancy is the difference between status and actions. Vagrancy outlaws the status or condition of being a vagrant rather than the commission of a specific criminal act. The *Papachristou* ruling overturned similar laws in many other states. However, most state vagrancy laws were rewritten to conform to the Model Penal Code. The Model Code does not mention idleness.

Since the late 1970s, homelessness has become a major urban and sometimes rural problem. It is usually viewed as a problem that cannot be solved with the traditional vagrancy laws. Civil rights proponents have claimed that the Model Penal Code covertly condemn vagrants because it does have provisions against loitering and prowling. The concerns have not been able to prevent attempts at restoring vagrancy laws because of the high crime rates prevailing in many areas.

The Supreme Court in Ward v. Rock Against Racism has upheld laws that are narrowly drawn that regulate vagrancy. Many people have been frightened or intimidated by large numbers of homeless people or street people engaging in aggressive panhandling, a behavior that can be regulated. Included in aggressive pan-handling are being threatening or obscene, engaging in abusive language, blocking sidewalks, and following people. Regulations also cover unauthorized solicitation, whether on public or private property, and other like behaviors.

Other ordinances prohibit camping in public parks or beside city facilities, or loitering at transit transportation stops or at bank machines. Still other ordinances prohibit "quality of life" crimes in order to safeguard the public from frightening contacts with the homeless. The terms have changed, but the issues remain.

SEE ALSO: Begging; Homelessness; Nonworking Poor; Voluntary Poverty.

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Van Buren, Martin (Administration)

MARTIN VAN BUREN WAS born in Kinderhook, New York, near Albany. His father ran a tavern where people often discussed politics. Van Buren became a lawyer and entered politics as a minor county official. He then became a New York state senator and attorney general. His success in these posts led to being elected to the U.S. Senate. As a supporter of Jeffersonian policies Van Buren objected to the direction that President John Quincy Adams wanted to take the nation. Van Buren voted for the tariff of 1824, but opposed other measures to expand the federal government, and gradually came to support free trade.

Van Buren aligned himself with Andrew Jackson. He served as Jackson's secretary of state and as ambassador to England for a short while. Though he dealt with foreign affairs, Van Buren's talent as a party builder enabled him to build a political organization that would become the Democratic Party. Jackson trusted Van Buren, perhaps more than any other member of his administration. Consequently, Van Buren became vice president for Jackson's second term.

Van Buren won the election of 1836. He entered office intent upon continuing the policies of the Jackson administration. There was a major financial panic and a depression in 1837. The prosperity of the early and mid-1830s gave way to unemployment, destitution, and widespread poverty. This brought about calls for increased federal powers to intervene in the economy. Van Buren resisted these calls. Some claim that the de-

mise of the Second Bank of the United States during the Jackson administration caused the depression. There was considerable support for a new national bank to manage the financial system and stabilize the economy. Van Buren opposed this measure in favor of an independent treasury. Congress passed a bill for an independent treasury in 1840. He blamed the panic and depression on credit overexpansion. There is much evidence to support this explanation of the depression.

International factors affected the American banking system at this time. During the early 1830s there was an influx of silver from Mexico, large capital inflows from English investors, and an end to the outflow of silver from the United States to China. These factors caused an inflationary boom. This changed in 1837. Capital inflows dried up and overseas demand for cotton fell. These factors brought an end to the boom. Bank loans went from \$201 million in 1830 to \$324 million in 1833, and to \$525 million in 1837. Bank deposits rose from \$55 million in 1830 to \$76 million in 1833, and then to \$127 million in 1837.

The price level went up 53 percent from 1830 to 1833 and 64 percent from 1833 to 1837. In 1837 bank loans fell by 7 percent, bank deposits fell by 33 percent, and the price level fell 30 percent. Consequently, the depression cannot be attributed to the policies of either Van Buren or his predecessor. There was a partial recovery in 1838, but hard times continued during the rest of the Van Buren administration.

Van Buren opposed annexation of Texas because it would enter the Union as a slave state. He also resisted pressure to confront the English over the U.S.-Canadian border. These actions helped to avoid wars with Mexico and England. Van Buren also ordered the enforcement of the Treaty of Echota, which relocated 90,000 Native Americans. This resulted in the infamous Trail of Tears, which became a symbol of Native American deprivation and poverty.

Public discontent limited the Van Buren administration to one term. Historians have tended to denigrate the Van Buren administration. Many blame him for financial and economic events that were out of his control. His administration did avoid international conflict, yet the Trail of Tears remains as a black mark.

SEE ALSO: Jackson, Andrew (Administration); Deprivation; Poverty in History; United States.

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Vanuatu

THE REPUBLIC OF Vanuatu is an archipelago of 83 islands located in the south Pacific Ocean. The largest islands are Espiritu Santo, Efate, Malekula, Malo, Pentecost, and Tanna. As the New Hebrides, the islands were administered by an Anglo-French condominium until 1980. Upon achieving independence, the islands became known as Vanuatu.

Approximately 65 percent of the labor force on Vanuatu are engaged in small-scale agriculture. Vanuatu is subject to tropical cyclones and typhoons from January to April, and volcanoes, earthquakes, and tsunamis pose threats throughout the year. Fishing and offshore financial services are also major revenue producers for the islands. With several thousand visitors each year, the country's tourism industry is continually expanding. Around five percent of the labor force are involved in light industries that service local markets and those of neighboring islands. The Vanuatu economy depends on Australia and New Zealand to supply both foreign aid and tourists.

Vanuatu is a lower-middle-income nation with an annual per-capita income of \$2,900. There are no people without food or housing on the islands. However, women, rural residents of remote areas, and the poorest urbanites may experience hardships. These hardships include a lack of access to employment, healthcare, education, clean water, hygiene facilities, roads, and shipping services.

The Vanuatu population is relatively young. Between 1980 and 2005, life expectancy increased from 58 to 61 years for males and from 62 to 64.05 years for females. The median age is 22.64 years. One-third of the population is under the age of 14, and 3.6 percent have reached the age of 65. While all islanders have access to proper sanitation, only 88 percent of residents have access to safe drinking water. There are 12 physicians for every 100,000 residents on the islands, so access to healthcare is limited.

While childhood mortality continues to be higher than is acceptable, mortality rates have declined dramatically in Vanuatu over the last several decades. Between 1970 and 2003, the infant mortality rate fell from 107 deaths per 1,000 live births to 31 deaths per 1,000. The mortality rate of children under the age of 5 plunged from 160 deaths per 1,000 in 1970 to 38 deaths per 1,000 in 2003.

Children in Vanuatu die for a variety of reasons, which include malnutrition, preventable diseases, acute respiratory infections, diarrhea, and malaria. About 20 percent of all children under the age of 5 are malnourished, and six percent of all infants are underweight at birth. Around 19 percent of all children under the age of 5 are moderately to severely stunted. Childhood immunization rates in Vanuatu have declined over the past decade. Currently, immunization rates for children between birth and 23 months old vary from 44 percent against measles to 54 percent against DPT. The only exception is the 90 percent immunization rate against tuberculosis.

Very few women use birth control; however, fertility rates have declined. The fertility rate of women of childbearing age dropped from 6.3 children per woman in 1980 to 4.1 children in 2005. The fertility rate among adolescents stands at 53 births per 1,000. Just over 89 percent of all births occur in the presence of trained medical staff. According to modeled estimates for 2000, maternal mortality on Vanuatu occurs at a rate of 130 deaths per 100,000 live births.

Literacy rates are low on Vanuatu, and only 53 percent of the population over the age of 15 can read and write. Approximately 57 percent of males are literate, but only 48 percent of females are so classified. Most children attend school for at least nine years. In 2000, 90 percent of all males and 89 percent of all females in the relevant group were enrolled in primary school. Among those enrolled in primary school between 1990 and 2000, the completion rate for males dropped from 92 to 72 percent. All females completed primary school in 2000, a rise from 81 percent in 1990. Many children drop out of school because their parents cannot pay school fees.

Human Development Index Rank: 118 Human Poverty Index Rank: 52

SEE ALSO: Agriculture; Australia; Child Malnutrition; New Zealand.

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Venezuela

VENEZUELA IS A resource-rich country in South America. Because of large deposits of petroleum and other minerals, the country is among the wealthiest in the region. From the 1920s through the 1970s, Venezuela enjoyed great prosperity. Like much of Latin America, the country suffered economically through the "lost decade" of the 1980s and into the 1990s.

Indeed, by 1995, the Venezuelan economy was on the verge of collapse. By 2005, high world oil prices again led to economic growth in the South American nation. Despite this overall wealth, however, much of the country's population has not benefited economically or socially. Economic and social development in Venezuela has been uneven, and poverty and inequality are widespread. Historically, wealthy Venezuelans and foreign companies have profited most from the country's natural wealth.

In a 2002 report, the World Bank claimed that Venezuela had suffered through a "vicious circle" for at least 30 years of weak governance, inefficient public-sector expenditures, and economic mismanagement that have led to poor economic performance and growing poverty. Statistics for the 1990s and early 2000s demonstrate the extent to which poverty and inequality have grown in Venezuela because of the decline in economic growth. Between 1990 and 2002, real wages in the country fell by 25 percent. Unemployment grew by four percent to a rate of around 14 percent. The rate would be even higher if it were not for the fact that many Venezuelans participate in the informal economy.

The number of poor Venezuelans who earned less than \$2 per day increased from 32 percent of the population in 1991 to 49 percent in 2000. The number of those living in extreme poverty and earning less than \$1 per day grew in the same period from 12 to 24 percent. By 2000, the richest 20 percent of Venezuelans earned 55 percent of the national income, while the poorest 20

percent earned only three percent. Several characteristics can be found among the poor in Venezuela. The majority of the poor live in urban areas, although poverty can actually be more intense in rural areas. Households headed by females are more likely to be poor than those headed by men. Many poor Venezuelans are old. At the same time, poor families on average have twice as many children as the middle and upper classes. Poor Venezuelans tend to be those with the least education. Furthermore, Venezuelans of African or Native American descent are more likely to be poor than the rest of the population.

One concrete illustration of poverty in Venezuela is the widespread presence of shantytowns, known as ranchos, in the country's cities. In particular, the hillsides surrounding the capital city of Caracas are lined with the often makeshift houses of the poorest Venezuelans. Housing in the ranchos often features poorly constructed homes made of low-quality materials. Conditions in the overcrowded ranchos are poor, lacking such basic services as water and sewers. Residents sometimes "pirate" electricity and water, while sewage collects on the ground. In recent years conditions in some of Venezuela's ranchos have improved, with residents receiving certain basic services and building sturdier homes. However, progress has been uneven, as the ranchos are still marked by unemployment and crime.

Many poor Venezuelans were literally buried in the mudslides or washed out to sea.

One catastrophic result of poverty in Venezuela was the December 1999 natural disaster in which heavy rains led to flooding and mudslides that swept through the shantytowns on the mountainsides in and around Caracas. Several days of heavy rains devastated the *ranchos*, killing up to 30,000 or more people, leaving hundreds of thousands of Venezuelans homeless, and causing billions of dollars in damage.

The true cost of the disaster may never be known, as many poor Venezuelans were literally buried in the mudslides or washed out to sea. Some criticized the Venezuelan government for ignoring signs of a potential disaster and failing to issue an evacuation order. However, the government of new president Hugo Chavez responded by blaming previous administrations for ignoring the poverty issue and allowing so many people in and around the capital city to construct and inhabit so many shantytowns.

Widespread poverty has had a significant influence on politics in Venezuela. In 1998, Chavez won the country's presidential election. Chavez's main base of support was Venezuela's poorest citizens. Many poor Venezuelans viewed the former military officer, who had led a coup attempt in 1992, as a savior. Chavez called for socioeconomic reforms and a focus on the reduction of poverty and inequality. Since taking office, Chavez has increased government spending on health and education programs for the poor. He has also implemented land reform policies.

Nevertheless, poverty continued to grow during Chavez's first several years in power because of extreme political polarization and a negative investment climate. However, by 2005 there were signs of change. The Venezuelan National Institute of Statistics reported that poverty fell from 47 percent in 2004 to 35 percent in 2005, below the poverty rate of 1999 when Chavez took office.

Human Development Index Rank: 75 Human Poverty Index Rank: 14

SEE ALSO: Economic Growth and Poverty Reduction Strategy; Globalization; Income Inequality; Natural Disasters.

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Vietnam

IN DECEMBER 1986, at the sixth National Congress of the Vietnamese Communist Party (VCP), the VCP started the economic reform program of *doi moi*, or renovation. This program was designed to reform the planned economy. The planned economic model had been applied to North Vietnam in 1954 and was expanded with much difficulty and against southern popular opposition after reunification in 1976. *Doi moi* was triggered by several intertwined domestic and international conditions: Vietnam's economy had been deteriorating since its reunification of 1976, and by the end of

the 1970s, Vietnam was facing economic collapse. The damage produced by the Vietnam War and a northern economy that was adjusted to wartime conditions posed worsening economic problems. In particular, Vietnam could not grow enough rice under the conditions of collectivization. Starvation became prevalent and Vietnam had to start rice imports. International problems exacerbated the domestic economic crisis: Vietnam's occupation of Cambodia from 1978 or 1979 until 1989 enforced the need for the government to finance an occupation force. This produced a diversion of funds to the military.

Vietnam follows China in the idea of economic restructuring before privatization.

The international isolation resulting from the occupation meant the end of Western aid programs, and an economic dependence on the Soviet Union and its satellite states in the Council for Mutual Economic Assistance (COMECON, established 1949, disbanded 1991). In 1978, Vietnam concluded a friendship treaty with the Soviet Union (November) and became a member of the COMECON (June). Relations between Vietnam and China had already been on the decline since the beginnings of a U.S.-China rapprochement at the start of the 1970s (ping-pong diplomacy), which was targeted against the Soviet Union, and Vietnam's reunification. The short border war with China between February and March 1979 and China's military presence at the northern border since then diverted further funds to the military.

Mikhail Gorbachev's reform programs of perestroika and glasnost in the mid-1980s and the disintegration of the Soviet Union and the COMECON brought down Vietnam's economic and political support. As a result, Vietnam had to withdraw from Cambodia (by 1989) and seek rapprochement with China and the United States, and it embarked on a reform from the planned economy to the "market socialism" of doi moi. The model for Vietnam in the reform process is China.

In particular, Vietnam follows China in the idea of economic restructuring before privatization. This also means that political reform toward democratization makes only little steps at the local grassroots level but is absent in the national context.

In 1988, the government moved to recognize the household farm as the basic socioeconomic unit in rural areas. This meant to reinstate the responsibility of

farmers and abandon the idea of agricultural cooperatives.

Particular emphasis is also placed on foreign direct investment and economic integration of the economy both in regional cooperation programs, such as the Asia-Pacific Economic Cooperation (APEC) and the ASEAN Free Trade Area (AFTA), and in the global economy through membership in the World Trade Organization (WTO). Vietnam endeavored to join the WTO by the end of 2005.

According to the United Nations Development Program, between 1990 and 2002, Vietnam reduced poverty from 60 percent to 32 percent of the population, largely through an annual growth of eight to nine percent. However, Vietnam's first National Human Development Report of November 2001 showed an uneven distribution of growth in different regions between the economically well-off southeast and the Red River Delta, on the one hand, and the northeast, northwest, and central highlands, on the other.

More narrowly, the regional disparities also show differences between urban and rural areas. Among ethnic minorities, the poverty rate is especially high. According to Vietnam's General Statistics Office (GSO), unemployment among ethnic minorities stood at 75 percent in 1998. Ethnic minorities constitute 14 percent of the population but account for 29 percent of the poor. As ethnic minorities live mainly in the mountainous areas, they are isolated from the economically well-off river deltas and urban areas of Hanoi and Ho Chi Minh City, and the government has found it difficult to diversify economic growth to these difficult-to-access areas.

Poverty reduction measures comprise the national, sectoral, and provincial, including the 10-Year Socio-Economic Development Strategy (2001–2010), which deals with an array of problems such as healthcare, rural clean water supply and sanitation, nutrition, children, public administrative reform, women, education, technology, and environmental protection; the Five-Year Socio-Economic Development Plan (2001–2005); the Annual Socio-Economic Development Plan; and specialized plans for the central highlands, Mekong Delta provinces, and northern mountain areas.

Urban poverty reduction measures focus on employment, income, housing, social security, and healthcare as well as on access for rural migrants to urban public services. The centerpiece of the government's efforts to alleviate poverty is the Comprehensive Poverty Reduction and Growth Strategy (CPRGS), which has been developed in successive steps since 1999. The

function of the CPRGS is to streamline the arrangements of the above plans, to draw up plans for their implementation, and to translate them into concrete measures. The leading agency in carrying out the implementation of CPRGS is the Ministry of Planning and Investment.

Human Development Index Rank: 108 Human Poverty Index Rank: 47

SEE ALSO: China; Economic Growth and Poverty Reduction Strategy; Income Inequality; Rural Deprivation.

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Voluntary Poverty

THERE IS NO UNIVERSAL definition of voluntary poverty. Poverty is often seen as a social problem. As a social problem it is considered an undesirable condition. It is assumed that no one wants to live in poverty. Poverty is forced on people. It is involuntary. The poor are victims of structural, social, and cultural conditions beyond their power to change.

An example of a structural condition that creates poverty is unemployment. When factories lay off workers, and the educated and the skilled do not have jobs, people become poor because they are unable to meet their needs. Even when there are plenty of jobs available, a few may remain poor because they do not want to work. When this happens, poverty is seen as resulting from personality flaws. Cultural anthropologists have argued that poverty, like culture, can be transmitted from one generation to the next. Not only is poverty transferable from generation to generation, there is also the Matthew effect—the poor get poorer.

At the social level, strict definitions of poverty are needed when poverty is to be remedied through charity or public assistance programs. These definitions enable policymakers, welfare organizations, and others to help those considered poor to overcome poverty. Most welfare programs have elaborate methods of means testing to determine if an individual is poor or not.

When poverty is voluntarily practiced, individual-level definitions apply. In particular, when individuals who practice voluntary poverty live together in a community, they develop their own norms with respect to the consumption of various material goods and services. These norms are often shaped by the concept of simplicity. Voluntary simplicity involves the notion that in order to improve quality of life, one needs to shift from a consumption-oriented lifestyle toward a simple lifestyle. This lifestyle often involves working the land for subsistence in an ecologically friendly manner.

At times, groups and communities who have led a life of voluntary simplicity have had to face barriers and restraints that limited their ability to practice voluntary simplicity. Occasionally, such restraints have been met with collective action against imposers of such restrictions. For example, during the early 19th century, when the livelihood of several skilled cloth finishers was threatened by the introduction of shearing frames in the cloth mills of Yorkshire, they attacked and destroyed the mills. Similar attacks became commonplace and developed into the well-known Luddism movement.

Voluntary simplicity is an essential component of voluntary poverty. It is possible to have a few luxuries even when people practice voluntary simplicity as a guiding principle in their lives. However, many groups may consider possession of small excesses over what is needed as undesirable. They may choose to move from simplicity to poverty. Thus, in many instances voluntary poverty is seen as an extreme form of voluntary simplicity.

The notion of voluntary poverty is contained in ancient religions such as Buddhism and Jainism. Even today, several communities, such as the Amish, Mennonites, and Quakers in North America, practice voluntary poverty. The members of the Catholic Worker Movement founded by Dorothy Day and Peter Maurin at the start of the Great Depression strongly observed voluntary poverty as a lifestyle. Today, over 185 Catholic Worker communities in the United States remain committed to the practice of voluntary poverty.

The idea of voluntary poverty is the guiding principle of the Catholic Worker movement in America. The Catholic Worker movement in the United States combines anarchism with Roman Catholic teachings. The movement attempts to reveal the negative effects of consumerism promoted by capitalist markets on physical and mental well being. Consumer markets perpetu-

ate the illusion that unlimited material consumption is necessary for gaining happiness. The Catholic Worker movement views this illusion as dangerous and attempts to show instead that voluntary withdrawal from excess material consumption brings happiness and meaning to one's life. This path of voluntary poverty, they argue, enables us to live with dignity and empowers us to follow our conscience. The ability to listen to our inner voice and to make decisions accordingly is referred to as the "primacy of conscience" within the Catholic Worker movement.

The emphasis on voluntary poverty within the Catholic Worker movement is associated with other key values, such as Christian personalism and the principle of subsidiarity. It is easier to know, value, establish relationships, and care for others when one is disengaged from amassing property and material goods. Furthermore, by remaining poor, helping each other, and forming communities, it is possible to limit the influence of state and bureaucratic hierarchies in our daily lives. This belief is called "principle of subsidiarity" within the Catholic Worker movement. Thus within the Catholic Worker movement, the idea of voluntary poverty plays a crucial role in living a Christian life.

Voluntary poverty is outwardly simple and inwardly rich. In most religions such as Buddhism and Jainism, voluntary poverty is seen as liberating, enriching, and empowering. Voluntary poverty is seldom experienced alone. Advocates of voluntary poverty often oppose rugged individualism. Voluntary poverty is practiced in the company of others. The objective of simple living is service. One practices voluntary poverty to better serve the poor. It therefore frees one to work freely and tirelessly.

HINDUISM

Hinduism views voluntary poverty only as one among the many strategies for realizing God, attaining Moksha, or liberation from Samsara. The ultimate aim is to achieve Moksha. Hinduism recommends four paths toward the attainment of Moksha. They are love of God (Bhakti), meditation (Raja Yoga), accumulating knowledge (Jnana Yoga), and through selfless action (Karma). Having chosen a path, one has to instruct him or herself in pursuing the chosen path of Moksha. This provides opportunities for individuals to innovate, perfect, and create their own techniques. The goal is to become adept at Kaushal, or the art of pursuit of Moksha. The focus is on becoming Kaushal, and the practice of voluntary poverty is believed to aid the learning process.

Thus, voluntary poverty is recommended at various stages of life. The Hindu life is divided into several stages. At the very first stage past childhood, *Brahmacharya ashrama*, one lives the life of a disciplined student. During this stage, voluntary poverty is essential for disciplining oneself. The second stage is *Grihastha Ashrama*, when one is supposed to marry and lead a family life. Toward the end of family life, as one ages, one enters the stage of *Vanaprastha Ashrama* (forest dweller). Voluntary poverty is to be practiced to enable the elderly person to prepare for the final journey, where material possessions have no meaning. Thus, voluntary poverty is seen as a strategy, one among many others, to attain spiritual realization, the liberation from *Samsara*.

Gandhi attempted to politicize the notion of voluntary poverty.

Hinduism is not averse to acquiring wealth. Amassing wealth and power (*Artha*) can be a goal, especially during the stage of family life. *Artha* is one of the three prescribed goals in life. The other two are *Kama* (seeking pleasure) and attaining *Moksha*. However, both *Artha* and *Kama* are restricted to the second stage of life. The most important goal is to attain *Moksha*; the foundation for it is laid in the first stage of *Brahmacharya*, when one practices voluntary poverty.

OTHER RELIGIOUS TEACHINGS

Some Muslim subgroups, such as the Sufis, advocate voluntary poverty. Many Muslims and non-Muslims believe that Sufis are not Muslims. Regardless of their religious identity, Sufism upholds a life of voluntary poverty. It discourages its followers from owning material possessions and asks them not to be possessed by material things. Even in modern religions such as Tenrikyo, founded by Nakayama Miki (1789–1887), the practice of voluntary poverty is seen as essential for achieving salvation and to relieve human suffering.

The notion of voluntary poverty is central to biblical teaching. However, it has been interpreted in different ways. The meaning and understanding of the term *poverty* vary more than the meaning and interpretation of the term *voluntary*. Among the Franciscans, for example, the term *poverty* meant denial of all possessions, total nonpossession. Poverty is to be visible; working and begging were two aspects of poverty.

Among the Dominicans (the Order of Preachers) the vow of poverty does not call for a life of austerity and sacrifice. Instead, they emphasize the importance of sharing and friendship with the poor. Voluntary poverty here implies a willingness and openness to the experience of the poor in order to enter into solidarity with them.

The notion of voluntary poverty is not merely economic and social but also political. Mahatma Gandhi launched a political movement heavily influenced by the notion of voluntary poverty. Mahatma Gandhi borrowed the concept of "bread labor" from Leo Tolstoy, one of Russia's greatest authors. The concept of "bread labor" implies that individuals must earn their living by laboring with their own hands, tilling the soil. As laborers, all enjoy equal status and can come together as a community. He envisioned armies of nonviolent workers living together in rural surroundings in some form of cooperative commonwealth living a simple life in harmony with one another. He gave shape to his vision in organizing the Tolstoy Farm in Johannesburg, South Africa.

Gandhi attempted to politicize the notion of voluntary poverty. Gandhi's approach to voluntary poverty called for renunciation of modern technology in favor of a manual-labor-oriented economy. The basis of his economics, now known as Gandhian economics, was to protect the village economy and community against capitalistic penetration by empowering villagers to limit their wants by practicing voluntary poverty.

For Gandhi, individuals who accumulate goods not necessary for immediate use have stolen from the goods necessary for immediate consumption by others. He urged people to be mindful of greed and give up their longing for material possessions. He saw worldly goods being a hindrance to the enjoyment of happiness. Gandhi practiced voluntary poverty. He believed that he had no right to be fully clothed so long as millions of Indians could not afford the bare minimum of clothing. In order to emphasize the inherent virtue of serving the poor, he drew parallels between God and the poor. He called the poor in India "Daridra Narayan," the "God who is poor." For him, practicing voluntary poverty was godly.

MODERN MOVEMENTS

Following Gandhi, several movements have advocated the downshifting of consumption. In particular, the Small Is Beautiful movement that was launched in the 1970s focused on voluntary limitation of consumption, decentralization of production, and use of intermediate technologies—technology that can easily be purchased and used by ordinary citizens.

The Green Party, another ecologically friendly movement in the United States, is founded on 10 key values, including social justice, ecological wisdom, and community-based economics. These movements appeal to people's conscience to reduce consumption and practice voluntary poverty for preserving the environment and to ensure that the current generation leaves behind a livable environment for the ensuing generations.

In sum, the notion of voluntary poverty has deep roots in ancient religions such as Hinduism, Christianity, and Buddhism. Voluntary poverty is proposed as a desirable state of living. The practice of voluntary poverty is often endowed with moral righteousness whereas involuntary poverty is looked upon as a social and economic problem to be solved.

The meaning of the term varies widely with the variations in the definition of poverty. In some cases, the expected level of poverty is high and in other instances it is not. The idea of voluntary poverty has been politicized. Voluntary poverty is emerging as a necessary strategy to address modern issues of centralization of production, power, and disorganization of community life.

SEE ALSO: Capitalism; Catholic Church; Environmental Degradation; Gandhi, Mohandas; Hinduism and Poverty; Mendicant Orders.

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Vulnerability

PEOPLE WHO ARE vulnerable are those who, while not facing immediate problems, may do so on very short notice. Examples of vulnerable people include those reliant upon obtaining casual daily employment who, if they cannot find work, cannot afford food or housing; or who are reliant on a single, variable source of income, such as market vendors of commodities. The New Poor include many people who found themselves to be unexpectedly vulnerable to an external shock, such as divorce or redundancy.

In addition to considering vulnerability on the individual level, it is possible to consider vulnerability at the community, regional, and national levels. It is applied in this article to contexts such as environmental change, disease, and globalization.

ENVIRONMENTAL CHANGE

Vulnerability may also be considered in environmental terms. As climate change degrades the environment in which many people live, they find themselves required to migrate to other areas in which their traditional ways of life can no longer be sustained. On Banks Island in the Canadian Arctic, the Inuvialuit people are faced with the very rapid melting of the ice, which has been the basis of their landscape for all of their known history. New species of animals and insects are migrating farther north as temperatures increase, and buildings and roads are subsiding as foundations crumble.

The Inuvialuit people have been obliged to make rapid changes to their food-gathering strategies and to their forms of living. It is not yet known whether a newly constituted food chain will provide a sustainable source of protein sufficient to maintain human communities.

Combined with the process of desertification, millions of people across India and Pakistan have, in accordance with this trend, found themselves vulnerable to loss of livelihood and habitat. Places where they will be obliged to move will also be required to adapt to bear-

ing a much higher population, and so services and facilities will be placed under pressure and food security lessened. The population of this area will also become vulnerable.

Climate change will produce a variety of complex and difficult-to-predict phenomena. A report considering changes that might affect Australia discusses not just increased temperature but also changes in the nature of sea currents, patterns of winds, increasing numbers of storms and bush fires, as well as reduced rainfall. Some combination of these changes will occur in the next 25 years, based on current use of carbon-emitting technologies. The severity of the changes will determine whether existing coastal settlements, including the largest cities, Sydney and Melbourne, will still be inhabitable. Almost all of the population of Australia, which is predominantly concentrated in a few small coastal urban areas, has therefore become vulnerable to potential poverty.

Clearly, the less wealth people have before vulnerability strikes, the less likely it is that they will be able to avoid the health- or life-threatening problems that may affect them. The aftermath of Hurricane Katrina, which struck parts of the southern United States in September 2005, demonstrated clearly that the urban poor of New Orleans, who were predominantly black, were much more severely affected than other sectors of society, because their housing was located in the most atrisk areas and because they did not have the ability to leave their homes and survive for an unknown period of time in a remote location. Around the world, therefore, the poor and those with low incomes are most vulnerable to environmental change and will suffer most from it.

VULNER ABILITY TO DISEASE

Vulnerability to disease is not always subject to the income-based assessment, as environmental-change vulnerability is, but the ability to obtain necessary healthcare certainly is subject to income. SARS (severe acute respiratory syndrome), which emerged in November 2002 and led to the deaths of nearly 800 people, was transmitted through proximity, and so those who traveled widely were more vulnerable than those in isolated communities.

However, if people in rural or other isolated areas did become infected, they were much less likely to find suitable healthcare or even to have symptoms identified. Avian influenza, also known as bird flu, has until November 2005 primarily affected people who have



Those who are vulnerable to natural disasters, such as Hurricane Isabel in 2003, above, are also vulnerable to poverty.

been in close and lengthy proximity to infected poultry, which are mainly those who are poultry farmers or market vendors, often in rural areas. The majority of the people who have been killed by this disease have, therefore, been among the poor, who are vulnerable to the disease because of the occupations they pursue.

Diseases such as HIV/AIDS, which are commonly but not exclusively transmitted through sexual contact with an infected person, make all sexually active people vulnerable to infection, but those with higher incomes are more likely to be able to afford and use effective forms of protection.

They are also the ones who have had health education that would be applicable. Should infection be confirmed, the necessary medications to delay onset of the full condition and improve quality of life are very expensive and customarily available only to people in industrialized countries.

However, a campaign by both governments of less developed countries and powerful nongovernmental organizations aimed at legalizing the manufacture of generic, low-cost medical drugs has had some success in specific circumstances. With the potential large-scale need for flu vaccinations and the currently limited supply, some states have announced they will make their own versions of ostensibly copyrighted medications, and it is possible the entire intellectual property system with respect to pharmaceuticals will fall into desuetude, thereby reducing global vulnerability to disease.

VULNERABILITY TO GLOBALIZATION

Globalization represents, among other things, the ability of corporations to conduct production and market-

ing operations in most countries of the world. Since there are unequal distributions of comparative and competitive advantages geographically, some corporations are more able to compete than others. When a market is opened to global competition, therefore, some corporations or production units are able to thrive in competition with international competitors and others cannot compete. In those cases, all stakeholders in the failed corporations will suffer and the most affected are usually the workers whose jobs have been lost.

Some states are able to manage the globalization process such that the retrenched workers are offered retraining and assistance to enable them to find alternative employment. This is the case in the Nordic states, which have proved over the long term to provide the world's best governmental services and overall standards of living for all members of society. In countries that do not provide this sort of care, displaced workers can enter long-term unemployment and, where the failed industry was concentrated in a particular location, communities can suffer long-term blight.

Displaced workers can enter unemployment and communities can suffer blight.

The stopping of government support for the British coal industry by the policies of then Prime Minister Margaret Thatcher led to the impoverishment of the communities that had previously been dedicated almost entirely to the mines. In the face of a newly globalized economy or industrial sector, consequently, workers and other stakeholders are vulnerable to poverty or other negative impacts.

Strong labor rights and unions can help in palliating the worst effects but are unlikely to prevent them altogether. In less developed countries—and even in some of the more highly developed countries—labor rights are few and unions seriously impaired from taking effective action. Democratization of the workplace, just as much as democratization of the political system, is required to minimize vulnerability.

Countries that are among the poorest, such as many in sub-Saharan Africa, have very few if any industries that are internationally competitive, although they may have some natural resources that international corporations wish to exploit. These countries are under pressure to join international conventions or organizations such as the World Trade Organization or the New Eco-

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nomic Partnership for African Development, or else to accept the conditionalities attached to World Bank or International Monetary Fund loans. Additionally, more powerful countries also wish to enter into bilateral free trade agreements with them in some cases. These agreements all have the effect of increasing the vulnerability of those involved in what will become uncompetitive industries.

Workers in some underregulated industries also suffer from hazardous workplaces and may suffer from predation by employers. This is the case for Chinese mine workers in private, unregulated mines, where hundreds of miners have been killed. Illegal migrant Burmese workers in Thailand are among those who suffer from the cruel treatment of some of their employers. In common with single women, children, and the physically disadvantaged, their lack of power over the actions that affect them make them vulnerable not just

to minor levels of abuse but also to sexual assault, human trafficking, and slavery.

SEE ALSO: Children and Poverty; Deprivation; Exclusion; Globalization; Natural Disasters; Women and Poverty.

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WORLD POVERTY



Wage Slavery

SLAVERY IS A POWERFUL word that conjures up vivid and emotional images of intense social, economic, and political conflict. Slavery gives rise to a world in which the desperate and woeful existence of those bound up as slaves include with cruelty, violence, and economic exploitation. By and large, being a slave has come to mean that the person has lost his or her social identity, and thus that person can be regarded as mere property and compelled to compulsory labor.

However, slavery need not be strictly defined in terms of chattel slavery through the literal ownership of one human being by another, but rather can take account of other forms of economic subordination and dependency. Wage slavery refers to a situation whereby workers, though freed from the actual chains of chattel slavery, may nonetheless be held in virtual chains by their absolute reliance upon wages. With limited economic and social opportunities, wages turn out to be a laborers' one and only means of support, and if those wages are barely enough to maintain a subsistence existence, then in effect a worker is trapped into a form of involuntary labor. Theoretically, a person is free to choose not to work under unacceptable conditions, but

given limited opportunities and the necessity for one's own or one's family's economic survival, the worker in essence becomes a *de facto* slave since the ability to choose has for all practical purposes been removed. The lack of adequate income absolutely diminishes the ability of a worker to both save and invest and hence makes that person, and other family members, more vulnerable to poverty now and in the future. Higher incidences of poverty also tend to severely constrain the social, political, and economic opportunities of workers and thereby puts them at greater risk of being trapped in a low-wage, dead-end job.

Since slavery remains such a compelling metaphor, with roots dating back through thousands of years of human history, the use of the image of slavery in critically analyzing the plight of labor is apparent, even if not universally accepted as appropriate. In the mid-19th century there were a number of political writers and social reformers who questioned the progress of capitalism and used analogies to the institution of slavery to support their arguments. The philosopher and political economist Karl Marx relied on the image of slavery in a number of his writings. Indeed, one of the most oftquoted expressions from Marx's writings makes clear use of this graphic image of oppression when he as-

serted, "workers have nothing to lose, but their chains." In *Kapital*, Marx contends that the working class is treated as an appendage in the production process and analogous to Roman slaves held in chains in the days of antiquity, while wage laborers in capitalistic societies are bound to owners by "invisible threads." In Marx's analysis the relationship between employer and wage-laborer was clearly not purely voluntary nor was it mutually beneficial. The owners of capital and the employers of the working class used the structure and influence of capitalistic forces to maintain their control over wage laborers. According to Marx, in "former times" owners had relied on political control and legislation to impose and secure control, but could now rely upon the institutions of capitalism to subordinate the working class.

Determining an efficient and equitable wage rate remains a matter of some debate.

The economist and journalist Henry George also wrote about the association among the rise of capitalism, the incidence of poverty, and wage slavery. In his best-selling *Progress and Poverty*, George argued that while capitalism certainly produced wealth, most of that wealth accumulated in the pockets of landowners and monopolists. In his travels across 19th-century America, George observed that the working class and those living in poverty in the more established eastern states were relatively worse off than laborers in the more recently settled American west. In George's analysis, if the working class had access to natural resources, there would be a more equitable distribution of wealth and consequently less poverty.

The relationship between free and slave labor, as well as the determination of wage rates in either a free-market or a more socialistic economy, indicates a lot about how a society is organized. Wages represent the payments to workers from employers, and in a free market are established by the relative interaction of supply and demand in the labor market. The association between wages and a market-based economy in general, and capitalism in specific, seems fairly self-evident.

Determining an efficient and equitable wage rate, on the other hand, remains a matter of some debate among social scientists, public policymakers, advocacy groups, and social reformers. The more complicated relationship between slavery and the development of marketbased capitalism is relevant, but less evident. Even the direction of causality can remain a matter of some debate. For example, is it more appropriate to argue that slavery fundamentally contributes to the development of capitalism or did capitalism fundamentally contribute to the development of slavery? And there are other questions—such as the role that expanding markets, whether they are markets for slaves or markets for wage employment, play in the process of technological innovation and economic growth.

By the mid-19th century, capitalistic economies had only just begun to count a majority of the labor force as wage earners. Labor, of course, has been part of the process of production since the dawn of time, but wage employment in its modern sense of being paid an hourly wage as determined by a labor market is itself a development of modern capitalism. It was the rise of the working class in the context of rising levels of urbanization, industrialization, and factories that led many of the social writers of the mid-19th century to brand the subordination and regimentation of the working class as a form of slavery.

Wage employment is now the dominant form of the labor market in capitalistic societies, but this form of labor comes after the once familiar self-employment model and the indentured servitude and slave models of labor. A fully functioning competitive market implies that participants have choices, access to information, mobility, and thus economic opportunity. Under those circumstances one would expect that wage slavery would be difficult to sustain.

However, in a situation where there are limited choices, asymmetric information, immobility, and thus little economic opportunity, wage slavery can flourish. The sad fact remains that the economic exploitation of people, while not a very pleasant public relations image, can be quite materially profitable. But the image of a wage slave remains a potent and dramatic symbol for the plight of the working class. It may be even more ominous for those trapped in slavelike working conditions in the sense that employers may not even have to consider these workers as a long-term investment, but merely as a short-term and disposable resource that is easily replaced. In the most crass sense, an owner could decide that if any worker dies or is maimed on the job, he or she would simply get another worker. If this sort of horrifying attitude prevails among employers, then the level of degradation and violence directed toward the working class increases, and wage slavery becomes more commonplace.

But there are a number of economic and political consequences to a society that tolerates or even embraces a coercive labor system. Still, it seems reasonable to conclude that with limited economic opportunities and subsistence wages, the incidence of poverty will be greater, and as a result the rates of economic progress will likely remain unevenly distributed.

Based on the standard of legislative sanction, formal slavery no longer exists in the world. But based on a more matter-of-fact definition, along with the acknowledgment of the practical consequence of low wage workers with little or no choice, slavery can be thought of as a thriving and continuing business. By various measures there are still untold millions of people who can be thought of as wage slaves. Most remain untold because a number of these workers are less visible and thus often underreported in any census of laborers.

Kevin Bales, in *Disposable People*, estimates that there are likely 27 million slaves in the world today, although by other estimates this number could be adjusted upward toward 200 million. These laborers can toil in a variety of occupations and in a variety of locations. In sweatshops or other factory settings, in agricultural fields, on urban streets, as domestic servants, and in brothels around the world you can find men, women, and children employed in situations that could categorize them as wage slaves.

The connotation of slavery and slave labor is at its heart one of exploitation.

A particularly cruel aspect of all of this may be that some of these workers have lost their economic freedom because of either generational debt passed on to them or their own pursuit of economic opportunity that ultimately put them in a vulnerable economic and political position. For example, on the northern Mariana Island of Saipan, a U.S. Commonwealth in the west Pacific Ocean, young girls have been recruited to work in factories with the prospect of ultimately gaining access to the United States. Regrettably, many of these young girls instead get caught in a system of debt that denies them opportunity and too often forces them into undesirable and dangerous situations. In most cases, undocumented workers are denied the opportunity to seek better jobs and thus are at greater risk of exploitation.

The concept of wage slavery was more commonly used in earlier periods, and has generally become less commonly used by economists and social reformers in the late 20th and early 21st centuries. But given the ex-

tensive relative disparity in wages between rich and impoverished regions, the idea of wage slavery and a growing number of the working class caught up in a form of involuntary labor may sadly yet make this a more commonly discussed concept. Limited opportunities and subsistence wages are a compelling means to evaluate not only some of the causes of poverty, but also some of the implications of the reliance upon a market-based labor process.

Wage slavery exists when laborers feel confined in their employment choices and when their economic and social existence is utterly dependent on their earned incomes from those jobs. In most conventional interpretations, the connotation of slavery and slave labor is at its heart one of exploitation. And in those circumstances where the working class receives subsistence wages, it is not hard to imagine that the incidence and duration of poverty will continue to be a problem.

However, it is also possible to define wage slavery in terms of those who earn relatively high levels of income but feel compelled nevertheless to work and in essence are chained to their jobs. Workers who are so oriented toward work can in some extreme cases literally work themselves to death (or suffer job-related health problems) or figuratively so isolate themselves in their employment that they lose all other personal and social interactions outside of the job.

SEE ALSO: Capitalism; George, Henry; Labor Market; Marx, Karl; Wages; Working Poor.

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Wages

WAGES ARE COMPENSATION for a worker's time and effort on behalf of an employer. Wages are often specified as a rate of pay, which falls into two categories: time rates and piece rates. Under a time rate, workers are paid per unit of time, usually hourly. Under a piece rate, workers are paid according to the quantity they produce. Alternatively, many workers are paid an annual salary, regardless of the number of hours they work. Some pay schemes combine multiple methods.

For example, many sales representatives receive a base salary and a commission, which is equal to some prespecified percentage of the value of their sales. A worker's total compensation is composed of two main categories: money wages and benefits. Wages comprise the majority of a worker's total compensation, equal to over 70 percent of total compensation in the United States. Some benefits, such as health insurance, are generally not specified according to time worked or output produced, but provided to workers so long as they meet some minimum hours requirement. Other benefits, such as contributions to retirement plans, are tied to a workers' total monetary wages.

The wage rate is a price, and like any price, the wage rate provides a signal to both employers and employees. Holding all other factors constant, workers will supply more labor when the wage rate increases. Conversely, employers respond to increasing wages by decreasing their demand for labor.

In practice, workers take their total compensation into account when deciding what jobs to take and how many hours to work. Likewise, employers take the total hourly cost of employing labor, which includes total compensation and certain government taxes, when deciding how much labor to employ. Thus, money wages are only part of the story.

TIME RATES AND PIECE RATES

Both time and piece rates are common in the United States, with great variation in their use across industries. Generally, employers are more likely to use piece rates when they can easily identify individual workers' output. This will be more difficult when the production process is characterized by significant amounts of teamwork or when the speed of production is out of an individual worker's control, as with an assembly line. Unlike time rates, piece rates give workers an incentive to expend more effort in order to increase output. Piece rates can also improve the quality of an employer's ap-

plicant pool since piece rates tend to attract the most productive workers. One potential drawback of piece rates is that they may also cause workers to sacrifice quality in order to increase the quantity they produce.

Additionally, some workers may fear the possibility that managers will interpret the high level of productivity achieved under a piece rate system as evidence that the job is not as difficult as first believed. In this case the managers may lower the piece rate to match their new expectations. This is known as the ratchet effect. In practice, many firms have experienced increases in productivity and profitability when moving from a time rate to a piece rate.

WAGES AND HUMAN CAPITAL

Wages are tied to a worker's productivity, which depends on the level of technology, the amount of capital used in the production process, and the worker's level of human capital. Human capital refers to the set of skills, knowledge, and ability a worker possesses. Workers can increase their stock of human capital either through education or on-the-job training. Gary Becker was the first economist to formalize the theory of human capital. In his well-known work, Human Capital, Becker showed that an individual will invest in human capital if the net return to that investment is positive. For example, a person will attend college if the returns to education, measured by the increase in future income, are greater than the direct costs of attending college (tuition, books, and other supplies) and the foregone income from hours the student would have worked if he did not attend school.

Building from these basic insights, Jacob Mincer developed an equation that describes the determinants of an individual's wage. Empirical economists have used the Mincerian wage equation to estimate the economic returns to a college education. In addition to the years of schooling, a worker's age and work experience are important, since the latter give some indication of how much human capital the individual may have accumulated through on-the-job training. In addition to these observable characteristics, a worker's unobserved ability is an important determinant of his wage earnings. Membership in a union is also associated with higher wages.

WAGE DIFFERENTIALS, EFFICIENCY WAGES

Workers with the same characteristics may earn higher wages in some industries or occupations than in others

because of working conditions or undesirable aspects of the work environment. For example, workers in industries with high injury and fatality rates earn higher wages than workers with the same level of education and experience in safer occupations. These differences are called compensating wage differentials.

Alternatively, some firms may offer higher wages in order to extract greater effort from their employees. Workers have the incentive to provide greater effort in order to hold on to their high-paying jobs. Otherwise, workers who lose these jobs will either go to work for firms paying the normal wage or become unemployed. This increased wage is known as an efficiency wage.

SEE ALSO: Human Capital; Living Wage Campaign; Minimum Wage; Wage Slavery.

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Wallerstein, Immanuel (1930-)

IMMANUEL WALLERSTEIN is an American sociologist who has achieved fame as a result of his copious research and publications, particularly with respect to the concept of world system theory. In recent years, he has become more involved with issues relating to antiglobalization and the postdevelopmentalist world. He lectured at a number of universities and also served as president of the International Sociological Association and director of the Fernand Braudel Center. His work is in controversial areas and has often been contested. It clusters in the following areas: the historical development of the modern world system, the contemporary crisis of the modern capitalist system, and the structures of knowledge.

Wallerstein's influences include Karl Marx and the French philosopher Fernand Braudel. These influences may be traced to Wallerstein's creation of world system theory, which takes as its unit of analysis the world system rather than a nation-state, civilization, or other smaller unit. This implies that all of human society and economics is thoroughly interrelated and so it makes no sense to try to analyze it at less than the global level. There is, therefore, no Third World or developing world, just a single world that may be divided into core and periphery. There is a strict division between economic activities that take place in the core, which occupies a privileged position, and those in the periphery (also the semi-periphery), which relies more on commodity extraction and exchange. This is similar in some respects to structural dependency theory, especially in terms of the static nature of core and periphery.

Further, the creation of the system was initiated in the early modern period as a result of the creation of capitalism in northwestern Europe, a development that Wallerstein believes has been generally destructive to human development. He described the system in The Modern World-System in the following terms: "A worldsystem is a social system, one that has boundaries, structures, member groups, rules of legitimation, and coherence. Its life is made up of the conflicting forces which hold it together by tension and tear it apart as each group seeks eternally to remold it to its advantage. It has the characteristics of an organism, in that it has a life-span over which its characteristics change in some respects and remain stable in others. One can define its structures as being at different times strong or weak in terms of the internal logic of its functioning." Such a system is, consequently, nonquantifiable and in some important ways nonmeasurable.

Other scholars in this field, including Andre Gunder Frank, have taken different views in terms of the number and role of various systems. World system ideas have been criticized on a number of fronts, including the quality of data collection and analysis, the treatment of capitalism as a negative development, and the lack of ability within the method to conceptualize and integrate change.

Wallerstein's recent work has focused on the globalized world and its future, as well as possible postcapitalist futures. In a 2005 paper, he challenged both developmentalism and globalization and argued that the times of both had passed: "The whole discussion from 1945 to today has indeed been one long effort to take seriously the reality that the world-system is not only polarized but polarizing, and that this reality is both morally and politically intolerable. For the countries at the bottom, there seemed nothing more urgent than figuring out how to improve their situation, and first of all economically. After all, all these people had to do was see a movie and they would know that there were other

people and places in the world that were better off, far better off, than they were. As for the countries at the top, they realized, however dimly, that the 'huddled masses yearning to breathe free' represented a permanent danger to world order and their own prosperity, and that therefore something, somehow had to be done to dampen the tinderbox." His views encompass, therefore, not just philosophical inquiry but the need for direct political involvement in the support of the poor.

SEE ALSO: Capitalism; Frank, Andre Gunder; Globalization; Marx, Karl; Structuralist School.

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Wants

WANTS ARE THINGS that people desire to get. They are usually more than the needs of people. All humans need water, food, shelter, education, transportation, healthcare, companionship, and other basics just to survive. The psychologist Abraham Maslow established a hierarchy of needs (1943). His hierarchy of needs includes physiological satisfaction of needs, security needs, love, belonging/esteem, and actualization. Without the satisfaction of these needs a person will likely become stunted, crippled, immature, or a spiritually unhealthy human being.

The most basic of needs are the physiological needs for food, drink, shelter, and more. These are the needs for sheer physical survival. However, it would be rare to find people who want no more than mere survival. It was the case during the days of communism in the Soviet Union that political prisoners in Siberian salt mines were alive, but this form of existence would be very unsatisfactory to most people. It would in effect frustrate them in their fulfillment of their drive toward self-actualization. Wants are more than needs. A person needs a certain amount of protein in order to build

muscles and to be healthy. However, the protein can be acquired by soybeans when the person wants sirloin steak.

The Buddhist religion is based on rejecting the desire for material goods. The desires that people have are endless and often bring more problems than satisfaction. For Buddhists the best thing in life is to eliminate all desires. While this may be the religion of millions of people in the world, most people are much more world affirming and therefore seek material goods. Most religions have stressed control of the desire for material goods. Greed is usually denounced as an evil that is destructive. The virtuous life is to recognize that there is a limit to the wants that can demand attention and satisfaction.

Philosophers have also noted the problem of satisfaction of wants. The Stoic philosopher Epictetus, who was a slave and a teacher, believed that the goal of life is not to be found in supplying endless goods to satisfy material wants. He rejected the hedonistic idea that the goal of life is to maximize personal pleasure by satisfying in abundance the desire for gross bodily pleasures (as taught by the Cyrenaics) through large quantities of food, drink, and sex. Rather he taught that the goal of life is happiness as a form of contented living. This would be gained by living as a wise person who kept desires for material things to a bare minimum. The ancient Roman Stoic Lucius Annaeus Seneca said that the poor want some thing, luxury wants many things, but greed wants all things.

Samuel Johnson, the author of the first English dictionary, notes that people are poor only when there are necessities that are lacking. However, he was of the opinion that society gives the name of poverty to the want of superfluities. The harsh reality for at least a billion people living in absolute poverty is that they are often lacking in necessities and have no way to improve upon their situation.

Economics is a form of ethical philosophy. Adam Smith, the author of *The Wealth of Nations*, was concerned with the economic well-being of the producers in England. His philosophy has supplied great insight into the study of the satisfying of wants by economic means. Economists stress economic wants above needs. Markets are used to supply the wants that people have. Economic wants are the desires that people have for goods, services, leisure activities, or other things. The goods may be any number of things, such as furs, cars, rich meals, fine wines, jewelry, or other luxuries. The services can also be more than those used to supply basic needs. They can be access to entertainment, such

as ball games, plays, musical performances, art, or even illegal services such as prostitution.

The need for quality diamonds to wear does not exist. The desire to wear diamonds as a symbol or as a sign of wealth or ostentatious display is the result of manufactured desires. For all practical purposes, men buy them for women. The need for a rock with no utility is aimed at satisfying an artificial desire that is a socially manufactured need. Yet this is the way that wants are often created—by successfully marketing an idea that diamonds are symbols of love.

A great deal of marketing in the capitalist world is concerned with the creation of wants. Goods are manufactured, but in many cases people may not have an interest in the product, so advertising is used to create wants. The selling of many products and services is often associated with persuasive techniques that are designed to stimulate a desire in people who had previously been uninterested in the very existence of the product.

The creation of numerous new products is the creation of numerous new wants.

Much of the profit to be gained from most of the things produced or the services sold is associated with the creation of desires for things that people find useful, or entertaining or delightful, but could also live very well without. The desire for a product may be associated with price and not with the utility of the product. The marketing is the activity of creating and supplying desires for the product. Contemporary capitalist economies have invented credit cards as a way to finance the purchase of goods and services. The use of credit by the poor is risky because the result is likely to be indebtedness for the purchasing of goods that are not to supply needs, but to satisfy wants.

The creation of numerous new products is virtually the creation of numerous new wants. In earlier times only the rich lived well and could afford luxuries to satisfy desires. However, with the advent of industrialization, the mass production of goods and services has not only created vast new collective desires for goods, otherwise known as markets, but industrialization has also so lowered the cost of goods that great numbers of people in the world today, even if classed as "poor," live better than kings and queens of earlier centuries.

Along with industrialization has come the invention of numerous communication devices. Those that are

used in mass communications reach people by the millions. Radio, television, movies, music recordings, newspapers, magazines, and the internet allow information to flow around the world. The information flow allows people to see new products. It also encourages innovation that will aid product design to fill unmet needs. The channels of mass communication were not only instruments for mass marketing but for mass propaganda. What is often not recognized by people who stress the satisfaction of material wants is that markets cannot supply all of the wants of people. Many people want political security, which is a good that government can supply; markets really cannot supply it. It is the same for the desire for justice or for satisfying the wants of the poor.

Markets can create wants among the poor. The simple transistor that came into widespread use in the 1960s made radios cheaper and more portable. It made it possible for larges number of people in the developing regions of South America, Africa, and Asia to experience a "revolution of rising expectations." Their transistor radios captured information that fed their visions of a different style of life. The same phenomenon also has occurred with television. The images of how people live create desires for goods and services in the hearts and minds of many people, but images alone cannot supply them. Markets cannot deal with the wants of the poor in the sense of supplying them with purchasing power. This requires a welfare system supported by either taxes or charity, or it requires jobs for earning income. Modern governments controlled by democratic political parties and influenced by morally concerned interest groups that are advocates for the poor have adopted policies that provide at least a minimum of welfare for the poor. The goal is more than the supplying of needs. Policy goals usually include supplying income and services at a level that is considered sufficient for the satisfaction of many wants as well as necessities.

The politics of the distribution of welfare transfer payments is such that it involves using the desires and the wants of the poor as a means to political power. Many politicians address voters, including those in want, with plans for distributing income that will satisfy the wants of the poor.

SEE ALSO: Deprivation; Needs; Relative Deprivation; Social Poverty; Welfare.

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War and Poverty

THE 2004 YEARBOOK OF the Stockholm International Peace Research Institute reported that 377 major armed conflicts occurred worldwide in the years from 1990 through 2003. The average number of conflicts during this 14-year period was 27 per year. The number of conflicts reached a high point in 1991 at 33 and the low point occurred in 1997 at 18. Of the major armed conflicts that occurred in 2003, only two were fought between states, the war in Iraq and the ongoing struggle between India and Pakistan over control of Kashmir. The remaining conflicts in 2003 were intra-state or so-called civil wars.

Since the end of the Cold War, the intrastate conflict has clearly been the most prominent and in many ways the most difficult to resolve. Long-standing conflict has defied solution in Colombia and Israel for years. However, there has been some progress made in ending intrastate wars. In 2003, the peaceful end to conflict was reached in Liberia and Sudan. The most significant factor in these resolutions has been the concerted efforts of other countries and international organizations providing mediation to end the conflict and support of all types to ensure the rebuilding of infrastructure and the alleviation of poverty.

Intrastate wars are of primary concern to virtually all organizations devoted to socioeconomic development. The World Bank, for instance, considers civil war to be development in reverse and a significant part of the enormous global poverty problem. There in an inextricable connection between major armed conflict and the advance of poverty in all its forms. War impacts the civilian population within a country far more than it does the initiators. It is true as well that socioeconomic development, if it is allowed to happen and if it is sustained, can act as a preventative to war. A recent World Bank research report concluded that "Civil war ... reflects not just a problem for development, but a failure of development."

A number of proposals have been made in recent years directed at finding ways to alleviate poverty and, as a consequence, to curtail the incidence of debilitating civil war. In the economic area, proposals have been made to eliminate the high debt that developing countries owe to their affluent urban-industrialized counterparts. In many cases, the amounts owed far exceed the ability of the poor country to perhaps ever make repayment. In addition, international terms of trade work against poor countries and they are not able to compete on the world market and find consumers for their products. Increases in monetary support have also been proposed if significant progress is to be made in alleviating poverty and rebuilding countries that have experienced civil war and the ravages of environmental degradation.

It is clear that the degree of redevelopment needed to bring these countries up to a self-sustaining level is far beyond their capability. A June 2000 article by Professor C.G. Jacobsen in *The Online Journal of Peace and Conflict Resolution* makes this conclusion evident: "The poorer countries (average per capita income of \$400) clearly do not have the means to fund the programs required. The rich countries (average per capita income of \$24,000) clearly do not have the will." The last point about will is well taken.

Other writers have drawn attention to the blatant indifference that most urban-industrial countries have to the plight of the poor. This unfortunate attitude mirrors those of the factory owners during the heyday of the Industrial Revolution in England, when thoughtlessness and apathy about the working and living conditions of the poor ruled the day.

The UNICEF annual report *The State of the World's Children 2005* provides in-depth discussions on three salient issues facing the developing world: poverty, conflict, and HIV/AIDS. The report estimates that more than half of all children in the world are deprived as a result of one or more of these three maladies. In addition, the report goes on to claim that poverty is a civil rights issue and that children and their families are faced with far more than just material deprivation. During armed conflict, their lives are routinely upset from relocation, lack of education, and separation through family and other support structures. It is true as well that 90 percent of all lives lost during armed conflict are non-combatants and 80 percent of those lost are women and children.

The UNICEF report concludes that the political climate in the world actually contributes to the persistence of poverty through a seemingly unending discourse on the use of war to resolve problems. A mindset that entertains the use of conflict whenever regional or global problems arise essentially guarantees the perpetuation of poverty and political unrest. It has

been estimated that during the decade of the 1990s one million children worldwide were separated from their families because of armed conflict. In addition, an estimated 300,000 children were combatants in international and intranational wars in 2003.

Africa and Asia accounted for 12 of the 19 intrastate armed conflicts in 2003. These regions also had the greatest number of children actively involved in these wars. The Ivory Coast, Liberia, and the Democratic Republic of the Congo saw a decided increase in the number of children taken into the military. Once children are members of a military organization in these countries, they become the targets of a variety of atrocities, including rape, mutilation, exploitation, and beatings. Conscription means the end of a normal family life for children and their families. Once driven from their homes, children are particularly vulnerable to continued abuse because they lack the strength and skills to ward off assaults. They also have their education interrupted and are forced to leave their homes. UNICEF estimates that 40 million people, including 20 million children, have been forced out of their homes by armed conflict and one-third of these refugees have been forced to find refuge in another country.

Becoming a refugee in another country opens the door to additional peril. There have been numerous reports of young girls in conflict regions being forced into prostitution and sexual slavery. Refugee camps that have been set up during armed conflict can be dangerous places, and this is especially true for children. Reports from war-ravaged Colombia indicate that girls as young as 12 were forced to submit sexually to armed forces members to ensure the safety of their family members.

The statement that war undermines the rule of law and the dictates of human rights is eminently valid. The civilian population is in danger even after the end of an armed conflict. Unexposed explosive devices and land mines have claimed the lives of thousands of noncombatants. Their homes may have been destroyed in the conflict, forcing them to start life anew in a potentially hostile setting. Those returning to their original communities may find their homes destroyed, schools closed, and community infrastructure impaired. The costs to rebuild a war-torn community in a developing country will most likely be far beyond the capability of the local populace.

During the years of internal strife in Ethiopia, the numbers of people in poverty rose dramatically. Many families disintegrated because of the stresses of conflict and continual relocation. Unemployment and prostitution flourished in the country and the spread of HIV/AIDS continued at high rates because of interrupted health care delivery. Poverty and war in Liberia had driven over half of the country's children out of school in 2002. In that year, the World Bank estimated that 80 percent of the population of that country were living below the extreme poverty level, set at \$1 per day. Of the 2,400 schools in Liberia prior to the war (1989–97), 80 percent were destroyed. About half of them were rebuilt after the end of armed conflict with funds from a number of nongovernmental organizations (NGOs) and through self-help programs.

Research reports by the World Bank, the International Monetary Fund, and the organization Christian Aid all point out that developing countries with oil reserves have a higher incidence of four negative conditions: 1) poverty, 2) internal corruption, 3) likelihood of civil war, and 4) a governmental leadership that is both dictatorial and unrepresentative of its people. Oil, it turns out, is the "lethal cocktail" in this unsavory mixture.

In Angola, oil revenues have fueled 30 years of civil strife. Government revenues come almost exclusively from the sale of oil, yet over 60 percent of Angolans do not have access to safe drinking water, a condition that seems endemic in the developing world. Sudan suffered a similar fate. Inability to resolve the issue of oil revenue sharing in the country led to years of civil war. Kazakhstan, a former republic of the Soviet Union, is the recipient of enormous oil revenues and the site of a crumbling infrastructure. An added irony is that one-third of the population lives below the extreme poverty level of \$1 per day.

An estimate by the Human Development Foundation suggests that upwards of 12 million people would die if a nuclear war broke out between India and Pakistan, the two countries that have vied for years for control of Kashmir. In addition to the loss of human life, the anticipated loss of homes, hospitals, schools, water supplies, and lingering lethal radiation is beyond monetary estimate. The report goes on to suggest that the real war India and Pakistan should fight is the one against poverty. Within the region of south Asia, 45 percent of the population live below the \$1-per-day level. In 2003, eight of the reported 19 civil wars occurred in Asia. Another estimate pointed out that Pakistan's military spending is roughly 25 percent higher than its combined budget for health and education.

What is needed, it seems, is a systematic way of dealing sternly with the prospect of both international and intranational war. To allow the arbitrary initiation of armed conflict to be the sole pathway to resolving serious issues will perpetuate and aggravate the insidious poverty that grips the majority of the world's population. In addition, the indifference that seems to guide the actions of the urban-industrial countries must also be eliminated. The rebuilding of the war-torn countries of the developing world and their elevation to livable socioeconomic levels will require the concerted and collective efforts of all countries in the world that can render assistance.

SEE ALSO: Children and Poverty; Colombia; Ethiopia; India; Israel; Pakistan; World War I; World War II.

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War on Poverty

THE WAR ON POVERTY (1964–68) was a campaign of legislation aimed at reducing poverty in the United States. Nearly 40 million, or just over 22 percent of Americans were considered as living in poverty in 1960, according to the Census Bureau. The term was first introduced by Lyndon B. Johnson during his first State of the Union address on January 8, 1964: "This administration today, here and now, declares unconditional war on poverty in America."

The War on Poverty is often tied to Johnson's *Great Society*, a term he used in a May 1964 speech in Michigan to motivate his domestic policies. Many of these policies have roots in the John F. Kennedy administration, though it was Johnson who publicized and signed them into law. Great Society legislation included the

Civil Rights Act of 1964, the Voting Rights Act of 1965, and the creation of the Department of Housing and Urban Development.

Michael Harrington's book *The Other America* (1962) often receives credit as a catalyst for this movement. *The Other America* consists of statistics, analysis, and anecdotes of impoverished Americans who, Harrington argued, were largely ignored by the media and government. The book enjoyed widespread popularity, and it is believed a copy was given to Kennedy in 1963, though it is not certain whether he read it.

The major pieces of War on Poverty legislation include the following:

Economic Opportunity Act (EOA) of 1964. The EOA represented a unique approach by the federal government; it combated poverty by federally funding local programs tailored toward a given community. The EOA termed these programs Community Action Agencies (CAAs). Examples of CAA programs and initiatives are Volunteers in Service to America (VISTA, later amended to Americorps during the Bill Clinton administration), Job Corps, Head Start, adult basic education, senior centers, food pantries, homeless shelters, job training, Meals on Wheels, various youth programs, and family planning. By 1968, CAAs serviced nearly two-thirds of all American counties.

The EOA also established the Office of Economic Opportunity (OEO) to administer its many sections. The first head of OEO was Sargent Shriver, who was the director of the task force called to design the EOA and later the Democratic vice presidential candidate in 1972. Many states would later create their own OEOs in order to improve the welfare of their state and also to have a say in funding matters. After a myriad of changes and redefinitions during the Nixon administration, the federal OEO was terminated in 1974 and replaced by the Community Services Administration (CSA). The CSA was abolished in 1981, though many of the community programs remained. Many of the state-level OEOs remain in existence today.

Although many of the original CAA programs were changed substantially or cut during the Richard Nixon and Ronald Reagan administrations, some notable programs still exist in close to their original form. Head Start is a child development program for low-income children ages 5 and under (including prenatal care), funding a variety of efforts, including immunization, preparing children for school, and nutrition information. A second program remaining close to its original form is Job Corps, which provides vocational training for young adults between 16 and 24 years old.

Social Security Act of 1965. Though the EOA was Johnson's signature War on Poverty legislation, the Social Security Act of 1965 had more significance in the long run. The Social Security Act of 1965 created two of the largest government programs, Medicare and Medicaid. Medicare is a health insurance program for those aged 65 and older, the disabled, and those with end-stage renal disease. A 2.9 percent income tax equally split by employees and employers partially funds Medicare, with the remaining covered by a trust fund (the Supplemental Medical Insurance Trust Fund). Medicaid is a health insurance program for the poor. Medicaid is funded jointly by the states and federal government, but it is run primarily at the state level.

Social Security Act Amendments of 1965 and Social Security Act Amendments of 1967. These two acts increased Social Security benefits at a time prior to inflation-indexed benefits.

Appalachian Regional Development Act (ARDA, 1964). The intent of the ARDA was to improve economic growth in the Appalachian region, which has a history of high unemployment, low wages, and belowaverage educational attainment. The ARDA established the Appalachian Regional Commission (ARC), which consists of the governors from all 13 states with an Appalachian portion and a presidential appointee. The ARC determines policy for the region using money appropriated by Congress. The act also drew boundaries for the region to dictate where federal outlays given to ARC could be spent. The ARC still exists today and continues to receive annual federal money, though the amount has varied depending on the administration. Nearly two-thirds of the roughly \$9 billion appropriated to ARC since its inception has been devoted to road construction in order to improve accessibility to the region, according to the ARC annual report for 2002.

Higher Education Act (HEA) of 1965. The HEA provides federal money in the form of loans, grants, and scholarships to increase access to higher education, particularly for those with low income.

Elementary and Secondary Education Act (ESA) of 1965. The ESEA provides federal money to schools with high concentrations of low-income children.

Revenue Act of 1964. The Revenue Act of 1964 reduces both individual and corporate income tax rates. The Revenue Act also creates a minimum standard deduction for individual income taxes.

Johnson's War on Poverty required a definition of the poor to evaluate the programs and also determine where to spend the money. Mollie Orshansky, an economist working for the Social Security Administration, developed and published an index in two articles for the Social Security Bulletin in 1963 and 1965. Though Orshanksy did not intend the line to be a strict measure of poverty, the federal Office of Economic Opportunity adopted Orshansky's measurement for its formal definition of poverty. Orshansky's line is simple: she multiplied the cost of a family's minimum nutritional needs by three, because at the time households spent about one-third of their budget on food. Using food expenses to define poverty was not an arbitrary decision. Food remains one of the few, if not the only, household expenses with a commonly accepted standard of minimum need. This line, adjusted for inflation, remains in use today by the Census Bureau with only minor alterations.

POVERTY LINE

The poverty line received many criticisms. Even the Census Bureau, which currently compiles poverty statistics, concedes the poverty line is not completely descriptive of basic needs. One problem is that the budget share devoted to food is lower today than in the 1960s because improved technology has decreased the price of food. In addition, the percentage of household budgets devoted to childcare, housing, and healthcare increased during this same period.

The War on Poverty ended with Johnson's administration in 1968.

However, there is value in a uniform measure as a means of comparison across years, which is why the Census Bureau continues to use Orshansky's measure today. Further, other attempts at defining poverty have not established an upward or downward bias of Orshansky's poverty line. Notable attempts at defining poverty include the National Academy of Sciences, which developed a measure that included net taxes (paid minus credits) and cost-of-living differences, and other economists, who calculated the poverty level on consumption.

Though the War on Poverty was not necessarily won or lost, most agree it ended with Johnson's administration in 1968. Johnson decided not to run for reelection in the spring of 1968. Hubert H. Humphrey, the vice president under Johnson, won the Democratic nomination but lost the 1968 presidential election to

Richard Nixon. Once in office, Nixon substantially changed the face of the OEO, transferring many of its programs to other departments and attempting to abolish it in his second term. While Nixon scaled back some of Johnson's programs, he did not entirely undermine the effort to combat poverty.

For example, Nixon oversaw indexing Social Security benefits to inflation and the creation of Supplemental Security Income during his presidency. The Vietnam War was probably more influential than the 1968 election on the War on Poverty. As conflict escalated in the mid-1960s, Johnson's Great Society policies lost much of their early momentum and media attention. Budgets for the war effort increased each year during this period, leaving many of the CAAs with considerably lower operating budgets.

Whether the War on Poverty was successful or not is a matter of debate. According to census data, over 18 percent of American families lived below the poverty line in 1960, and by 1968 this figure dropped to 10 percent. Despite progress in the 1960s, the poverty rate has remained relatively stable since 1970.

MACROECONOMICS AND POVERTY

Many researchers often point to the connection between macroeconomic fluctuations and the poverty rate. The logic connects employment and poverty. Many adults living in poverty are also unemployed. Since macroeconomic expansions often create jobs, this decreases both unemployment and poverty. Alternatively, macroeconomic expansions also raise real wages, which pulls some of the employed above the poverty line. However, the negative relationship between economic growth and poverty does not always hold.

Rebecca Blank (2000) argues that the expansion in the mid-1980s did not lower poverty as much as earlier expansions because of real wage declines for low-skilled workers. War on Poverty legislation came during an economic expansion that began prior to Johnson's presidency. Because of the timing of the expansion and its link to poverty, it is difficult to determine how much War on Poverty programs contributed to the decline in poverty rates. For this reason, there is no clear consensus on the overall success of Johnson's War on Poverty legislation.

Some researchers have focused on specific demographic groups to determine the impact of War on Poverty legislation. For example, most agree that the elderly benefited from this legislation. The poverty rate for those aged 65 and older fell from 35 to 10 percent

between 1960 and 1995, according to the National Bureau of Economic Research, largely through increases in Social Security benefits and lower healthcare costs via Medicare. For blacks, the story is not as clear.

J. Smith and F. Welch claim that the percentage of poor blacks decreased from 38 in 1960 to 21 by 1980. However, black poverty rates provided by the census begin in 1974, so the effect of the War on Poverty for blacks is unclear. After 1974, black poverty rates loosely follow macroeconomic fluctuations, peaking during the early 1980s recession at 29 percent, and falling to 18 percent by the end of the 1990s expansion. It is likely that black poverty rates are more sensitive to macroeconomic fluctuations than white poverty rates because more blacks earn wages close to the poverty line than do whites.

SEE ALSO: Great Society Programs; Harrington, Michael; Head Start; Johnson, Lyndon (Administration); Medicaid; Medicare; Nixon, Richard (Administration); Social Security.

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Washington, George (Administration)

GEORGE WASHINGTON (1732–99) was the commander in chief of the rebel armies during the Ameri-

can Revolution and, subsequently, the first president of the United States, serving from 1789 to 1797. Born into an aristocratic elite, Washington was awarded positions of authority at early ages, and without experience. However, he proved his worth in the French and Indian Wars and subsequently rose to supreme commander of the army. This also enabled him to pursue his interests in the western expansion of the colony into the lands of the Native Americans. As a slave owner, he was forced to confront inequity and poverty. When, during the War of American Independence, the British offered freedom to slaves, thousands attempted to escape and flee to British-held areas. Subsequently, many hundreds were massacred on the orders of the white American military forces.

After the revolutionary forces and allied French defeated the British, Washington intended to retire, but was drawn back to politics because of the political failure of the early states operating under the Articles of Confederation. He was then instrumental in creating the Constitution at the Constitutional Convention in 1787 and was subsequently elected president.

As president, Washington attempted to balance, with customary aristocratic grace and manners, competing sides in the struggle between states and federal government, having been reluctant to accept the position of president; he was determined to avoid partisan squabbling. Nevertheless, he personally favored strengthening the national government, for example by deeming constitutional the foundation of the Bank of America and the federal assumption of state debts. To try to elevate the presidency above partisan politics, he toured both the north and south of the country. Still, conflict between the Democratic-Republican faction adhering to Secretary of State Thomas Jefferson and Secretary of the Treasury Alexander Hamilton widened and, as Washington favored the latter, members of the former issued various attacks on his character and policies.

Washington appears to have had a patrician approach to his people and religion, believing in the need to develop the religious nature of the American people, and appointing chaplains to police the morals and behavior of the people. He also believed that members of the state must bend their personal beliefs to join with those of the state and the majority. He was very conscious of the fact that all of his acts as president, as well as those of all members of his administration, were creating precedents and believed that all people should be mindful of this. Unfortunately, this attitude has led to a sense of considerable overreverence for the acts of the early independent state in modern America.

In terms of foreign policy, Washington preferred to maintain a neutral and isolationist stance until the country could grow stronger. Under his administration, the making of foreign policy became largely a function of the presidential office. In his farewell speech, he stressed the twin goals of union at home and independence internationally.

SEE ALSO: African Americans and Poverty; Democratic Party; Poverty in History; Republican Party; United States.

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Water

IN THE DEVELOPED WORLD, there are certain luxuries that are taken for granted every day. These simple luxuries are inaccessible to many who live in developing nations, primarily in Africa, Asia, and Latin America, where the poverty-stricken deal with problems such as famine, hunger, and disease. The roots of these problems have a direct correlation to lack of access to clean water.

Poor or corrupt governments in the developing nations do not have the funds to provide quality water for their large populations. Water quality and security issues plague these areas, which leads to an increase in poverty. Not having an adequate water supply and quality level has limited opportunities for development. The people cannot advance because of all the health issues that arise. It is not only having good drinking water, it is water for everyday functions and uses, that can lead to a safer lifestyle.

The first misconception is that many do not have enough water. The truth is that many do not have access to any clean water at all. The difference is that many of these nations do not have proper plumbing and drainage systems in individual homes or even villages. Many have to travel miles on foot to reach a clean water tap that three or four other villages may also use. The



A hand water pump in Debipur Camp, Jammu, India, serves the needs of the local community. Projections are that in the first quarter of the 21st century, 2.7 billion people will experience water shortage.

water scarcity issue refers to water that is not easily accessible or attainable. The number of people who do not have access to basic sanitation is estimated at 2.4 billion throughout the world. About 80 percent of disease in two-thirds of the world is related to or caused by poor water.

IRRIGATION AND WELLS

Improvements to irrigation systems are necessary for alleviating the problem, helping protect the population from famine and hunger by making sure agricultural development expands. Agricultural growth is essential in economic development, especially in countries such as Pakistan, India, and those of sub-Saharan Africa. These problems reflect directly on water issues in terms of health and scarcity. By modernizing infrastructure and

providing access to all communities, governments are ensuring that their people have the ability to reach a substantial supply of quality water.

Having the proper water resources can boost the economic development and increase the purchasing power of the poor. Expanding farms provide more employment opportunities for any village throughout the developing world. Canal irrigation is a key contributor to poverty alleviation because many villages in the same district can utilize one source of water for farming. Tube-well technologies have also improved the quality of life in eastern India and Bangladesh. This system is publicly financed and is run by command areas that reach out to many villages.

However, as these systems expanded, they began to favor only the elite or those who could afford them. Small farmers and the poor have had to depend on other water markets and treadle pumps. Using treadle pumps does not require as much funding as is needed for tube-well systems, so farmers with less than an acre of land can use water efficiently. Treadle pumps, on average, require only one investment of \$18 and the only real task after installation is management of the pumps. A sufficient water supply is necessary for hydropower; therefore industry and energy are taking a hit. Developing countries need energy to boost their standard of living. Energy resources allow a country to develop and to expand, including surrounding nations and territories.

Major problems seem to be worsening in the developing world. Water shortage, it is said, will be a more serious issue in the future. The projections are that in the first quarter of the 21st century 2.7 billion people will experience water shortage. This number is close to a third of the world's population. Food production will be greatly affected by the overuse of groundwater. This production loss is projected to hurt the Punjab region of the subcontinent and northern China, which are two of the major breadbaskets of Asia. Without remedy, it will quickly deteriorate an already devastated region of the world. If the major areas where food is produced suffer, it will make the surrounding regions suffer. All their economies are based on agriculture, and the water shortage situation exacerbates all problems. In such densely populated areas as sub-Saharan Africa and south Asia, people carry heavy pots of water for their village, walking kilometers to the closest source, needing quality nourishment to fulfill daily tasks.

DISEASES

The deterioration of wetlands caused by upstream water depletion spreads the risk of waterborne diseases. Water pollution is the leading cause of death in the developing world. In urban households, water is used for drinking and sanitation. This utilization is very different from that in the rural areas, which need water for irrigation, livestock, and other agricultural duties. Children in the urban areas are more susceptible to fatal illness in such heavily populated areas.

Six children die each minute from waterborne diseases. Illnesses keep children away from school because they are too ill. Clean drinking water is almost nonexistent because of the lack of funding and the governments' inability to manage water issues. There are no water treatment plants that can effectively filter out harmful chemicals. Even if they do, pipes used to transport water are made of lead, which is detrimental to humans because it causes brain damage. The majority of

these people who live in Africa and Asia are poor and have no choice but to drink water that is known to be unsuitable for consumption. They tend to get many skin diseases and other fatal health disorders. Some diseases that can be contracted simply by drinking the water are ascariasis, campylobacteriosis, cholera, cynobacteria toxins diarrhea, dysentery, hepatitis, trachoma, and typhoid.

The question is how the tap water has become so unsafe and what elements within that water cause all the problems that have driven populations to poverty? When microbes are found in the drinking water, human or animal excreta, among other harmful agents, have contaminated it. The microbes are pathogenic bacteria, viruses, and parasites such as protozoa. When drinking water is contaminated by these microbial elements, it can lead to infectious diseases that turn into outbreaks. Contamination by all of these pathogens makes water unfit for human consumption. Humans can become sick by three methods of transmission: ingestion, inhalation, and contact. It is difficult to avoid contracting a disease if the most abundant and necessary resource of life is polluted with it. Microbial water quality levels vary in certain areas.

Often, there are water treatment facilities and reservoirs, but they are poorly operated. Although water can be drinkable if the population is immune to it, it is nevertheless unhealthy for the human body. For example, warm climates and low residual chlorine concentrations can alter the water treatment and spawn harmful organisms such as legionella.

SANITATION

A lot of people throughout the world live without another basic necessity for health conditions that is also taken for granted in the West. Approximately 40 percent of the world's population live without access to basic sanitation. Apart from the poor quality of water that has caused the spread of many deadly diseases, wastewater has also been a contributing factor. Poverty-stricken areas are often faced with infectious disease caused by contaminated water.

With no sanitation or waste removal, all these germs and diseases build up and are left on the street. Large populations produce ever-increasing amounts of waste, which quickly builds up, leaving living situations worse as each week passes. There is no proper plumbing to keep these areas clean and refreshed. Many of these areas are villages that are far away from cities, so the quality of life remains low. With no sanitation, every-



Children drink at a community tap water source in Yemen; tap water may or may not be safe.

thing that is left behind enters the water supply. In the developed world, governments can afford to establish treatment plants to take care of wastewater. But in the developing nations, the lack of water treatment facilities contributes to the increase in poverty levels. Daily exposure to wastewater has caused serious illness to the very young and the elderly. The spread of disease continues to decimate populations through overexposure to wastewater.

The means by which wastewater deteriorates health is primarily through drinking water. When it enters the water supply that is used for consumption, it is deadly for a community. Diseases will spread and continue to plague everyone. Contamination in rivers or lakes is equally hazardous. Fish consumed from these water sources are engulfed in wastewater, so the diseases enter the food chain. It can contaminate vegetation, especially fruits, because of their high water content. Humans are always at risk of any form of contact with polluted water. The spawning of disease-carrying insects is also very detrimental. It can damage food stocks and agricul-

ture, and breed in places and spread illnesses. As a result of the water scarcity, many people have reverted to using polluted water for irrigation and planting.

Scarcity in itself is a hazardous situation; it becomes even worse with the use of wastewater. Although treated wastewater is not always detrimental, it is the mismanagement of treatment or lack of treatment that makes it unfit. Those areas that are forced to use wastewater are poor and farmers are not properly educated in using treated wastewater for agriculture.

Six children die each minute from waterborne diseases.

Poor water management has allowed these water issues to continue and to gradually worsen. The main problem is that in the developing nations, there is a great lack of resources; however, if they are available, they are often utilized inefficiently. There is no funding from the governments of these countries, usually as a result of political instability. In countries where corruption is persistent within the governing body, poverty is rampant. It is a common indicator of a poverty-stricken nation when the government officials are pocketing money. The countries need the resources to create sanitation systems. In addition, water treatment facilities should be created to provide healthy and safe drinking water. These two necessities of infrastructure will help alleviate the poverty situation and mismanagement of resources.

ARRESTED DEVELOPMENT

Those who live in poverty continue to do so as a result of the contaminated water that harms them daily. In heavily populated urban settings or in rural farmlands by a river, negative effects result from poor water quality. The water issue is one of the reasons that the developing world is unable to develop efficiently. It is a key contributor to poverty, causing many to die from preventable illnesses. The presence of these diseases has caused many children to die through daily use and exposure to polluted water. In poor countries, there is no funding to set up treatment and sanitation systems. Attempts have been made but with limited success in the reduction of poverty in these regions of the world.

However, there are many organizations that work with these governments, providing help to get these countries on the right development track. They donate

monetary aid packages to build modern water infrastructure to attack poverty at its roots. The Third World Water Forum coordinated various organizations to discuss aid packages to help the situation. The meetings consist of policy- and decision-makers, along with funding agencies, that come up with various solutions to the related problems of water and poverty. The media gets involved to spread awareness of the issues and to keep everyone well informed.

The World Health Organization provides monetary aid to those countries that are suffering and also helps to develop the right policies to stunt the growth of poverty. Not even all the money in the world can help the situation. The most important action that must be taken is policy change. So long as funding is allocated properly, the country can develop economically. Water is essential and it is a necessity in life, but too many people have difficulty getting water, let alone potable water. It is such a simple aspect of life that is taken for granted, but it is a problem that has destroyed populations and kept them from advancing.

SEE ALSO: Agriculture; Disease and Poverty; Drought; Environmental Degradation; Sanitation; Scarcity; World Health Organization.

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Wealth Inequality

WEALTH INEQUALITY refers to disparities in levels of income among different members of society. Wealth inequality has serious social implications including increased health and law-and-order issues, and in extreme cases can lead to disorder and revolution. People who live in comparatively equitable societies generally live healthier, happier, longer lives, even if their absolute level of income is lower than in other societies. This is

because of the constant stress involved for those at the lower end of the social scale who are continually made to feel disempowered and unvalued, which in turn leads to conditions such as heart disease and depression. Historical evidence shows that slaves become congenitally smaller and less healthy than free people within as little as a single generation.

Inequality is frequently related to issues of class, caste, gender, location, ethnicity, or a combination of these factors. For example, newly arrived migrants often cluster into particular industries that have demand for low-cost labor. These industries are organized geographically, creating low-income communities with little political power to attract superior health and education services.

STRUCTURAL INEQUALITY

Inequality that results from laws and their application is known as structural inequality. Only by changing laws can structural inequality be changed. For example, in societies in which women are treated by law as the possession of men, structural gender-based inequality will exist so long as the laws do, and these will not be changed and effectively policed until there is a consensus in society to do so.

Statistics show that inequality rose through the 1990s and early years of the 21st century in a number of different countries, notably the United States. One important cause of this inequality has been the delinking of executive pay from corporate performance, which has led to very high and unjustifiable increases in executive compensation. At the same time, unskilled labor migration has been encouraged to a sufficient extent to depress wage rates at the lower end. Corporations have also used outsourcing for their own benefit, thereby increasing inequality.

In China, meanwhile, inequality has resulted from the growth of incomes for executives and businesspeople in the coastal areas, where economic growth is high, while change is very slow in rural areas. As in other countries, this has led to extensive amounts of internal migration that results in overcrowding of cities, in which public health and safety services are inadequate. Internal migration is associated with family breakdown, risk-taking behavior, and lower levels of educational achievement for the children of migrants.

Regional inequality may be addressed, therefore, through programs of regional economic development. A progressive taxation system helps to redistribute wealth to the less well-off sections of society and helps

to reduce inequality. Regressive tax systems or reductions in taxes for the wealthy increase inequality and can reduce the health of society as a whole.

THE GINI COEFFICIENT

There are various methods for calculating wealth inequality, and of these perhaps the most well-known and commonly used is the Gini coefficient, named after the Italian statistician Corrado Gini (1884–1965). The Gini coefficient ranges from 0, which would determine a theoretical state of perfect equality, to 1, which would represent a state of theoretical perfect inequality. Studies of Gini coefficients across states and through time suggest a positive correlation between inequality and civil war, poor health, or family breakdown, among other undesirable effects.

In developed countries, the Gini coefficient is generally measured at between 0.3 and 0.5 and is often higher in less well-developed countries. Alternatives to the Gini coefficient include Theil's and Atkinson's measures. Whichever measure is used, the lack of reliable and timely data frequently prevents accurate calculations in many of the lesser developed nations.

SEE ALSO: Gini Index; Redistribution; Social Inequality; Structural Dependency.

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Wealth Tax

A WEALTH TAX IS a tax that is based on all assets and income owned by individuals. It is a progressive tax in that the more that individuals own, the more they contribute to the government to provide essential and non-essential services.

Taxable assets include income, stock and share holdings, property, and valuable items; some of these may have been inherited. Generally, there is a minimum threshold of wealth that an individual must possess before being required to pay taxes. There is an incentive for individuals to seek to minimize their tax liability by nominally redistributing assets to family members or associates, so that each can claim the reduction for the minimum threshold.

Wealth taxes include periodic or sporadic net wealth taxes, transferor taxes (such as gift tax), and recipient taxes (such as inheritance taxes). The degree of efficiency of these taxes varies from country to country and over the course of time. Most developed states have wealth taxes of some sort, while transfer taxes are generally more common than net taxes. These are among the oldest forms of financial redistribution, and examples occur throughout history.

In Islam, for example, individuals are expected to pay the *zakat*, which is a religiously mandated wealth tax, so long as their wealth exceeds the minimum threshold or *nisab*. The *zakat* is intended to support the poor and needy. Many Christian churches encourage members to contribute a tithe or one-tenth of income or wealth.

Progressive taxes are generally considered fairer or more equitable than regressive taxes in which poor people have to pay proportionately more than richer people, as for example with value-added taxes on basic goods. Nevertheless, no tax system will be entirely fair, and under wealth taxation there may be, for example, people with illiquid assets and little cash income required to pay high levels of tax. This includes old people with a large house but modest personal income, and churches too often fall into this category.

The perception of fairness is important in ensuring sufficient popular support that people observe the laws and favor prosecution of those who do not observe them. In countries where the popular media is dominated by a small number of wealthy individuals with the power to control broadcast content, atypical examples can be seized upon to try to create a climate of opposition to wealth taxes, including intergenerational taxes and other forms of unearned income.

The demand for many government services is highly elastic with respect to income and thus enjoyed much more by the wealthy than by the poor. Such services, including public parks, museums, and cultural institutions, should therefore be more fairly paid for by the wealthy.

SEE ALSO: Distribution; Income Inequality; Public Goods; Wealth Inequality.

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Weber, Max (1864-1920)

MAX WEBER WAS A German political economist who is considered the founder of modern sociology. His most popular work is the essay "The Protestant Ethic and the Spirit of Capitalism" (1904), which found the roots of capitalism in the Protestant work ethic. Weber's interests were not limited to the sphere of the sociology of religion, but encompassed such diverse fields as public administration, political science, and economics. His research on the Protestant work ethic shed light on the way poverty came to be associated with vice and sin.

The son of Max Weber, Sr., a prominent politician, Weber was born in Erfurt, Germany, and grew up in an atmosphere pervaded with politics and leading intellectuals. He was a quick and precocious student and he had acquired a firm cultural background even before starting university. In 1882, he enrolled as a law student at Heidelberg, although he also attended lectures on history, economics, and theology. After two years, he decided to continue his studies at the University of Berlin, where he remained for the following eight years, apart for a brief period spent at Göttingen.

Weber continued to study history even after graduating and passing the examination for the bar. He earned his doctorate in legal history in 1889. Weber was also increasingly active in political economy, advocating economic reforms that could solve the wide social problems of his country at the turn of the 20th century. In the 1890s, Weber became professor of economics first at Freiburg Univeristy (1894) and then at Heidelberg (1897). The same year of his appointment at Heidelberg, however, his father died only two months after Weber had had a serious quarrel with him. The impossibility of resolving the conflict finally provoked a nervous breakdown, which rendered him unable to lecture or to produce any type of research.

In 1903, he resigned his professorship at Heidelberg, but became associate editor of the *Archives for So-*

cial Science and Social Welfare. He soon started to publish his most important papers in the journal, including "The Protestant Ethic and the Spirit of Capitalism." His attempts to bring together social democrats and liberals in a new political entity collapsed because of liberal fears over the possible revolutionary hopes of social democrats.

During World War I, Weber served as director of the army hospitals in Heidelberg and was later a advisor to the German Armistice Commission at the Treaty of Versailles and to the commission responsible for drafting the Weimar Constitution. In 1919, Weber resumed teaching at the University of Munich, just a year before his sudden death of pneumonia. In the midst of rightwing riots of 1919 and 1920, he was challenged by his students for his left-wing opinions. Only "The Protestant Ethic and the Spirit of Capitalism" was published in book form during his lifetime; all his other works were collected and published posthumously.

Weber details the shift from a value-oriented society to a goal-oriented organization.

Weber found that the main feature of his society was an increasing rationalization and bureaucratization. This process was brought about by the Protestant work ethic, which Weber faults for depriving people of any sense of spontaneous enjoyment of life and driving them to consider the accumulation of wealth an end in itself. In *Economy and Society* (1922), Weber details the shift from a value-oriented society, based upon traditional and charismatic authority, to a goal-oriented organization, based on legal authority. This made Weber focus on the concept of domination.

According to him, domination of one social group over another is one of the most important elements in society: "Without exception every sphere of social action is profoundly influenced by structures of dominancy. ... Domination constitutes a special case of power." He identified two different forms of domination, namely "domination by virtue of a constellation of interests and domination by virtue of authority, that is, power to command and duty to obey." This latter type of dominance he identifies with patriarchal, magisterial, or princely power. Such domination rests upon one's alleged absolute duty to obey, regardless of personal motives or interests.

Within traditional forms of domination, Weber distinguished between patriarchal and patrimonial vari-

eties: "In simple patriarchalism domination, even though it is an inherent traditional right of the master, must definitely be exercised as a joint right in the interest of all members and is thus not freely appropriated by the incumbent." Patrimonial authority is rooted in the household administration of the ruler, and the dominated is the property of the ruler and completely subjected to the dominant party.

SEE ALSO: Capitalism; Protestant Churches; Protestant Ethics; Religion.

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Welfare

IN THE CONTEXT OF EFFORTS to combat poverty, welfare refers to government-administered programs that provide money, food, housing, social services, and other resources to help individuals and families who are unable to support themselves. Welfare is a specific type of poor relief. Poor relief may be administered either by government or by private groups and has existed in almost all societies throughout history.

Modern welfare programs date from the 1930s and 1940s, when comprehensive government programs of poor relief and social inclusion were introduced in the United States, Great Britain, and western European countries. Such welfare programs typically have four characteristics: they provide a "last resort" for people who have no other source of support; every citizen who qualifies is legally entitled to the benefits; qualification for benefits is based on a means test, and the law specifies benefit rates; and benefit levels guarantee at least a minimum subsistence and are adjusted for the cost of living.

HISTORICAL DEVELOPMENT OF WELFARE

From the 1st to 4th centuries C.E., the government of the Roman Empire administered welfare programs that provided food for Roman citizens; noncitizens were ineligible. The main program (the *annona*) issued tokens called *tesserae*, which citizens could redeem at government warehouses for bread and other foods—though typically not for meat, which was reserved for special occasions. A separate program provided food for the children of poor families.

In addition to government welfare programs, wealthy Roman citizens were expected to contribute to the upkeep of their communities, mostly by the construction of public works (such as baths and aqueducts), but also by providing food and other resources for poor relief.

Thus, both in its earlier pagan period and its later Christian period, the Roman Empire anticipated many of the features of later welfare systems. Eligibility for benefits was limited; tokens similar to modern food stamps served as a substitute currency; a separate program served the needs of children; and wealthy individuals were expected rather than compelled to help support the poor.

CHRISTIAN ROOTS

During the Middle Ages, most responsibility for poor relief fell to religious institutions. In Western countries, modern welfare programs have been inspired mainly by the Christian tradition. Divergences within this tradition account for the vastly different ways in which different countries have implemented their welfare programs, according to Sigrun Kahl.

The Catholic tradition views poverty as an inevitable social problem to be remedied by private charity. Because it saw poverty as unfortunate but unavoidable, the Catholic tradition did not stigmatize the poor as less virtuous than the well-off. The Reformed Protestant and Calvinist traditions tended to see poverty as a sign of sinfulness, while they saw wealth as a sign of God's favor. On the other hand, Reformed Protestant and Calvinist branches of Christianity were more supportive than Catholicism of government antipoverty efforts. Those differences affected welfare policies depending on the relative influence of the different Christian traditions in each country.

Some countries (Denmark, Sweden, Norway, Finland, and Germany) have a single, national welfare pro-

gram. Other countries (France, Italy, the United States, the United Kingdom, and Ireland) have a patchwork of national and regional programs.

Most European countries view aid recipients as victims of social exclusion, while the United States and United Kingdom typically view them as an underclass of "loafers" who could work but choose not to do so. As a result, the latter countries' welfare programs have often included measures to punish people for being poor.

The United States, United Kingdom, and Scandinavian countries place great emphasis on requiring aid recipients to perform some kind of work in exchange for aid, but France and Italy see it as irrelevant.

ENGLISH POOR LAWS

As the Middle Ages waned, the government of England passed a series of laws that influenced later Western welfare programs. In 1601, the Act for the Relief of the Poor set the basic policies that England would follow until the 20th century. The act had these main features:

It had local parishes administer poor relief. Church officials collected taxes for poor relief and distributed benefits; it provided raw materials (such as flax and wool) for the poor to work. Any able-bodied poor person who refused such work could be imprisoned; it provided aid to poor people who were unable to work, such as the elderly and the infirm. However, it specified that if such people had family members who could support them, then it was the legal responsibility of the family members to do so; it provided for poor children to work and become apprentices.

As was often the case, aid was combined with shame and punishment, especially for poor people judged "undeserving." A 1494 law provided that ablebodied beggars could be branded and enslaved. A 1697 law required aid recipients to wear a badge with the letter "P" (for poor) and the letter of their parish.

Most egregious of the abuses inflicted on the poor was the establishment in the 18th century of hundreds of workhouses, though this abuse was not unique to England. Workhouses simultaneously provided poor relief, punished the poor for accepting it, and often enriched the workhouse operators through a practice called "farming the poor," which is similar to some modern poverty policies. Workhouse operators charged a weekly fee to the local parish for the support of each inmate, and then kept any surplus between the fee and their actual cost of support. The operators also kept any profit from goods (usually textiles) produced

by the inmates. A Latin inscription gave the guiding philosophy of the workhouse movement, found over the entrance to a workhouse in Hamburg, Germany: "Labore nutrior, labore plector" ("With labor I am fed, with labor I am punished").

In 1834, the Poor Law Amendment Act set nation-wide standards for workhouses and aimed to eliminate all other kinds of poor relief. The standards did little to eliminate abuses. Instead, they made the abuses into official policy, on the theory that making poverty even more unpleasant would encourage people to work harder to escape it.

One of the drafters of the new law, Nassau Senior, "believed that the best way to abolish poverty was never to help the poor. With serene, unwitting cruelty, he argued that if the poor know they must either work or starve, they will work. Wherefore, no help should be given except to those who really have no family or means of existence. ... The workhouse became 'the Bastille of the poor,' a loathed and dreaded place," as quoted by André Maurois.

The welfare state created in the 1940s remained a foundation of British society.

Over the next century, several laws attempted to soften the cruelty of the workhouse system, but the workhouses endured under various guises until the establishment of the British welfare state in the 1940s.

In the late 1930s and early 1940s, both rich and poor suffered under German bombing raids against the British homeland. All classes of society came together and made common sacrifices to defeat their common enemy in World War II. As both rich and poor were evacuated from cities to the countryside, many of the well-off came to understand for the first time both the humanity of the poor and the nature of their plight, as noted by Kenneth O. Morgan. This led the government to commission a study of "Social Insurance and Allied Services," written by the economist Sir William Beveridge and presented to Parliament in November 1942. The report argued that:

"Organization of social insurance should be treated as one part only of a comprehensive policy of social progress. Social insurance fully developed may provide income security; it is an attack upon Want. But Want is one only of five giants on the road of reconstruction and in some ways the easiest to attack. The others are Disease, Ignorance, Squalor, and Idleness." After the war ended in 1945, Britain began to implement the recommendations of the Beveridge report. In 1946, the government enacted a law establishing the National Health Service, which aimed (though it did not fully succeed) to provide free medical care to all Britons. Other measures included income security programs and additional financial support for poor children, as well as government-funded housing, which created a million new dwellings from 1946 to 1952.

Though its political support waxed and waned with the electoral tides, the welfare state created in the 1940s remained a foundation of British society through the end of the 20th and into the 21st century.

AMERICAN POOR RELIEF AND WELFARE

The United States, which at its founding consisted largely of English immigrants, carried over both the legal practices and the social attitudes of its mother country. Most poor relief and other welfare programs were (as they still are) administered at the state and local level. In the 19th century, workhouses were common and the poor were stigmatized just as they had been in England. Echoing the views embodied in the English Poor Laws of 1834, American writer Josephine Lowell argued that poor relief should be provided only in workhouses and only under conditions so unpleasant as to discourage anyone from taking it:

"We have already accepted the postulate that the community should save every one of its members from starvation, no matter how low or depraved such member may be, but we contend that the necessary relief should be surrounded by circumstances that shall not only repel everyone not in extremity from accepting it, but [that] ... discipline and education should be inseparably associated with any system of public relief."

In the late 19th and early 20th centuries, local governments began to employ caseworkers to teach aid recipients self-reliance and encourage them to work. Various relief programs continued, especially for widows with children, whose role in the home as mothers was considered more important than paid employment. However, it was not until the Great Depression of 1929–41 that Americans accepted welfare as a legitimate function of government.

During the Great Depression, almost a third of the American workforce became unemployed. Like the British during World War II, Americans were suddenly exposed to new ideas, in particular that poverty was not necessarily the result of laziness or sin. As a result, President Franklin Delano Roosevelt could persuade Con-

gress to enact an array of programs that formed the foundation of the American welfare state: the Social Security Act (1935), which together with amendments passed in 1939, provided aid for several different groups, including retirees (old-age and survivors' insurance) and children (Aid to Dependent Children, later renamed Aid to Families with Dependent Children); unemployment compensation to help individuals who lost their jobs; subsidies for medical care of poor families; public works jobs through the Public Works Administration (1933), Civilian Conservation Corps, and other agencies; direct cash grants to states for poor relief under the Federal Emergency Relief Act (1933); and construction of public housing for the poor under the National Housing Act (1937).

After World War II, the Great Depression faded from memory and Americans once again became ambivalent about welfare programs. Social Security remained the linchpin of the welfare state, thus becoming a target of those who saw welfare as illegitimate.

American attitudes seemed to be swinging back toward 19th-century preoccupations.

From the 1950s to the 1990s, the basic outlines of American welfare programs followed the pattern set up in the Roosevelt years: Social Security, unemployment insurance, aid to families with children, public housing, public works jobs, and subsidies of medical care. Consistent with the decentralized American system, most welfare administration was done at the state level, even though some funding came from the federal government. Important milestones were:

The Medicare and Medicaid Amendments to the Social Security Act (1965). Medicare provided health insurance for the elderly, while Medicaid provided it for the poor.

The Personal Responsibility and Work Opportunity Reconciliation Act (1996), which abolished Aid to Families with Dependent Children and replaced it with a time-limited, work-for-welfare program called Temporary Assistance for Needy Families. The law required that at least half of aid recipients be in "work related activities" for at least 30 hours per week, including employment, job search, or vocational training. It also established a lifetime limit of 60 months of aid.

In the late 20th and early 21st centuries, American attitudes toward welfare seemed to be swinging back toward 19th-century preoccupations with the sinfulness

of the poor and the harmful effects of poor relief on society. As economist George Gilder put it: "In the welfare culture, money becomes not something earned by men through hard work, but a right conferred on women by the state. Protest and complaint replace diligence and discipline as the sources of pay. Boys grow up seeking support from women, while they find manhood in the macho circles of the street and the bar, or in the irresponsible fathering of random progeny."

SEE ALSO: Beveridge Scheme; Christian Antipoverty Campaigns; Food Stamps; Means Testing; Medicaid; Medicare; Poor Laws; United States; Welfare Dependence; Welfare Housing; Welfare Rights; Welfare State.

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Welfare Dependence

WELFARE PAYMENTS are transfers made by government agencies to people eligible to receive them, either as part of universal provision or through means-tested schemes. When the welfare payments act to deter recipients from seeking work or to alleviate the need for the payment, then this is welfare dependence—the individual prefers or feels no option but to rely on the welfare payment when other options might be possible. This is a subject that has aroused a great deal of controversy, as many people, for reasons of either political ideology or expediency in reducing government payments, have claimed that welfare dependence is a very significant problem and that payments should be withheld or canceled altogether.

As an American presidential candidate, for example, Ronald Reagan launched a campaign against "welfare queens" who supposedly defrauded the system to receive multiple streams of income and were, conse-

quently wealthy enough to drive around in high-performance cars and avoid all forms of work. No credible evidence has ever been produced to support Reagan's claim that such people existed. Indeed, accurate statistics and understanding of the issue are difficult to obtain because of the political controversy, but those data that do exist indicate a complex relationship among welfare, dependence, and desire to work.

It is more likely, for example, that those who receive welfare payments do so only temporarily and in response to comparatively short-term need. The quite widely held idea that young women deliberately have children out of wedlock so that they can obtain welfare payments, governmental housing, and similar benefits is also unsupported by any real evidence. In these cases, it is frequently ideological conviction that drives many people to believe that others are out to cheat the system because of indolence and mendacity and, indeed, to cheat them out of their tax payments. It is women, especially unmarried mothers, and foreign migrants who are most commonly accused of behaving in this way and, again, the evidence to support these contentious claims on a wide scale is difficult to find.

There are examples of welfare benefits being set at a very high level, more than can easily be matched by available income. However, these benefits are customarily associated with conditions such as serious illness or incapacity that necessitate considerable levels of expense and which, anecdotal evidence notwithstanding, are very difficult to forge on a long-term basis. In a number of Western countries, women are hampered from entering or reentering the active workforce because of the very high cost of childcare and only sporadic provision of low-cost governmental alternatives. Similarly, asylum seekers and migrant workers are forced to rely on welfare payments in some countries because the law forbids them to work.

In recent years, more sophisticated approaches to welfare payments have enabled governments more effectively to cause people to return to work, through tax credits, child support programs, and encouraging labor market flexibility in terms of job-sharing, working at home, and telecommuting.

SEE ALSO: Reagan, Ronald (Administration); Welfare; Welfare Rights; Welfare State.

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Welfare Housing

SHELTER IS CLEARLY an important component of a household's economic well-being. Consequently, governments around the world have long been concerned with a range of housing policies, the purpose of which is to advance various efficiency and equity goals. Key goals include the efficient supply of housing and the provision of housing of a good basic standard to all income groups. A major policy in this respect has been some form of government-subsidized housing.

The size of the public housing sector, however, varies tremendously across countries. In the socialist centrally planned economies of the former Soviet Union and eastern Europe, the public housing stock as a proportion of the total housing stock was approximately 90 percent.

In contrast, the share of public housing has been much lower in more market-oriented economies. In the capitalist welfare states of northern Europe, the share of public housing has generally been in the range of 15 to 30 percent. In developing countries, the share of public housing is seldom more than 10 percent. In the United States, the share of public housing is less than two percent.

THE RATIONALE FOR PUBLIC HOUSING

In recent decades a greatly improved understanding of the functioning of real-world housing systems has significantly undermined the rationale for government supply of housing. The basic justification for direct provision of housing is the belief that market-oriented housing systems fail to efficiently supply housing. However, there are some scholars who suggest that this belief is not well founded.

For example, in the market-oriented United States, the quality of the housing stock has increased closely in line with the rising American standard of living and the concomitant increase in the demand for good-quality housing, as predicted by economic theory. America's high standard of living is reflected in perhaps the world's highest housing standard.

It needs to be stressed here that dramatic qualitative improvements have occurred in all segments of the U.S. housing market, even the lowest. Specifically, the share of substandard housing fell from about 50 percent of the total housing stock in 1940 to six percent by 1980 and has continued to improve. Major improvements have occurred in all regions and urban areas. Improvements were particularly large during the 1960s, a period of rapid economic growth and rising incomes for the poor. Between 1960 and 1970, the number of occupied substandard dwellings fell by 43 percent in the United States as a whole, and by over 54 percent in central cities within metropolitan areas. Major declines were recorded for the 50 largest American cities without exception.

Studies show huge variations in housing costs and housing standards.

A related argument supporting government housing is that public, not-for-profit producers will be more efficient at constructing and managing housing than private, profit-motivated developers. However, the vast housing literature reveals that in neither the planned housing sectors of eastern nor of Western Europe has the promotion of public housing producers resulted in supplying housing at low economic cost.

For example, the World Bank in about 1990 undertook a major cross-country study of housing construction costs. This study revealed that some of the highest construction costs were to be found in the tightly planned housing sectors of the European welfare states. For example, construction cost per square meter for Finland was \$1,734; for Sweden, \$1,527; for Norway, \$1,426; for Germany, \$1,305; for Austria, \$1,215; for the Netherlands, \$997; and for France, \$990. In contrast, the corresponding figure for the market-oriented United States was \$500.

Moreover, recent cross-country studies show huge variations in housing costs and housing standards even for countries at roughly the same level of economic development. For example, a recent study by the World Bank finds that a major influence on housing construction costs around the world is the presence of inefficient urban development regulations. In relatively efficient housing markets such as the United States and Canada, the cost of an average single-family house is three to four times average annual household income. In contrast, in countries with highly regulated economic systems for housing, the cost of housing is often more than 10 times average household incomes. Such outcomes arise from the large differences in the responses of housing supply to changes in price and profits. For example, with respect to Korea and Malaysia, two countries with highly regulated urban development, housing supply barely responds to rising housing demand, even in the long run. In contrast, the response of housing supply in Thailand, a country with a liberal regulatory regime, is more than 100 times higher. Consequently, the Thai housing standard far exceeds those of Korea and Malaysia.

Moreover, some argue government housing may undermine key equity goals. Specifically, the provision of highly subsidized housing often tends to concentrate the poor on large housing estates. Much empirical evidence indicates that the spatial concentration of poor households greatly exacerbates the socioeconomic problems they face. These housing estates often become a sea of crime, high unemployment, drug use, school dropouts, teenage pregnancy, and other problems that feed on each other and make it virtually impossible to break the poverty cycle. Consequently, a strong case can be made for housing policies that deconcentrate the poor into more economically viable neighborhoods.

ASSESSING PUBLIC HOUSING

Government-subsidized housing is one means for providing housing of a good basic standard to low-income households. Clearly, the question of efficient housing supply is not simply one of government versus profit-motivated housing suppliers. The broad alternative to government-subsidized housing is demand-side policies that improve the ability of households to afford better housing. As noted, economic growth policies that raise the standard of living of low-income groups can be a powerful demand-side force in raising housing standards.

In addition, governments can target poor house-holds and/or large families with cash or in-kind transfers (such as housing allowances) to further improve the ability of the poor to secure improved housing. For demand-side policies to be effective, however, it is necessary for governments to implement policies that result in an efficient supply of housing.

However, in many developing countries such policies are neglected. Instead, given the extreme scarcity of resources, governments tend to focus on building a relatively few showcase housing projects in key cities with little done to improve housing conditions more broadly.

SEE ALSO: Homelessness; Household Income; Housing Assistance; Shelter; Welfare.

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Welfare Rights

WELFARE RIGHTS ARE natural or civil rights to particular services and material goods. These entitlements are understood to potentially and typically go beyond what individuals own within a strict private property order. In theorizing welfare rights, some standard is employed to determine what constitutes the core-material supports for individual flourishing. Such supports may be conceived of as universal or as specific to a given historical context.

Additional sets of judgments are then made concerning what can practically be achieved in ensuring that individuals receive these supports. For example, a given conception of welfare rights may include the notion that all individuals require an extensive bevy of healthcare services to support their flourishing. At the same, it might be judged by the proponents of this conception that the material resources available are not ad-

equate to the provision of the full set of health services, so that the rightful authorities in the community ought to aim to provide a more limited set of services. As such, there is typically an inherent ambiguity in what is meant by welfare rights: a bifurcation between what we might call "ideal rights" and "real rights."

One might think that this ambiguity could be resolved by casting the ideal rights as natural rights—that is, rights coming out of physics that are, as such, universally applicable to all members of the human species—and real rights as civil rights. And this certainly is one way to approach the issue. However, many theorists are wary of the notion of natural rights or otherwise wish to turn to a communicatively derived set of rights that are other than those that could practically be guaranteed at the present time.

Another approach here would be to deny that there are any natural welfare rights or any ideal welfare rights, and cast welfare rights as pure civil rights, totally the creature of government. But, again, many theorists resist this notion, on the grounds that it impoverishes rights-based moral theory and attending notions of justice.

John Rawls's A Theory of Justice provides the most important theoretical grounding for conceptions of welfare rights, with its "difference principle" account of the need for socioeconomic equalities to be abolished if they do not serve the interests of the lesser party in the unequal relation. More solidly Marxist-inspired thinking has also turned to the notion of "rights" in attempting to flesh out the conception of socioeconomic justice seen in Marx's works.

In recent years, both Marxists and others have offered severe criticism of the Rawlsian approach on the grounds that it does not adequately address the material supports of social recognition and identity-formation in pluralistic and multicultural societies. At the same time, a growing body of republican theory has emerged that understands welfare rights as reducible to negative freedoms, such as freedom from "domination," as phrased by Philip Pettit. Also, "real libertarian" theory has sought to reduce welfare rights to the right to a basic income.

SEE ALSO: Basic Income; Human Rights and Poverty; Moral Poverty; Rawls, John.

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Welfare State

THE PROBLEM OF THE welfare state has been of paramount importance over the last decades, both in political and scientific debates. What the welfare state really is, what it should have ideally been, how and why it is changing in the frame of globalization of the economy and of the resulting denationalization of politics, are the main questions in the analysis of the modern welfare state and the political management of poverty.

Although there are several ways of understanding the welfare state, there is no fixed definition of its nature and functions, for these are not consistent characteristics. They are rather subjected to more general economic conditions and needs, to which the welfare state is called to respond. Welfare state and economy cannot be separated and discussed autonomously. In the history of capitalism there has always been a need to adjust politics to economy, to avoid social crises caused by the economy, and to achieve an equilibrium that would not harm the general social cohesion. But the special means with which the society adjusts to the needs and priorities of the economy, the means with which the welfare state regulates phenomena such as poverty and social inequality, are not stable but rather historically defined.

It is therefore safer to understand the welfare state in its historical context. The term *modern welfare state* is usually used in order to describe the specific postwar state in the economies of Atlantic Fordism, namely the United States and Canada, northwestern Europe, Australia, and New Zealand. This postwar period until the mid-1960s and in some countries until the early 1970s has been characterized by the Keynesian economic model of poverty management.

The economic model of John Maynard Keynes (1883–1946), the economist who inspired a monetary policy based on public investments and social benefits, characterized the early welfare state. Keynesianism was called to face poverty through a monetary policy basically based on the provision of benefits and on the creation of an appropriate infrastructure for the support

of mass production and consumption. In an age when mass production was, on the one hand, accompanied by a series of unprecedented technological revolutions and innovations and by enormous social inequalities on the other hand, the Keynesian welfare state was focusing on full employment and the management of demand.

In the Keynesian welfare state the social stratification and the poverty of unprivileged social groups caused by the capitalist mode of production would not be challenged by a radical change inside this specific mode of production.

On the contrary, the state was interested in generalizing the norms of mass consumption of the advanced industrial society. Through the provision of public infrastructure, welfare rights, benefits, and social services in the fields of health, education, work, and insurance, the state was supporting the "mixed economy." At the same time, the state was compensating for several market failures, like unemployment, poverty, and social inequality caused by the diverse access of social groups and individuals to consumption and the work or labor market.

Poverty is being deregulated and subjected to market rules.

Although the welfare state did not have a unified form in all countries (for instance, the liberal type of the United States and Great Britain, the cooperative model of continental Europe, the social democratic Scandinavian model, or the familial model of southern Europe), the fiscal and economic crisis that it underwent from the 1970s onward was more or less common in most of these countries.

The reduction of domestic production in favor of the growing internationalization of capital, the growing stagflationary tendency, and a decline in the rate and mass of profits have all been the structural reasons for the progressive exhaustion of the Keynesian welfare state.

At the same time, because the full-employment welfare state could not deal effectively with the globalization of the market economy, because it was based on nationally oriented economies that were less concerned with international competitiveness; or because it could not handle the growing dissatisfaction caused by the expansion of state interventions and bureaucracy, but most importantly because the neoliberal economy demanded a more flexible kind of state, the welfare state

could no longer regulate poverty and keep it harmless so that the general economy could stand.

The postwelfare, postnational state stopped dealing with poverty as a collective social problem. Denationalization of economy, deregulation of social policy tasks, destatization, and neoliberalization processes have had over the last decades the consequence that poverty concerns less and less the state's official agenda. As a socioeconomic problem it is being transferred to private actors and market forces. Just like the welfare nation state, poverty is being deregulated and subjected to market rules.

SEE ALSO: Globalization; Neoliberalism; Poverty Politics; Privatization.

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Western Monasticism

MONASTIC POVERTY must be understood within the context of the evangelical counsels of poverty, chastity, and obedience. Although all Christians are called to live the counsels in a manner appropriate to their state in life, the clergy are distinct in that they make a public profession of worship. This profession frees them from the concerns of everyday life so that, consecrated entirely to divine service, they can follow Christ more fully and freely and imitate him more clearly and faithfully. They are able to live for Christ and his body, the church, growing in love of God and neighbor. The goods that they forgo in renouncing the world are highly esteemed, but can become an obstacle in their pursuit of the perfection of charity.

This renunciation does not stifle their human development. The Vatican Council II fathers pointed out that embracing of the counsels by a Christian appropriate to state of life results in purification of heart, spiritual liberty, and the fervor of charity. They continue,

"they are able to more fully mold the Christian man to that type of chaste and detached life, which Christ the Lord chose for Himself and which His Mother also embraced."

That renunciation professed by the clergy is beyond the requirements of the commandments. In his *Apostolic Exhortation on the Renewal of Religious Life* in 1971, Pope Paul VI said, "It is precisely for the sake of the kingdom of heaven that you have vowed to Christ, generously and without reservation, that capacity to love, that need to possess and that freedom to regulate one's own life, which are so precious to man."

EXAMPLE OF CHRIST IN POVERTY

In his vow of poverty, the clergy follows the example of Christ in his self-emptying, in his lack of anxiety about material goods, and in his use of material goods.

Christ's entire life on earth was characterized by poverty. He was born in a stable of a poor family; he was a political refugee in Egypt; he worked at his foster father's trade as a carpenter (he was a member of the working poor); he was an itinerant preacher with a message to, and a love of, the poor; he was publicly executed as a common criminal; and he was buried in another man's grave. Second Corinthians 8:9 articulates this well: "...that though he was rich, yet for your sake he became poor, so that by his poverty you might become rich." The clergy strive to follow his example of self-emptying by living a life of poverty.

Christ lived a simple life of detachment and freedom with respect to material goods. He used them appropriately according to the situation—he enjoyed them and enabled others to enjoy them, but he did not obsess about them. Two accounts found in scripture point to this attitude: the story of the wedding at Cana, in which he changes water into the best of wine (John 2:1-10) and the story of the woman who anoints his feet with costly oil, in which he reproaches those who criticize her (Mark 14:3-9). The clergy make every effort to follow Christ's example of appropriate enjoyment of, and detachment from, material goods.

In his public ministry, Christ and his apostles had a common purse (for example, John 13:29), which provided for both the basic needs of the group and for alms to the poor. In scripture, he used the widow's mite (Mark 14:41-44) as an example for the proper use of goods. While others gave from their abundance to the temple treasury, she gave all of her money. Throughout his ministry, he compassionately alleviated the misery of the poor through alms, healings, companionship,

and solidarity. The clergy, in their vow of poverty, strive to follow Christ's example by continuing his work with, and love of, the poor in his works of mercy.

THE TEACHING OF CHRIST

Scripture records Christ's most famous teachings on material goods in the story of the rich young man (Matthew 19:16-22) and the lesson he drew from it for his disciples (Matthew 19:23-30), and in the recording of the Sermon on the Mount (Matthew 5:3). The rich young man kept all the commandments yet asked Christ how he could live a more perfect life. Christ looked upon him with love and told him to sell his possessions, give the money to the poor, and follow him. The young man was sad to hear this, and would not follow Christ's instructions. From this story, Christ explained to the disciples that it is very difficult for a rich man to enter heaven. The wealthy are too attached to their material goods to follow God. In the Sermon on the Mount, Christ preaches on the beatitude of the poor in spirit saying, "theirs is the kingdom of heaven." Poverty, then, does not refer only to material goods, but to an interior disposition.

Material goods, as can be seen from the first creation account in Genesis, are good. Christ's teaching articulates this. While material goods in themselves are good, the excessive accumulation of, obsessive attachment to, and use of them can be evil. Evil also is the denial of access to the goods meant for the use of all men. Both lead away from God.

Those with too many goods often put their trust and security in them rather than in God, and are too preoccupied with them to detect God's will or be concerned with the plight of the poor. Those with too few goods often turn to a life of sin to procure the necessities of life, or become so obsessed with that pursuit or with their own misery that they also cannot detect God's will and do not care about others in the same situation. Both too many and too few goods lead to social injustice, class hatred, violence, and crime. In their vow of poverty, the clergy attempt to follow Christ's teachings concerning material goods.

A LIVING SIGN

The clergyman who lives the counsels is a living sign, that the things of God are existent in this world, and of the life that follows death. By his example the clergy can educate Christians in other states of life, illuminating to them how to fully live their respective vocations. The

fact that the clergyman is a sign places a great responsibility on him to be a good example. He must diligently practice his vow of poverty in his external and internal life. In fact and in appearance he must not live a life of material comfort and luxury; his poverty must be unquestioned and undoubted.

The example of the clergy is extremely important in a world that is increasingly divided into those in the developed world who live a lavish lifestyle of consumption and those in the developing world who live a life of material want and desperation. As Paul VI says in the Apostolic Exhortation on the Renewal of Religious Life of the importance of witness, "at a time when there is an increased danger for many of being enticed by the alluring security of possessions, knowledge and power, the call of God places you at the pinnacle of the Christian conscience."

The excessive accumulation of, obsessive attachment to, and use of goods can be evil.

This information is summarized by the Sacred Congregation for Religious and Secular Institutes in its 1978 Directives for Mutual Relations Between Bishops and Religious in the Church. In a section entitled "The 'ecclesial' nature of Religious Institutes," it says, "The religious state ... consists in the following of Christ, by publicly professing the evangelical counsels of chastity, poverty and obedience, and by assuming the commitment of removing all obstacles which could detract from the fervor of charity and from the perfection of divine worship." A clergyman, in fact, "dedicates himself wholly to God, his supreme love. The consecration of those professing religious vows is especially ordained to this purpose, namely of offering to the world visible proof of the unfathomable mystery of Christ."

The example of the clergy also includes the human meaning of work, called the common law of work. By pooling all goods, including pay earned for work, the clergy shows the communion that unites the members of the group. He shows that work is to be engaged in to procure what is necessary for the existence of the community as a whole, as well as its individual members, and to help the poor; its purpose is not solely profit and consumption. This example simultaneously shows the wealthy the true meaning of work and material goods and assists the poor. Paul VI said to the clergy in the *Apostolic Exhortation on the Renewal of Religious Life*, "The legitimate desire of exercising personal responsi-

bility will not find expression in enjoyment of one's own income but in fraternal sharing in the common good."

Ultimately the point the clergy makes to both the wealthy and the poor is to trust in God's care rather than in possessions. Further, since God created the good things of the earth for all people, all must be enabled to share in them, at least to the extent that they have the necessities of life.

A STABLE LIFE

All Christians are called upon to live the evangelical counsels according to state of life, and thus matters of interpretation of the counsels and the actual lifestyle involved in living them must be carried out. This is particularly important in communal religious life. The Vatican II Council fathers, in *Lumen Gentium*, say, "The evangelical counsels of chastity dedicated to God, poverty and obedience are based upon the words and examples of the Lord. ... The counsels are a divine gift, which the church received from its Lord and which it always safeguards with the help of his grace. Church authority has the duty, under the inspiration of the Holy Spirit, of interpreting these evangelical counsels, of regulating their practice and finally to build on them stable forms of living."

Further, many religious families have grown and developed under church authority. The fathers continue, "These religious families give their members the support of a more firm stability in their way of life and a proven doctrine of acquiring perfection. They further offer their members the support of fraternal association in the militia of Christ and of liberty strengthened by obedience. Thus these religious are able to tranquilly fulfill and faithfully observe their religious profession and so spiritually rejoicing make progress on the road of charity."

SEE ALSO: Ancient Thought; Catholic Church; Christian Antipoverty Campaigns; Franciscan Order; Missionaries; Religion.

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Wilson, Woodrow (Administration)

HISTORIES OF WOODROW Wilson's presidency (1913–21) often focus on Wilson's internationalism, and particularly his role in bringing the United States into World War I. However, during the first of his two terms in office, Wilson undertook significant domestic action that served the interests of the poor.

In 1910, while serving as president of Princeton University, Wilson was elected governor of New Jersey. He ran as a strong Progressive, surprising state Democratic Party leaders who had nominated him based on his reputation as a moderate. During his brief tenure as governor, Wilson succeeded in creating a state Public Utilities Commission, establishing a statewide accident insurance program, and enacting massive electoral reform, including the introduction of party primary elections in New Jersey.

In 1912, Wilson was elected president of the United States with 42 percent of the popular vote in a four-way race. (He received 82 percent of the electoral vote.) In the campaign, Wilson's New Freedom platform espoused states' rights and individualism, but also called for federal action on specific issues, including tariff reduction, child labor, monetary policy, and the elimination of special corporate privileges. With Wilson's fellow Democrats in control of Congress, Wilson was able to advance much of his agenda into law.

First, shortly after taking office in 1913, Wilson signed into law the Underwood-Simmons Tariff Act. In order to curb the cost of living for American consumers, this legislation reduced or eliminated numerous import tariffs that had earlier been erected to protect U.S. business interests against foreign competition. In addition to lowering average tariff rates from 40 percent to 26 percent, the act eliminated all import tariffs on wool, consumer goods, iron, steel, and steel prod-

ucts. Lost tariff revenues were replaced by a modest federal income tax.

Also in 1913, the enactment of the Federal Reserve Act resolved a heated controversy over who would control the issuance and supply of U.S. currency: private financial institutions or the U.S. government. Under the compromise legislation, public control over currency supply and interest rates would be exercised by the Board of Governors of the Federal Reserve System, a newly created federal agency.

This board, in turn, would regulate and supervise 12 privately operated regional Federal Reserve Banks that would move currency and coin into and out of circulation, and process millions of checks each day. Wilson stated that this bifurcated system would ensure "that the banks may be the instruments, not the masters, of business and of individual enterprise and initiative," as related by Arthur S. Link.

In 1914, Congress moved to strengthen existing antitrust laws in order to combat the power of monopolies and curtail anticompetitive business practices. To those ends, the Clayton Antitrust Act prohibited anticompetitive corporate mergers, acquisitions, and tying arrangements. The act also prohibited corporations that were supposed to be competing against one another from sharing interlocking directorates. Although the Clayton Act generally prohibited collusive economic behavior, standard tools of organized labor such as secondary boycotts, strikes, and peaceful picketing remained lawful. In a separate but related statute, Congress in 1914 also created the Federal Trade Commission, which was charged with enforcing the Clayton Act and several other competition statutes.

Moreover, several statutes enacted in 1915–16 improved the working conditions of specific classes of workers. The Seaman Act improved the occupational safety of seamen. The Adamson Act limited the workday to eight hours for railway workers, and improved farmers' access to loans. The Keating-Owen Child Labor Act sought to prohibit the interstate sale of goods produced by children. (In a 1918 decision that was overruled in 1941, the U.S. Supreme Court initially held the act unconstitutional.) The Workmen's Compensation Act provided financial assistance for federal workers injured on the job.

Despite these incremental progressive legislative successes, however, Wilson remained reluctant to promote social justice through broader initiatives. Many of Wilson's progressive activities were mitigated through compromise appointments and legislation. Most notoriously, Wilson turned his back on African Ameri-

cans—who generally had supported his election—by approving the racial segregation of federal offices, the downgrading of African-American federal employees, and the discharge of those who complained. As president, Wilson also signed into law a statute that made interracial marriage a felony in the District of Columbia. Although he had courted the support of women, Wilson subsequently disregarded his own party's platform by refusing to support suffrage rights for them. On domestic issues, Wilson was a reformer but not a revolutionary.

During Wilson's first term in office, he promoted the enactment of progressive legislation that improved the lot of the poor incrementally, but did not substantially redistribute the nation's wealth or transform the American political or economic system. By Wilson's second term in office, the exigencies of World War I drowned out any further progress on a progressive domestic agenda. After Wilson's first term, issues of poverty and social justice would lie dormant for over a decade before reengaging the attention of the White House during the subsequent administration of President Franklin D. Roosevelt.

SEE ALSO: Democratic Party; Poverty Politics; Racial Discrimination; Roosevelt, Franklin (Administration); Workers' Compensation.

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Women and Poverty

POVERTY IS A GLOBAL problem that is receiving a lot of attention in the media and in scholarly circles. Often the focus of analysis is on Third World countries, and rightly so, because the majority of the world's poor live in Third World countries. But when we shift the focus and examine the incidence of poverty from a gender perspective, we are confronted with what has be-

come known as the feminization of poverty. Whether in First or Third World countries, rural or urban areas, literate or illiterate, women are generally poorer than men. According to United Nations figures, 70 percent of the poor people in the world are women.

There is no common ground on which to make generalizations about women because of the diversity and complexity of women's lives worldwide. And when this problem is compounded with the fluidity in the definition and interpretation of poverty, it becomes even more difficult to make generalizations about women and poverty. Thus, generalizations in this article should be understood in what Ruth Sivard characterizes as "simplifications of a variety that is virtually infinite."

Some experts have examined the problem of universal female poverty through the lens of the resources that are available to women in various countries, and there is a consensus that women do not have the same access to resources as men do. Women live in a patriarchal world where men define values, actions, and expectations and women act within those definitions. Women do not participate equally with men in major areas of decision-making.

The types of work that women do, the education they receive, their access to medical care, and their participation in social and political life reflect social prescriptions and expectations that do not necessarily apply to men. Since these indicators also define the level of well-being, lack of access or limited access to them makes women poor. Female poverty can thus be seen as the consequence of sociocultural and political practices that define women as second-rate citizens. Simply put, society makes women poor. Benazir Bhutto, former prime minister of Pakistan, expressed this notion at the United Nations' Conference on Women in Beijing in 1995. She said that social prejudice, not religion, denies women their rightful place in society. Of course in an Islamic country such as Pakistan, drawing a line between social prescription and religious practice can be a tricky exercise. The Beijing Conference was a defining moment in understanding the constraints that society puts on women to make them poor.

We can examine female poverty from many different perspectives, but work is a pathway to money and things that people can do with money. Under normal circumstances, people with money can feed, accommodate, and clothe themselves and their dependents; they can educate children, have access to quality medical care, and not live in fear of deprivation. The good news is that women have always worked. Whether in forag-

ing, agricultural, or industrial-technological societies, women have performed tasks that have ensured the survival and progress of their communities. The bad news is that women's work has not given them access to the kind of money that will keep them out of poverty.

In both developed and developing countries, women have been responsible for domestic chores for which they receive no remuneration. They organize the household as wives, mothers, daughters, or sisters. They cook, clean, wash, and take care of children, the elderly, and the sick. In rural areas of the Third World where women do not have access to labor saving devices, they put in more hours performing these chores.

DOMESTIC LABOR

Irene Dankelman and Joan Davis quoted research done in 1985 that estimated that on average, women in Tanzania worked 3,069 hours a year while men worked only 1,829 hours. In India, they noted that rural agricultural women worked up to 18 hours a day. A World Bank Group report on poverty in Ghana estimated that women in rural areas in the northern section of the country spent an average of 70 minutes every day fetching water. That translates to about 426 hours per year fetching water alone. The United Nations states that women do 67 percent of the world's work but earn only 10 percent of the world's total income. Because men do not spend as much time on reproductive labor, they have "release time" to work for wages, which partly explains the disparities in income between men and women.

Yet if women were remunerated for domestic chores, they would stay out of poverty because, as R.L. Sivard wrote in 1995, the domestic labor of women would add \$8 trillion to the world's yearly economic output if such labor were remunerated. If this amount were spread among the 800 million poor people in the world today regardless of sex, each would get \$10,000. In most countries, that is enough to start small businesses and launch women on the path of well-being. But women continue to lose out because society does not attach economic value to their domestic labor.

When we move from the domestic sphere to the public realm where women work for wages, the situation becomes more complex. The social prescription grounding work for wages defines men as breadwinners and women as dependents. Consequently, in some societies women are not allowed to work for wages; in others they are restricted in what they can do, and where there are no restrictions, they earn less than men earn

even when they perform work of equal value. In rural areas of most Third World agricultural countries, as in west African countries, the gender division of labor is delineated along cash crop and food crop lines. Men dominate cash crop production and women cultivate food crops, but women are also expected to work on men's cash crop farms to help raise money.

Among the Akan of Ghana, for example, a cacao farmer who appreciates the thousands of hours of labor that a wife puts in on his farm may apportion a section of the farm as a gift for the woman. The wife in turn has to formally thank him with drinks for the deed to be acceptable. Men do not thank women in these ways for ensuring that there is food for the family. Although women may be lucky to get their own cash crops, the farms are small and do not yield as much income as husbands get from theirs.

Concurrent with work on men's plots, women produce food for the household. In Kenya, Embu women organize the cultivation and storage of corn so that families will not starve during the lean season. In Tanzania, rural women have formed cooperatives to help each other clear enough land for cultivation. South Asian women are largely responsible for the provision of food for the family. In these places, women sell foodstuffs to buy basic necessities such as kerosene, salt, and soap. The trend is now changing. Rural women are increasingly buying land or getting land through government intervention to cultivate crops for sale. Unfortunately, this effort has not been enough to alleviate rural women's poverty. On the one hand, they work relatively smaller plots and on the other, they generally do not have access to government loans or machinery to enable them to increase output. In the end, we find the people who work the hardest are also the poorest in their societies.

URBAN POVERTY

In urban areas the challenges are different but the end results are the same. People in urban areas spend money on things that rural dwellers either get for free or do not get at all. For example, city dwellers buy food, pay rent or mortgage, pay for transportation, electricity, water, school, and medical expenses. Women need money to be able to enjoy these facilities and services, yet they are confronted with a competitive job market that requires literacy and skills that they generally lack. Thus female poverty in Third World countries is often the cause and consequence of women's low levels of education. An alternative for urban women to generate income has



Whether in First or Third World countries, rural or urban areas, literate or illiterate, women are generally poorer than men. According to United Nations figures, approximately 70 percent of the poor people in the world are women.

been self-employment. In west Africa, women dominate the retail trade. They can be seen hawking anything from charcoal to European manufactured goods. The sheer number of women engaged in trading in west African cities has led some foreign observers to conclude that women are economically well-off. The reality, though, is that the majority of the women sell perishable and seasonal goods. Few women are importers or wholesalers, and fewer still have access to credit to enable them to expand their businesses. So they live an urban existence without the trappings of urban luxury.

Favorable working conditions in developed countries have not translated into relative well-being for women. In developed countries women are generally as highly educated and competitive as men in the job market. But because they are women they are subject to the same gender conventions that govern women's lives elsewhere.

WORKING MOTHERS

Interestingly, First World women play themselves into these conventions by "claiming ownership of motherhood," which hurts their work in the public realm. Being a mother or "nonmother" (married or single) largely decides whether or not a woman works. If a mother decides to work, as many do presently, she still has to decide to work part- or full-time. In the United States, for example, the Department of Labor states that there were 64.7 million women in the labor force in 2004, of whom 74 percent worked full-time and 26 percent part-time. Working part- or full-time as a mother or "non-mother" has its own dynamic that contributes to women's poverty in both the long and short term.

A married working mother may work part-time so that she can have sufficient time to organize the household. While working part-time she can rely on the wages of her working husband to make up for her lost wages. In the short term, part-time work can benefit such a woman if her husband stays permanently employed. However, part-time work has long-term implications for female poverty. Devoting part of one's working years to taking care of the home can be a bad investment for women, especially when government pays pensions based on deductions made over a person's working years.

Women who work part-time lose wages and other benefits that eventually shrink their pensionable income and launch them on the path to poverty. The situation is worse for full-time homemakers, who would have to depend solely on their husbands' pensions when they grow old. How much comfort such women would enjoy in the future would depend on the type of jobs their husbands had, and if they lived with their husbands into pension. Thus, if a husband had a well-paying job, his "never worked" wife could live comfortably in her old age on his pensionable income. The flip side is that a woman whose husband never found his place in the job market would face an uncertain future in her old age. Old-age poverty is a serious problem and it is more pronounced for women than it is for men.

On the other hand, a single working mother who works part-time in order to have time for her children runs the risk of both short- and long-term poverty. Unless she works in a high-wage job, she may not earn enough to take care of herself and children. If she works full-time, as many do, she still has to apportion a significant percentage of her income to childcare. Single mothers who work two jobs to be able to adequately care for themselves and their children may end up alienating children or having children with behavioral problems, a situation that defeats the purpose for which they take on two jobs in the first place.

When women are poor, society itself is impoverished.

Working women who are not mothers, whether married or single, are not necessarily faced with these tough options. They may decide to juggle jobs and may not feel as overwhelmed. But if they live in societies where childlessness is seen as a social stigma, they may be suffering another kind of poverty, one that cannot be quantified but that is devastating nonetheless.

Moving beyond these tough choices, women face discriminatory practices in hiring, wages, and promotion that ultimately affect their level of well-being. These practices reflect male attitudes that are in turn a reflection of the value that society puts on women and the work they do. First World women, like their sisters in the Third World, face multiple and daunting challenges that make them poor.

It is clear that work or lack thereof is the single most important determinant of female poverty. The value that society attaches to women's work is not the same as that applying to men's work. Until total social transformation is achieved, women's work will continue to be marginalized and women will continue to be poor. And when women are poor, society itself is impoverished.

SEE ALSO: Family Size and Structure; Feminist Approaches to Poverty; Feminization of Poverty; Gender Discrimination; Gender Division of Labor; Head of the Household.

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Workers' Compensation

WORKERS' COMPENSATION is the oldest type of social insurance. It is a "no fault" system for offering financial benefits and medical services for those suffering from work-related injuries in an industrialized society where such injuries regularly occur. Unlike tort or negligence law, the goal of workers' compensation is assistance to injured workers and prevention of poverty, instead of resolving disputes or placing blame. The cost of the program is eventually passed on to consumers through insurance premiums included in the cost of production or of doing business.

Modern workers' compensation statutes in the United States have eight common elements: 1) an injured worker is entitled to benefits when suffering from an accidental personal injury "arising out of and in the course of employment" or occupational disease; 2) fault or negligence of the worker does not reduce or impede the right to recover benefits, and the employer's absence of fault or negligence does not reduce employer liability; 3) benefits are available only to employees, not independent contractors; 4) employee wage benefits are normally one-half to one-third the worker's average weekly wage. Additional benefits are medical and rehabilitation expenses and death benefits to dependents with maximum and minimum limits. Only injury causing disability, and thereby reducing earning capacity, is compensable. Accordingly, pain and suffering are not compensated. Therefore, the amount of wage and death benefits is normally much lower than a

court might award in a traditional lawsuit, but workers' compensation is more certain, predictable, and swift; 5) when receiving workers' compensation, a worker and dependents lose their common-law right to sue employers for injuries falling under the statute; 6) a worker may still sue third parties causing the injury, but any financial recovery is first used to reimburse the employer for workers' compensation costs; 7) the state administers the workers' compensation system, and, as opposed to traditional judicial settings, the rules of procedure and evidence are designed to favor awarding benefits; and 8) the employer is required to obtain private or statefunded insurance or meet self-insurance requirements to fund the system without government contribution. In other nations, such as Great Britain, workers' compensation is fully funded by government.

The principle of fixed compensation for certain injuries is found in early Teutonic and medieval English custom. Even pirates on the seas agreed to codes or "articles" whereby crew members received extra payment from captured treasure in predetermined amounts for the loss of specified body parts in furtherance of their plundering. However, the real roots of workers' compensation are traceable to Germany during the Industrial Revolution.

As early as 1838, Prussia enacted measures providing aid to injured railroad workers and passengers. In 1854, the Prussian government mandated that certain industrial employers had to give to local funds to assist ill employees. And in 1884, Chancellor Otto von Bismarck's program won adoption of the first modern workers' compensation program that became a model for other countries. Unlike later American programs, however, Bismarck's program provided more expansive coverage, required worker contributions, and provided old-age benefits. But like the subsequent British compensation plans, the German system was administered jointly by workers and employers with government oversight.

With the advent of the Industrial Revolution in Great Britain and the United States, industrial injuries increased rapidly, but courts were reluctant to provide remedies for workers. Moreover, reflecting the dominant laissez-faire economic philosophy of the day, British and American judges often strove to provide greater protections to factory owners to encourage economic development. Therefore, judges forged pro-business exceptions to the common law. These novel judicial rules included the "fellow-servant" doctrine, which was a shield to employer liability for injuries caused to a worker by a fellow worker. Also crafted was

a doctrine that a worker had assumed the risk by agreeing to work in a hazard situation. Furthermore, financial recovery was denied if the employee was contributorily negligent in any manner or degree. Sometimes, judges even held that injury resulted from an act of God and thus was not the responsibility of the employer.

All states had some form of workers' compensation by 1948.

Although some courts attempted to provide workers with relief from harsh legal barriers, the reform effort was spearheaded by more progressive state legislatures. For example, measures were enacted preventing the application of the fellow-servant doctrine when the employee causing the injury worked in a supervisory capacity, and making the doctrine inapplicable when an employee was injured while fulfilling the legal obligations of the employer. Legislatures also passed laws mandating that there was no assumption of risk by a worker when the employer failed to adhere to safety regulations.

But the real impetus for reform came as American states were influenced by the example of the first British Compensation Act of 1897. An interest in the states eventually became a national movement as legislatures, beginning with Massachusetts in 1904, formed commissions to investigate proposals. In 1910, a Uniform Workmen's Compensation Law was drafted by representatives from various state commissions to serve as a model for legislatures to follow.

Massachusetts enacted a law authorizing the creation of a private workers' compensation plan in 1908. The same year, at the insistence of President Theodore Roosevelt, Congress passed the Federal Employer's Liability Act. This act covered federal employees in dangerous occupations and workers of common carriers operating in interstate and foreign commerce. Other federal laws targeting certain industries and activities in interstate commerce followed.

In 1910, New York's assembly approved a workers' compensation act requiring participation by hazardous industries, but this measure was declared unconstitutional by the state's highest appellate court in 1911 as a violation of due process. Wisconsin became the first state to approve the first comprehensive workmen's compensation program in 1911. In 1904, 10 other states enacted similar plans, as did four more in 1912 and

eight in 1913. All states had some form of workers' compensation by 1948. In recent times, many legislatures have greatly modified their programs to reduce benefits in order to please and attract business and industry.

SEE ALSO: Employment; Industrial Revolution; Labor Market; Roosevelt, Theodore (Administration); Working Poor.

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Workfare

STARTING WITH THE 1980s conservative administrations of President Ronald Reagan and British Prime Minister Margaret Thatcher, neoliberalism experienced ascendancy in Western economies. Steeped in the laissez-faire market principles of capitalism, neoliberalism embraces enterprise, individualism, and economic rationalism over statist economic interventions. In this political economy, standards of living and welfare are the bane of the individual, not the state. A core belief of neoliberals is that labor force participation in an economic market unfettered by government control is key to elevated levels of well-being, first for the individual and then for society. This is not to say neoliberals covet self-sacrifice for the common good. Rather, self-interested self-investment motivated by personal growth is the accepted norm. In the true Adam Smith perspective, competition in this manner will generate efficiency of the market, which is the cornerstone of capitalism.

It is under neoliberalism that current Western welfare policies have taken shape. In particular, the United States, and to a lesser extent Great Britain, has reformed governmental welfare programs because of concerns that they are generous in universalistic entitlement of cash aid, and thereby remove the competitive drive of recipients to participate fully in the labor market. Further, some neoliberals distrust welfare recipients, viewing them as lacking a work ethic and failing to adhere to societal norms of civility and decency. Such failures, it

is argued, stem from idleness bred of entitlement to cash aid with no reciprocal obligation to contribute to the betterment of self or society. In the reformation, work has been emphasized over welfare. Benefits are exchanged for adherence to behavioral mandates. Recipients of governmental aid are expected to take employment, regardless of its nature or its limited remunerative pay. The term coined for labor force participation as a welfare mandate is *workfare*. Workfare theory posits that if recipients are employed, they will both obtain a work ethic and be too busy carving out a living to maintain delinquency. More importantly, their children will learn the importance of work from their parents.

In the United States, the current cash aid program for impoverished families is entitled Temporary Assistance to Needy Families (TANF). The program requires single parents to work or participate in work activities (such as job searches and job skills workshops) 35 hours per week. Married participants are required to work 40 hours per week. Generally, for every dollar parents earn, allotment of aid is reduced a dollar. Failure to comply with workfare in TANF results in punitive sanctions in the form of loss of cash aid. States may choose whether to reduce just the adult portion of aid or remove aid from the entire family. It appears from current studies of state welfare programs that about 93 percent of families on aid comply with workfare mandates.

While neoliberals base the argument for workfare on assumptions about the character of welfare clients, opponents of workfare point to numerous methodologically sound studies showing that welfare clients do work hard prior to and during receipt of aid. Further, such studies also reveal that welfare clients are not very different from the rest of society, fully embracing norms of civility and decency. It follows that, if welfare clients possess a work ethic and do not reject notions of civility, then workfare with its coercive, paternalistic, and punitive approach to enforcing work will not bring about major changes in levels of poverty.

It is noteworthy that welfare rolls have dropped dramatically in the United States. However, such a drop is predicated on the very design of workfare. If failure to comply with work mandates results in sanctions, a drop in participation will occur. Further, time limits prevent participants from remaining on the rolls. Finally, access to the program is stringent, with pressure on would-be recipients to obtain work instead of entering dependency on governmental aid. Yet it is not the case that workfare is by itself causing the drop in participation.

Rather a combination of workfare, sanctions, time limits, and the economic context within which the drop took place are the causes.

While the notion of workfare as a remedy for welfare dependency is being debated and examined by academics, its application in policy continues unabated. Amendments to TANF have been considered by the Bush administration, with calls for increased work hour requirements, more restrictions on what may be counted as work (limited educational activities have been accepted as work in the past), and more severe sanctions for failure to comply with workfare.

Yet even as workfare expands, the hallmarks of poverty in the United States continue to grow. Childhood poverty, hunger, homelessness, and lack of access to healthcare all increased under workfare policies since the inception of TANF in 1996. In the final analysis, it may be found that rates of dependency on such programs as TANF are reduced, but reliance on other forms of governmental and quasi-governmental programs (such as child protection agencies and community organizations) may actually increase.

SEE ALSO: Neoliberalism; Temporary Assistance for Needy Families; Welfare Dependence; Work-Welfare Programs.

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Working Poor

REFERRING TO A diverse and complex economic state, the term *working poor* encapsulates the experience of working individuals who, over a designated period of employment, persist in their inability to apply earned income to hoist themselves and dependent family members out of poverty. The definitions of working poverty

are determined by the context and parameters of individual studies; however, the general consensus is that this emerging class was created by the socioeconomic circumstances it inherited from industrialism—a phenomenon that began in 17th-century Britain and spread to western Europe and North America in the 1800s.

Originating from the tradition of British concepts of class, the tiered categories of working class and poor have two historically contrasting definitions. These were most pronounced during the rise of industrialism in England starting as early as the late 18th century. Class categories had the function of showing the relationship between a citizen's personal income and the extent to which that income might establish meaningful participation in a consumer-based, capitalist society. In contrast to the substantially lower economic reputation of the poor—those who were living in a state of destitution or absolute want and depended on other people's charity as the primary means of survival—the working class often had the means to afford a more privileged or potentially comfortable lifestyle than the "deprived" underclass, providing them with a stronger voice for collective dissent and revolution.

Over the past 20 years, the increasing use of the term *working poor* has yielded a fusion between these two imagined classes (laborers and the poor). This hybrid concept thus began to question the belief that labor alone could secure independent self-sufficiency in a growing economy, while also signaling a crisis of labor faced by the working class of developed nations.

The modern use of the catchphrase, working poor, conveys several sociopolitical functions in a postindustrial world: first, it firmly evokes the contradiction inherent within the idea that people who work can also experience poverty, despite their attempts to acquire self-sufficiency through employment; second, it dethrones the biased myths that the poor are not laboring citizens and the poor lack success because they lack a work ethic; and third, it evokes a response among the populous, its government, and its policymakers to ensure justice for the working poor, that is, laborers struggling are given the tools needed to afford a decent livelihood. Despite its controversial political currency, as a community in need, the working poor carry on as a largely ignored, marginalized, and low-priority topic of national and worldwide debates on poverty.

The argument that more and more working people on the planet are living in poverty is still an item of minimal importance to the media and a vast number of its audiences, especially when this thesis exposes disturbing socioeconomic contradictions. The most distressing of these is the paradox surrounding the rapid, global economic victory of the world market, which is nevertheless accompanied by the equally rapid reduction of income and wealth among the world's population.

This irony makes even more obvious the unequal distribution of resources between the world's rich and poor, both within and between nations, and has worked to further separate these upper and lower thresholds. In addition, the casualization, global division, and competitive outsourcing of labor, as well as the sinking real value of wages, fuels the persistent poverty among laborers in developing and already developed countries.

A PERSONA OF THE WORKING POOR

Some studies cautiously separate the working poor (those working but poor on a consistent basis) from the nonworking poor (those not working and poor); this provision compensates for incidences of fluid mobility between these economic states, expanding the scope and possibility of discussion around issues like welfare and the fate of postindustrial labor. This means that, depending on circumstance, workers can sometimes slide in and out of poverty—a pattern that might seem to complicate any effective definition of working poverty.

Still, the laboring poor can be differentiated from citizens who depend exclusively on assistance from the government (welfare, unemployment, retirement, medical), especially since those who work cannot legally access such social benefits, as is the case in Canada and the United States.

Case studies are sensitive to historical, economic, and geographical contexts, and are effective to learn about and illustrate the distinctiveness of the working poor from other income groupings. Certain parameters or quantifiable variables help to determine a concrete threshold for gauging which and how many working members of society are affected by poverty. Such variables often include income type (minimum to low wage), duration of work (in weeks), type of work (parttime or full-time), rates of consumption, educational background and transferable skills, access to housing, amount of family members, and so on.

This process of social categorization via the measurement of wealth generates a specific median locating an average citizen's socioeconomic status. The poverty threshold often sits somewhere below the median, a number that changes from country to country. For instance, the United States uses an absolute poverty line

that fluctuates with the rise and fall of inflation; Great Britain calculates poverty using a relative index based on 60 percent of median income; and Canada uses a Low Income Cut-Off (LICO) as the standard to determine poverty thresholds for working and nonworking people.

A variety of external and internal conditions shape the unique face of poverty lived by those working in developed countries, including basics such as decent and affordable housing, food for healthy nourishment, access to proper medical care, education, and the real value of wages to subsidize these living costs. In rich nations, workers living in poverty still struggle to cope with the expenses of being employed in civil society (transportation costs, higher education and training, insurance, childcare).

HOUSING AND HEALTH

Unfortunately, some working poor are too familiar with substandard living conditions, consisting of deteriorated housing that can often affect personal health. If less expensive urban apartments for rent are found, they are usually in more deprived, dangerous, and dilapidated neighborhoods. Also, cities without rent-control caps make working poor vulnerable to less sophisticated housing options, such as trailer-life, shelters, and homelessness, when insubstantial paychecks and/or uninhibited spending patterns lead to lodger eviction.

As a consequence, more communities and social justice groups have pressured governments from the grassroots level to implement genuine and innovative solutions to the immense housing crisis faced in the 21st century. Even so, with the slow growth of government-subsidized housing, charitable and nonprofit organizations cannot keepup with the growing number of working people in need of an affordable living space.

The working poor are also at higher risk of being undernourished and lacking in proper medical attention, which can affect ability to properly perform daily and after-work routines. The power to afford and/or make quality food choices that can prolong individual and family health is a luxury that a number of working poor live without. In cities, especially where the cost of living is very high, some working poor depend on food subsidies like food stamps or handouts from food banks when such options are offered.

Furthermore, while some working poor sometimes refuse to use such programs unless absolutely necessary, others are ignorant of their right to access them. This reality forces some working families to choose between

buying food and paying for a long list of costly, often interest-stacking bills: rent, heating, electricity, water, insurance, childcare, student loans, clothing, credit card charges, car payments, late payment fees, cable, telephone, and school supplies.

The working poor are also at higher risk of being undernourished.

In such cases, children of many working poor will go to school hungry and unable to concentrate, becoming even more vulnerable to sickness. When illness does arise, the working poor may access free healthcare in most industrialized countries like Canada or Great Britain because of government assistance plans.

In the United States, however—where the child poverty rate was the highest among 19 industrialized countries in 2004, with 21.9 percent of children living in financially distressed households—Medicare and Medicaid are available only to those whose applications are approved, for low-income children, the blind, the elderly over 65, people with disabilities, and pregnant women.

This list excludes many working poor who do not qualify and frustrates those who cannot afford insurance premiums for private healthcare insurance; thus, the problem of maintaining physical and mental health continues to be a large source of distress for a growing number of working poor.

LIMITED OPPORTUNITIES

Without close communal, educational, workplace, or family networks to boost and foster employment possibilities, most unskilled, low-educated members of the working poor will always be vulnerable to the trap of static, minimum- to low-wage, or poorly rewarded jobs. At the same time, hope for technical and/or professional improvement and growth can be particularly hindered, especially with: 1) the continued erosion of low-skilled yet secure wage jobs; 2) the increasing cost of higher education that is a requirement for upward mobility in the workforce; 3) the decline of welfare recipients forced to find a job, as well as the increased competition in the job market that results; 4) unpredictable layoffs and diminishing security in the workplace, even for those with college or university degrees; and 5) the declining number of workers protected by collective bargaining agreements.

Industrialized countries arguably have the most abundant means to slow down and even prevent the occurrence of working poverty by addressing some of these problems. Still, the soaring cost of living, the saturation of the labor market, the growth of global corporate competition, the replacement of labor with technology, the continued realities of discrimination, and decreased government spending on education and social welfare programs have all contributed, in one way or another, to marginalizing the working poor from better options.

While North America generally boasts an excess of wealth and food, multiple opportunities for education and labor, advanced technology, unlimited goods, and government and charitable services, individuals who face poverty most frequently, even while gaining steady yet low earnings, include people with less training, competitive skills, or advanced education, workers who have families with children—especially single parents, women, youth, and racial minorities.

Studies have revealed these realities, increasing discussions about the rooting of poverty in factors such as age, race, gender, and class and the related social determinants of health. This debate is most heated in developed countries throughout Europe, and especially in the United States and Canada, where the 20th-century movements for civil democratic rights and justice (minority rights, women's rights, gay rights) were able to be forged by radical civic activism and popularized by conventional media outlets.

SOLUTIONS TO WORKING POVERTY

The myth that low and minimum wage employment can provide working individuals with the basic needs for living is highly contested. Some analysts argue that the earnings of the working poor sit far below the statistical threshold of living income standards. Critics of the United States, the most advanced capitalist system in the world, claim that the buying power of minimum wage has substantially declined and hardly increased since its 1968 peak in real value.

According to the Economic Policy Institute, the Consumer Price Index (CPI)—a measure of the average change in prices paid by urban consumers for a market basket of goods and services—further confirms the deterioration of real wages for workers in the United States

The inclination of annual wage growth to fall behind price increases has been explained by some economists who emphasize the way minimum wage does not

always account for inflation; this anomaly decreases minimum-wage purchasing power year after year.

In response to the realities of slow wage growth and the argument that minimum-wage jobs are no longer able to finance safe and sustainable living conditions for the working poor, grassroots efforts in the United States have toiled to install living wage laws at the municipal and/or state level of government, resulting in the rise of minimum wage to an hourly living wage that will ensure that cost of living can be afforded in the city of employment. Some analysts believe this poverty-reducing strategy combats the low, real value of minimum wage.

However, the living wage movement has other economic analysts concerned: they claim that there are many other factors being ignored that also prevent the reduction of poverty, even when the minimum wage is increased. Economic think tanks such as the Employment Policies Institute are skeptical about this move to justify income hikes on needs-based rather than skills-based grounds, claiming that there is no statistical or historical evidence that wage increases reduce poverty.

THE CYCLE OF POVERTY

The extent of an individual's ability to participate on the economic map cannot be understood by statistics alone; rather, it is enhanced by a three-dimensional understanding, often found in case studies that further examine the causes of poverty among workers. The rise of many sociological texts concerning labor and the working poor has begun to fill this gap. These descriptions help to humanize through testimonials a wider social grasp of poverty. Able to portray the confining cycle of poverty, recent accounts show that, although the working poor are highly participatory members of society, they are too often marginalized from the economic, political, and cultural mainstream. Accounts and studies of the working poor, along with literary ones in the form of novels and short stories, serve to minister to a broadening of the overall discussion about the roots of poverty.

SEE ALSO: Class Analysis of Poverty; Education; Healthcare; Nonworking Poor; Wage Slavery; Wages; Workfare; Work-Welfare Programs.

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Work-Welfare Programs

FOR NEARLY 60 YEARS, the United States provided its low-income families with cash aid, albeit in limited amounts insufficient to lift them out of poverty. In order to qualify for aid, parents merely had to pass an income means test. Some documentation was required and a few behavioral mandates were enforced (such as children had to be immunized), but no other reciprocal compliance with welfare obligations was expected. Cash aid programs were thus called "entitlement" programs. Aid to Families with Dependent Children (AFDC) was the chief cash aid program.

From the 1950s to 1970s, state welfare caseloads in the United States experienced dramatic increases, despite relative prosperity and increasing governmental supportive services (such as counseling, job training, and investments in employment opportunities). The typical welfare client was depicted in the media and by politicians as a lazy, criminally minded, amorally lascivious, single African-American woman with multiple children who was a threat to social order. From this unfair, racially discriminatory portrayal of welfare clients, policy evolved requiring clients to demonstrate commitment to mainstream norms of social civility coupled with a willingness to work.

In the 1980s, theory developed around the need to place welfare clients in employment in exchange for aid. The Theory of Labor Force Attachment, or more commonly, the work-first model, argues that welfare clients are dependent on cash aid and therefore lack any ability to become economically self-sufficient. In their dependency, welfare clients become, at best, apathetically non-employed. At worst, they become criminal. In order to protect social order, welfare clients must be forced to work, since they will no longer actively seek

employment. Work must be made a priority, with punitive sanctions a real threat in cases where the client fails to participate in employment activities. Time limits must be set to ensure that clients do not maintain long-term dependency on welfare. Because welfare clients under the work-first model would be too busy working or seeking work, they would no longer be able to choose complacent non-work or criminal behavior.

Children of working welfare clients would benefit from the employment of their parents simply because they would learn the value of hard work, as other children do. Finally, the work-first model of welfare is posited on the belief that no real barriers to employment exist for the welfare client other than the internal belief of the client that jobs do not exist or existing jobs do not benefit the client sufficiently for the client to take the job.

The work-first model of welfare was pilot-tested under several state welfare demonstration programs. One such program was in Riverside, California, in the early 1990s. While welfare clients who were required to participate in the work-first model originally seemed to do better than clients in a normal AFDC program in finding employment and leaving welfare, six months later, those clients fared no better than the AFDC clients in maintaining employment or avoiding welfare dependency. Other studies of welfare clients disprove the central tenets of the work-first model, namely that welfare clients are deviant from the norms of society. For instance, no study to date has provided reliable evidence that welfare clients are criminally inclined, sexually promiscuous, or otherwise threatening to social order. Further, studies of welfare employment trends show that welfare clients work when able to and turn to cash aid only when necessary, belying the notion that clients inappropriately depend on cash aid in lieu of employment.

Despite lack of evidence that the work-first model worked, or that it was necessary because of client deviancy and threats to social order, President Bill Clinton signed into law the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), promising to end entitlement welfare programs. Under the PRWORA, the Temporary Assistance to Needy Families (TANF) program was created. TANF replaced AFDC as the primary cash aid program for low-income families. It required clients to work or participate in work-generating activities such as job skills workshops in exchange for cash aid. Further, the program allowed clients to receive cash aid only for a total of 24 consecutive months, and 60 months in a lifetime. TANF pro-

vided clients with limited support for childcare and transportation, as well as job searches and employment referral services. Currently, clients must complete 35 hours per week of work-related activities in exchange for aid. Failure to comply with behavioral mandates results in punitive sanctions in the form of loss of cash aid and supportive services. States may opt to reduce only the adult portion of aid or remove the entire family from aid until conformity occurs.

SEE ALSO: African Americans and Poverty; Aid to Families with Dependent Children; Clinton, William (Administration); Temporary Assistance for Needy Families; Workfare.

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World Bank

THE WORLD BANK AND International Monetary Fund (IMF), the organizations often referred to as Bretton Woods twins, were conceived at the international conference that took place at Bretton Woods, New Hampshire, between July 1 and 22, 1944.

The Bretton Woods agreements were ratified on December 27, 1945, the date considered as the formal beginning of the bank. However, the bank operations commenced on June 25, 1946, and the first loan of \$250 million was extended to France for postwar reconstruction on May 9, 1947. This was, in real terms, the most substantial loan ever issued by the bank. The bank's primary focus was reconstruction of European countries after World War II. The initial membership consisted of 45 countries, compared to 184 today.

The World Bank's member countries elect a representative and alternate to the Board of Governors, to

serve a five-year term. The board meets once a year at the bank's annual meetings, where it sets the overall policies of the institution and reviews country membership. A board of 24 executive directors oversees the work of the bank on a daily basis. They meet twice a week in Washington, D.C., to approve new loans and review bank operations and policies. Governments can elect directors every two years. Five of these directors represent the member countries that have the largest number of shares: France, Germany, Japan, the United Kingdom, and the United States.

By an informal agreement, the bank president has always been a U.S. citizen.

The remaining 19 executive directors represent constituencies; a country or group of countries elects each every two years. The election rules ensure that a geographical balance is maintained. The executive directors and the president of the World Bank, who serves as chairman of the board, are responsible for the conduct of the bank's general operations and perform their duties under powers delegated by the Board of Governors. The president in 2006 was Paul Wolfowitz, a former U.S. deputy secretary of defense, who was appointed on June 1, 2005. By an informal agreement, the bank president has always been a U.S. citizen, while the managing director of the IMF has been a European.

In the beginning, in the 1950s and 1960s, the bank's financing was directed and limited to infrastructure projects. In the mid-1960s, more than 75 percent of all bank lending was directed to electric power and transportation. The lending heavily rested on the assumption that transportation, communication, and power facilities, ports, and public utilities are necessary conditions for the development of the rest of the economy.

The 1970s oil shock and the appointment of Robert McNamara as the bank's president brought about profound changes to operations. The magnitude of loans jumped from \$1 billion per year to \$12.4 billion from 1968 to 1981 (more than five times when adjusted for inflation). The number of professionals employed by the bank increased from 767 in 1968 to 2,522 in 1981, and to 3,776 in 1991. In addition to the size, the composition of spending changed.

The lending to the rural sector increased dramatically, and health, population, and nutritional lending projects commenced. In addition, new departments were established and a formal research program started.

The major publication World Development Report was initiated, which led to the increased visibility of the bank.

These developments resulted in the bank being bigger and broader than ever today. It has become a group, encompassing five closely associated development institutions: International Bank for Reconstruction and Development (IBRD), International Development Association (IDA) and three other agencies, the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID).

The IBRD provides loans, policy advice, and technical assistance to the governments of creditworthy lowand middle-income countries. It charges interest rates well below those offered by commercial lenders. The IDA was created on September 24, 1960, with the primary purpose of providing grants and interest-free loans to the world's poorest countries for a variety of poverty reduction activities. These activities included measures to ensure effective governance, encourage private investment, and boost the education and health services available to the poor.

The IFC was created on July 20, 1956, in order to invest in viable private enterprises in countries where access to capital is limited. The MIGA was created on April 12, 1988, with the primary aim to encourage direct foreign investment in developing countries by providing guarantees to foreign investors against losses caused by noncommercial risks like war, civil disturbance, and an inconvertibility of the local currency. The ICSID was created on October 14, 1966. It encourages foreign investment by providing a forum for the conciliation and arbitration of international investment disputes.

While reconstruction is still an important focus of the bank's work, especially given the natural disasters, humanitarian emergencies, and postconflict rehabilitation needs that affect developing and transition economies, the primary focus shifted toward poverty reduction.

Today, the mission of the bank is to fight poverty and improve the living standards of people in the developing world. As such, the bank's financing focuses on the reform of the health and education sector and environmental and infrastructure projects. Nevertheless, World Bank Group projects are frequently criticized by nongovernmental organizations (NGOs) for alleged environmental and social damage and for failing to achieve poverty reduction.

The primary criticism comes from the opponents of neocolonial globalization. The bank is viewed as an instrument for undermining the national sovereignty of recipient countries through various structural adjustment programs that pursue economic liberalization and relativize the role of the state. Similarly, critics underscore the fact that the bank favors neoliberal principles, which are hardly applicable in the countries strained by ethnic conflicts or wars, or that have a long history of dictatorial regimes and colonial subjugation. In addition, both the World Bank and the IMF are often seen as principal instruments of the United States, which is using them to advance its own economic and political interests. This is particularly apparent, according to the critics, in the situations when the bank intervenes in order to salvage imprudent loans made by private banks to irresponsible regimes in developing countries. While acknowledging the valid criticism, the bank claims that a substantial progress has been made:

Over the past 40 years, life expectancy in developing countries has risen by 20 years—about as much as was achieved in all of human history prior to the mid-20th century. Over the past 30 years, adult illiteracy in the developing world has been nearly halved to 25 percent.

Over the past 20 years, the absolute number of people living on less than \$1 a day has, for the first time, begun to fall, even as the world's population has grown by 1.6 billion.

Over the last decade, growth in the developing world has outpaced the developed countries, helping to provide jobs and boost revenues that governments need to provide essential services.

Nevertheless, both the bank and the critics agree on one important thing: that the progress, while undeniable, is far from sufficient. The resilience of the bank will hinge primarily on its ability to address the basic needs of the large number of its membership, not only the historical decision-makers.

SEE ALSO: Economic Growth and Poverty Reduction Strategy; Globalization; International Monetary Fund; Neoliberalism; Third World.

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World Bank Poverty Lines

FROM 1996 TO 1999, the Policy Research and Poverty and Social Policy Departments of the World Bank joined forces to publish *Poverty Lines*, a newsletter designed to summarize the ongoing research on poverty by the World Bank and others. *Poverty Lines*, a brief two-page publication, translated the often technical, statistical, and economic theory-oriented language found in many of the studies on poverty into reader-friendly informational articles for noneconomists and working professionals interested in poverty studies and for those working toward the alleviation of poverty. *Poverty Lines* summarized articles written for the Living Standards Measurement Study (LSMS) Working Paper Series.

The LSMS is an instrument designed to systematically collect information on consumption patterns and income at the household level. The LSMS was established by the World Bank in 1980 in order to improve methods of data collection and the type and quality of household data collected by government statistical offices in developing countries. The objectives of the LSMS were to develop new means for monitoring progress in the fight against poverty and the struggle to raise standards of living, to identify the economic impact and other consequences on households of current and proposed government policies, and to improve communications among survey statisticians, analysts, and policymakers. The LSMS provides accurate measures of variables common to a broad cross-section of the population (such as poverty, malnutrition, and employment rates).

Households are asked to answer detailed questions on their spending habits and sources of income. The resulting data allow analysts to evaluate current living standards, track changes over time, and provide timely input into policy formation.

The surveys are designed to be repeated on a regular basis, tracking conditions as they change over time. Using the survey results, analysts can produce a comprehensive measure of household welfare and evaluate its distribution across the population and over time; evaluate patterns in access to social services, such as schools, healthcare, or welfare programs; identify the determinants of socioeconomic outcomes (such as how women's education affects fertility decisions or how health status affects workers' labor supply); and examine household responses to changes in economic conditions or government programs (such as how price subsidies influence consumption patterns, or how healthcare choices are affected by clinic user fees). The surveys are conducted more or less regularly in most countries.

LSMS household surveys are an important tool in measuring and understanding poverty in developing countries. Surveys with several, if not all, of the hallmarks of the Living Standards Measurement Study have been conducted in dozens of countries around the world. Although the first few LSMS surveys followed a very similar format, as time passed and countries with different circumstances were added, substantial variety arose in the surveys across the different countries. Problems in comparing year-to-year poverty surveys demonstrated that researchers needed to make changes in survey design. These sample survey data collection methods are increasingly being complemented by participatory methods whereby people are asked what their basic needs are and what poverty means for them. Interestingly, new research shows a high degree of concordance between poverty lines based on objective and subjective assessments of needs.

The articles that appeared in *Poverty Lines* briefly described results from various country studies. They served to focus the results from these surveys and addressed the methodology of data collection and statistical analysis. Articles attempted to educate readers on the importance of using standardized measurements and using comparable data when researching poverty. When not discussing methodological issues, the newsletter focused articles on the description or analysis of household behavior or the effects of government policies. For example, topical articles on population policy in sub-Saharan Africa, the importance of investing in education, protecting the poor during times of economic transition, and designing effective safety net programs all appeared in the publication.

In order to take advantage of rapidly changing technology, better utilize existing resources, and make information more readily available, the publication of *Poverty Lines* was halted in 1999. It was replaced by an online web resource center known as PovertyNet that was launched in October 1998. PovertyNet is a site for people who work on poverty, created by the Poverty

Group in the Poverty Reduction and Economic Management Network of the World Bank. The PovertyNet website provides up-to-date resources about understanding and alleviating poverty. The website provides an introduction to key issues as well as in-depth information poverty measurement, monitoring, analysis, and on poverty reduction strategies for researchers and practitioners. The goal of the website is to share information on what works and what does not work in the struggle to help alleviate poverty. The website is navigable in a way that allows nonexperts access to basic information and that provides in-depth resources for policymakers and researchers.

SEE ALSO: International Poverty Rates; Living-Standards Measurement Study; Poverty Assessment; Poverty Research; World Bank.

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World Concern

WORLD CONCERN IS A nondenominational international Christian humanitarian organization. It is a ministry of CRISTA, a Seattle-based group of related ministries. World Concern provides emergency relief and community development services to the poorest in many places in the world, including some of the most neglected, without regard to race or creed.

Dr. Wilbert Saunders and Jim McCoy, a pharmacist, founded World Concern in 1955. In the beginning it was focused on medical missions and had the name Medicine for Missions. Its primary concern at first was sending medical supplies overseas to mission workers. In 1973 Medicine for Missions was reorganized, renamed, and reoriented in the focus of its mission.

Like many other nonprofit corporations, this legal status encourages giving because donors receive a tax benefit for their donations. In addition, World Concern is a charter member of the Evangelical Council for Financial Accountability (ECFA), which is a publicly operated agency for certifying the fair and responsible use

of charitable donations. ECFA uses seven Standards of Responsible Stewardship in order to satisfy public trust, standards that World Concern also follows.

World Concern currently serves families in 32 countries. Its mission goal is the reduction of human misery of the poor both physically and spiritually by means of relief for acute suffering and development programs to end chronic suffering. Moreover, it seeks to give hope for a life lived in a right relationship with God. World Concern's operations are conducted by a staff of 900 professionals and by over 1,300 volunteers. The volunteers are teachers, veterinarians, and other professionals, many of whom travel to impoverished areas to work on poverty projects. Sometimes World Concern acts as an agency for relief or development in cooperation with other nongovernmental organizations and with government sources of aid.

World Concern's development services teach self-development behaviors to the poor. This mission strategy rests on its belief that people are the best agents for solving their own problems. World Concern believes that the family is the cornerstone of every community. Therefore it seeks to serve the poorest families on a global basis with food and meaningful work. At the same time it seeks to share love of Christ in culturally sensitive ways. World Concern uses the World Concern Strategic Index each year to rank countries for degree of suffering, from the greatest to the least. It then uses prayer and the suffering index scores to decide where to direct its resources to meet the most severely neglected needs. Most of the projects and operations are in Asia, Africa, and Latin America.

World Concern's program has continued to expand, as its budget for 2006 was estimated to be \$88 million. It uses four percent of its budget for administrative costs, with the remaining 96 percent going to its programs and projects. In 2006 it had 60 projects in 18 countries. Recent relief projects included service to tsunami victims following the great tsunami of December 26, 2004, in the Indian Ocean.

SEE ALSO: Christian Antipoverty Campaigns; Evangelicals for Social Action; International Nongovernmental Organizations; Missionaries.

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World Economic Forum

KLAUS SCHWAB, Swiss philanthropist and recently retired professor of business, founded the World Economic Forum (WEF) as a nonprofit organization in 1971. This informal forum brings together political, business, and media leaders annually in the mountain resort of Davos, a southeastern Swiss town near the Austrian border. With the exception of the 2002 meeting in New York City, the WEF regularly meets in Davos, usually early in the year, and hence it is also referred to simply as Davos. In addition to annual Davos meetings, the WEF organizes regional gatherings in Asia, Europe, and Africa on a regular basis.

The mission of the WEF is to provide world leaders in politics, business, and media with an opportunity to discuss contemporary world affairs and to set the economic and political agenda for the year. In its founder's words: "Today, no one government or company or group, working alone, can solve a major issue. They all have to work together."

The Davos meetings serve this ideal by laying down the foundation for a global corporate governance system. Not surprisingly, leading global megacompanies—Texaco, Exxon Mobil, Royal Dutch/ Shell Group, Boots Company, Pfizer Inc., Roche Holding Ltd., McDonald's, Nabisco, Nestle, and Unilever to name few—have a prominent role in shaping the WEF agenda, particularly on globalization and liberalization.

Recently the WEF has broadened its membership to include selective representation from academe, from non-governmental organizations and the arts, and even from labor, to curb criticisms of its legitimacy. Nevertheless, the pro-business orientation of the WEF is not hidden and is further reinforced by the following two initiatives. The International Business Council (IBC), established in 2001 as an advisory body to the WEF, is made up of 100 chief executives of leading global companies. And the Global Institute for Partnership promotes public-private partnership as a method of privatization of public economic enterprises in industrial and developing countries.

Topics typically discussed at Davos meetings have been economics, environment, business and management, science, medicine, and technology. Subtopics within economics have run a wide range, from competitiveness, financial policies, and foreign investment to public policy, foreign trade, and exchange rate policies. Across the board there has been an emphasis on the expansion of globalization and economic liberalization in the name of economic democracy, defined in terms of a

free-market system. Since 2002, the WEF has explicitly focused on issues related to world poverty, and especially poverty in Africa. World leaders presumably have realized that the neoliberal world economic order of recent decades has contributed to persistent global poverty, which in turn fueled economic and social uncertainty.

At the 2002 meeting in New York City, the WEF focused on the economic, social, political, and ethical causes and consequences of poverty. Led by Professor Jeffrey Sachs, current director of Columbia University's Earth Institute, and by Bono, the lead singer of the popular rock band U2, the WEF discussed aspects of poverty and HIV/AIDS, hunger, malaria, TB, and other diseases in Africa—specifically in sub-Saharan Africa, where about 300 million people (over 40 percent of the total population) live in extreme poverty, on less than \$1 per day at Purchasing Power Parity, according to Sachs. The 2002 meeting ended with a verbal commitment by world leaders to use foreign aid to curb world hunger and poverty, a commitment that had to be repeated at the 2005 G-8 meeting in Gleneagles, Scotland. The commitment was to some extent also a response to results of a 2004 Gallup Poll survey, carried out for the WEF, which showed that 44 percent of those surveyed agreed that poverty and hunger eradication should be the most important global priority.

This trickle-down-based strategy calls for economic growth.

So-called communities play an important role in WEF's organizational strategy. These are smaller and more focused forums that provide opportunities for indepth interaction and discussion among members. They also help disseminate WEB information among members. The Young Global Leaders (YGLs), also formed by Schwab in 2004, is one of more important community initiatives of the WEF. It is a forum that gathers young people from different countries who have the potential for future effective global leadership. Participants are below 40 years of age and are willing to commit themselves to the WEF mission.

The YGLs are involved in WEF's 2020 Initiative, which is a program aimed at a hypothetical exploration of the economic, social, and political global environment in 2020. The first 238 YGLs, selected by 28 media leaders from a pool of 8,000 nominees, held their first Inaugural Summit in Zermatt, Switzerland, in June

2005. According to a WEF press release, among the 238 selected YGLs, 56 come from politics. They are young heads of state, cabinet ministers, and parliamentarians. Another 99 of them are from businesses, successful young CEOs and entrepreneurs. The remaining YGLs come from the media or other venues of intellectual life. The YGL provides the WEF with an opportunity to pass the WEF free-market ideals to prominent young world leaders, who help perpetuate them.

A major annual undertaking by the WEF since 1979 is the publication of the Competitiveness Report, recently renamed the Global Competitiveness Report. A comparative study of the economies of over 100 countries, it also includes the perceptions and observations of local business leaders on their respective economies. The WEF claims that the report monitors competitive conditions in these countries and thereby assists in global investment decisions much needed for sustained economic growth. At the turn of the new millennium, the WEF constructed a Global Competitiveness Index (GCI) and used it for the first time in its 2001–02 Global Competitiveness Report as an indicator of economies' ability to achieve sustained growth, which it claimed is essential to raise the poor out of poverty.

This trickle-down-based strategy calls for economic growth, which most efficiently is provided by the private sector. Sustained growth in incomes is supposed to raise investment and employment and therefore eventually reduce poverty. The competitiveness index would be used as a gauge of the economy's ability and readiness for the free-market-based sustained growth strategy. The GCI is a composite index that measures the quality of the macroeconomic environment, the state of public institutions, and the level of technological endowment. The aggregate GCI is a weighted average of these three individual indexes. In addition to the aggregate GCI, the report ranks countries in terms of the individual Macroeconomic Environment Index, Public Institutions Index, and Technology Index.

Given the importance of the potential use of the GCI, it is important to know its limitations. Sanjaya Lall, for example, has criticized the index for its deficiencies, which range from biased and flawed methodology to its too broad and general definitions of important concepts.

The power and the prominent role of global business in shaping the WEF agenda have been strongly criticized as undemocratic, lacking transparency and accountability. It is seen as one of the informal pillars on which neoliberal globalization has relied heavily in carrying out private-sector-led economic growth and

development. In recent years, antiglobalization activists have challenged the legitimacy of the WEF by organizing massive anti-WEF demonstrations at Davos meetings (and in New York City in 2002), as well as at its various regional meetings. The efforts of these antiglobalization groups—students; church, antiwar, and labor organizations; and intellectuals among them—led to the cancellation of the WEF's 2003 Dublin regional meeting. Anti-WEF demonstrations have caused the WEF meetings to take place under tight security, leading to further criticisms of its transparency and legitimacy. Along with the G-7 and G-8 Summits and other informal gatherings, the WEF has served well the hegemony of global capital by providing the leading corporate elite an opportunity to control global economic, social, and political decision-making.

The World Economic Forum has been successful in bringing together the world's elite political and economic leaders and establishing an effective and powerful communication channel between these two groups. Jean-Christophe Graz refers to the WEF as the most exclusive and powerful transnational elite club. Like similar gatherings and institutions, Graz also argues, the World Economic Forum lacks legitimacy. Unless it evolves into a democratic, transparent, and accountable institution, it will continue to distance itself from the larger society it claims to help and will remain an exclusive private club.

SEE ALSO: Economic Liberalization; Globalization; International Nongovernmental Organizations; International Trade; Neoliberalism.

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World Food Program

AMID CONTROVERSY AND competing ideas, the World Food Program (WFP) was established by parallel resolutions of the United Nations Food and Agriculture Organization (FAO) and the United Nations' (UN) General Assembly in 1961. It began as a recommendation of Senator George McGovern at a time when John F. Kennedy, then president of the United States, was revamping U.S. foreign aid assistance programs. McGovern convinced the president that the need for food aid was so great that the United States could support a multilateral approach to food aid that utilized agricultural commodities as a supplement to other bilateral arrangements. Kennedy agreed and the United States supported the UN General Assembly resolution.

Located in Rome, Italy, the World Food Program was started as a three-year experimental program to provide food to poverty-ridden, malnourished, hungry people around the world. In 1963, the WFP undertook its first field operations by responding to multiple disasters. An earthquake in Iran in September 1962 necessitated the transfer of 1,500 tons of wheat in order to feed people, plus 27 tons of tea and sugar from India. This disaster was followed by a hurricane in Thailand in October 1962, which left 10,000 people without food. WFP arranged donations and transferred supplies from Australia and the Netherlands.

Finally, the newly independent African nation of Algeria was resettling five million refugees, and the WFP supplied much-needed food. Among the original WFP mandates were to use food aid to support economic and social development, provide food and associated logistics support in times of emergency, and generally promote world food security. From an initial three-year experimental program (1963–65) with under \$100 million in resources, WFP has grown to become the world's most prominent multilateral food aid organization, responsible for more than 90 percent of multilateral food aid allocated and about 30 percent of all food aid worldwide. WFP food aid reached 113 million people in 80 countries in 2004.

The primary goal of WFP aid was to save lives in refugee and other emergency situations; to enhance the nutrition and quality of life of the most vulnerable people at critical times in their lives; and to help build assets and promote the self-reliance of poor people and communities, largely through labor-intensive work programs. In emergency situations food aid was essential for social and humanitarian protection. The provision of food aid, when possible, was coordinated with the re-

lief assistance provided by other humanitarian organizations. In nonemergency situations, feeding the poor with food aid was considered a pre-investment in human capital and resource building; it was used to help build capacity among the very poor. WFP designed projects to serve long-term development needs as well as mitigate short-term disasters.

EMPLOYMENT AND INCOME

To the extent possible, WFP attempted to help poor people utilize their most abundant resource, their own labor power; to this end WFP projects created employment and income opportunities and helped to build the infrastructure necessary for sustained development in poor communities. The WFP operated on a continuum around the dual functions of providing development aid and relief assistance. Development aid through food aid was intended to increase the levels of consumption, investment, employment, and income beyond what would have been possible without food aid.

The WFP made extensive use of creative means for securing food aid.

The main goal was to provide food aid in ways that actively promoted development in the poor developing countries, rather than merely to get rid of unwanted agricultural surpluses. The plan was to stimulate rather than discourage agricultural production in food aid recipient countries. As part of an ongoing effort to eradicate hunger and poverty, the WFP supported disaster prevention, preparedness, mitigation, and postdisaster reconstruction and rehabilitation activities as part of its development programs.

The WFP's prominent role in the distribution of emergency food aid came about because of the belief that multilateral assistance was more effective in reaching the needy population in a timely and cost-effective manner, because needs assessments and the calculation of allocations were made according to recipients' needs rather than the donors' needs. The WFP made extensive use of creative means for securing food aid and utilized distribution networks, including triangular transactions involving one donor providing resources that could then be used to purchase food in a second country, for distribution in a third country near to the recipient. The WFP also utilized local food production, where possible, to help reduce transportation costs and

delays in getting food to hungry people, and to provide demand stimulus to food producers in developing countries. The advantages of channeling food aid multilaterally through a UN organization enabled food to be provided with no political or commercial strings attached.

During the first 30 years of operation, WFP was well-known for its very visible, unambiguous role in organizing and delivering relief assistance. WFP provided over \$13 billion of aid involving more than 40 million tons of food. The agency was less known in those three decades for its primary role in development work.

Its main focus of attention for most of the first 30 years of its operations was on using food aid in support of economic and social development projects. From 1961 to 1991, WFP assisted more than 1,600 development projects and supplied humanitarian aid through more than 1,200 emergency and relief operations, providing food to poor and food-insecure people in most of the developing countries. Many people benefited directly and indirectly from this investment through the work and income generated, the infrastructure built or repaired, and the many lives improved.

In the process, WFP became the largest supporter of development projects involving and benefiting poor women in developing countries, the largest provider of grant aid for environmental protection and improvement activities in developing countries, and the largest purchaser of food and services in developing countries and a major supporter of south-south trade within the United Nations organization. At the same time, WFP established the largest global network in food aid, with staff deployed in more than 80 country offices serving more than 90 developing countries.

POLITICS

Politics are not absent from the WFP. There are a number of good ideas for hunger relief, but the problem is that there is now little international agreement about how the relief should be funded, or provided to those in need. WFP underwent dramatic changes in the composition and size of its assistance programs and its share of total world food aid in the 1990s. WFP moved away from its role in development and took on a larger role in crisis intervention and responding to emergency situations.

Since the mid-1990s, the majority of assistance provided by the WFP has been distributed for relief and emergency operations. Previously, only about one-third of its operations were for this purpose. In addition, the

bulk of relief and emergency assistance is now provided to the victims of man-made disasters within developing countries, rather than disasters caused by nature. Ironically, the presence of WFP development activity in poor countries has often enabled the organization to provide targeted relief interventions quickly and effectively through preexisting networks, established institutional relationships, and an active awareness of local resources, capacities, and vulnerabilities.

This overall shift in the WFP places the solution to hunger on providing more food aid for people in unstable situations, rather than increasing a stable indigenous food supply. The fundamental shift required aid to be reexamined in both the context in which it could make a difference to vulnerable people's lives and the context in which food aid could have a comparative advantage to the donor country.

The food production capacity of the world is able to provide for every citizen.

The WFP is funded by voluntary contributions from governments and individuals to finance its humanitarian development programs. Governments are the principal source of funding for the WFP, and 60 member states of the UN make contributions to this program. The WFP receives no dues or portions of the UN-assessed contributions. The voluntary nature of donations is intended to spread the burden of feeding the poor among the advanced industrialized nations; to enable contributions that could complement each other facilitating resource management; and to make food deliveries more cost-effective. Growing needs, declining government support, and an increasing global economy have encouraged the WFP to turn to corporations to broaden its donor base. Through donations of cash or goods, such as food, vehicles, computer equipment, and information technology, corporate donors are enabling the WFP to free up scarce cash resources to feed more hungry people.

Additionally, through donations of services, WFP may leverage a company's expertise in key areas to enhance its operations. Corporate employee programs are also helping to raise millions of dollars for the WFP. Walk the World and Coins4kids are two examples. WFP also seeks donations from individuals for some of its emergency programs. Emergency programs account for eight percent of the world's hunger victims. These programs include the distribution of food commodities

to long-term refugees and displaced persons, and provide emergency food assistance during natural and manmade disasters.

With the establishment of the WFP, McGovern recognized that the solution to world hunger depended upon political goodwill, compromise, and above all, peace. Millions of people worldwide are afflicted because of wartime disruptions in food production and distribution. Indeed, bad politics, poor policies, and corruption have served to increase the vicious cycle of poverty in many nations. It does not really matter that a typical food ration of cornmeal, vegetable oil, beans, peas, and lentils can be delivered for only 12.5 cents a day.

The problem is one of matching supply with demand when governments crumble, shells are launched across the countryside, and corruption reigns. In the 21st century, WFP convoys have come under increasing fire, and food intended for innocent civilians and victims of war has been hijacked to feed armies and rebel militias. Long-standing principles of neutrality and impartiality have given way to the realities of military convoys to protect aid workers and resources, to negotiated payments to gain access to suffering communities, and to awareness that food aid is most often necessary as a result of human aggression and atrocity.

The food production capacity of the world is able to provide every citizen with an adequate diet to lead a healthy, active, and productive life. Yet the hungry-poor (those earning less than the equivalent of \$1 a day, or those who spend most of their income on food), comprising one-fifth of the developing world's population, lack access to sufficient food to maintain good health.

The coexistence of hunger with the capacity to end it is one of the gravest paradoxes of the modern world. Food aid is intended to remedy at least partly this distributional problem, by making food available to those countries that prove unable to produce or purchase enough on their own.

Food is the critical ingredient to saving lives; however, programs in agriculture, economic recovery, education, health, protection, human rights, water, and sanitation must all simultaneously be supported if recovery is to take hold.

SEE ALSO: Food Shortages; Hunger; Natural Disasters; UNDP Regional Project for Overcoming Poverty; UNICEF; United Nations Development Program; War and Poverty.

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World Health Organization

CONSIDERING THAT POVERTY and ill health are tightly interlinked, the World Health Organization (WHO) plays an important role in reducing poverty as a part of the United Nations Development Group. The World Health Organization emerged in the international arena on April 7, 1948, to promote international cooperation in improving public health and to achieve "the highest possible level of health" by all people.

Governed by 192 countries, WHO operates from administrative headquarters in Geneva through three principal organs: the World Health Assembly, which meets annually as the general policymaking body; an Executive Board of health specialists elected for threeyear terms by the assembly; and a Secretariat, which has regional offices and 3,500 health and other experts and support staff on fixed-term appointments throughout the world. There are regional organizations in Africa, the eastern Mediterranean, southeast Asia, Europe, the west Pacific, and the Americas. The organization is financed primarily by annual contributions made by member governments on the basis of relative ability to pay, resources from the expanded technical-assistance program of the United Nations, and private foundations and industry.

Under the WHO constitution, health is defined as "a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity." Therefore, WHO considers health a multifaceted issue closely related to poverty, equity, human development, and collaborative partnerships. WHO works in many directions to reduce poverty and improve health through its immunization programs by developing and distributing vaccines; promoting more transparent, equitable, and accountable health systems; building community and family health; combating hunger; advancing health technology and pharmaceuticals; and contributing to sustainable development and improvement of

WHO's relationship with other organizations. In collaboration with national governments and international aid agencies, WHO not only works to reduce human diseases and fund medical research, but it also provides emergency aid during disasters, and aims to improve nutrition, housing, sanitation, and working conditions in developing countries.

In essence, WHO's work falls into three categories: information on health, funding of programs for disease control, and capacity development of public health administration. It provides a clearinghouse for information on developments in disease and healthcare and establishes international sanitary standards and quarantine measures. It sponsors measures for the control of epidemic and endemic disease (including immunization campaigns and assistance in providing sources of pure water).

Finally, it encourages the strengthening of public health programs in member nations. The World Health Organization is perhaps best known for its successful campaign to eradicate smallpox in 1980. Besides eradication of smallpox, the organization's first programs were directed at fighting plague, yellow fever, cholera, and malaria. The programs also included immunizations for measles, diphtheria, tuberculosis, and polio. Along with UNICEF, the U.S. Centers for Disease Control and Prevention, and Rotary International, the organization is committed to eradicating poliomyelitis by 2008.

Evidence suggests that ill health is obstructing economic development.

In its documents, WHO calls these "diseases of poverty," and there is in fact a two-way relationship between poverty and ill health: poverty induces ill health and diseases often further impoverish the poor. In the report "Poverty and Health," WHO positioned basic principles for action on health and poverty to guide the work of the WHO secretariat and member states. It also provides a platform for collaboration with development partners and considers the ways of improvement and protection of the health of the poor and reduction of the health gaps between rich and poor.

A growing body of evidence suggests that the burden of ill health is obstructing social and economic development. For example, HIV prevalence rates of 10 to 15 percent can lead to a reduction in per capita Gross Domestic Product growth of one percent per year. It is

known that the high cost of seeking medical care, combined with a loss of work and income, can quickly create a spiral of poverty. Poor people are least able to access healthcare. Illness prevents people from working or affects their productivity, lowering their income. The costs of obtaining healthcare can also be substantial, both in terms of time off from work (clinics are often a long distance from the household) and in terms of money spent on services. Sick people often cannot work and require assistance from family members. They may also have to pay for medical care. Many poor people do not have insurance against serious illness and have great difficulty in borrowing money, sometimes selling assets to cope with major illness. This reduces their ability to deal with future crises. Prolonged illness and major epidemics can affect communities and entire countries.

Besides, there is an increasing amount of evidence that ill health and access to health services are unequally distributed among social groups, regions, sex, and so forth within countries. The definition of vulnerable groups varies among countries, but amongst the most important defining characteristics are age, sex, ethnicity, and residence in remote locations. In areas facing war or civil conflicts, displaced people and refugees form an important vulnerable group.

To answer these challenges, WHO, in collaboration with governments, local stakeholders, and development partners, formulated measures to improve health, which are reflected in poverty reduction strategies (PRSPs). Pro-poor health strategies give priority to problems for which cost-effective interventions exist.

In its regular meetings, publications, and communications with the world leaders, WHO stresses that in order to meet the Millennium Development Goals, health systems must address the needs of poor people. This involves formulating and implementing development strategies that give priority to the common health problems for which cost-effective interventions are available. Many poor people live in localities where government administrative systems are weak and there are serious governance problems. This raises special challenges for managers and policymakers. Policymakers can learn from a number of innovative efforts to overcome these problems.

SEE ALSO: Disease and Poverty; Health Care; HIV/AIDS; Millennium Development Goals; Social Insurance.

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World Relief

WORLD RELIEF PERTAINS to the easing of a burden or distress such as economic insecurity, hunger, disease, anxiety, or economic and political oppression for the world and its inhabitants. World relief efforts are directed at overcoming the causes of poverty and the indignity and sense of poor self-worth that it causes, both locally and globally. Efforts include the provision of food security, medicine and healthcare, economic development and infrastructure supports, civil and social development including adequate labor and manpower for development, and coordinated disaster response and relief. Providing global assistance to the world's most needy inhabitants requires the cooperation and goodwill of wealthier and more secure inhabitants and the intentional and well-conceived redistribution of wealth, goods, and services.

Conceptually, world relief is composed of responses by private, corporate, volunteer, religious, and governmental organizations to provide humanitarian aid and recovery efforts to people affected by disruption of normal living, dislocation from geographic area of residence, disaster, disease, extreme poverty and hunger, political upheaval, political persecution, and the effects of war. Relief responses are affected by public awareness of the magnitude and degree of need; the relative importance of the affected area or population to those most capable of rendering aid or services; and the competing numbers of regional or world events that may be classified as disasters or crises, which compete for world relief providers' available resources over time.

Differences in the type of aid or donations of goods and services and the needs experienced by the affected population may serve to limit the effectiveness of the relief effort. For example, food or medical supplies may be appropriated in sufficient abundance to meet the need of the relief effort. However, transportation resources, sheltering materials, sanitation supplies, and agricultural products such as seed or fertilizers may be in short supply or not sufficiently donated so as to serve to limit the effectiveness of the relief effort or prolong the crisis.

World relief organizations include several major economic, service-, and relief-oriented institutions of sufficient global reach that they are consistently engaged in international relief efforts. These include the United Nations and the Office of the High Commissioner for Refugees; the American Red Cross (ARC) and the International Committee of the Red Cross and Red Crescent Organizations (ICRC); Doctors Without Borders, also known as Médecins Sans Frontières (MSF); and the United Nations Children Fund (UNICEF); as well as numerous others, of which many are internationally, government-, or state-sponsored, such as the Australian Aid, the Swiss Disaster Relief Unit, the United Nations World Food Program, USAID (United States Aid), and the World Health Organization.

Social and philanthropically sponsored organizations include CARE International; International Save the Children Alliance; OXFAM America; Send Hope; and numerous faith-based relief organizations, such as Catholic Relief Services, Islamic Relief Worldwide, Knightsbridge International, Mazon: Jewish Response to Hunger, and World Vision. However, during major environmental disasters of scale, multiple governments mobilize resources to provide logistical support, manpower, technological expertise, and funding supports for disaster recovery efforts, as occurred in the 2004 Asian tsunami, as well as historically during postwar recovery and reconstruction efforts.

CHARACTERISTICS OF WORLD RELIEF

The reestablishment of economic and health equilibrium or stability of affected groups of people during or following a crisis, conflict, or disaster is a hallmark characteristic of world relief. There is an emphasis on preparedness and secondary prevention of health and disease complications, hunger, and prevention or cessation of violence, based on available objective demographic and epidemiological data where possible.

World relief relies on existing and emerging technologies associated with the distribution of goods and services. These technologies are economically, logistically, and transportation-, and information-, and com-

munications-oriented. Distributed goods and services occur through churches, faith-based and non-faithbased organizations, communities, governments, and service organizations, to include humanitarian aid, manpower and volunteer services, medical assistance for preventing and treating disease or trauma, economic supports, social development, infrastructure development, food and nutritional services, social services, and political security and safety for affected populations.

World relief efforts, however, are historically more responsive to acute or transitional and time-limited conditions of upheaval and disparity than to more chronic and unchanging conditions of upheaval and disparity. Highly professionalized and highly trained personnel are needed to assess and provide decision support to well-trained, field-based volunteers or service providers. Philanthropic funding or charitable donation funding heavily subsidizes world relief efforts. Volunteers must have an understanding of both the political and social climate of the affected area as well as the appropriate linguistic skills to effectively provide relief services. World relief organizations are characterized by their emphases on preparedness, preplanning, and prepositioning of essential supplies where possible.

EFFECTS OF WORLD RELIEF

The more enduring and characteristic positive effects of world relief are to foster global cooperation, improve global financial stability, forge relationships that contribute to the development of affected regions, and foster self-sufficiency. World relief also contributes overall to reduced global poverty and in general to sustainable economic growth and improved quality of life in affected relief-served areas. Scrutiny by relief organizations also serves to encourage equitable and fair government.

World relief organizations additionally provide programs and training for local residents in improved healthcare, construction methods, supports for improvements to education and employment opportunities, knowledge on improving agricultural variety and productivity, establishment of safe havens for various political refugees, as well as improved knowledge or skills in creating export, and marketing and managing locally developed trade and manufactured products. Subsequent trade raises incomes and cuts associated relative costs of living.

These conditions serve to promote peace, improve the variety and quality of available consumer products, and thereby stimulate economic growth. Labor becomes more efficient and health status and quality of life improve, creating conditions whereby disputes can be handled more constructively.

Paradoxically, when world relief efforts are targeted to provide excessive or nonrelevant supports sufficient to prohibit regional economic self-sufficiency or to prevent economic, industrial, and agricultural growth in an affected relief region of the world, the affected population may over time tend to become dependent on external services and goods and subsequently become more impoverished, indebted, and potentially conflicted. World relief has the dual capacity to be used as a tool for oppression by denying local inhabitants the resources needed for productive self-governance and as an opportunity to strive toward economic equity as compared to other developed regions of the world.

WORLD RELIEF AND WORLD POVERTY

International programs directed at improving world trade, forgiving international debt, and providing aid to affected populations during times of instability, uncertainty, or scarcity serve to reduce the conditions that create world poverty. The subsequent improvements to disenfranchised and struggling economies and populations serve to increase positive aspects of world health, productivity, international trade, and global standards of living and to reduce conditions of conflict that lead to regional or world adversity or war.

Aid to improve infrastructure and social capital serve to stabilize and strengthen impoverished and underdeveloped regions of the world. Impoverished economies can thereafter improve self-reliance and preparedness for periods of economic deficit, pandemic or regional disease, and local or regional natural disasters. Stable and growing economies and governments tend to include greater levels of overall citizen participation and tend to reduce the conditions that lead to political oppression and the marginalization of the economically or politically disenfranchised.

SEE ALSO: Antipoverty Organizations; International Nongovernmental Organizations; International Red Cross and Red Crescent Societies; Nongovernmental Organizations; OXFAM; UNICEF; United Nations Development Program; World Health Organization.

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World Social Forum

THE WORLD SOCIAL Forum (WSF) provides an opportunity for different civil groups that oppose neoliberalism and globalization to strengthen their struggles and to formulate alternatives to the contemporary world economic order.

According to its Charter of Principles, the World Social Forum is an open meeting space "for reflective thinking, democratic debate of ideas, formulation of proposals, free exchange of experiences and interlinking for effective action, by groups and movements of civil society that are opposed to neoliberalism and to domination of the world by capital and any form of imperialism."

The WSF met for the first time in 2001 in Porto Alegre, an industrial town in southern Brazil, and since then the WSF meeting has become an annual event attracting grassroots, social, and civil society organizations from all over the world in search of an alternative to the neoliberal economic order, following the dictum "Another World Is Possible." Typically, the WSF meets annually at the same time as the World Economic Forum in Davos, where the leaders of the industrial world discreetly discuss their political and economic agendas for the year.

The WSF meetings draw large crowds (around 155,000 registered participants from 151 countries in 2005) representing nongovernmental organizations, labor organizations, youth organizations, academic institutions, government leaders, and presidents (for example in 2005, Lula da Silva and Hugo Chavez, presidents of Brazil and Venezuela, respectively) and are organized by the WSF Secretariat. The following nine organizations form the Secretariat: ABONG (Brazilian

Association of Non-Governmental Organizations), ATTAC (Association for the Taxation of Financial Transactions for the Aid of Citizens), CBJB (Brazilian Committee on Justice and Peace), CIVES (Brazilian Association of Entrepreneurs for Citizenship), CUT (Central United Workers), IBASE (Brazilian Institute of Socio-Economic Analysis), CJG (Global Justice Center), MST (Landless Rural Workers Movement), and since 2004, IOC, the Indian Organizing Committee, which organized the 2004 WSF in Mumbai, India.

WSF meetings hardly conclude with any concrete results.

The Secretariat, in coordination with the International Council, proposes the structure and the topics to be discussed at the annual WSF meetings. Themes cover a wide range, among them poverty, hunger, solidarity economy, Tobin's tax on international financial transactions, debt relief, foreign trade, environmental sustainability, a call for action against neoliberalism, debt relief, disarmament, Free-Trade Agreement of the Americas (FTAA), and human rights.

At the 2005 meeting, Brazilian President da Silva announced the launching of the so-called Global Call to Action Against Poverty (GCAP), a grassroots movement that targets global poverty and demands that industrial countries eliminate their farm subsidies, cancel the foreign debt of the poorest developing countries, and pledge 0.7 percent of their Gross Domestic Product for foreign aid. Since the WSF meetings are open deliberative forums, they hardly conclude with any concrete results. At the 2005 meeting, a document titled "Consensus of Porto Alegre" circulated unsuccessfully for approval by the 155,000 participants, reports J. Smith. Several regional and thematic social forums are part of the World Social Forum and are supported by the WSF International Council.

The aim of these complementary meetings is to spread the ideals of the WSF to a wide geographic area. Regional Social Forums have been held in Europe (European Social Forums in 2002 in Italy, in 2003 in France, in 2004 in London, and in 2005 in Spain as the Mediterranean Social Forum), in South America (in 2004 in Venezuela and Ecuador), and in 2003 in Asia and Africa. Another regional social forum is slated for the Caribbean in July 2006. Thematic social forums on democracy, human rights, war, and drug trafficking were held in Colombia in 2003, and in Palestine and Ar-

gentina in 2002, according to the World Social Forum website.

SEE ALSO: Globalization; International Nongovernmental Organizations; Neoliberalism; World Economic Forum.

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World Trade Organization

THE WORLD TRADE Organization (WTO) is an international organization where member nations can discuss issues and settle disputes related to international trade as well as negotiate trade agreements. The WTO was formed on January 1, 1995, as an offshoot of the General Agreement on Tariffs and Trade (GATT) and currently has 148 member nations. Its headquarters are located in Geneva, Switzerland. While the WTO seeks primarily to lower barriers to international trade and investment, it recognizes the need, under certain circumstances, to restrict trade in order to protect consumers and prevent the spread of disease.

One of the key principles of the WTO is the most favored nation (MFN) treatment, which means that a member cannot discriminate among other member nations. If a country offers lower tariffs to one country, then it must offer equally favorable tariffs to all WTO member nations. Reciprocity is another key principle of the WTO framework. Under reciprocity, when one country proposes to reduce one of its tariffs, another country responds by proposing to reduce one of its own tariffs. Reciprocity and nondiscrimination help to expedite the lowering of trade barriers.

The WTO's main functions are to administer WTO trade agreements, provide a forum for trade negotiations, handle trade disputes, monitor national

trade policies, provide technical assistance and training for developing countries, and cooperate with other international organizations.

TRADE NEGOTIATIONS

The WTO provides a forum for multilateral trade negotiation, which is bolstered by its principles of nondiscrimination and reciprocity. Nondiscrimination hastens trade liberalization by eliminating the need to negotiate the same tariff agreement with each individual country. Nondiscrimination also improves economic efficiency by eliminating the prospects of trade diversion and trade rerouting.

Trade diversion occurs when a country does not import from the lowest-cost exporter because it has high tariffs on exports from that country. For example, say the United States can import portable stereos from Singapore for \$70 or from Japan for \$80. If the United States has a \$25 tariff on all imported stereos, then Americans will buy stereos made in Singapore. However, if the United States eliminates the tariff only on the Japanese-made stereos, then Americans will buy Japanese stereos (because they cost \$80 relative to the \$95 U.S. consumers must pay for the Singaporean stereos). Americans are no longer buying their stereos from the lowest-cost (most efficient) producers. This is known as the trade diversion effect.

Now suppose that the Singaporean stereo components can be imported into Japan for final assembly and then shipped to the United States. These stereos now cost \$75. Since the final product comes from Japan, it is not subject to the tariff on Singaporean stereos. These stereos are cheaper than the purely Japanese-produced stereos, but are more costly to produce than those made completely in Singapore. This process is known as trade rerouting.

Both trade diversion and trade rerouting make international trade less efficient. Nondiscrimination eliminates these possibilities by forcing a member nation to offer the same tariff or quota to all other member nations. In our example, if the United States eliminates the tariff on Japanese stereos, it must do the same for Singaporean stereos. Thus, Americans will import stereos from Singapore, the most efficient stereo producer.

TRADE DISPUTES

Any member nation can dispute another nation's trade policy through the WTO. Without this option many

countries might be less willing to enter trade negotiations since there is no other way to enforce the agreement. The WTO attempts to settle disputes through negotiation. However, if negotiations fail, a panel is appointed to make a preliminary judgment. That judgment is either accepted or rejected by the WTO membership. This process can take upwards of one year. The country losing the dispute then has the option to appeal the decision, which could extend the process by another three months.

Both sides have the right to rebut each other's claims both in writing and through oral arguments. The dispute panel may make use of expert witnesses if either side presents scientific or technical arguments (such as health or environmental concerns over certain imports). According to the WTO, only about one-third of all cases reach the full panel process, indicating that countries prefer to settle their disputes through negotiation when possible.

FREE TRADE AND NONDISCRIMINATION

The WTO does make a few exceptions to its commitment to free trade and the MFN principle. Countries can temporarily raise tariffs above the negotiated maximum when faced with a surge of imports. This provision may make it easier for members to negotiate more ambitious trade liberalization by allowing them to temporarily opt out of the agreement when it becomes politically difficult to maintain. The WTO also allows members to restrict certain imports if they can prove that these imports present a health or environmental risk.

For example, a country can refuse to import beef from a country if there is evidence the cattle supply has been exposed to "mad cow disease." There are many cases where countries abuse this exception by using it as an excuse to protect domestic producers without solid scientific evidence that the imports pose any threat.

The WTO also allows members to enter into free trade agreements (FTA) with other countries. Members of an FTA eliminate all trade barriers amongst themselves, but maintain barriers to trade with respect to other countries. These FTAs go against the nondiscrimination principle; however, the WTO does not dispute them so long as the member countries do not raise their external barriers to trade when forming the FTA. The WTO allows this exception with the expectation that regional trade agreements will lower the overall level of trade barriers and lead to an increase in international trade.

SEE ALSO: Economic Liberalization; Free Trade Agreement of the Americas; Globalization; International Trade.

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World Vision International

WORLD VISION International is a Christian relief and development agency, one of the largest of the Christian relief and development international nongovernmental organizations (INGOs). It is currently serving 100 million people on every continent except Antarctica. It has ministries in 96 countries. World Vision's goal is to minister to the material, emotional, spiritual, and social needs of people, and especially to children. It offers its services of relief and development without regard to race or creed. World Vision's emergency relief work seeks to aid people immediately after a disaster such as an earthquake, hurricane, cyclone, or tsunami. It seeks to be at the scene of a natural disaster immediately after the event with food, potable water, medical aid, and other necessities. In contrast, World Vision's development work is longer-term, and seeks to end poverty and injustice.

An American evangelist, Reverend Robert "Bob" Pierce, founded World Vision in 1950. As he saw the death and destruction inflicted upon the Koreans by the Korean War, he was especially moved by the plight of the orphans. To save the lives and the hope for the future of numerous Korean orphans, Pierce developed several new mission strategies. The first was the use of movies about the plight of Korean orphans. Pierce visited numerous American churches in an appeal for money to relieve orphans' needs for food, shelter, clothing, and education.

The second idea he implemented was a program of child sponsorship. A third idea was to hold pastors' conferences in Korea. These visits by pastors were usually transformative and resulted in a growing cadre of ministerial leadership supportive of World Vision's ministry. Later in the 1950s Pierce expanded World Vi-

sion's work to other countries in Asia besides Korea. In the 1960s, the work of development was expanded to Latin America, and in the 1970s to Africa. The continued use of pastors' conferences has enabled World Vision to continue to grow.

In the 1970s, television was used to present the message of World Vision's work. It proved to be a powerful fundraising technique. Originally most of the fund-raising was done in Canada and the United States. In 1978, World Vision International, led by W. Stanley Mooneyham and Ted W. Engstrom, was reorganized into an international partnership. The central coordinating office coordinated and raised funds. The field offices conducted relief and development operations and projects. There is an International Board who coordinates the Partnership Offices. As much as practical, the work is conducted by local groups coordinating with a national office.

World Vision has many development projects that are conducted at the local level. These projects are very practical. One recent project was to provide families with tools and seed for home gardens. A package of carrot seed costs little but can produce 40 pounds of carrots. For a small sum of money a family in a rural village can produce a great quantity of food. Other projects include AIDS prevention and treatment, peacemaking in war-torn communities, trade justice, education, community development, and advocacy for the global poor.

SEE ALSO: Children and Poverty; Christian Antipoverty Campaigns; Evangelicals for Social Action; International Nongovernmental Organizations.

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World War I

WORLD WAR I, ALSO known as the First World War and the Great War, was a conflict occurring from

1914 to 1918. It was by far the largest war in history until the advent of World War II.

World War I radically changed the face of Europe. The German, the Austro-Hungarian, the Ottoman, and the Russian Empires along with their four dynasties, whose roots went back to the days of the Crusades, all fell during or after the war. The collapse of the existing world order precipitated deep political, social, and economic changes. The communist revolutions spread throughout Europe and led to the establishment of the first communist state, the Soviet Union, in 1922. From the ravages of absolutist monarchies, several new states emerged or were re-created, including Czechoslovakia, Yugoslavia, and Poland.

The war losses were tremendous. The casualties dwarfed those of previous wars. A conservative estimate is that more than nine million people died and more than 20 million were wounded. Widespread poverty, starvation, and epidemics raised the total in the immediate postwar years by another 20 million people.

TENSIONS AND WAR

The outbreak of World War I emerged as an interplay of the long-term tendencies and impulsive reactions among the imperialistic powers, particularly Great Britain, Germany, France, Russia, and Austria-Hungary.

The struggle for national liberation and emancipation mounted tensions within the multinational yet heavily Germanized Austro-Hungarian Empire. Numerous Slavic populations within the empire were anxious to break from the Austrian and Hungarian domination. The situation was particularly tense in Bosnia and Herzegovina, where the majority of the population was Serb and openly advocated unification with neighboring Serbia.

The legacy of the Franco-Prussian War (1870–71), in which France was humiliated and lost regions of Alsace and Lorraine, left France with a nationalist fervor seeking revenge against Germany. The decline of the Ottoman Empire created the so-called Eastern Question and intensified the rivalry among the Great Powers. Furthermore, rapid industrialization and economic growth, prompted an aggressive colonial expansion of imperial Germany, which intensified friction with France and Great Britain over colonial possessions in Africa. The growing friction among the Great Powers led to an arms race and strengthening hostile alliances known as the Triple Entente and the Triple Alliance.

Despite these complex real origins of the war, the assassination of the Austro-Hungarian Archduke Franz

Ferdinand in Sarajevo has often been cited as the direct trigger for World War I.

The relationship between Serbia and Austria-Hungary deteriorated continuously after the dynastic change in Serbia in 1903. The Tariff War (1906–11) and the Austrian annexation of Bosnia and Herzegovina (1908), and Serbian victories in the Balkan Wars further incited nationalist feelings among millions of Serbs living in Austria-Hungary. Anxious to settle accounts with Serbia, the Austrian "war party" headed by Count Berchtold was poised to use the first opportunity to attack Serbia.

At the same time, Serbian nationalist organizations, and in particular the secret society Unification or Death, continued subversive activity against Austria-Hungary. Supported and encouraged by Unification or Death, a group of young people, mostly Serbs, members of the revolutionary organization Mlada Bosna (Young Bosnia), assassinated Archduke Ferdinand on June 28, 1914, in Sarajevo.

On July 25, Austria-Hungary presented to Serbia an intimidating ultimatum, to which Serbia responded favorably, except that two provisions would violate international law and the Serbian constitution. Austria-Hungary, supported by Germany, rejected the British proposal for mediation and declared war on Serbia on July 28.

A German ultimatum to Russia regarding its mass mobilization on July 31 was ignored, and led to the declaration of war on Russia on August 1. On August 3, Germany declared war on France and sent troops through Belgium and Luxembourg. This gave the British government the pretext and popular support necessary for entry into the war. In the following weeks, Montenegro and Japan joined Great Britain, France, Russia, Serbia, and Belgium; the Ottoman Empire joined Germany and Austria-Hungary; and the war spread out across the continents.

The German military strategy rested on the Schlieffen-Moltke plan, which called for an attack on the weak left flank of the French army by a massive German force approaching through Belgium. Germany, according to this plan, would maintain a defensive posture toward Russia, whose forces would require months to mobilize. The victory in France, according to the plan, would liberate substantial German forces who would meet the Russians on the eastern front.

The beauty of the plan was its simplicity. However, the plan was undermined by a peculiar set of circumstances. In order to minimize the overall risk for the German army, von Moltke adjusted the original von Schliefen plan and weakened the right flank of the German army by reinforcing the rest of the lines. This severely impeded the attacking ability of the bulk of the German forces and eventually led to a standstill after the first battle of the Marne and the first battle of Ypres in autumn 1914.

The Russian offensive in East Prussia and developments on the Serbian front additionally impeded Germany's deep penetration into France and intended capture of Paris. Russia, still unprepared for major operations, attacked German forces in East Prussia in order to alleviate pressure on the western front. The Russian army was decisively defeated at the battles of Tannenbereg and Masurian Lakes. Nevertheless, the costly Russian offensive diverted German forces intended for the western front and helped Allied efforts to quell the initial German onslaught.

Austria-Hungary entered into the war with the expectation of an easy and quick victory over Serbia. On August 12, 1914, Austria-Hungary invaded Serbia with an overwhelming force. The Battle of Cer ensued and the Serbian army forced the Austrians to retreat. Apart from being the first major victory for the Allies, the battle for Serbia confirmed the weakness of the main German ally and proved that Germany would need to fight on multiple fronts.

The period from 1915 to 1918 brought about the Brusilov offensive, the subsequent collapse of the Russian front because of the Bolshevik Revolution, the occupation of Serbia and Montenegro by Austro-German and Bulgarian forces, and Italy, Portugal, and Greece joining the Allies. More than any particular battle or offensive, the main feature of the war was trench warfare, with hundreds of thousands of troops confined to trenches because of the enemies' strong defense lines and fortifications. This was particularly true on the western front, where many of the bloody battles were fought. German attempts to break the deadlock by mounting assaults on Verdun and along the Somme River were met by French defenses and counterattacks and many dead soldiers.

Following the indecisive Battle of Jutland (1916) and Germany's decision to launch unrestricted submarine warfare, the United States entered the war on April 6, 1917. America's vast resources strategically improved the Allied position. Despite the fact that the war continued, the Allies assumed the initiative on all fronts, with the exception of the Russian front, which culminated with the signing of the Brest-Litovsk Peace Agreement between German armed forces and the Bolshevik government.

The last German offensive, known as the second Battle of the Marne, was stopped in August 1918. Combined French, British, and American counterattacks broke the German defense line (so-called Hindenburg Line). At the same time, the revitalized Serbian army and French Expeditionary Corps broke the Austro-Hungarian and Bulgarian defenses. Bulgaria capitulated on September 30, Turkey on October 30, and Austria-Hungary on November 4.

During the first half of October 1918, the German High Command pressured the newly appointed chancellor, Maximilian von Baden, to conclude an armistice with the Allies. However, when it became clear that Allied piercing of the Hindenburg Line was less dramatic than initially perceived, the High Command changed its position. Then the revolution broke out all over Germany and a republic was proclaimed on November 9. The next day the kaiser fled to the Netherlands, which granted him political asylum, and on November 11, an armistice was signed in a railroad car at Compiègne in France.

Paradoxically, the war ended without a decisive Allied victory, and with German troops still occupying substantial territory throughout Europe. That fact became a battle cry for fervent German nationalists who blamed the domestic "traitors, defeatists, and back stabbers" for the outcome of the war.

In many respects, the outbreak, conduct, and epilogue of the World War I set up the fertile ground for another wider and bloodier conflict.

SEE ALSO: Children and Poverty; War and Poverty; World War II.

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World War II

ALSO KNOWN AS the Second World War, World War II was a worldwide conflict from 1939 until 1945, involving every major power in the world, and is generally considered the largest and deadliest continuous war

in human history. The outbreak of the second global conflict can be attributed to the conditions created by the peace settlements (1919–20) following World War I, the Great Depression (1930s), and the rise of totalitarian, militaristic regimes in Germany, Italy, and Japan (1922–33).

The peacemaking process that opened at the Paris Peace Conference on January 18, 1919, dictated settlements that contained the seeds of the future conflict on a global scale. The Treaty of Versailles was particularly rich in articles that were both offensive to German national honor and unduly oppressive and vindictive. Numerous territorial adjustments and provisions appeared to be more of a German containment and punishment than a genuine attempt to bring a lasting solution to long-standing points of contention among major European powers.

The amount of reparations that Germany was required to pay to the victorious Allies was assessed at 132 billion gold marks, payable in fixed annuities of 2 billion and variable annuities equal to 26 percent of the value of Germany's exports. Germany's inability to service such a heavy reparations burden led to the Franco-Belgian occupation of the Ruhr Valley in January 1923.

The carving up of Austria-Hungary by the peace-makers of Paris created several inter-Allied disputes, among which were bitter disputes between Italy and the Kingdom of Serbs, Croats, and Slovenes (future Yugoslavia) over Dalmatia and the city of Rijeka (Fiume), and wrangling between Poland and Czechoslovakia over the Teschen area.

Japan's annexation of Manchuria in 1931, or the Manchurian Incident, and the inability of the League of Nations to address legitimate Chinese grievances highlighted the impotence of the post- World War I institutions to secure long-lasting peace.

The collapse of the New York stock market in October 1929 marked the beginning of the world economic depression, known as the Great Depression. The depression spread throughout every vital part of the world economy and caused massive unemployment and widespread poverty. In Germany the number of unemployed soared to two million in the winter of 1930, and to six million in 1932.

The democratic institutions of the West, with the exception of the United States, proved unable to solve the puzzle of the deep, prolonged economic depression. Communism in the Soviet Union, Fascism in Italy, aggressive militarism and nationalism in Japan, and National Socialism in Germany established themselves as

working models for fighting economic depression and political volatility. Dictatorships, public works, rearmament, and military conscription appeared to be a viable and preferred alternative to the two decades of dissatisfaction, fruitless political squabbles, economic insecurity, and a meager future.

The interplay of economic downturn and the wide-spread popularity of nationalism was particularly visible in Germany. The National Socialist German (Workers) Party (Nazi Party), an ultranationalist political organization, had only 12 seats in the Reichstag in 1928. In 1930, the party won 107 seats, and 230 in July 1932. In January 1933, following the November 1932 elections in which his party won 196 seats, Adolf Hitler, the leader of the Nazi Party, was appointed German chancellor.

World War II brought about unprecedented losses and suffering to humankind.

His appointment marked the beginning of the new era in German history. In less than six months following his appointment, Hitler effectively disbanded Germany's Communist Party, suspended all constitutional guarantees of individual freedom, suppressed or dissolved all political parties, and thus obtained dictatorial powers.

Rapid rearmament, in clear violation of the Treaty of Versailles, re-created the German army and prepared it for a war of conquest, and in 1936 Hitler remilitarized the Rhineland. Following Italian occupation of Ethiopia (1935–36) and the outbreak of the Spanish Civil War (1936–39), Germany and Japan (1936) concluded the Anti-Comintern Pact in November 1936, primarily aimed against the Communist International and the Soviet Union. Italy joined in 1937, thus forming a bloc known as the Axis powers.

In March 1938, Germany annexed Austria, and in September 1938, Czechoslovakia was forced to cede the Sudeten region to Germany because of the appeasement policy of Great Britain and France. In March 1939, following the secession of Slovakia, German forces occupied Bohemia-Moravia and a German protectorate was proclaimed over the rump Czech territories. Italy seized Albania, which prompted France and Great Britain to abandon their policy of appeasement.

On September 1, 1939, Germany invaded Poland and France and Great Britain responded by declaring war on Germany on September 3. These events are con-

sidered the beginning of World War II, despite the fact that Japan invaded China in July 1937. Overextended Polish forces were quickly overrun by the German armor. The fate of the Polish defense was sealed when the Soviet forces entered Poland from the east on September 17.

The next day the Polish government crossed the Romanian border and went into exile. The failure of Western powers to prevent the German conquest of Poland was followed by a period of inactivity of both German and Allied forces that was called the "Phony War" and lasted until the spring of 1940. The main engagements in that period of time took place at sea and included the Soviet-Finnish War (1939–40).

At the end of the war, millions of refugees were homeless.

In April 1940, Hitler's army attacked and overran Norway and Denmark, and on May 10, the bulk of German forces moved against the Allies in the Netherlands and Belgium. Cunningly avoiding France's impressive chain of fortifications known as the Maginot Line, the Germans advanced with their armor through the wooded Ardennes. Caught by complete surprise, French defenses collapsed in six weeks and an armistice was signed on June 22. However, contrary to Hitler's expectations, the British continued to fight, eventually forcing Germany to fight the war on two fronts.

The sudden collapse of France prompted the Balkan countries to join the Tripartite Pact, which Germany, Italy, and Japan concluded in September 1940. Following the path of its neighbors, Hungary, Romania, Bulgaria, and Yugoslavia finally succumbed to German pressure and joined the pact on March 25, 1941. However, the group of pro-British officers of the Yugoslav army seized the momentum created by the outburst of anti-Axis sentiment and overthrew the Yugoslav government. In order to secure its southern flank, Germany invaded Yugoslavia and Greece on April 6. While the military operations lasted less than a month, the Balkan campaign forced Hitler to postpone the imminent attack on the Soviet Union, a decision that had a lasting effect on the course of the war.

On June 22, Germany attacked the Soviet Union despite the fact that the two countries had signed a non-aggression pact on August 23, 1939. German forces, led by mobile panzer armies, took the Soviets by surprise and destroyed much of their western units, capturing or

killing hundreds of thousands of men. Despite the heavy losses during the summer and fall, Soviet forces, aided by the harsh winter conditions, successfully repulsed the German onslaught and launched a counteroffensive in December.

On December 7, the Japanese Imperial Air Force carried out a surprise air raid on Pearl Harbor, the largest U.S. naval base in the Pacific. Despite the surprise effect and serious damage to the U.S. Pacific Fleet, the Japanese attack did not achieve the desired objective: annihilation of the U.S. fleet in the Pacific. As the U.S. declared the war on Japan, Hitler declared the war on the United States on December 11, hoping that Japan would respond accordingly by attacking the Soviet Union. Japan, however, did not attack the Soviet Union, while the United States joined the fight in Europe, thus forming a power bloc popularly known as the Allies.

In the spring of 1942, the Germans launched an offensive toward the Caucasus to secure oil fields and breach Soviet supply lines that ran along the Don and Volga Rivers. By summer, German armies reached the Volga and commenced the siege of Stalingrad that continued for many months, with vicious urban warfare and high casualties on both sides. Unable to uproot the stubborn Soviet defenses, overexposed German forces became vulnerable to swift Soviet counterattack in December 1942. Completely encircled, outgunned and outmanned, the German forces at Stalingrad surrendered to the Soviet Red Army on February 2. The German defeat at Stalingrad is often cited as the turning point of World War II.

The German offensive in northern Africa also ran out of steam toward the end of 1942. Unable to breach Allied defensive lines around Alexandria, Egypt, in November 1942 the Germans had begun a series of strategic withdrawals that culminated in a mass surrender of the elite Afrika Corps in May 1943. Another turning point was an American victory over the Japanese navy at the Battle of Midway in the Pacific in the beginning of June.

The last two years of the war were marked by a continuous Allied offensive on all fronts. In July 1943, Soviet forces defeated the Germans in the biggest tank battle in history, known as the Battle of Kursk. Following the collapse of the Afrika Corps, the Allies landed in Sicily and in September 1943, Italy capitulated. By early 1944, the Red Army had reached the border of Poland and on June 6, 1944, Allied forces opened the second front against Germany by landing in Normandy, France. German defenses collapsed in the spring of

1945, following the Soviet capture of Berlin. Hitler committed suicide on April 30, and German forces surrendered unconditionally on May 8, 1945.

After the completion of the campaigns in the Solomon Islands (late 1943) and New Guinea (1944), the Allied advance moved closer to Japan, the Philippines, the Mariana Islands, Okinawa, and Iwo Jima. Japan, with most of its navy sunk, unconditionally surrendered on August 15, 1945, after the United States dropped two atomic bombs on Hiroshima (August 6) and Nagasaki (August 9), and the Soviet Union declared war on Japan on August 8. Japan's capitulation marked the end of World War II.

World War II brought about unprecedented losses and suffering to humankind. At least 50 million people died as a result of the war, about 20 million soldiers and 30 million civilians. The Soviet Union suffered by far the largest death toll—about 20 to 28 million Soviets died in total, of which 13 to 20 million were civilians. It is estimated that of the total deaths in World War II, approximately 84 percent were on the Allied side and 16 percent on the Axis side. At the end of the war, millions of refugees were homeless, the European economy had collapsed, and 70 percent of the European industrial infrastructure was destroyed.

The war saw large-scale atrocities committed against civilian populations, including the Holocaust, Nazi-run death camps, and crimes against noncombatants. In addition, bombing raids against nonmilitary targets became the rule rather than the exception during World War II and resulted in the deaths of millions of civilians. The Nuremburg Trials, the Tokyo War Crime Trial, as well as other war crime trials in the Asia-Pacific region, attempted to address these issues.

The Allied leaders made arrangements for postwar Europe at the Yalta Conference in February 1945. Yalta set the foundation of the postwar European partition into Western and Soviet spheres of influence. The countries that came under the Western sphere of influence embraced democracy and joined the North Atlantic Treaty Organization (NATO), while the countries under the Soviet sphere of influence became communist states and joined the Warsaw Pact.

For humanitarian reasons and to stop the potential spread of communism westward, the United States launched a massive aid package to war-devastated European economies. Named after Secretary of State George C. Marshall, the aid package became widely known as the Marshall Plan. Initially the United States offered up

to \$20 billion for relief, but only if the European nations could get together and draw up a rational plan on how they would use the aid. The plan called for close cooperation among Europeans. Aid was also offered to the Soviet Union and its allies in eastern Europe, but Joseph Stalin denounced the program and refused to participate.

By 1953 the United States had provided \$13 billion to western Europe, substantially alleviating poverty, rebuilding war-devastated economies and reintegrating West Germany into the European community. The plan benefited the American economy as well since the money was used to buy goods from the United States, and the goods had to be shipped across the Atlantic on American merchant vessels.

The Marshall Plan led to the Schuman Plan, which in turn led to Euratom, then the Coal and Iron Community and the Common Market, and pointed to what may yet evolve into an economically and politically united Europe under the European Union. Thus the Marshall Plan helped reduce poverty by feeding the starving and sheltering the homeless, and at the same time stopped the spread of communism and put the European economy back on its feet.

The end of World War II brought about a fundamental shift in power from western Europe to the new superpowers, the United States and the Soviet Union, giving rise to yet a new conflict known as the Cold War. In addition to the growing rivalry between the East and West, the end of World War II amplified the unsustainability of the old colonial structure. The liberation of the colonies, however, amplified the magnitude of poverty on a global scale.

SEE ALSO: Economic Growth; Germany; United States; War and Poverty; World War I.

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WORLD POVERTY

Y-Z

Yemen

IN ANCIENT ROME, the land now known as Yemen was called Arabia Felix. Since that time, the country has had a divisive and rocky history. North Yemen, which became part of the Ottoman Empire, attained independence in 1918. South Yemen achieved independence in 1967 after decades as a British protectorate. South Yemen's turn toward Marxism in 1970 signaled an exodus of hundreds of thousands of Yemenis to the north and increased tensions between the two countries. In 1990, North and South Yemen united as the Republic of Yemen.

The majority of the Yemeni labor force is engaged in agriculture and herding. Since 2000, officials have reported strong growth, in large part because of oil production. Working with the International Monetary Fund (IMF), Yemen has reduced its foreign debts and begun to modernize and streamline its economy, with the result that industry now provides 44.7 percent of the Yemeni Gross Domestic Product, followed by services at 39.7 percent. Plans are also under way to expand the tourist industry. Severe water shortages and excessive population growth present the greatest threats to future prosperity.

At present, however, Yemen is one of the poorest countries in the world, with an annual per capita income of only \$800. Yemen has a poverty rate of 45.2 percent and an unemployment rate of 35 percent. Over 45 percent of the people survive on less than \$2 a day, and 15.7 percent live on less than \$1 a day. Government data indicate that 45 percent of the poor live in rural areas, and 30.8 percent reside in urban areas. One-third of the population is undernourished, and 17.5 percent of the population suffer from severe food shortages. Some 41 percent have inadequate access to education, healthcare, and clothing. Among female-headed families, 13 percent live in poverty, and 7.6 percent live in acute poverty. Resources in Yemen are unevenly divided, with the poorest 20 percent subsisting on 7.4 percent of resources, while the richest 20 percent lay claim to 41.2 percent. Yemen is ranked 33.4 percent on the Gini Index of Human Inequality.

Approximately 31 percent of Yemenis do not have access to safe drinking water, and 63 percent do not have access to proper sanitation. This lack of basic sanitation, coupled with water shortages and low levels of education, has left Yemenis susceptible to the same waterborne diseases that plague much of Africa. Through the efforts of Emory University's Carter Center, founded

by former president Jimmy Carter, programs have been successfully instituted to teach locals how to prevent those diseases. There are only 22 physicians for every 100,000 residents in Yemen, and 20 to 50 percent of the people lack access to affordable essential drugs. Healthcare is over three times as accessible in urban areas as in rural areas. Yemen has made considerable progress on a number of social indicators. Life expectancy for males increased from 47 years in 1980 to 59.89 years in 2005. The projected life span for females rose from 50 to 57 years during the same period. The median age in Yemen is 16.54 years. Among the population of 20,727,063, 46.5 percent are under the age of 14, and only 2.7 percent have reached the age of 65.

Childhood mortality rates have declined dramatically over the last decades. Between 1970 and 2003, infant mortality dropped from 194 deaths per 1,000 live births to 58 per 1,000. During that same period, mortality rates for children under 5 plunged from 303 per 1,000 to 113 per 1,000. While these changes are dramatic, childhood mortality rates remain unacceptably high.

Nearly half of all children under the age of 5 are malnourished, and 26 percent of all babies are underweight at birth. Over half of all children under the age of 5 are moderately to severely stunted and 12 percent are moderately to severely wasted. The rate of child-hood immunizations is dismally low, ranging from 65 to 74 percent among children from birth to 23 months old. Only 69 percent of infants and 66 percent of tod-dlers have been vaccinated against polio, even though cases of polio have been reported in Yemen in recent years.

At a rate of 6.67 children per woman, fertility is much higher than the social and economic structures can support. Teenage pregnancy is also excessive at 95 per 1,000 births. However, fertility rates have steadily decreased since the 1970s, when women produced an average of 8.4 children each. Less than a quarter of Yemeni women use birth control of any sort, but that number has more than doubled since the 1990s. Family and friends provide the only assistance in half of Yemeni births, and less than a quarter of Yemeni births occur in the presence of trained medical staff. Current data suggest that declines in maternal mortality have resulted in a maternal mortality rate of 366 deaths per 100,000 live births.

Barely half the population over the age of 15 can read and write; however, illiteracy has been greatly reduced in the last decades. From 1980 to 2005, male illiteracy fell from 61.8 to 29.5 percent. Although the

decrease in female illiteracy has been less dramatic, it has been more significant. In 1980, approximately five percent of Yemeni women were literate. By 2005, one-third of Yemeni females could read and write. Most Yemeni children attend school for eight years. In 2000, primary school completion data revealed that 91 percent of males completed primary school but only 37 percent of females did so.

Human Development Index Rank: 151 Human Poverty Index Rank: 77

SEE ALSO: Carter Center; Child Malnutrition; Extreme Poverty; Maternal Mortality and Morbidity; Rural Deprivation.

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YMCA and YWCA

THE YOUNG MEN'S Christian Association (YMCA) and the Young Women's Christian Association (YWCA) are both nondenominational community service organizations. They were formed separately in the 19th century to minister to the needs of young men and women in the urban conditions created by the Industrial Revolution. Despite strong similarities, neither the YMCA nor the YWCA has ever been related to the other.

The YMCA movement began in London in 1844 when George Williams gathered together a dozen young men to create a club that would provide a wholesome alternative to London's slums, saloons, and brothels. When Williams, a young draper, came to work in London, he was horrified by the living conditions that many were compelled to endure. His club began providing assistance to members in locating good lodging, and club meeting rooms where Christian companions could find appropriate reading materials, join Bible classes, and engage in service opportunities. The movement Williams founded spread quickly in England and be-

yond. The first YMCA in Australia was founded in 1850 and the first in Montreal in 1851. Also in 1851 the first YMCA in the United States was founded in Boston. During the Civil War the YMCA began its service to military personnel. This service in war relief has been continued ever since. Evangelical preachers and workers like Dwight L. Moody and John Mott dominated the movement in the United States in the late 19th and early 20th centuries.

As the YMCAs spread they adapted themselves to the needs of the young men they were serving. From almost the beginning, exercise programs became a major part of the services provided by YMCAs. In 1856 the first swimming pool was opened in New York City. The YMCA also began to develop its own schools, colleges, and education programs, such as night school.

In 1891 James Naismith was a physical education teacher at the School for Christian Workers, which had been formed at the Amory Hill YMCA in Springfield, Massachusetts. Now called Springfield College, it became a historic site when Naismith invented basketball as an indoor winter exercise. In 1895 W.G. Morgan, the physical education director at the Mount Holyoke, Massachusetts, YMCA, invented volleyball. Morgan offered it as a less strenuous alternative to basketball that would benefit older businessmen. The YMCA was also instrumental in aiding the formation of other volunteer service groups. The Boy Scouts, Camp Fire, Toastmasters International, Gideons International, United Service Organization (USO), and other groups were all originally formed with the encouragement and assistance of YMCA workers.

The YMCAs are organized as a confederation. The national YMCA, the YMCA of the United States, is headquartered in Chicago. It is the national resource center for the local YMCAs. Each local "Y" is autonomous, but adheres to the national constitution and pays annual dues as part of its support of the mission of all YMCAs. The staff of the local Ys makes the decisions for local organizations and operations.

Today the YMCA is a Christian ecumenical organization that has spread to over 120 countries. The World Alliance of YMCAs is an international organization of YMCAs. It has its headquarters in Geneva, Switzerland. Together all the YMCAs around the world serve 45 million people. In the United States the 2,500 YMCAs serve 19 million people. All YMCAs work for social justice for all peoples.

The services of the YMCA are open to all ages, races, religions, and incomes. The goals of the YMCA movement are based on Judeo-Christian values and

seek to promote health, to strengthen the modern family, to develop leadership qualities in youth, to increase international understanding, and to aid community development. The movement seeks to share the Christian ideal of a human community of justice with love, peace, and reconciliation. Around the world the YMCA has numerous projects for meeting the needs of the poor, whether it is making small loans in Bangladesh, opposing drugs and alcohol, or promoting education to end poverty. Many of its programs in poor countries aim to create sustainable communities.

The YWCA movement began in London in 1855. Emma Robarts organized a young women's association to find housing for the nurses who were returning from the Crimean War (1853–56). In another part of London another group of women were organizing prayer circles. The two groups joined together in 1876 to form the Young Women's Christian Association. The first YWCA in the United States was organized in Boston in 1866. In 1870 the first YWCA in Canada was organized at Saint John, New Brunswick. In 1873 the first college YWCA was opened on the campus of Illinois State Normal University in Normal, Illinois.

The YWCA has been very active with many programs. Youth programs have included the Y-Teens. Other programs have included childcare centers, classes on various subjects, leadership training, counseling, job placement services, recreational programs, and residential facilities.

The YWCA now is in 110 countries and serves about 25 million people. In poorer countries many of its programs are aimed at education to reduce poverty. In 1906 the several groups joined together as the Young Women's Christian Association of the United States. YWCA USA is headquartered in Washington, D.C. The World Young Women's Christian Association has its headquarters in Geneva, Switzerland.

SEE ALSO: Christian Antipoverty Campaigns; Community-Based Antipoverty Programs; Industrial Revolution; International Nongovernmental Organizations.

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Zambia

LOCATED IN southern Africa, the Republic of Zambia is one of the poorest nations in the world, with a poverty rate of 86 percent and an unemployment rate of 50 percent. The average annual per capita income is \$320, and poverty is particularly prevalent in rural areas and among women. Approximately 87.4 percent of Zambians live on less than \$2 a day, and 63.7 percent live on less than \$1 a day. Income is unevenly distributed, and the poorest 20 percent of Zambians possess only 3.3 percent of income, as compared to 56.6 percent for the richest 20 percent.

Half of Zambia's population is malnourished, and the status of nutrition and health has decreased markedly since the 1980s because of poverty, food insecurity, a poor economy, droughts, and low expenditures on basic services. Around 2.3 million people have needed emergency food in recent years. Some 61 percent of all female-headed households experience food shortages, which last longer than those in male-headed households.

In response to the widespread poverty, the Zambian government has instituted the Public Welfare Assistance Scheme to provide health and education benefits to needy families, and food packages are distributed under an anti-malnutrition program. The Zambian population has been compared to those in war-torn countries, and human rights groups have accused the government of failing to follow through on antipoverty initiatives.

Formerly known as Northern Rhodesia, Zambia has had a troubled political history of corruption and mismanagement. Economically, 85 percent of Zambians are involved in subsistence agriculture, and crops are threatened by periodic droughts. In response to efforts by the Carter Center of Emory University, maize production is currently on the upswing, and agricultural prospects are somewhat brighter. Copper mining, which has proved to be a major resource for Zambia in

the past, has improved since privatization was instituted. Zambia's other natural resources include cobalt, zinc, lead, coal, emeralds, gold, silver, uranium, and hydropower, but all of the assets need to be developed.

Life expectancy in Zambia is low, with a projected life span of 39.7 years. The median age is 16.46 years. Almost half of the population is under the age of 14, and only 2.4 percent of Zambians reach the age of 65. The 16.5 percent prevalence rate for HIV/AIDS is a major reason for low life expectancy. In 2005, it was estimated that 920,000 people were living with this disease, which had already caused 89,000 deaths. Because 36 percent of the population lack access to safe water and 22 percent lack access to proper sanitation, Zambians are at very high risk for developing food- and waterborne diseases that are common in Africa. Malaria and plague are not unusual in some areas of the country. There are only seven physicians for every 100,000 residents, and 21 to 50 percent of the population cannot afford essential drugs.

Childhood mortality is high in Zambia. Between 1970 and 2005, infant mortality decreased from 109 to 88.29 deaths out of every 1,000 live births. During that same period, the mortality rate of children under the age of 5 remained stable, with more than 180 deaths per 1,000. Some 28 percent of all Zambian children under the age of 5 are malnourished, and seven percent are severely underweight. Approximately 47 percent of under-5s suffer from moderate to severe stunting, and five percent experience moderate to severe wasting. Rates of infant immunizations have been uneven over the past decade, with DPT immunizations increasing from 71 to 78 percent and measles vaccinations rising from 68 to 85 percent. At the same time, infant polio immunizations dropped from 88 to 79 percent and infant tuberculosis vaccinations declined from 100 to 92 percent.

In 2003, 84 percent of children between the ages of 12 and 23 months were immunized against measles, and 80 percent were vaccinated against DPT3.

Zambia's fertility rate is high at 5.47 children per woman. However, rates have declined steadily since 1980, when a 7-children-per-woman fertility rate was reported. Adolescent fertility is estimated at 156 out of 1,000 births. Just over one-third of Zambian women use contraception to prevent pregnancy, and that number has more than doubled since 1990. Some 43 percent of all births take place in hospitals or clinics, and antenatal care has become widely available. Nevertheless, maternal mortality is excessively high in Zambia, with an estimated rate of 750 deaths per 100,000 live births. These

deaths occur for many reasons, which include age, repeated pregnancies, disease, poor health, home deliveries, and a general lack of knowledge about the proper care of pregnant women.

Literacy rates are relatively high in Zambia. Approximately 86.8 percent of males over the age of 15 can read and write, as can 74.8 percent of all females in this group. On the average, Zambian children attend school for at least seven years; however, poverty and disease have affected school attendance and completion rates. Between 1990 and 2003, completion rates for primary school decreased from 90 to 63 percent for males and from 75 to 54 percent for females. A recent study conducted by UNICEF, the United Nations' organization for children, revealed that orphaned girls are more likely than other girls to be withdrawn from school, and the number of orphans is growing because of HIV/AIDS.

Human Development Index Rank: 166 Human Poverty Index Rank: 90

SEE ALSO: Carter Center; Child Mortality; Corruption; HIV/AIDS; Income Inequality; Malnutrition; Subsistence.

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Zimbabwe

FORMERLY KNOWN AS Southern Rhodesia, the sub-Saharan nation of Zimbabwe is currently experiencing 70 percent poverty and high unemployment rates. Throughout the 1990s, as unemployment rates increased, so did incidences of extreme poverty, particularly among women. Approximately 64.2 percent of the population live on less than \$2 a day, and 36 percent

subsist on less than \$1 per day. Almost 40 percent of the population are malnourished. Income is unevenly distributed in Zimbabwe. The poorest 20 percent possess only 1.8 percent of available resources, while the richest 20 percent claim 55.7 percent. Zimbabwe is ranked 56.8 on the Gini Index of Human Inequality.

Approximately 64.2 percent of the population live on less than \$2 a day.

Zimbabwe experienced a period of white power in the 1960s that was ended only by United Nations sanctions and a guerrilla uprising. Since 1987, Zimbabwe has had only one president. After President Robert Mugabe initiated a widespread land distribution scheme in 2000, the country was plunged into chaos, experiencing a crippled economy, food and commodities shortages, and an exodus of white farmers. Zimbabwe's current economic woes are partially derived from its involvement in the war in the Democratic Republic of the Congo from 1998 to 2002. The International Monetary Fund (IMF) has suspended aid to Zimbabwe because the government has failed to meet the required budgetary goals.

The Mugabe government has been accused of using brutal repression to stamp out opposition to its policies. In the spring of 2005, in an alleged effort to subdue political unrest and opposition to its policies, the Zimbabwean government "detained" some 30,000 urban residents. The so-called scorched-earth policy led to the burning of homes and street kiosks and mass evictions from shantytowns and other temporary dwellings. Human rights advocates believe that Mugabe is determined to relocate 1.5 million of Zimbabwe's poorest residents to rural areas, where they pose fewer threats to his power.

Some 66 percent of the Zimbabwean population are engaged in subsistence farming, and periodic droughts and the exodus of white farmers have damaged the agricultural sector and curtailed income traditionally derived from the export of agricultural products. Some 400,000 jobs have been lost as a result. Zimbabwe's abundance of natural resources, which include coal, chromium ore, asbestos, gold, nickel, copper, iron ore, and platinum metals, is insufficiently developed to support the floundering economy. Health as well as economic security has been threatened by poor mining practices that have led to toxic waste and heavy metal pollution.

Life expectancy in Zimbabwe is 36.67 years, with a median age of 19.26 years. Nearly 40 percent of the people are under the age of 14, and 3.7 percent have reached the age of 65. Almost three-quarters of Zimbabweans will never see a 40th birthday. Roughly onequarter of the Zimbabwean population has HIV/AIDS, which means that close to two million people are living with the disease. The World Health Organization (WHO) estimates that 2,600 adults and 690 children in Zimbabwe died each week during 2003, bringing the total of HIV/AIDS victims to 73,000. Approximately 800,000 Zimbabwean children have been orphaned by this epidemic. Zimbabweans are also at high risk of developing food- and waterborne diseases that are common to the area. Some 17 percent are without access to safe water, and 38 percent lack access to proper sanitation. Malaria is also a major cause of death. Zimbabwe's healthcare system, which was once considered a model for the region, has essentially collapsed. Zimbabwe has only six physicians per 100,000 residents, and 20 to 80 percent of the people are unable to afford essential drugs.

In recent years, Zimbabwe has experienced the world's fastest increase in child mortality. Between 1990 and 2003, the number of deaths for children under the age of 5 increased from 80 to 123 deaths per 1,000, an increase of more than 50 percent. Before poverty increased and health services declined, childhood mortality was steadily declining. In 2003, infant mortality was estimated at 67.69 deaths per 1,000 live births. Approximately 13 percent of children under 5 are malnourished and two percent are severely underweight. Some 27 percent of under-5s experience moderate to severe stunting, and six percent suffer from moderate to severe wasting.

As part of a general lack of healthcare, childhood immunizations have declined in Zimbabwe. According to reports in 2002, 80 percent of infants received immunizations against tuberculosis; 58 percent were inoculated against measles and DPT; and 74 percent were immunized against polio. In 2003, 80 percent of Zimbabwean children between the ages of 12 and 23 months were immunized against measles and DPT3. Half of Zimbabwean children do not receive essential oral rehydration therapy when they are ill.

The fertility rate of Zimbabwean women is 3.54 children per woman, and adolescent fertility is estimated at 81 per 1,000. This number has declined significantly since the 6.4 children per woman recorded in 1980. More than half of women of childbearing age use

contraceptives to prevent pregnancy. Professional medical staff attend 72.5 percent of all births. While only 69 percent of births take place in hospitals or clinics, antenatal care is technically available to 93 percent of Zimbabwean women. In reality, some 42 percent of all women in rural areas find healthcare inaccessible. Zimbabwean maternal mortality continues to be excessively high at 1,100 deaths per 100,000 live births.

Literacy is relatively high in Zimbabwe. Between 1980 and 2003, male literacy rates rose from 77.9 to 94.2 percent and female literacy increased from 62.6 to 87.2 percent. Most Zimbabweans attend school for at least nine years; however, completion rates have declined in recent years. A study conducted by UNICEF, the United Nations' organization for children, revealed that orphaned girls are more likely than other girls to contract AIDS, and the high prevalence of HIV/AIDS in Zimbabwe has led to higher absence and dropout rates among this group. From 1990 to 2002, primary school completion rates for males decreased from 100 to 81 percent and from 94 to 78 percent for females. Approximately half the children in primary school are receiving some sort of welfare assistance to help defray educational costs.

Human Development Index Rank: 145 Human Poverty Index Rank: 89

SEE ALSO: Child Mortality; Congo, Democratic Republic; Disease and Poverty; Extreme Poverty; HIV/AIDS; Maternal Mortality and Morbidity; Redistribution.

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WORLD POVERTY

Glossary

absolute poverty: Objective measurement of poverty level, including diet and health factors, income, and education level.

accumulation: Gathering or amassing of currency and goods in large amounts over a significant period of time.

African Development Bank: Established in Abidjan, Côte d'Ivoire, in 1964, the ADB borrows funds from the international money market in order to provide assistance to member countries for economic development.

Aid to Families with Dependant Children (AFDC): American federal program that entitles funding to single mothers so that they may stay home with young children. Replaced in 1996 by Temporary Assistance for Needy Families (TANF) in response to calls to drastically decrease welfare roles.

almshouse: Shelters and houses maintained by private organizations in order to assist the poor. A function of 18th century British philanthropy that was brought over in limited amounts to the United States.

allocation: Process of distributing resources for production and distributing goods and services for consumption by the public. Allocation is a significant problem in the developing world, when non-governmental organizations have difficulty providing aid through authoritarian governments or ineffective bureaucracies.

area deprivation: Also known as neighborhood socioe-conomic deprivation, extreme poverty and ill health in an area such as a neighborhood in a city or a village in more rural areas. Common in some areas of the developed world as well as large areas of the developing world.

Asian Development Bank: Established in Manila, Philippines, in 1966. The bank was established to work against rising poverty levels in Asian nations and the Pacific Rim by providing public development funds for infra structural needs.

balance of payments: The difference between funds received and payments by country. This balance includes merchandise and service exchange, transfer, gift payments.

balanced budget: Equality of revenue and expenditure in governmental budgets. In many countries, there is a wide gulf between the ability of local, state, and federal governments to balance annual budgets.

bankruptcy: Declaration initiated either by debtors (voluntary) or creditors (involuntary) when a consumer, corporation, or other economic entity has more liabilities than assets and is incapable of paying bills.

barrier to entry: Governmental, economic, or technological restrictions on a business entering a particular market or industry. These barriers include intellectual property and other legal restrictions and prohibitive start up costs.

barter economy: Economy based on exchange of goods and services by trade rather than by currency. Such economies have decreased significantly with the emergence of a more complex currency drive market, though barter economies still exist in the developing world and in times of lacking consumer confidence.

bilateral aid: Economic aid provided from one country, via appropriate agency, to another country.

black market: An illegal business or the act of selling goods and exchanging currency in violation of laws protecting price and supply levels.

capitalism: Economic structure with characteristics such as a relatively free marketplace, private ownership of most goods and services within political boundaries, and the ability to purchase goods and services with relative ease.

central planning: Planning of production and allocation by government agencies in lieu of competitive markets or free exchange of goods. Central planning is commonly found in communist nations.

charity: Institution that is established to distribute aid to the poor and needy or the act of individual assistance to the poor and needy.

child mortality: The rate of children per 1,000 that die between birth and age five, typically one measure of economic prosperity or demise.

Children's Defense Fund: Organization that works to increase minimum wage and create better jobs and ben-

efits, especially educational and child care benefits, for workers with children.

Church World Services (CWS): Relief division of the National Council of Churches that provides emergency and relief aid to developing nations.

colonialism: Policy that a nation maintains or extends its control over foreign dependencies, typically divided into colonies used primarily for natural resources and colonies used primarily for political gain.

communism: Economy with foundation in common ownership, disappearance of government and needs based allocation to the public. Based on the works of Karl Marx, though it is mostly theory and has rarely been emulated as laid out by Marx.

competition: Economic actions between two or more individuals or companies in pursuit of higher profits and greater market shares. The less competition that exists within a market, the more control over the market for those few competitors that exist.

conditionality: Trade agreements between borrowing nations and international lending agencies that require conditions such as lower tariffs and price controls or changes to general trade policy.

Consumer Price Index: Index of prices on goods and services common to many consumers within a nation, typically characterized by a hypothetical "basket of goods." Wide recognition in the United States as an indication of inflation and allows public a real indicator of the strength of an economy.

consumption: Satisfaction of consumer wants and needs by goods and services. Consumption is seen as part of gross domestic product and as a measure of demand.

Cost of Living: Income and funds needed to achieve certain standard of living based on measures of poverty, the middle class, and the upper class. This measure is tied to inflation and the purchasing power of consumers.

country-owned: Policies to improve domestic and international trade that are created and implemented by developing governments and not by outside governments or agencies.

credit: Promise between consumers and creditors in which consumers receive goods and services in exchange for future payments plus interest. Credit is integral to the modern economy, given the need of businesses to purchase assets and build a customer base in the short term to stay viable.

currency: Paper bills or metal coins issued by national government to act as medium for exchange of goods and services between consumers and businesses.

culture of poverty: Culture created among the poor which is characterized by feelings of inferiority, marginalization, and a sense that no amount of work or effort will improve the status of the individual beyond poverty.

cyclical poverty: Poverty based on decline in macroeconomic indicators which improve and worsen on a regular basis. This cycle occurs when a recession occurs, bringing down demand, wages, and increasing unemployment.

Darwinism: Theory of biological evolution promoted by naturalist Charles Darwin, which states that all living beings arise through a selection of particularly favorable traits to natural and man-made environments. This is known in short as survival of the fittest and it was a popular notion (social Darwinism) in the late 19th and early 20th century in colonial empires.

debtor nation: Nation whose exports are less than imports and whom owe more to foreign governments than receive in trade from partners. Many of the world's debtor nations reside within the developing world, though the trend toward easy credit and poor savings has added some developed countries to the ranks.

debt relief: Relief of debts by creditor nations, either in part or in full, by decreasing interest on loans or the easing of preconditions on repayment of a loan.

debt service: Total payments, on both interest and principal totals, made by a country annually. A major issue for developing nations because interest alone typically expends any funds incoming from foreign trade sources.

deflation: Extended decline in the average level of prices. This condition is more likely in a stagnate market, but usually only in depressed economies.

demand: The motivation and capability to purchase a range of goods along a wide spectrum of prices.

demographics: Characteristics of human populations and population segments especially when used to study and analyze consumer markets.

dependency: territory under the jurisdiction of a state of which it does not form an integral part.

depreciation: Long term to permanent decrease in the value of a good, typically real estate and higher priced consumer goods. Depreciation based on the production cost, because of the need to replace depreciated goods with available capital.

deprivation: The state of extreme poverty including the removal or abstention of physical necessities (food) and social relationships (family).

deprivation index: Analytical tool composed of social and economic indicators to determine the significance of deprivation in the indexed area.

deserving poor: The distinction by government of those in poverty who are deserving of aid, due to many different educational, health, or social considerations.

destitution: Also known as complete poverty, an extreme want of resources or means of subsistence.

developed country: A nation considered wealthy because of industrial infrastructure, educational value, low child mortality, and high gross domestic product. Developed nations have been active in the last 50 years in the modernization of developing nations.

developing country: A nation considered poor because they lack sufficient industrial infrastructure, have high child mortality and poor health care. Developing nations are typically nations with young democratic governments or histories of authoritarian governments.

development economics: Subfield of economic study that attempts to determine how developing economies evolve into developed economies.

Development Gateway Foundation (DGF): Established in 2001, DGF is a collection of 100 plus public and private organizations worldwide that use information and emerging communication technologies to alleviate

poverty in the developing world and promote sustainable development.

disability insurance: Insurance managed by government or employers and paid into by workers for short term or long term debilitation, typically in the commission of a job task.

disequilibrium: The imbalance between supply (surplus) and demand (shortage) which requires market forces to change methods in order to reach equilibrium.

duopoly: Theoretical market condition in which two corporations dominate a particular industry with little to no competition. One noticeable example of a duopoly is in aeronautics, with Airbus and Boeing competing largely for the market share in Europe and North America.

economic growth: An increase in per capita income and production on a consistent basis that contributes to poverty reduction. Factors that prevent economic growth from eliminating poverty include imbalanced budget priorities and an uneven distribution of money to the upper class.

economic inequality: Disproportionate income attainment or asset ownership between one group of people and other groups of people in a particular market.

economic insecurity: Individual or familial economic precariousness due to economic downturn, temporary or underemployment, and poor health, among other considerations.

economic insufficiency: Economic states for individuals or families in which working members are underemployed or incapable of fulfilling basic needs with wages earned or have opportunity for economic advancement.

economics of scale: An average cost decrease when business increase market entry points and increase production. This happens within the realm of small business in transition into medium to large-size businesses.

economics of scope: Production process by which two or more products can be created from one resource. This allows businesses to market and sell more products but can also cost companies in quality by decreasing focus on popular products, as well as public favor when unusable waste materials are produced.

educational vouchers: Government aid given to lower income families with the intention of sending children to private schools, typically with smaller class sizes and better resources, in order to gain a better education than in public schools.

efficiency: The attainment of the highest level of fulfillment in consumer desires and needs with the least amount of resources used.

elasticity: Relative change in one economic variable to another variable. This includes price elasticity of demand applied to the percentage change in the price of products.

employment rate: Ratio of employed individuals in a nation to the entire population of that nation which is over 16 and not institutionalized.

employment: An economic state in which people and resources are activated for production in exchange for wages and other incentives.

endemic poverty: Poverty that is prevalent in or peculiar to a particular region or people.

entitlement: A government program that guarantees and provides benefit to a particular group or for certain economic and social preconditions.

equity: A term referring to relative fairness in income and ownership.

exploitation: An economic state in which business owners and leaders are seen "taking advantage" of employees by withholding proper wages and remuneration.

externalities: The costs left out of the price of goods in the marketplace because of their absence in the supply and demand pricing process. One external benefit in the marketplace is education, which is implied in the quality of goods and services provided by a company. One external cost to consumers is pollution, which is not included in the price paid by consumers of a good.

extreme poverty: Level of poverty where individuals are unable to afford the necessities of living, including food, shelter, and medicine.

faith-based antipoverty programs: Programs established by churches and religious groups to remedy the symptoms of poverty while attempting to effect larger social change through religious practice.

famine: Drastic, widespread food shortage, typical to developing nations and accompanied by malnutrition, disease, and economic difficulties.

feminization of poverty: The increase in the poverty rate among single women and single mothers because of underemployment, lack of education, and poor social welfare systems.

feudalism: Political and economic system popular in 9th to 15th century Europe based on the relationship of lords, whom own land and employed vassals. Vassals worked the land, engaged in military service, and paid homage to the lord in order to have a piece of land for themselves and a home.

fiat money: The medium of exchange useful in trade but with no material value. This term includes currency and checking accounts, which are based on the acceptance of fiat money by everyone in the marketplace and the confidence of its worth in trade.

food stamps: Government program that provides food credit to lower income families in order to ensure sufficient nourishment.

foreign direct investment: Investment in foreign companies to gain greater control over the marketplace, as well as construction of buildings and factories for domestic businesses on foreign soil.

foreign exchange market: Virtual market which is managed by various financial institutions that deals with global exchange in currency and stocks.

foreign exchange rate: The price of one nation's currency when compared to another nation's currency, measured by the amount of currency traded compared to a unit of another currency.

fraud: Deception deliberately practiced in order to secure unfair or unlawful gain in a market while harming another party physically or economically.

free market: Economic market that is competitive because of relatively unrestrained trade, with long term equilibrium ideally achieved by the macroeconomic forces of supply and demand. The downfalls of the free

market come with decreased competition, devalued currency, and the involvement of external markets with different market limitations.

free trade: The unhindered trade of goods and services worldwide. Free trade provides lower prices to consumers through lowered tariffs, but can also lead to lower quality of goods, labor issues, and environmental concerns in the various marketplaces worldwide.

Free Trade Area of the Americas: Created in December 1994 during the Summit of the Americas, a single economic area in North and South America where barriers to trade are decreased with the goal of free trade in the near future.

G-8: Eight leading developed nations that meet on a regular basis to deal with economic issues. Members of the G-8 are Canada, France, Germany, Great Britain, Italy, Japan, Russia, and the United States.

gender discrimination: Determinate by a person or people in power of one gender to withhold economic or social opportunities to another gender. Most conspicuous in employment, but present throughout developed and developing societies.

gender equality: Standards set by nations and international organizations to ensure equal rights and opportunities in education, the workforce, and the law for both men and women.

gender gap: Measure of the difference between male and female achievement in areas such as income and education.

Gini Coefficient: Simple measure of income distribution, whereby the higher income is on a given range (between 0 and 1) equals a higher inequality in income distribution in the measured area.

global commons: An idea born in the development of environmental law that considers all environs (such as the atmosphere and oceans) as part of global well being. The most recent and controversial global commons argument is over the Kyoto Protocol, which would decrease global air emissions but to some would damage industry and the economy.

globalization: Long term international development involving decreasing barriers to trade, increased global

communications, and increased involvement of developed countries into the affairs of the developing world.

gold standard: The use of gold in determining the value of currency. This standard is either used directly, by the use of gold coins as currency, or indirectly, by the assurance that fiat money is backed by a stable amount of gold in a national reserve.

Great Society programs: Social programs created between 1965 and 1968 by President Lyndon Johnson in order to improve American culture and education. Programs included in the Great Society programs include Head Start, work-study programs for college, the National Endowment for the Arts, and the Corporation for Public Broadcasting.

Gross Domestic Product (GDP): Popular measure of economic progress, encompassing all goods and services produced for export, private and public sector, and capital goods minus imported products. Also can be divided by population to determine the productivity of an average person within a nation (called gross domestic product per capita).

Head Start: Federal preschool program for kids from lower income families, created during the Great Society.

hierarchy of needs: Psychologist Abraham Maslow's theory that people satisfy basic physical needs before fulfilling more complex psychological needs and social obligations. An explanation for the progress or regress of nations and societies, typically because of the prevailing political system and resource management.

homelessness: The state or condition of having no home or shelter, typically leaving an individual to live on the streets or in other public places.

Human Development Index: Measure of individual well being, combining economic and social factors such as income and life expectancy, updated yearly by the United Nations Development Program.

Human Poverty Index: Measure of individual poverty based on educational, environmental, and health factors contributing to deprivation. This index is updated yearly by United Nations Development Program.

hunger: Condition common among those in poverty where individuals are unable to afford sufficient food to

fulfill basic nutrient needs. It is widespread among a majority of people in the developing world and the lower classes of developed countries.

immigration: The movement of people from one country to another, whether individually or in groups. The positives of immigration is a more diverse society, more competition for employment, and the decreased cost of production from the fulfillment of most production needs. The negatives of immigration have included increased taxes for social services, housing issues, and language barriers.

imperialism: Policy of extending a nation's authority by acquisition of new territories or holding economic and political hegemony over other nations. One example of imperialism would be the maintenance of French hegemony over former French colonies in Africa.

incentives: Benefit that motivates consumers or corporations to participate in economic or social activities. For example, price incentives influence the motivation to purchase goods or services, with higher prices decreasing the likelihood of a purchase and vice versa.

indentured servitude: Service by one person to another person or family for a prolonged period of time in exchange for food, money, shelter and/or land.

indigence: State of extreme poverty and neediness.

industrialization: The development of industry and infrastructure on an extensive scale for long term economic development.

inelasticity: An economic relationship in which major changes in one economic variable have minimal effects upon one or more other variables.

infant mortality rate: The rate of death among infants from birth to age one, measured in amount per one thousand births.

inflation: Consistent increase in the average price levels of goods and services in the economy, which is a common phenomenon in the global economy.

infrastructure: Capital used to improve telecommunications, electrical services and other structures needed to advance businesses, industries, and governments toward efficient production of goods and services.

insolvency: Economic condition where liabilities exceed assets over a sustained period of time, typically leading to the declaration of bankruptcy.

interdependence: Psychological principle of macroeconomics where one company's decisions are influenced by or influence the decisions of other businesses.

InterAmerican Development Bank: Created in 1959 to aid in the regional development of the Bank's 46 Latin American and Caribbean nations. This aid comes in the form of development loans to businesses and governments along with technical assistance.

International Monetary Fund (IMF): Created in 1944 as a counterpart to the World Bank, the IMF offers short term loans to developing nations in order to stabilize currency and fledgling banking systems.

international poverty line: Income level at which a person in any area of the world is incapable of acquiring basic necessities, such as food and clothing.

Islamic Development Bank: Headquartered in Saudi Arabia, the IDB has 54 member countries worldwide, defined typically as nations with Muslim governments or large Muslim populations. The Bank participates in equity capital grants and loans for businesses and enterprises to its members.

Jubilee 2000: Also known as Drop the Debt, this 1990s campaign sought to relieve developing nations most harmed by debt.

Keynesian economics: Based on the book *The General Theory of Employment, Interest, and Money* by economist John Maynard Keyes, this economic outlook determines that aggregate demand is the culprit for most economic problems. As opposed to the supply side economics of the 1980s, Keynesian economics seeks to provide the bulk of services and economic prosperity to the lower and middle income in a nation in order to stimulate higher demand for goods. Popular in the Roosevelt administration and credited for fixing the problems of the Great Depression.

Laffer curve: Created by economist Arthur Laffer, a justification for the supply side economics of the 1980s. It states that at zero percent and 100 percent of tax rate, there is no revenue taken in by the government because at maximum taxation there is no motivation to work.

This curve also shows that with decreased taxation, there is the possibility for greater revenues to be produced for the government.

Laissez-Faire: The theory that markets on their own can achieve efficient allocation of resources. This is in opposition to the idea of central planning and governmental paternalism and is becoming more popular in the modern form of free trade agreements and globalization.

Least Developed Countries (LDC): A group of 49 developing nations that meet certain criteria for low economic output, poor infrastructure, and ineffective government. A majority of LDC are African nations.

liberation theology: A response to structural conditions of poverty which includes breaking down social, economic, and political barriers and promoting a life satisfied by sufficient resources and the ability to practice religion, speech, and other liberties. Practiced extensively in Latin America and other developing areas.

Low-Income Cut-Offs (LICOs): Social indicator that measures relative income distribution. Measured by taking the percentage of income spent on necessities (preestablished by studying agency), which gives the relative place of an individual in the economy.

lumpenproletariat: Lowest, most degraded level of the working class (proletariat). Referenced by Karl Marx in his works, the lumpenproletariat typically included the unemployed, the criminal, and the mentally ill.

macroeconomics: The branch of economic study that analyzes the entire economy and its large components, including production, inflation, and general business cycles.

malnutrition: Health condition brought on by inadequate consumption of protein, calories, and vital nutrients. Experienced by many in the developing world due to inadequate aid or poor distribution of resources.

market adjustment: The study of market equilibrium caused by supply and demand determinants.

market efficiency: The idea that market competition automatically adjusts for efficient distribution of resources by equating demand and supply levels with price and quantity levels.

market failure: The inefficient allocation of resources resulting in consumer dissatisfaction, whether by externalities, imperfect information to consumers, or other causes.

mass production: The production of large amounts of identical goods by the use of large scale machinery and production methods. A consequence of the Industrial Revolution resulting in mass goods by mass means.

maternal mortality: Rate of mortality for pregnant women or women during childbirth compared to the total number of births per year. One indicator of the strength of a nation's health care system and general quality of life.

means testing: Determination of the needs of people in need of government aid programs, such as education vouchers, food stamps, and financial aid for college.

Medicaid: Program initiated in 1965 by the United States government to provide health coverage to the poor, governed by individual states under federal regulations.

Medicare: Program initiated in 1965 by the United States government to provide health coverage to those who were over 65 years of age.

mercantilism: Predominant economic system of 16th, 17th, and 18th century Europe characterized by increased exports, the exploitation of raw resources, increased tariffs, and state control of most economic functions.

microcredit: Small loans given to farmers, small business owners, and factory workers whom are typically incapable of receiving a regular bank loan.

microeconomics: The branch of economic study that analyzes lower level economic activity, including demand and supply at the individual and business levels.

minimum wage: The legal price floor for labor wages, established in the United States in 1938 and exists in many industrialized nations. This wage was established to ensure a certain minimum level of fair wages for all jobs.

misery index: The sum of the unemployment level and inflation rate in a nation. Created in the United States

during the 1970s, in a particularly stagnate economic period.

monopoly: Economic structure with one seller of a particular good without substantial competition. Monopolies essentially run the market on a particular good, including pricing and supply, but also are limited by consumer demand.

most-favored nation: Diplomatic and economic status established by trade agreements, whereby one nation receives least restrictive trade barriers in trade with another nation.

multilateral aid: Aid from multiple international sources channeled through appropriate organizations (i.e., the World Bank) to developing countries.

natural unemployment: Condition of unemployment existing when employment level is full, as well as when resources of demand and supply are equal and price levels are stable.

neoliberalism: Predominant economic belief in Western nations at present, which includes decreasing taxes, creating smaller domestic governments, embracing globalization and encouraging free trade principles.

New Partnership for Africa's Development (NEPAD): Initiative of African nations (OAU) promoted by South African President Thabo Mbeki, which would use the collective power of African states to create economic prosperity and promote future and sustainable development.

nongovernmental organization (NGO): Nonprofit organizations not associated with any level of government that attempt to provide aid to developing nations. non-income poverty

nonworking poor: Those in poverty whom are chronically poor and unemployed, typically because of a lack of education, incapability of entering the workforce or physical limitations to work.

normative economics: Division of economic study in which ideal standards of economy are prescribed.

North American Free Trade Agreement (NAFTA): Established in 1994, NAFTA is an agreement between Canada, the United States, and Mexico to eliminate

trade barriers between nations within a decade of inception. Free trade agreements such as this can create efficient trade and lower prices for goods but is also detrimental to labor and the environment.

odious debt: Debt accrued by nations under undemocratic leadership, with profit typically going to government officials and patrons.

oligopoly: Condition where a small number of major corporations involved in selling similar products dominate the market by obstructing other corporations from entering into competition.

Organization of American States (OAS): Created in 1948 with 35 member nations in North, Central, and South America, the OAS is the hemisphere's main conduit for political discussion. Issues dealt with by the OAS include human rights, the drug war, and the spread of democratic government.

Organization of Petroleum Exporting Countries (OPEC):

An economic organization of over a dozen African, South American, and Middle Eastern states that produce oil and act to control a major market share of petroleum. OPEC has acted as a source of economic power for some nations that would otherwise have little influence in the global economy.

outsourcing: To sent out work or services to an outside provider or manufacturer in order to cut costs and make goods more readily available to world markets.

pension programs: Programs typically provided employers to insure post-employment or disability financial security for workers.

poverty gap: Measurement that determines the place of individuals or families in relation to the poverty line. A high poverty gap, for example, show that most people in poverty live well below the poverty line.

poverty line: The official measurement of the income needed by a household to stay out of poverty, according to several tangible requirements. The poverty line is a relative measure by nation, based on measures like income and family size as well as education and geographic location.

poverty rate: Ratio of those under the poverty line to the rest of a nation's population.

poverty threshold: The income threshold at which a family is in poverty for administrative and statistical purposes.

poverty trap: Large scale situation that forces those in poverty to remain poor despite efforts at money management. This is possible because of low incomes, trade deficits, and major infra structural gaps.

price ceiling: The legal maximum price for a good, with apartment and rental prices as one common example. Ceilings help control pricing but can create a shortage created by a restricted price range.

price floor: The legal minimum price for a good, with farm goods as one common example. Farmers, whom create a large amount of goods and typically are in debt due to the prohibitive costs of running a farm and owning land, benefit from price floors and subsidies that create competition for goods.

privatization: The transfer of government responsibilities to the private sector, for the purpose of decreased bureaucratic costs and more efficient management.

progressive tax: A type of income tax whereby an increase in income level means an increased tax rate. As opposed to a flat tax, where everyone that pays taxes pays the same rate, or a regressive tax, where higher incomes meet with lower tax rates.

pro-poor growth: Economic development and growth, particularly in developing countries, that favor the poor.

public good: A good or service usable by both payers and nonpayers, usable by many people at one time, and reusable for sustained periods of time. Examples of a public good are public parks, libraries, and the protection of the military.

racial discrimination: Discrimination by a person or group of one race against a person or group of another race, in terms of employment and public services.

rationing: The allocation of commodities by prescribed standards, typically based on the needs of the public.

recession: A general period of economic contraction, lasting at least two consecutive business quarters, with a decrease in gross domestic product and an increase in unemployment.

redistribution: Economic theory that promotes reducing inequality in the distribution of wealth by reorganizing capital more evenly.

regressive tax: Tax system whereby higher income levels pay a increasingly lower tax percentages of income. Favorable to upper income levels and considered by some scholars to be effective in putting more money into the economy.

relative deprivation: Theory which compares the objective nature of an individual's work and home life with the subjective ideas on fairness, entitlement, or success by this same individual.

relative poverty: A definition of poverty that compares one individual or family to the poverty of others within the same area of measure.

right to work law: Legal restrictions on employers who want union membership as a prerequisite to employment. Employers are not able to force employees to join unions. Right to work laws allow the freedom of workers to participate in unions at every level, but also conflict with the public benefits of unionization, which are able to protect workers and provide benefits not available in nonlabor work.

rural deprivation: Extreme poverty on farm lands and other rural areas, made common by difficult agricultural markets, high farming costs, and the drastic increase in urbanization.

scarcity: Continuing condition in society because of the imbalance between an unlimited amount of wants and needs and limited resources. Scarcity is the major underlying theme of economics.

segregation: Practice of separating people of different racial, economic, and ethnic groups in public areas as a form of discrimination.

slavery: State of one individual bound to serve another individual and act as property in economic exchanges.

social democracy: Theory advocating the use of democratic means to achieve an eased transition from capitalism and socialism.

social insurance: Programs, popular largely in Europe and North America that allow workers to pay into pen-

sion and insurance programs for retirement, disability, and unemployment funding.

social mobility: The ability of individuals or groups to move within a social hierarchy with changes in economic and social indicators.

Social Security: A system providing economic assistance to the elderly, poor, and disabled whom participate in a system of taxation. In the United States, Social Security was established in 1935 during the Great Depression and has continued to the present, with similar programs in many Western nations.

social stratification: Condition of being arranged in social strata or classes within a group.

socialism: The government ownership of resources, workers control the production of goods and the distribution of products based on need. Socialism is considered the middle ground between capitalism and communism.

solidarity: The rallying cry for organized labor and the general labor movement to utilize a "us versus them" mentality across all industries in order to gain mutual benefits

squatting: To settle an unoccupied land without legal claim.

stabilization: Government policies to act against economic fluctuations and prevent short term effects such as unemployment and inflation. One important stabilization method is the adjustment of interest rates on loans.

standard of living: The average real gross domestic product or the economy's ability to fulfill consumer needs.

starvation: State of extreme hunger from lack of essential nutrients over a prolonged period of time.

stigmatization: To be characterized as disgraceful or as a pariah, typically because of involvement in entitlement programs, prolonged poverty, or involvement in the culture of poverty.

subsistence: Minimal resources for living, often times associated with farmers and those in rural areas.

Supplemental Security Income (SSI): American program created in 1974, providing a singular safety net under the Social Security Administration from several former programs providing assistance to the disabled, the blind, and the elderly.

supply: The ability and momentum by owners and producers to sell quantities of a good at a range of prices during a certain period of time.

supply-side economics: Emphasis on the production capability of available resources in national economic policy. Promoted vigorously by the Reagan administration during the 1980s as a counter to Keynesian economics, which was blamed for the stagnate economy of the 1970s.

sustainable development: Economic and social development that utilizes natural resources in an ecologically efficient manner, to ensure consistent development.

tariff: Typically a tax on imports which form a barrier to trade meant to protect domestic markets and generate revenue for the federal government.

Temporary Assistance for Needy Families (TANF): Replaced AFDC in 1996, TANF is a state administered block grant program designed to assist mothers off of welfare into the work force.

Third World: Term used for developing nations, made obsolete by the end of the Cold War. The First World refers to Western nations and the United States and the Second World refers to the Soviet Union and its satellite countries.

tied aid: Economic aid made available to developing nations contingent upon narrowly prescribed usage, typically on trade with donor nations.

trade deficit: Situation when a nation's imports are greater than a nation's exports. Deficits are remedied by trade barriers and the reduction of exchange rates on currency.

trade surplus: Situation when a nation's export are greater than a nation's imports, or when foreign markets purchase more than they sell to domestic markets.

trading bloc: Loose organization of nations that are economically intertwined, common in culture and

proximity. Nations in a trading bloc coordinate foreign trade policies, including the North American bloc and the European bloc.

underclass: Lowest social strata, composed of the poor, needy, and underprivileged.

undeserving poor: The distinction of government officials of those in poverty whom are not deserving of aid, either because of their longevity in poverty or seeming inability to find work.

unfair competition: Deceptive or dishonest trade practices meant to hamper competitors and gain greater market share. Such practices include false advertisement, bribery, and industrial sabotage.

universal healthcare: Theory of national health care system that would provided health insurance to every person within a nation. Universal health care has been adopted in many Western European nations as well as Canada and has been a small part of the health care reform debate in the United States.

United States Agency for International Development (USAID): An organization run by the United States government that transfers technical and economic aid to developing nations.

urbanization: Social process in which cities experience increased growth and cultures become more urban and cosmopolitan.

Uruguay Round: Round of meetings between 1986 and 1994 that replaced the General Agreement of Tariff and Trade (GATT) with the World Trade Organization. These meetings also attempted a reduction of trade restrictions on member countries.

vagrancy laws: Laws at the local and state level that prevent loitering or other activities of those in poverty whom are trying to survive on the streets. The rationale for vagrancy laws is to protect tourism, public health, and to prevent crime. In some areas, vagrancy laws have been required to accompany the creation of shelters.

voluntary poverty: Choice made by individuals to go into poverty for personal, spiritual, or religious reasons.

wages: Payment to laborers for utilization of labor resources in the production of goods and services.

War on Poverty: Series of government programs under President Lyndon Johnson between 1965 and 1968 to combat conditions of poverty, crime, and urban education standards.

welfare dependence: Condition cited by many conservatives that consists of welfare recipients not working or searching for work in order to stay in welfare programs.

welfare-to-work programs: Government programs that attempt to move individuals off of welfare assistance into one or more jobs to provide sufficient income. Popularized in several American states and nationally during the Bill Clinton administration.

working poor: Individual or groups that are at or below the poverty line whom work one or more jobs which do not provide sufficient income.

World Bank: Financial institution created in at the Btretton Woods conference 1944 to aid in the reduction of poverty worldwide, as well as attempt to address the issue of foreign debt of developing nations around the world.

World Trade Organization (WTO): Organization that mediates disputes in global trade such as tariff and intellectual property issues. The WTO also holds negotiations on increasing globalized trade and investment in developing nations.

NICHOLAS KATERS INDEPENDENT SCHOLAR

WORLD POVERTY

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Human Rights Quarterly

Journal of Economic and Social Research

Journal of Economic Growth Journal of Economic Inequality Journal of Urban Economics

Labour Economics

Review of Social Economy Social Indicators Research Social Security Bulletin Social Service Review

Social Work

The International Glossary on Poverty

The Journal of Socio-Economics The World Bank Economic Review

Urban Geography Urban Studies

World Development Report

INTERNET

www.adb.org

Asian Development Bank

www.afsc.org

American Friends Service Committee

www.bls.gov

Bureau of Labor Statistics

www.cbpp.org

Center on Budget and Policy Priorities

www.cencus.gov

United States Census

www.childrensaidsociety.org

Children's Aid Society

www.epionlne.org

Employment Policy Institute

www.imf.org

International Monetary Fund

www.oecd.org

Organization for Economic Cooperation and Develop-

ment

www.povertymap.net

Poverty Map

www.secondharvest.org

Second Harvest www.socwatch.org Social Watch

www.theirc.org

International Rescue Committee

www.un.org United Nations www.unctda.org

United Nations Conference on Trade and Development

www.undp.org

United Nations Development Program

www.unicef.org

United Nations Children's Fund

www.weforum.org World Economic Forum

www.who.org

World Health Organization

www.worldbank.org The World Bank

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World Concern www.worldhunger.org

World Hunger Education Services

WORLD POVERTY

Appendix A U.S. State Economic Data

Source: U.S. Census Bureau

Percent of Persons in Poverty by U.S. state: 2002, 2003, 2004

(Source: U.S. Census Bureau)

	2004 Percent	2003 Percent	2002 Percent
United States	12.7	12.5	12.1
Alabama	16.9	15.0	14.5
Alaska	9.2	9.6	8.8
Arizona	14.4	13.5	13.5
Arkansas	15.1	17.8	19.8
California	13.3	13.1	13.1
Colorado	10.0	9.7	9.8
Connecticut	10.0	8.1	8.3
Delaware	9.1	7.3	9.1
D.C	16.7	16.8	17.0
Florida	11.6	12.7	12.6
Georgia	13.1	11.9	11.2
Hawaii	8.4	9.3	11.3
Idaho	9.9	10.2	11.3
Illinois	12.2	12.6	12.8
Indiana	11.6	9.9	9.1
Iowa	10.8	8.9	9.2
Kansas	11.4	10.8	10.1
Kentucky	17.7	14.4	14.2
Louisiana	16.7	17.0	17.5
Maine	11.6	11.6	13.4
Maryland	9.8	8.6	7.4
Massachusetts	9.2	10.3	10.0
Michigan	13.3	11.4	11.6
Minnesota	7.0	7.4	6.5
Mississippi	18.6	16.0	18.4
Missouri	12.2	10.7	9.9
Montana	14.1	15.1	13.5
Nebraska	9.4	9.8	10.6
Nevada	10.9	10.9	8.9
New Hampshire	5.4	5.8	5.8
New Jersey	8.0	8.6	7.9
New Mexico	16.5	18.1	17.9
New York	15.0	14.3	14.0
North Carolina	14.6	15.7	14.3
North Dakota	9.7	9.7	11.6
Ohio	11.6	10.9	9.8
Oklahoma	10.8	12.8	14.1
Oregon	11.7	12.5	10.9
Pennsylvania	11.3	10.5	9.5
Rhode Island	11.5	11.5	11.0
South Carolina	14.9	12.7	14.3
South Dakota	13.4	12.7	11.5
Tennessee	15.9	14.0	14.8
Texas	16.5	17.0	15.6
Utah	9.9	9.1	9.9
Vermont	7.9	8.5	9.9
Virginia Washington	9.3	10.0	9.9
Washington	11.5	12.6	11.0
West Virginia	14.2	17.4	16.8
Wisconsin	12.3	9.8	8.6
Wyoming	9.9	9.8	9.0

ALABAMA

INCOME IN 1999	Number	Percent
Households	1,737,385	100.0
Less than \$10,000	250,526	14.4
\$10,000 to \$14,999	140,880	8.1
\$15,000 to \$24,999	257,393	14.8
\$25,000 to \$34,999	236,732	13.6
\$35,000 to \$49,999	286,612	16.5
\$50,000 to \$74,999	298,347	17.2
\$75,000 to \$99,999	134,135	7.7
\$100,000 to \$149,999	85,987	4.9
\$150,000 to \$199,999	22,171	1.3
\$200,000 or more	24,602	1.4
Median household income (dollars)	34,135	(X)
Wedian neading (deliais)	04,100	(71)
With earnings	1,337,097	77.0
Mean earnings (dollars)	46,719	(X)
With Social Security income	486,287	28.0
Mean Social Security income (dollars)	10,374	(X)
With Supplemental Security Income	104,173	6.0
Mean Supplemental Security Income (dollars)	5,686	(X)
With public assistance income	38,964	2.2
Mean public assistance income (dollars)	2,108	(X)
With retirement income	311,581	17.9
Mean retirement income (dollars)	17,110	(X)
Per capita income (dollars)	18,189	(X)
Median earnings (dollars):	10,109	(^)
Male full-time, year-round workers	22.202	(V)
	32,383	(X)
Female full-time, year-round workers	22,518	(X)
DOV/CDTV STATUS IN 1000 (holow poverty lovel)		
POVERTY STATUS IN 1999 (below poverty level)	450 440	()()
Families	153,113	(X)
Percent below poverty level	(X)	12.5
With related children under 18 years	113,695	(X)
Percent below poverty level	(X)	18.2
With related children under 5 years	51,692	(X)
Percent below poverty level	(X)	21.9
Families with female householder, no husband present	85,644	(X)
		. ,
Percent below poverty level	(X)	35.6 (X)
With related children under 18 years	73,882	
Percent below poverty level	(X)	44.6
With related children under 5 years	33,426	(X)
Percent below poverty level	(X)	56.6
la dividua la	COD 007	()()
Individuals	698,097	(X)
Percent below poverty level	(X)	16.1
18 years and over	460,216	(X)
Percent below poverty level	(X)	14.3
65 years and over	86,276	(X)
Percent below poverty level	(X)	15.5
Related children under 18 years	233,961	(X)
Percent below poverty level	(X)	21.2
Related children 5 to 17 years	164,899	(X)
Percent below poverty level	(X)	20.3
Unrelated individuals 15 years and over	196,748	(X)
Percent below poverty level	(X)	30.3

ALASKA

INCOME IN 1999	Number	Percent
Households	221,804	100.0
Less than \$10,000	12,458	5.6
\$10,000 to \$14,999	10,995	5.0
\$15,000 to \$24,999	22,917	10.3
\$25,000 to \$34,999	25,025	11.3
\$35,000 to \$49,999	35,519	16.0
\$50,000 to \$74,999	48,912	22.1
\$75,000 to \$99,999	30,371	13.7
\$100,000 to \$149,999	25,381	11.4
\$150,000 to \$199,999	6,078	2.7
\$200,000 or more	4,148	1.9
Median household income (dollars)	51,571	(X)
With earnings	198,600	89.5
Mean earnings (dollars)	57,171	(X)
With Social Security income	30,282	13.7
Mean Social Security income (dollars)	10,273	(X)
With Supplemental Security Income	6.854	3.1
Mean Supplemental Security Income (dollars)	6,259	(X)
With public assistance income	19,230	8.7
Mean public assistance income (dollars)	4,436	(X)
With retirement income	32,555	14.7
Mean retirement income (dollars)	21,037	(X)
Per capita income (dollars)	22,660	(X)
Median earnings (dollars):	22,000	(/\)
Male full-time, year-round workers	41,257	(X)
Female full-time, year-round workers	31,151	(X)
remale full-time, year-round workers	31,131	(^)
POVERTY STATUS IN 1999 (below poverty level)		
Families	10,270	(X)
Percent below poverty level	(X)	6.7
With related children under 18 years	8,812	(X)
Percent below poverty level	(X)	9.3
With related children under 5 years	4,854	(X)
Percent below poverty level	(X)	13.4
reident below poverty level	(^)	13.4
Families with female householder, no husband present	4,686	(X)
Percent below poverty level	(X)	20.0
With related children under 18 years	4,407	(X)
Percent below poverty level	(X)	23.7
With related children under 5 years	2,428	(X)
Percent below poverty level	(X)	35.8
Individuals	57,602	(X)
Percent below poverty level	(X)	9.4
18 years and over	35,561	(X)
Percent below poverty level	(X)	8.3
65 years and over	2,330	(X)
Percent below poverty level	(X)	6.8
Related children under 18 years	20,792	(X)
Percent below poverty level	(X)	11.2
Related children 5 to 17 years	14,298	(X)
Percent below poverty level	(X)	10.3
Unrelated individuals 15 years and over	20,113	(X)
Percent below poverty level	(X)	18.3

ARIZONA

INCOME IN 1999	Number	Percent
Households	1,901,625	100.0
Less than \$10,000	163,221	8.6
\$10,000 to \$14,999	120,770	6.4
\$15,000 to \$24,999	264,392	13.9
\$25,000 to \$34,999	265,645	14.0
\$35,000 to \$49,999	332,857	17.5
\$50,000 to \$74,999	365,024	19.2
\$75,000 to \$99,999	184,026	9.7
\$100,000 to \$149,999	131,068	6.9
\$150,000 to \$199,999	35,926	1.9
\$200,000 or more	38,696	2.0
Median household income (dollars)	40,558	(X)
With earnings	1,496,606	78.7
Mean earnings (dollars)	52,835	(X)
With Social Security income	515,892	27.1
Mean Social Security income (dollars)	11,955	(X)
With Supplemental Security Income	69,281	3.6
Mean Supplemental Security Income (dollars)	6,529	(X)
With public assistance income	54,645	2.9
Mean public assistance income (dollars)	2,596	(X)
With retirement income	351,587	18.5
Mean retirement income (dollars)	18,248	(X)
Day can'ta in come (dallars)	20.075	()()
Per capita income (dollars)	20,275	(X)
Median earnings (dollars):	25.404	0.0
Male full-time, year-round workers	35,184	(X)
Female full-time, year-round workers	26,777	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	128,318	(X)
Percent below poverty level	(X)	9.9
With related children under 18 years	102,378	(X)
Percent below poverty level	(X)	15.2
With related children under 5 years	56,623	(X)
Percent below poverty level	(X)	19.3
Formilies with formula become labor as brooken disposed	F0.047	()()
Families with female householder, no husband present	52,017	(X)
Percent below poverty level	(X)	25.8
With related children under 18 years	46,150	(X)
Percent below poverty level	(X)	32.1
With related children under 5 years	23,205	(X)
Percent below poverty level	(X)	43.7
Individuals	698,669	(X)
Percent below poverty level	(X)	13.9
18 years and over	440,959	(X)
Percent below poverty level	(X)	12.0
65 years and over	54,737	
Percent below poverty level		(X)
Related children under 18 years	(X) 249,327	8.4 (X)
Percent below poverty level	(X)	18.8
Related children 5 to 17 years	170,524	(X)
Percent below poverty level	(X)	17.8
Unrelated individuals 15 years and over	203,211	(X)
Percent below poverty level	(X)	22.4

ARKANSAS

INCOME IN 1999	Number	Percent
Households	1,042,807	100.0
Less than \$10,000	139,262	13.4
\$10,000 to \$14,999	89,901	8.6
\$15,000 to \$24,999	174,093	16.7
\$25,000 to \$34,999	156,910	15.0
\$35,000 to \$49,999	182,881	17.5
\$50,000 to \$74,999	170,245	16.3
\$75,000 to \$99,999	67,095	6.4
\$100,000 to \$149,999	39,574	3.8
\$150,000 to \$199,999	10,118	1.0
\$200,000 or more	12,728	1.2
Median household income (dollars)	32,182	(X)
Median nousenoid income (dollars)	32,102	(//)
With earnings	800,789	76.8
Mean earnings (dollars)	42,936	(X)
With Social Security income	316,698	30.4
Mean Social Security income (dollars)	10,470	(X)
With Supplemental Security Income	60.449	5.8
Mean Supplemental Security Income (dollars)	5,636	(X)
, , , , , , , , , , , , , , , , , , ,		, ,
With public assistance income	30,023	2.9
Mean public assistance income (dollars)	2,188	(X)
With retirement income	169,540	16.3
Mean retirement income (dollars)	15,469	(X)
Per capita income (dollars)	16,904	(X)
Median earnings (dollars):	10,001	(71)
Male full-time, year-round workers	29,784	(Y)
		(X)
Female full-time, year-round workers	21,270	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	88,478	(V)
		(X)
Percent below poverty level	(X)	12.0
With related children under 18 years	66,975	(X)
Percent below poverty level	(X)	18.1
With related children under 5 years	32,816	(X)
Percent below poverty level	(X)	22.7
Families with female householder, no husband present	42,523	(X)
Percent below poverty level	(X)	34.7
With related children under 18 years	38,037	(X)
Percent below poverty level	(X)	43.7
With related children under 5 years	18,591	(X)
Percent below poverty level	(X)	(<u>^)</u> 55.7
Fercent below poverty level	(^)	33.1
Individuals	411,777	(X)
Percent below poverty level	(X)	15.8
18 years and over	265,456	(X)
Percent below poverty level	(X)	13.8
65 years and over	49,096	(X)
Percent below poverty level	(X)	13.8
Related children under 18 years	142,406	(X)
Percent below poverty level	(X)	21.4
Related children 5 to 17 years	97,837	(X)
Percent below poverty level	(X)	20.1
Unrelated individuals 15 years and over	115,751	(X)
Percent below poverty level	(X)	29.1

CALIFORNIA

INCOME IN 1999	Number	Percent
Households	11,512,020	100.0
Less than \$10,000	967,089	8.4
\$10,000 to \$14,999	648,780	5.6
\$15,000 to \$24,999	1,318,246	11.5
\$25,000 to \$34,999	1,315,085	11.4
\$35,000 to \$49,999	1,745,961	15.2
\$50,000 to \$74,999	2,202,873	19.1
\$75,000 to \$99,999	1,326,569	11.5
\$100,000 to \$149,999	1,192,618	10.4
\$150,000 to \$199,999	385,248	3.3
\$200,000 or more	409,551	3.6
Median household income (dollars)	47,493	(X)
With earnings	9,502,776	82.5
Mean earnings (dollars)	64,725	(X)
With Social Security income	2,565,234	22.3
Mean Social Security income (dollars)	11,331	(X)
With Supplemental Security Income	607,106	5.3
Mean Supplemental Security Income (dollars)	6,990	(X)
With public assistance income	563,409	4.9
Mean public assistance income (dollars)	4,819	(X)
With retirement income	1,774,452	15.4
Mean retirement income (dollars)	18,826	(X)
Per capita income (dollars)	22,711	(X)
Median earnings (dollars):	,	
Male full-time, year-round workers	40,627	(X)
Female full-time, year-round workers	31,722	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	845,991	(X)
Percent below poverty level	(X)	10.6
With related children under 18 years	699,159	(X)
Percent below poverty level	(X)	15.3
With related children under 5 years	366,529	(X)
Percent below poverty level	(X)	19.0
Families with female householder, no husband present	350,138	(X)
Percent below poverty level	(X)	25.0
With related children under 18 years	310,533	(X)
Percent below poverty level	(X)	32.5
With related children under 5 years	147,900	(X)
Percent below poverty level	(X)	44.0
lo dividuolo	4.706.420	(V)
Individuals Percent below poverty level	4,706,130	(X) 14.2
	(X)	
18 years and over	2,949,030	(X)
Percent below poverty level	(X)	12.3
65 years and over Percent below poverty level	280,411	(X)
Related children under 18 years	1,705,797	8.1 (X)
Percent below poverty level	1,705,797 (X)	(^) 19.0
Related children 5 to 17 years	1,216,541	(X)
Percent below poverty level	(X)	18.5
Unrelated individuals 15 years and over	1,321,169	(X)
Percent below poverty level	(X)	23.1

COLORADO

INCOME IN 1999	Number	Percent
Households	1,659,308	100.0
Less than \$10,000	114,658	6.9
\$10,000 to \$14,999	82,584	5.0
\$15,000 to \$24,999	185,997	11.2
\$25,000 to \$34,999	208,982	12.6
\$35,000 to \$49,999	281,889	17.0
\$50,000 to \$74,999	351,663	21.2
\$75,000 to \$99,999	197,339	11.9
\$100,000 to \$149,999	150,572	9.1
\$150,000 to \$199,999	42,707	2.6
\$200,000 or more	42,917	2.6
Median household income (dollars)	47,203	(X)
modian nodonou mosmo (donalo)	17,200	(74)
With earnings	1,422,905	85.8
Mean earnings (dollars)	59,313	(X)
With Social Security income	330,024	19.9
Mean Social Security income (dollars)	10,995	(X)
With Supplemental Security Income	49,727	3.0
Mean Supplemental Security Income (dollars)	6,294	(X)
With public assistance income	41,066	2.5
Mean public assistance income (dollars)		
	2,420	(X)
With retirement income	241,630	14.6
Mean retirement income (dollars)	19,342	(X)
Per capita income (dollars)	24,049	(X)
	24,049	(^)
Median earnings (dollars): Male full-time, year-round workers	20.440	()()
	38,446	(X)
Female full-time, year-round workers	29,324	(X)
DOV/EDTV STATUS IN 1000 (holow poverty level)		
POVERTY STATUS IN 1999 (below poverty level)	67.644	()()
Families	67,614	(X)
Percent below poverty level	(X)	6.2
With related children under 18 years	54,061	(X)
Percent below poverty level	(X)	9.2
With related children under 5 years	28,693	(X)
Percent below poverty level	(X)	12.2
Carellian with formula become labor and broken discount	24.002	()()
Families with female householder, no husband present	31,283	(X)
Percent below poverty level	(X)	20.6
With related children under 18 years	28,478	(X)
Percent below poverty level	(X)	26.1
With related children under 5 years	14,217	(X)
Percent below poverty level	(X)	38.9
la dicidicala	222.255	0.0
Individuals	388,952	(X)
Percent below poverty level	(X)	9.3
18 years and over	267,338	(X)
Percent below poverty level	(X)	8.6
65 years and over	29,661	(X)
Percent below poverty level	(X)	7.4
Related children under 18 years	115,626	(X)
Percent below poverty level	(X)	10.8
Related children 5 to 17 years	78,587	(X)
Percent below poverty level	(X)	10.0
Unrelated individuals 15 years and over	156,428	(X)
Percent below poverty level	(X)	18.8

CONNECTICUT

INCOME IN 1999	Number	Percent
Households	1,302,227	100.0
Less than \$10,000	91,721	7.0
\$10,000 to \$14,999	64,895	5.0
\$15,000 to \$24,999	126,157	9.7
\$25,000 to \$34,999	130,916	10.1
\$35,000 to \$49,999	188,021	14.4
\$50,000 to \$74,999	265,470	20.4
\$75,000 to \$99,999	172,569	13.3
\$100,000 to \$149,999	152,405	11.7
\$150,000 to \$199,999	48,533	3.7
\$200,000 or more	61,540	4.7
Median household income (dollars)	53,935	(X)
With earnings	1,057,417	81.2
Mean earnings (dollars)	74,838	(X)
With Social Security income	351,235	27.0
Mean Social Security income (dollars)	12,180	(X)
With Supplemental Security Income	43,618	3.3
Mean Supplemental Security Income (dollars)	6,708	(X)
With public assistance income	47,914	3.7
Mean public assistance income (dollars)	3,511	(X)
With retirement income	229,679	17.6
Mean retirement income (dollars)	18,121	(X)
Per capita income (dollars)	28,766	(X)
Median earnings (dollars):	20,700	(^)
Male full-time, year-round workers	45,787	(V)
·		(X)
Female full-time, year-round workers	33,318	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	49,983	(X)
Percent below poverty level	(X)	5.6
With related children under 18 years	39,015	(X)
Percent below poverty level	(X)	8.6
With related children under 5 years	19,314	(X)
Percent below poverty level	(X)	10.9
Families with female householder, no husband present	29,897	(X)
Percent below poverty level	(X)	19.6
With related children under 18 years	26,802	(X)
Percent below poverty level	(X)	26.6
With related children under 5 years	13,097	(X)
Percent below poverty level	(X)	37.2
Individuals	259,514	(X)
Percent below poverty level	(X)	7.9
18 years and over	173,606	(X)
Percent below poverty level	(X)	7.0
65 years and over	30,818	(X)
Percent below poverty level	(X)	7.0
Related children under 18 years	82,866	(X)
Percent below poverty level	(X)	10.0
Related children 5 to 17 years	58,246	(X)
Percent below poverty level	(X)	9.6
Unrelated individuals 15 years and over	95,731	(X)
Percent below poverty level	(X)	16.8

DELAWARE

INCOME IN 1999	Number	Percent
Households	298,755	100.0
Less than \$10,000	21,125	7.1
\$10,000 to \$14,999	15,284	5.1
\$15,000 to \$24,999	33,898	11.3
\$25,000 to \$34,999	36,361	12.2
\$35,000 to \$49,999	50,582	16.9
\$50,000 to \$74,999	63,663	21.3
\$75,000 to \$99,999	35,968	12.0
\$100,000 to \$149,999	28,145	9.4
\$150,000 to \$199,999	7,549	2.5
\$200,000 or more	6,180	2.1
Median household income (dollars)	47,381	(X)
With cornings	242.762	04.2
With earnings	242,762	81.3
Mean earnings (dollars)	59,142	(X)
With Social Security income	80,457	26.9
Mean Social Security income (dollars)	11,997	(X)
With Supplemental Security Income	10,519	3.5
Mean Supplemental Security Income (dollars)	6,499	(X)
With public assistance income	8,047	2.7
Mean public assistance income (dollars)	2,516	(X)
With retirement income	62,827	21.0
Mean retirement income (dollars)	17,871	(X)
Per capita income (dollars)	23,305	(X)
Median earnings (dollars):		,
Male full-time, year-round workers	38,961	(X)
Female full-time, year-round workers	29,544	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	12 206	/V\
	13,306	(X) 6.5
Percent below poverty level	(X)	
With related children under 18 years	10,403	(X)
Percent below poverty level	(X)	9.9
With related children under 5 years	5,419	(X)
Percent below poverty level	(X)	13.2
Families with female householder, no husband present	7,671	(X)
Percent below poverty level	(X)	20.4
With related children under 18 years	6,950	(X)
Percent below poverty level	(X)	26.3
With related children under 5 years	3,413	(X)
Percent below poverty level	(X)	37.1
Individuals	69,901	(X)
Percent below poverty level	(X)	9.2
18 years and over	46,496	(X)
Percent below poverty level	(X)	8.2
. ,		
65 years and over	7,633	(X)
Percent below poverty level	(X)	7.9
Related children under 18 years	22,572	(X)
Percent below poverty level	(X)	11.9
Related children 5 to 17 years	15,276	(X)
Percent below poverty level	(X)	10.9
Unrelated individuals 15 years and over	25,725	(X)
Percent below poverty level	(X)	19.3

DISTRICT OF COLUMBIA

INCOME IN 1999	Number	Percent
Households	248,590	100.0
Less than \$10,000	36,939	14.9
\$10,000 to \$14,999	14,594	5.9
\$15,000 to \$24,999	28,443	11.4
\$25,000 to \$34,999	30,592	12.3
\$35,000 to \$49,999	35,311	14.2
\$50,000 to \$74,999	39,553	15.9
\$75,000 to \$99,999	22,437	9.0
\$100,000 to \$149,999	20,790	8.4
\$150,000 to \$199,999	8,292	3.3
\$200,000 or more	11,639	4.7
Median household income (dollars)	40,127	(X)
median nodomo (dollaro)	40,127	(71)
With earnings	195,434	78.6
Mean earnings (dollars)	64,401	(X)
With Social Security income	48,388	19.5
Mean Social Security income (dollars)	8,960	(X)
With Supplemental Security Income	11,521	4.6
Mean Supplemental Security Income (dollars)	5,935	(X)
With public assistance income	13,664	5.5
Mean public assistance income (dollars)	3,307	(X)
With retirement income	44,597	17.9
Mean retirement income (dollars)	26,348	(X)
Mean retirement income (dollars)	20,340	(^)
Per capita income (dollars)	28,659	(X)
Median earnings (dollars):	25,555	(71)
Male full-time, year-round workers	40,513	(X)
Female full-time, year-round workers	36,361	(X)
Terriale full time, year round workers	30,301	(//)
POVERTY STATUS IN 1999 (below poverty level)		
Families	19,365	(X)
Percent below poverty level	(X)	16.7
With related children under 18 years	15,231	(X)
Percent below poverty level	(X)	24.5
With related children under 5 years	7,662	(X)
Percent below poverty level	(X)	29.5
1 Credit below poverty level	(7)	20.0
Families with female householder, no husband present	14.272	(X)
Percent below poverty level	(X)	30.0
With related children under 18 years	12,184	(X)
Percent below poverty level	(X)	37.3
With related children under 5 years	6,186	(X)
Percent below poverty level	(X)	47.7
1 Credit below poverty level	(//)	71.1
Individuals	109,500	(X)
Percent below poverty level	(X)	20.2
18 years and over	74,133	(X)
Percent below poverty level	(X)	17.2
65 years and over	10,887	(X)
Percent below poverty level	(X)	16.4
Related children under 18 years	34,350	
Percent below poverty level		(X) 31.1
	(X)	
Related children 5 to 17 years	23,940	(X)
Percent below poverty level	(X)	30.4
Unrelated individuals 15 years and over	42,071	(X)
Percent below poverty level	(X)	22.5

FLORIDA

INCOME IN 1999	Number	Percent
Households	6,341,121	100.0
Less than \$10,000	606,995	9.6
\$10,000 to \$14,999	427,050	6.7
\$15,000 to \$24,999	918,455	14.5
\$25,000 to \$34,999	901,454	14.2
\$35,000 to \$49,999	1,103,554	17.4
\$50,000 to \$74,999	1,170,569	18.5
\$75,000 to \$99,999	552,379	8.7
\$100,000 to \$149,999	398,860	6.3
\$150,000 to \$149,999 \$150,000 to \$199,999	114,432	1.8
\$200,000 or more	147,373	2.3
Median household income (dollars)	38,819	(X)
With earnings	4,739,369	74.7
Mean earnings (dollars)	51,993	(X)
With Social Security income	2,072,258	32.7
Mean Social Security income (dollars)	11,814	(X)
With Supplemental Security Income	265,883	4.2
Mean Supplemental Security Income (dollars)	6,295	(X)
With public assistance income	178,166	2.8
Mean public assistance income (dollars)	2,449	(X)
With retirement income	1,262,325	19.9
Mean retirement income (dollars)	18,701	(X)
Weath retirement meetine (dollars)	10,701	(//)
Per capita income (dollars)	21,557	(X)
Median earnings (dollars):		
Male full-time, year-round workers	32,212	(X)
Female full-time, year-round workers	25,480	(X)
		(/
POVERTY STATUS IN 1999 (below poverty level)		
Families	383,131	(X)
Percent below poverty level	(X)	9.0
With related children under 18 years	281,303	(X)
Percent below poverty level	(X)	14.2
With related children under 5 years	132,180	(X)
Percent below poverty level	(X)	17.4
Families with female householder, no husband present	187,257	(X)
Percent below poverty level	(X)	25.3
With related children under 18 years	164,596	(X)
Percent below poverty level	(X)	32.8
With related children under 5 years	75,752	(X)
Percent below poverty level	(X)	44.6
Individuals	1.052.620	(V)
Percent below poverty level	1,952,629 (X)	(X) 12.5
·		
18 years and over	1,324,632	(X)
Percent below poverty level	(X)	11.0
65 years and over	246,641	(X)
Percent below poverty level	(X)	9.1
Related children under 18 years	607,607	(X)
Percent below poverty level	(X)	17.2
Related children 5 to 17 years	434,180	(X)
Percent below poverty level	(X)	16.6
Unrelated individuals 15 years and over	663,080	(X)
Percent below poverty level	(X)	22.2

GEORGIA

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HAWAII

INCOME IN 1999	Number	Percent
Households	403,572	100.0
Less than \$10,000	31,937	7.9
\$10,000 to \$14,999	18,572	4.6
\$15,000 to \$24,999	42,232	10.5
\$25,000 to \$34,999	46,226	11.5
\$35,000 to \$49,999	63,485	15.7
\$50,000 to \$74,999	82,997	20.6
\$75,000 to \$99,999	51,284	12.7
\$100,000 to \$149,999	44,867	11.1
\$150,000 to \$199,999	12,003	3.0
\$200,000 or more	9,969	2.5
Median household income (dollars)	49,820	(X)
Median nousehold income (dollars)	49,020	(X)
With earnings	334,392	82.9
Mean earnings (dollars)	58,733	(X)
With Social Security income	112,350	27.8
Mean Social Security income (dollars)	11,611	(X)
With Supplemental Security Income	14,455	3.6
Mean Supplemental Security Income (dollars)	6,515	(X)
With public assistance income	28,886	7.2
Mean public assistance income (dollars)	4,616	(X)
With retirement income	85.662	21.2
Mean retirement income (dollars)	20,419	(X)
wear retirement income (dollars)	20,419	(^)
Per capita income (dollars)	21,525	(X)
Median earnings (dollars):	,	()
Male full-time, year-round workers	35,535	(X)
Female full-time, year-round workers	28,546	(X)
Tomas fair time, year round womens	20,010	(74)
POVERTY STATUS IN 1999 (below poverty level)		
Families	22,101	(X)
Percent below poverty level	(X)	7.6
With related children under 18 years	17,182	(X)
Percent below poverty level	(X)	11.3
With related children under 5 years	8,470	(X)
Percent below poverty level	(X)	13.9
1 Credit below poverty level	(7/)	10.0
Families with female householder, no husband present	10,024	(X)
Percent below poverty level	(X)	20.6
With related children under 18 years	8,737	(X)
Percent below poverty level	(X)	29.5
With related children under 5 years	3,879	(X)
Percent below poverty level	(X)	37.4
Individuals	126,154	(X)
Percent below poverty level	(X)	10.7
18 years and over	85,612	(X)
Percent below poverty level	(X)	9.6
65 years and over	11,683	(X)
Percent below poverty level	(X)	7.4
Related children under 18 years	38,730	(X)
Percent below poverty level	(X)	13.5
Related children 5 to 17 years	27,159	(X)
Percent below poverty level	(X)	12.9
Unrelated individuals 15 years and over	46,365	(X)
Percent below poverty level	(X)	24.4

IDAHO

INCOME IN 1999	Number	Percent
Households	470,133	100.0
Less than \$10,000	40,676	8.7
\$10,000 to \$14,999	33,431	7.1
\$15,000 to \$24,999	71,921	15.3
\$25,000 to \$34,999	70,391	15.0
\$35,000 to \$49,999	89,612	19.1
\$50,000 to \$74,999	90,462	19.2
\$75,000 to \$99,999	39,249	8.3
\$100,000 to \$149,999	22,797	4.8
\$150,000 to \$199,999	5,395	1.1
\$200,000 or more	6,199	1.3
Median household income (dollars)	37,572	(X)
(44444)		()
With earnings	386,642	82.2
Mean earnings (dollars)	46,344	(X)
With Social Security income	118,248	25.2
Mean Social Security income (dollars)	11,328	(X)
With Supplemental Security Income	16,647	3.5
Mean Supplemental Security Income (dollars)	6,104	(X)
With public assistance income	15,988	3.4
		(X)
Mean public assistance income (dollars)	1,824	
With retirement income	73,521	15.6
Mean retirement income (dollars)	15,786	(X)
Den een tradition (deller)	47.044	()()
Per capita income (dollars)	17,841	(X)
Median earnings (dollars):		00
Male full-time, year-round workers	32,603	(X)
Female full-time, year-round workers	22,939	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	28,131	(X)
Percent below poverty level	(X)	8.3
With related children under 18 years	22,205	(X)
Percent below poverty level	(X)	12.2
With related children under 5 years	11,846	(X)
Percent below poverty level	(X)	16.0
Families with female householder, no husband present	10,982	(X)
Percent below poverty level	(X)	27.7
With related children under 18 years	10,178	(X)
Percent below poverty level	(X)	35.3
With related children under 5 years	4,865	(X)
Percent below poverty level	(X)	49.2
Individuals	148,732	(X)
Percent below poverty level	(X)	11.8
18 years and over	96,864	(X)
Percent below poverty level	(X)	10.8
65 years and over	11,635	(X)
Percent below poverty level	(X)	8.3
Related children under 18 years	49,787	(X)
Percent below poverty level	(X)	13.8
Related children 5 to 17 years	33,275	(X)
I NOIGNOG SITTUTOTO TO TE YOULD	55,275	
	/V\	17 6
Percent below poverty level Unrelated individuals 15 years and over	(X) 50,259	12.6 (X)

ILLINOIS

INCOME IN 1999	Number	Percent
Households	4,592,740	100.0
Less than \$10,000	383,299	8.3
\$10,000 to \$14,999	252,485	5.5
\$15,000 to \$24,999	517,812	11.3
\$25,000 to \$34,999	545,962	11.9
\$35,000 to \$49,999	745,180	16.2
\$50,000 to \$74,999	952,940	20.7
\$75,000 to \$99,999	531,760	11.6
\$100,000 to \$149,999	415,348	9.0
\$150,000 to \$199,999	119,056	2.6
\$200,000 or more	128,898	2.8
Median household income (dollars)	46,590	(X)
Median nouseriola income (dollars)	40,390	(^)
With earnings	3,754,061	81.7
Mean earnings (dollars)	61,954	(X)
With Social Security income	1,132,161	24.7
Mean Social Security income (dollars)	11,716	(X)
With Supplemental Security Income	179.485	3.9
Mean Supplemental Security Income (dollars)	6,559	(X)
With public assistance income	152,667	3.3
Mean public assistance income (dollars)	2,532	(X)
With retirement income	709,485	15.4
Mean retirement income (dollars)	16,770	(X)
Weath retirement income (dollars)	10,770	(//)
Per capita income (dollars)	23,104	(X)
Median earnings (dollars):		
Male full-time, year-round workers	40,999	(X)
Female full-time, year-round workers	29,106	(X)
.,		,
POVERTY STATUS IN 1999 (below poverty level)		
Families	244,303	(X)
Percent below poverty level	(X)	7.8
With related children under 18 years	192,590	(X)
Percent below poverty level	(X)	11.6
With related children under 5 years	98,467	(X)
Percent below poverty level	(X)	14.5
Families with female householder, no husband present	131,485	(X)
Percent below poverty level	(X)	24.1
With related children under 18 years	116,851	(X)
Percent below poverty level	(X)	32.1
With related children under 5 years	57,509	(X)
Percent below poverty level	(X)	43.6
Individuals	1,291,958	(X)
Percent below poverty level	(X)	10.7
18 years and over	835,057	(X)
Percent below poverty level	(X)	9.4
65 years and over	117,931	(X)
Percent below poverty level		8.3
	(X) 443,296	
Related children under 18 years		(X)
Percent below poverty level	(X)	14.0
Related children 5 to 17 years	309,030	(X)
Percent below poverty level	(X)	13.4
Unrelated individuals 15 years and over	408,625	(X)
Percent below poverty level	(X)	20.4

INDIANA

INCOME IN 1999	Number	Percent
Households	2,337,229	100.0
Less than \$10,000	188,408	8.1
\$10,000 to \$14,999	145,493	6.2
\$15,000 to \$24,999	314,893	13.5
\$25,000 to \$34,999	319,762	13.7
\$35,000 to \$49,999	417,546	17.9
\$50,000 to \$74,999	499,717	21.4
\$75,000 to \$99,999	237,299	10.2
\$100,000 to \$149,999	147,845	6.3
\$150,000 to \$199,999	31,687	1.4
\$200,000 or more	34,579	1.5
Median household income (dollars)	41,567	(X)
With earnings	1,912,394	81.8
Mean earnings (dollars)	52,275	(X)
With Social Security income	606,888	26.0
Mean Social Security income (dollars)	11,735	
With Supplemental Security Income	80,695	(X) 3.5
Mean Supplemental Security Income (dollars)	6,414	(X)
With public assistance income Mean public assistance income (dollars)	61,683 2,186	2.6 (X)
With retirement income		
Mean retirement income (dollars)	398,452 14,171	17.0 (X)
Weathetherit income (dollars)	14,171	(X)
Per capita income (dollars)	20,397	(X)
Median earnings (dollars):		
Male full-time, year-round workers	37,055	(X)
Female full-time, year-round workers	25,252	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	107,789	(X)
Percent below poverty level	(X)	6.7
With related children under 18 years	84,392	(X)
Percent below poverty level	(X)	10.2
With related children under 5 years	45,173	(X)
Percent below poverty level	(X)	13.7
Families with female householder, no husband present	58,402	(X)
Percent below poverty level	(X)	23.4
With related children under 18 years	53,075	(X)
Percent below poverty level	(X)	30.4
With related children under 5 years	28,086	(X)
Percent below poverty level	(X)	43.6
1		
Individuals	559,484	(X)
Percent below poverty level	(X)	9.5
18 years and over	371,683	(X)
Percent below poverty level	(X)	8.5
65 years and over	54,287	(X)
Percent below poverty level	(X)	7.7
Related children under 18 years	180,277	(X)
Percent below poverty level	(X)	11.7
Related children 5 to 17 years	118,654	(X)
Percent below poverty level	(X)	10.6
Unrelated individuals 15 years and over	206,846	(X)
Percent below poverty level	(X)	21.0

IOWA

INCOME IN 1999	Number	Percent
Households	1,150,197	100.0
Less than \$10,000	93,783	8.2
\$10,000 to \$14,999	77,333	6.7
\$15,000 to \$24,999	165,122	14.4
\$25,000 to \$34,999	168,713	14.7
\$35,000 to \$49,999	218,204	19.0
\$50,000 to \$74,999	242,022	21.0
\$75,000 to \$99,999	101,287	8.8
\$100,000 to \$149,999	55,998	4.9
\$150,000 to \$199,999	12,879	1.1
\$200,000 or more	14,856	1.3
Median household income (dollars)	39,469	(X)
Median nousehold income (dollars)	39,409	(/\)
With earnings	925,234	80.4
Mean earnings (dollars)	48,183	(X)
With Social Security income	328,919	28.6
Mean Social Security income (dollars)	11,543	(X)
With Supplemental Security Income	37,181	3.2
Mean Supplemental Security Income (dollars)	6,124	(X)
With public assistance income	32,946	2.9
Mean public assistance income (dollars)	2,555	(X)
With retirement income	168,374	14.6
Mean retirement income (dollars)	13,862	(X)
Mean retirement income (dollars)	13,802	(^)
Per capita income (dollars)	19,674	(X)
Median earnings (dollars):		
Male full-time, year-round workers	32,697	(X)
Female full-time, year-round workers	24,023	(X)
Tomaio fair arrio, year rearra wernere	21,020	(74)
POVERTY STATUS IN 1999 (below poverty level)		
Families	46,641	(X)
Percent below poverty level	(X)	6.0
With related children under 18 years	35,315	(X)
Percent below poverty level	(X)	9.3
With related children under 5 years	18,725	(X)
Percent below poverty level	(X)	12.7
1 Glocile Bolow poverty level	(77)	12.1
Families with female householder, no husband present	22,015	(X)
Percent below poverty level	(X)	23.4
With related children under 18 years	20,292	(X)
Percent below poverty level	(X)	30.5
With related children under 5 years	10,982	(X)
Percent below poverty level	(X)	46.1
Individuals	258,008	(X)
Percent below poverty level	(X)	9.1
18 years and over	178,761	(X)
Percent below poverty level	(X)	8.5
65 years and over	31,118	(X)
Percent below poverty level	(X)	7.7
Related children under 18 years	74,957	(X)
Percent below poverty level	(X)	10.5
Related children 5 to 17 years	50,252	(X)
Percent below poverty level	(X)	9.5
Unrelated individuals 15 years and over	107,718	(X)
Percent below poverty level	(X)	21.3

KANSAS

INCOME IN 1999	Number	Percent
Households	1,038,940	100.0
Less than \$10,000	88,926	8.6
\$10,000 to \$14,999	66,264	6.4
\$15,000 to \$24,999	143,138	13.8
\$25,000 to \$34,999	145,431	14.0
\$35,000 to \$49,999	187,850	18.1
\$50,000 to \$74,999	211,014	20.3
\$75,000 to \$99,999	99,933	9.6
\$100,000 to \$149,999	62,926	6.1
\$150,000 to \$199,999	16,106	1.6
\$200,000 or more	17,352	1.7
Median household income (dollars)	40,624	(X)
With earnings	849,979	81.8
Mean earnings (dollars)	51,037	(X)
With Social Security income	272,337	26.2
Mean Social Security income (dollars)	11,871	
With Supplemental Security Income	32,408	(X) 3.1
Mean Supplemental Security Income (dollars)	5,986	(X)
With public assistance income	24,486	2.4
Mean public assistance income (dollars)	2,372	(X)
With retirement income	153,887	14.8
Mean retirement income (dollars)	16,030	(X)
Per capita income (dollars)	20,506	(X)
Median earnings (dollars):		
Male full-time, year-round workers	35,104	(X)
Female full-time, year-round workers	25,249	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	47,299	(X)
Percent below poverty level	(X)	6.7
With related children under 18 years	36,722	(X)
Percent below poverty level	(X)	10.0
With related children under 5 years	19,681	(X)
Percent below poverty level	(X)	13.5
Families with female householder, no husband present	21,793	(X)
·		
Percent below poverty level With related children under 18 years	(X) 19,919	23.5
		(X)
Percent below poverty level	(X)	29.7
With related children under 5 years	10,209	(X)
Percent below poverty level	(X)	44.5
Individuals	257,829	(X)
Percent below poverty level	(X)	9.9
18 years and over	173,872	(X)
Percent below poverty level	(X)	9.1
65 years and over	26,840	(X)
Percent below poverty level	(X)	8.1
Related children under 18 years	80,439	(X)
Percent below poverty level	(X)	11.5
Related children 5 to 17 years	53,011	(X)
Percent below poverty level	(X)	10.4
Unrelated individuals 15 years and over	98,217	(X)
Percent below poverty level	(X)	22.3

KENTUCKY

INCOME IN 1999	Number	Percent
Households	1,591,739	100.0
Less than \$10,000	220,692	13.9
\$10,000 to \$14,999	133,977	8.4
\$15,000 to \$24,999	245,034	15.4
\$25,000 to \$34,999	219,944	13.8
\$35,000 to \$49,999	261,684	16.4
\$50,000 to \$74,999	274,530	17.2
\$75,000 to \$99,999	122,008	7.7
\$100,000 to \$149,999	73,228	4.6
\$150,000 to \$199,999	18,757	1.2
\$200,000 or more	21,885	1.4
Median household income (dollars)	33,672	(X)
With earnings	1,217,199	76.5
Mean earnings (dollars)	46,278	(X)
With Social Security income	454,200	28.5
Mean Social Security income (dollars)	10,293	(X)
With Supplemental Security Income	114,363	7.2
Mean Supplemental Security Income (dollars)	5,809	(X)
With public assistance income	60,071	3.8
Mean public assistance income (dollars)	2,174	(X)
With retirement income	278,757	17.5
Mean retirement income (dollars)	15,795	(X)
Weath retirefit income (dollars)	15,795	(^)
Dor conito in como (dellaro)	18.003	(V)
Per capita income (dollars)	18,093	(X)
Median earnings (dollars):	00.057	()()
Male full-time, year-round workers	32,357	(X)
Female full-time, year-round workers	23,285	(X)
DOVEDTY CTATUC IN 4000 (halawa a wantu lawa))		
POVERTY STATUS IN 1999 (below poverty level)	110.510	0.0
Families	140,519	(X)
Percent below poverty level	(X)	12.7
With related children under 18 years	101,463	(X)
Percent below poverty level	(X)	18.1
With related children under 5 years	46,375	(X)
Percent below poverty level	(X)	21.6
		0.0
Families with female householder, no husband present	60,657	(X)
Percent below poverty level	(X)	33.1
With related children under 18 years	53,320	(X)
Percent below poverty level	(X)	42.7
With related children under 5 years	24,661	(X)
Percent below poverty level	(X)	55.9
Individuals	621,096	(X)
Percent below poverty level	(X)	15.8
18 years and over	417,549	(X)
Percent below poverty level	(X)	14.2
65 years and over	67,477	(X)
Percent below poverty level	(X)	14.2
Related children under 18 years	197,794	(X)
Percent below poverty level	(X)	20.4
Related children 5 to 17 years	137,470	(X)
Percent below poverty level	(X)	19.4
Unrelated individuals 15 years and over	177,484	(X)
Percent below poverty level	(X)	28.3

LOUISIANA

INCOME IN 1999	Number	Percent
Households	1,657,107	100.0
Less than \$10,000	258,086	15.6
\$10,000 to \$14,999	141,930	8.6
\$15,000 to \$24,999	248,488	15.0
\$25,000 to \$34,999	223,409	13.5
\$35,000 to \$49,999	260,622	15.7
\$50,000 to \$74,999	274,550	16.6
\$75,000 to \$99,999	126,752	7.6
\$100,000 to \$149,999	80,237	4.8
\$150,000 to \$199,999	19,502	1.2
\$200,000 or more	23,531	1.4
Median household income (dollars)	32,566	(X)
With earnings	1,294,222	78.1
Mean earnings (dollars)	45,923	(X)
With Social Security income	418,017	25.2
Mean Social Security income (dollars)	10,041	(X)
With Supplemental Security Income	101,442	(^) 6.1
Mean Supplemental Security Income (dollars)	5,879	(X)
		, ,
With public assistance income	54,646	3.3
Mean public assistance income (dollars)	1,985	(X)
With retirement income	244,481	14.8
Mean retirement income (dollars)	16,063	(X)
Per capita income (dollars)	16,912	(X)
Median earnings (dollars):		
Male full-time, year-round workers	33,399	(X)
Female full-time, year-round workers	22,069	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	183,448	(X)
Percent below poverty level	(X)	15.8
With related children under 18 years	143,172	(X)
Percent below poverty level	(X)	22.1
With related children under 5 years	66,805	(X)
Percent below poverty level	(X)	26.7
Comilies with female householder, as husband assess	100 526	(V)
Families with female householder, no husband present	109,526	(X)
Percent below poverty level	(X)	40.6
With related children under 18 years	95,891	(X)
Percent below poverty level	(X)	49.4
With related children under 5 years	44,883	(X)
Percent below poverty level	(X)	60.7
Individuals	851,113	(X)
Percent below poverty level	(X)	19.6
18 years and over	531,443	(X)
Percent below poverty level	(X)	17.0
65 years and over	81,693	(X)
Percent below poverty level	(X)	16.7
Related children under 18 years	313,922	(X)
Percent below poverty level	(X)	26.3
Related children 5 to 17 years	223,312	(X)
Percent below poverty level	(X)	25.3
Unrelated individuals 15 years and over	212,479	(X)
Percent below poverty level	(X)	32.0

MAINE

INCOME IN 1999	Number	Percent
Households	518,372	100.0
Less than \$10,000	53,259	10.3
\$10,000 to \$14,999	39,231	7.6
\$15,000 to \$24,999	76,633	14.8
\$25,000 to \$34,999	73,614	14.2
\$35,000 to \$49,999	94,848	18.3
\$50,000 to \$74,999	100,423	19.4
\$75,000 to \$99,999	43,341	8.4
\$100,000 to \$149,999	24,348	4.7
\$150,000 to \$199,999	5,866	1.1
\$200,000 or more	6,809	1.3
Median household income (dollars)	37,240	(X)
iniculari nouscribia income (dollars)	37,240	(//)
With earnings	406,912	78.5
Mean earnings (dollars)	46,990	(X)
With Social Security income	149,727	28.9
Mean Social Security income (dollars)	10,569	(X)
With Supplemental Security Income	23,712	4.6
Mean Supplemental Security Income (dollars)	6,084	(X)
With public assistance income	24,918	4.8
Mean public assistance income (dollars)	2,173	(X)
With retirement income	90.049	17.4
Mean retirement income (dollars)	15,211	(X)
weath retirement income (dollars)	15,211	(^)
Per capita income (dollars)	19,533	(X)
Median earnings (dollars):	10,000	(7.)
Male full-time, year-round workers	32,372	(X)
Female full-time, year-round workers	24,251	(X)
Terriale full time, year found workers	24,201	(/\)
POVERTY STATUS IN 1999 (below poverty level)		
Families	26,611	(X)
Percent below poverty level	(X)	7.8
With related children under 18 years	19,723	(X)
Percent below poverty level	(X)	11.9
With related children under 5 years	8,964	(X)
Percent below poverty level	(X)	16.0
1 Ground Bellow poverty level	(77)	10.0
Families with female householder, no husband present	13,327	(X)
Percent below poverty level	(X)	28.1
With related children under 18 years	12,183	(X)
Percent below poverty level	(X)	36.4
With related children under 5 years	5,544	(X)
Percent below poverty level	(X)	54.7
Individuals	135,501	(X)
Percent below poverty level	(X)	10.9
18 years and over	95,330	(X)
Percent below poverty level	(X)	10.1
65 years and over	17,879	(X)
Percent below poverty level	(X)	10.2
Related children under 18 years	37,952	(X)
Percent below poverty level	(X)	13.0
Related children 5 to 17 years	26,734	(X)
Percent below poverty level	(X)	12.0
Unrelated individuals 15 years and over	55,588	(X)
Percent below poverty level	(X)	22.5

MARYLAND

INCOME IN 1999	Number	Percent
Households	1,981,795	100.0
Less than \$10,000	137,199	6.9
\$10,000 to \$14,999	83,328	4.2
\$15,000 to \$24,999	188,104	9.5
\$25,000 to \$34,999	212,135	10.7
\$35,000 to \$49,999	305,987	15.4
\$50,000 to \$74,999	427,180	21.6
\$75,000 to \$99,999	268,558	13.6
\$100,000 to \$149,999	230,285	11.6
\$150,000 to \$199,999	69,102	3.5
\$200,000 or more	59,917	3.0
Median household income (dollars)	52,868	(X)
With earnings	1,660,631	83.8
Mean earnings (dollars)	66,315	(X)
With Social Security income	446,560	22.5
Mean Social Security income (dollars)	11,170	(X)
With Supplemental Security Income	66,919	3.4
Mean Supplemental Security Income (dollars)	6,361	(X)
With public assistance income	47,643	2.4
Mean public assistance income (dollars)	2,729	(X)
With retirement income	370,945	18.7
Mean retirement income (dollars)	21,370	(X)
Per capita income (dollars)	25,614	(X)
Median earnings (dollars):	-,-	
Male full-time, year-round workers	41,640	(X)
Female full-time, year-round workers	32,155	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	83,232	(X)
Percent below poverty level	(X)	6.1
With related children under 18 years	64,063	(X)
Percent below poverty level	(X)	8.7
With related children under 5 years	30,328	(X)
Percent below poverty level	(X)	10.7
For the with formula bounded and bounded and account	40.044	()()
Families with female householder, no husband present	49,841	(X)
Percent below poverty level	(X)	18.4
With related children under 18 years	43,754	(X)
Percent below poverty level	(X)	23.4
With related children under 5 years	20,403	(X)
Percent below poverty level	(X)	32.6
Individuals	438,676	(X)
Percent below poverty level	(X)	8.5
18 years and over	296,799	(X)
Percent below poverty level	(X)	7.7
65 years and over	48,854	(X)
Percent below poverty level	(X)	8.5
Related children under 18 years	135,892	(X)
Percent below poverty level	(X)	10.3
Related children 5 to 17 years	95,561	(X)
Percent below poverty level	(X)	9.8
Unrelated individuals 15 years and over	160,929	(X)
Percent below poverty level	(X)	18.2

MASSACHUSETTS

INCOME IN 1999	Number	Percent
Households	2,444,588	100.0
Less than \$10,000	214,700	8.8
\$10,000 to \$14,999	137,187	5.6
\$15,000 to \$24,999	248,208	10.2
\$25,000 to \$34,999	253,125	10.4
\$35,000 to \$49,999	355,195	14.5
\$50,000 to \$74,999	490,998	20.1
\$75,000 to \$99,999	312,741	12.8
\$100,000 to \$149,999	267,300	10.9
\$150,000 to \$199,999	80,640	3.3
\$200,000 or more	84,494	3.5
Median household income (dollars)	50,502	(X)
Median nousenoid income (dollars)	50,502	(^)
With earnings	1,959,211	80.1
Mean earnings (dollars)	68,437	(X)
With Social Security income	640,561	26.2
Mean Social Security income (dollars)	11,085	(X)
With Supplemental Security Income	119,743	4.9
Mean Supplemental Security Income (dollars)	6,632	(X)
With public assistance income	70,183	2.9
Mean public assistance income (dollars)	3,894	(X)
With retirement income	403,769	16.5
Mean retirement income (dollars)	16,000	(X)
Weath retirement income (dollars)	10,000	(//)
Per capita income (dollars)	25,952	(X)
Median earnings (dollars):		
Male full-time, year-round workers	43,048	(X)
Female full-time, year-round workers	32,059	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	105,619	(X)
Percent below poverty level	(X)	6.7
With related children under 18 years	81,762	(X)
Percent below poverty level	(X)	10.1
With related children under 5 years	38,672	(X)
Percent below poverty level	(X)	12.2
Families with female householder, no husband present	61,880	(X)
Percent below poverty level	(X)	22.1
With related children under 18 years	55,625	(X)
Percent below poverty level	(X)	31.2
With related children under 5 years	26,564	(X)
Percent below poverty level	(X)	45.4
Individuale	E72 404	/V\
Individuals Persont below poverty level	573,421	(X)
Percent below poverty level	(X)	9.3
18 years and over	396,038	(X)
Percent below poverty level	(X)	8.5
65 years and over	71,435	(X)
Percent below poverty level	(X)	8.9
Related children under 18 years	170,795	(X)
Percent below poverty level	(X)	11.6
Related children 5 to 17 years	122,354	(X)
Percent below poverty level	(X)	11.4
Unrelated individuals 15 years and over	230,045	(X)
Percent below poverty level	(X)	19.1

MICHIGAN

INCOME IN 1999	Number	Percent
Households	3,788,780	100.0
Less than \$10,000	313,905	8.3
\$10,000 to \$14,999	219,133	5.8
\$15,000 to \$24,999	469,100	12.4
\$25,000 to \$34,999	470,419	12.4
\$35,000 to \$49,999	624,326	16.5
\$50,000 to \$74,999	778,755	20.6
\$75,000 to \$99,999	432,681	11.4
\$100,000 to \$149,999	324,966	8.6
\$150,000 to \$199,999	79,291	2.1
\$200,000 or more	76,204	2.0
Median household income (dollars)	44,667	(X)
With earnings	3,037,312	80.2
Mean earnings (dollars)	57,926	(X)
With Social Security income	994,035	26.2
Mean Social Security income (dollars)	11,943	(X)
With Supplemental Security Income	160,722	4.2
Mean Supplemental Security Income (dollars)	6,545	(X)
With public assistance income	137,224	3.6
Mean public assistance income (dollars)	2,672	(X)
With retirement income	726,142	19.2
Mean retirement income (dollars)	16,725	(X)
Per capita income (dollars)	22,168	(X)
Median earnings (dollars):		(71)
Male full-time, year-round workers	41,897	(X)
Female full-time, year-round workers	28,159	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	192,376	(X)
Percent below poverty level	(X)	7.4
With related children under 18 years	151,943	(X)
Percent below poverty level	(X)	11.3
With related children under 5 years	76,449	(X)
Percent below poverty level	(X)	14.7
Families with female householder, no husband present	110,549	(X)
Percent below poverty level	(X)	24.0
With related children under 18 years	99.905	(X)
_		
Percent below poverty level With related children under 5 years	(X) 50,393	31.5 (X)
Percent below poverty level	(X)	44.2
reicent below poverty level	(^)	44.2
Individuals	1,021,605	(X)
Percent below poverty level	(X)	10.5
18 years and over	668,670	(X)
Percent below poverty level	(X)	9.3
65 years and over	96,116	(X)
Percent below poverty level	(X)	8.2
Related children under 18 years	340,254	(X)
Percent below poverty level	(X)	13.4
Related children 5 to 17 years	237,590	(X)
Percent below poverty level	(X)	12.7
Unrelated individuals 15 years and over	362,575	(X)
Percent below poverty level	(X)	21.8

MINNESOTA

INCOME IN 1999	Number	Percent
Households	1,896,209	100.0
Less than \$10,000	127,955	6.7
\$10,000 to \$14,999	102,205	5.4
\$15,000 to \$24,999	216,089	11.4
\$25,000 to \$34,999	234,300	12.4
\$35,000 to \$49,999	322,529	17.0
\$50,000 to \$74,999	424,867	22.4
\$75,000 to \$99,999	228,834	12.1
\$100,000 to \$149,999	156,565	8.3
\$150,000 to \$199,999	40,734	2.1
\$200,000 or more	42,131	2.2
Median household income (dollars)	47,111	(X)
inedian nousehold income (dollars)	47,111	(//)
With earnings	1,580,573	83.4
Mean earnings (dollars)	59,189	(X)
With Social Security income	453,443	23.9
Mean Social Security income (dollars)	11,471	(X)
With Supplemental Security Income	54,348	2.9
Mean Supplemental Security Income (dollars)	6,501	(X)
With public assistance income	65,144	3.4
Mean public assistance income (dollars)	3,094	(X)
With retirement income	260,169	13.7
Mean retirement income (dollars)	17,034	(X)
Mean retirement income (dollars)	17,034	(^)
Per capita income (dollars)	23,198	(X)
Median earnings (dollars):		,
Male full-time, year-round workers	39,364	(X)
Female full-time, year-round workers	28,708	(X)
Tomaio fair arrio, year fearra werkere	20,700	(71)
POVERTY STATUS IN 1999 (below poverty level)		
Families	64,181	(X)
Percent below poverty level	(X)	5.1
With related children under 18 years	49,818	(X)
Percent below poverty level	(X)	7.6
With related children under 5 years	25,426	(X)
Percent below poverty level	(X)	10.0
	()	
Families with female householder, no husband present	31,233	(X)
Percent below poverty level	(X)	19.3
With related children under 18 years	28,878	(X)
Percent below poverty level	(X)	25.0
With related children under 5 years	14,824	(X)
Percent below poverty level	(X)	37.9
Individuals	380,476	(X)
Percent below poverty level	(X)	7.9
18 years and over	258,785	(X)
Percent below poverty level	(X)	7.3
65 years and over	45,405	(X)
Percent below poverty level	(X)	8.2
Related children under 18 years	115,441	(X)
Percent below poverty level	(X)	9.2
Related children 5 to 17 years	81,089	(X)
Percent below poverty level	(X)	8.7
Unrelated individuals 15 years and over	160,379	(X)
Percent below poverty level	(X)	18.1

MISSISSIPPI

INCOME IN 1999	Number	Percent
Households	1,047,555	100.0
Less than \$10,000	169,227	16.2
\$10,000 to \$14,999	92,129	8.8
\$15,000 to \$24,999	164,830	15.7
\$25,000 to \$34,999	147,966	14.1
\$35,000 to \$49,999	171,410	16.4
\$50,000 to \$74,999	168,393	16.1
\$75,000 to \$99,999	70,718	6.8
\$100,000 to \$149,999	40,339	3.9
\$150,000 to \$199,999	9,904	0.9
\$200,000 or more	12,639	1.2
Median household income (dollars)	31,330	(X)
		,
With earnings	808,502	77.2
Mean earnings (dollars)	43,399	(X)
With Social Security income	292,085	27.9
Mean Social Security income (dollars)	9,827	(X)
With Supplemental Security Income	79,843	7.6
Mean Supplemental Security Income (dollars)	5,671	(X)
With public assistance income	37,178	3.5
Mean public assistance income (dollars)	1,919	(X)
With retirement income	163,927	15.6
Mean retirement income (dollars)	16,036	(X)
Weathetherit income (dollars)	10,030	(^)
Per capita income (dollars)	15,853	(X)
Median earnings (dollars):		
Male full-time, year-round workers	30,549	(X)
Female full-time, year-round workers	21,554	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	120,039	(X)
Percent below poverty level	(X)	16.0
With related children under 18 years	92,224	(X)
Percent below poverty level	(X)	22.2
With related children under 5 years	42,715	(X)
Percent below poverty level	(X)	26.3
1 order sole in person, reserve	(7.9)	
Families with female householder, no husband present	71,541	(X)
Percent below poverty level	(X)	40.2
With related children under 18 years	62,113	(X)
Percent below poverty level	(X)	48.1
With related children under 5 years	28,798	(X)
Percent below poverty level	(X)	57.2
Individuals	548,079	(Y)
Percent below poverty level	(X)	(X) 19.9
18 years and over	341,629	(X)
Percent below poverty level	(X)	17.2
65 years and over	61,239	(X)
Percent below poverty level	(X)	18.8
Related children under 18 years	203,101	(X)
Percent below poverty level	(X)	26.7
Related children 5 to 17 years	145,549	(X)
Percent below poverty level	(X)	26.0
Unrelated individuals 15 years and over	131,634	(X)
Percent below poverty level	(X)	33.4

MISSOURI

INCOME IN 1999	Number	Percent
Households	2,197,214	100.0
Less than \$10,000	221,242	10.1
\$10,000 to \$14,999	154,370	7.0
\$15,000 to \$24,999	319,986	14.6
\$25,000 to \$34,999	314,611	14.3
\$35,000 to \$49,999	385,315	17.5
\$50,000 to \$74,999	415,772	18.9
\$75,000 to \$99,999	193,561	8.8
\$100,000 to \$149,999	125,566	5.7
\$150,000 to \$199,999	31,716	1.4
\$200,000 or more	35,075	1.6
Median household income (dollars)	37,934	(X)
Wedian nodonou moonie (donaro)	07,504	(71)
With earnings	1,745,880	79.5
Mean earnings (dollars)	49,671	(X)
With Social Security income	606,493	27.6
Mean Social Security income (dollars)	11,211	(X)
With Supplemental Security Income	90,165	4.1
Mean Supplemental Security Income (dollars)	6,019	(X)
With public assistance income	73,736	3.4
Mean public assistance income (dollars)	2,292	(X)
With retirement income	372,852	17.0
Mean retirement income (dollars)	15,739	(X)
Weari retirement income (dollars)	15,739	(^)
Per capita income (dollars)	19,936	(X)
Median earnings (dollars):	19,930	(^)
Male full-time, year-round workers	34,357	(V)
Female full-time, year-round workers	24,705	(X) (X)
remaie full-time, year-round workers	24,703	(^)
POVERTY STATUS IN 1999 (below poverty level)		
Families	127,317	(X)
Percent below poverty level	(X)	8.6
With related children under 18 years	97.614	(X)
Percent below poverty level	(X)	12.8
With related children under 5 years Percent below poverty level	48,233	(X) 16.5
Percent below poverty level	(X)	10.3
Families with female householder, no husband present	64,805	(X)
Percent below poverty level	(X)	26.1
With related children under 18 years	58,798	(X)
Percent below poverty level		
	(X)	33.5
With related children under 5 years	28,393	(X)
Percent below poverty level	(X)	46.6
Individuals	637,891	(Y)
Percent below poverty level		(X)
	(X)	11.7
18 years and over Percent below poverty level	417,335	(X)
	(X) 70,476	10.3
65 years and over		(X)
Percent below poverty level	(X)	9.9
Related children under 18 years	212,369	(X)
Percent below poverty level	(X)	15.3
Related children 5 to 17 years	147,633	(X)
Percent below poverty level	(X)	14.4
Unrelated individuals 15 years and over	217,683	(X)
Percent below poverty level	(X)	23.0

MONTANA

INCOME IN 1999	Number	Percent
Households	359,070	100.0
Less than \$10,000	40,535	11.3
\$10,000 to \$14,999	31,864	8.9
\$15,000 to \$24,999	61,573	17.1
\$25,000 to \$34,999	55,217	15.4
\$35,000 to \$49,999	65,393	18.2
\$50,000 to \$74,999	61,505	17.1
\$75,000 to \$99,999	23,007	6.4
\$100,000 to \$149,999	13,071	3.6
\$150,000 to \$199,999	3,182	0.9
\$200,000 or more	3,723	1.0
Median household income (dollars)	33,024	(X)
Thousan newship (delians)	35,521	(,,)
With earnings	285,897	79.6
Mean earnings (dollars)	40,290	(X)
With Social Security income	99,432	27.7
Mean Social Security income (dollars)	11,074	
With Supplemental Security Income	12,844	(X) 3.6
Mean Supplemental Security Income (dollars)	6,120	(X)
With public assistance income	11,818	3.3
Mean public assistance income (dollars)	2,436	(X)
With retirement income	58,637	16.3
Mean retirement income (dollars)	15,132	(X)
Per capita income (dollars)	17,151	(X)
Median earnings (dollars):		`,
Male full-time, year-round workers	30,503	(X)
Female full-time, year-round workers	20,914	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	25,004	(X)
Percent below poverty level	(X)	10.5
With related children under 18 years	19,427	(X)
Percent below poverty level	(X)	16.4
With related children under 5 years	9,325	(X)
Percent below poverty level	(X)	21.6
Families with female householder, no husband present	10,343	(X)
Percent below poverty level	(X)	33.2
With related children under 18 years	9,509	(X)
		41.6
Percent below poverty level With related children under 5 years	4,596	(X)
Percent below poverty level	(X)	58.5
reicent below poverty level	(^)	30.3
Individuals	129 255	/V\
	128,355	(X)
Percent below poverty level	(X)	14.6
18 years and over	85,443	(X)
Percent below poverty level	(X)	13.1
65 years and over	10,369	(X)
Percent below poverty level	(X)	9.1
Related children under 18 years	41,247	(X)
Percent below poverty level	(X)	18.4
Related children 5 to 17 years	29,073	(X)
Percent below poverty level	(X)	17.1
Unrelated individuals 15 years and over	44,615	(X)
Percent below poverty level	(X)	27.0

NEBRASKA

INCOME IN 1999	Number	Percent
Households	666,995	100.0
Less than \$10,000	55,340	8.3
\$10,000 to \$14,999	43,915	6.6
\$15,000 to \$24,999	98,663	14.8
\$25,000 to \$34,999	97,932	14.7
\$35,000 to \$49,999	122,654	18.4
\$50,000 to \$74,999	136,141	20.4
\$75,000 to \$99,999	58,361	8.7
\$100,000 to \$149,999	36,565	5.5
\$150,000 to \$199,999	8,551	1.3
\$200,000 or more	8,873	1.3
Median household income (dollars)	39,250	(X)
		()
With earnings	550,074	82.5
Mean earnings (dollars)	48,160	(X)
With Social Security income	175,925	26.4
Mean Social Security income (dollars)	11,447	(X)
With Supplemental Security Income	19,743	3.0
Mean Supplemental Security Income (dollars)	6,370	(X)
With public assistance income	18,640	2.8
Mean public assistance income (dollars)	2,324	(X)
With retirement income	85,493	12.8
Mean retirement income (dollars)	15,163	(X)
Mean retirement income (dollars)	15,165	(^)
Dor conito incomo (dellaro)	10.612	(V)
Per capita income (dollars)	19,613	(X)
Median earnings (dollars):	04.005	00
Male full-time, year-round workers	31,965	(X)
Female full-time, year-round workers	23,598	(X)
DOV/EDTV CTATUC IN 4000 (halawarawata lawal)		
POVERTY STATUS IN 1999 (below poverty level)	20.077	0.0
Families	29,977	(X)
Percent below poverty level	(X)	6.7
With related children under 18 years	23,367	(X)
Percent below poverty level	(X)	10.2
With related children under 5 years	12,094	(X)
Percent below poverty level	(X)	13.3
Families with female householder, no husband present	14,126	(X)
Percent below poverty level	(X)	24.0
With related children under 18 years	13,078	(X)
Percent below poverty level	(X)	31.0
With related children under 5 years	6,718	(X)
Percent below poverty level	(X)	44.9
Individuals	161,269	(X)
Percent below poverty level	(X)	9.7
18 years and over	106,792	(X)
Percent below poverty level	(X)	8.8
65 years and over	17,385	(X)
Percent below poverty level	(X)	8.0
Related children under 18 years	52,019	(X)
Percent below poverty level	(X)	11.8
Related children 5 to 17 years	36,073	(X)
Percent below poverty level	(X)	11.1
Unrelated individuals 15 years and over	59,653	(X)
Percent below poverty level	(X)	20.2

NEVADA

INCOME IN 1999	Number	Percent
Households	751,977	100.0
Less than \$10,000	53,981	7.2
\$10,000 to \$14,999	39,245	5.2
\$15,000 to \$24,999	92,710	12.3
\$25,000 to \$34,999	98,362	13.1
\$35,000 to \$49,999	136,104	18.1
\$50,000 to \$74,999	163,415	21.7
\$75,000 to \$99,999	83,304	11.1
\$100,000 to \$149,999	55,431	7.4
\$150,000 to \$199,999	13,545	1.8
\$200,000 or more	15,880	2.1
Median household income (dollars)	44,581	(X)
With earnings	628,234	83.5
Mean earnings (dollars)	55,463	(X)
With Social Security income	177,571	23.6
Mean Social Security income (dollars)	11,390	(X)
With Supplemental Security Income	22,915	3.0
Mean Supplemental Security Income (dollars)	6,844	(X)
With public assistance income	17,647	2.3
Mean public assistance income (dollars)	2,809	(X)
With retirement income	130,816	17.4
Mean retirement income (dollars)	18,656	(X)
Per capita income (dollars)	21,989	(X)
	21,909	(^)
Median earnings (dollars):	25 704	(V)
Male full-time, year-round workers	35,794	(X)
Female full-time, year-round workers	27,089	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	37,877	(X)
Percent below poverty level	(X)	7.5
With related children under 18 years	30,226	(X)
Percent below poverty level	(X)	11.4
With related children under 5 years	16,964	(X)
Percent below poverty level	(X)	14.8
Families with female householder, no husband present	16,598	(X)
Percent below poverty level	(X)	20.5
With related children under 18 years	15,085	(X)
Percent below poverty level	(X)	26.3
With related children under 5 years	7,842	(X)
Percent below poverty level	(X)	36.5
Individuals	205,685	(X)
Percent below poverty level	(X)	10.5
18 years and over	135,908	(X)
Percent below poverty level	(X)	9.3
65 years and over	15,284	(X)
Percent below poverty level	(X)	7.1
Related children under 18 years	66,679	(X)
Percent below poverty level	(X)	13.5
Related children 5 to 17 years	43,634	(X)
Percent below poverty level	(X)	12.3
Unrelated individuals 15 years and over	72,506	(X)
Percent below poverty level	(X)	18.7

NEW HAMPSHIRE

INCOME IN 1999	Number	Percent
Households	474,750	100.0
Less than \$10,000	28,808	6.1
\$10,000 to \$14,999	22,635	4.8
\$15,000 to \$24,999	51,226	10.8
\$25,000 to \$34,999	55,301	11.6
\$35,000 to \$49,999	81,875	17.2
\$50,000 to \$74,999	109,447	23.1
\$75,000 to \$99,999	60,009	12.6
\$100,000 to \$149,999	43,093	9.1
\$150,000 to \$199,999	12,118	2.6
\$200,000 or more	10,238	2.2
Median household income (dollars)	49,467	(X)
With earnings	397,947	83.8
Mean earnings (dollars)	60,079	(X)
With Social Security income	117,266	24.7
Mean Social Security income (dollars)	11,518	(X)
With Supplemental Security Income	14,160	3.0
Mean Supplemental Security Income (dollars)	6,937	(X)
	14,148	
With public assistance income Mean public assistance income (dollars)	2,609	3.0 (X)
With retirement income		
Mean retirement income (dollars)	78,017 16,610	16.4 (X)
Mean retirement income (dollars)	10,010	(^)
Per capita income (dollars)	23,844	(X)
Median earnings (dollars):		
Male full-time, year-round workers	39,689	(X)
Female full-time, year-round workers	27,488	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	13,948	(X)
Percent below poverty level	(X)	4.3
With related children under 18 years	10,833	(X)
Percent below poverty level	(X)	6.5
With related children under 5 years	5,332	(X)
Percent below poverty level	(X)	8.9
Families with female householder, no husband present	7,237	(X)
Percent below poverty level		17.6
With related children under 18 years	(X)	
·	6,656	(X)
Percent below poverty level	(X)	23.5
With related children under 5 years	3,342	(X)
Percent below poverty level	(X)	41.0
Individuals	78,530	(X)
Percent below poverty level	(X)	6.5
18 years and over	54,895	(X)
Percent below poverty level	(X)	6.1
65 years and over	9,992	(X)
Percent below poverty level	(X)	7.2
Related children under 18 years	22,028	(X)
Percent below poverty level	(X)	7.3
Related children 5 to 17 years	15,234	(X)
Percent below poverty level	(X)	6.7
Unrelated individuals 15 years and over	35,034	(X)
Percent below poverty level	(X)	16.4

NEW JERSEY

INCOME IN 1999	Number	Percent
Households	3,065,774	100.0
Less than \$10,000	213,939	7.0
\$10,000 to \$14,999	143,783	4.7
\$15,000 to \$24,999	288,606	9.4
\$25,000 to \$34,999	305,449	10.0
\$35,000 to \$49,999	437,373	14.3
\$50,000 to \$74,999	608,244	19.8
\$75,000 to \$99,999	413,928	13.5
\$100,000 to \$149,999	391,123	12.8
\$150,000 to \$199,999	130,492	4.3
\$200,000 or more	132,837	4.3
Median household income (dollars)	55,146	(X)
With earnings	2,495,571	81.4
Mean earnings (dollars)	74,719	(X)
With Social Security income	823,796	26.9
Mean Social Security income (dollars)	12,274	(X)
With Supplemental Security Income	108,564	3.5
Mean Supplemental Security Income (dollars)	6,631	(X)
With public assistance income	86,704	2.8
Mean public assistance income (dollars)		
With retirement income	3,162	(X)
	523,223	17.1
Mean retirement income (dollars)	17,406	(X)
	27.000	()()
Per capita income (dollars)	27,006	(X)
Median earnings (dollars):		
Male full-time, year-round workers	46,368	(X)
Female full-time, year-round workers	33,081	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	135,549	(X)
Percent below poverty level	(X)	6.3
With related children under 18 years	103,899	(X)
Percent below poverty level	(X)	9.2
With related children under 5 years	48,730	(X)
Percent below poverty level	(X)	10.9
Families with female householder, no husband present	72,261	(X)
Percent below poverty level	(X)	19.4
With related children under 18 years	62,646	(X)
Percent below poverty level	(X)	27.4
With related children under 5 years	27,787	(X)
Percent below poverty level	(X)	37.2
T distant portenty level	(7.4)	0
Individuals	699,668	(X)
Percent below poverty level	(X)	8.5
18 years and over	471,914	(X)
Percent below poverty level	(X)	7.6
65 years and over	83,336	(X)
Percent below poverty level	(X)	7.8
Related children under 18 years	220,991	(X)
Percent below poverty level	(X)	10.8
Related children 5 to 17 years	157,947	(X)
Percent below poverty level	(X)	10.5
Unrelated individuals 15 years and over	233,015	(X)
Percent below poverty level	(X)	18.4

NEW MEXICO

INCOME IN 1999	Number	Percent
Households	678,032	100.0
Less than \$10,000	84,527	12.5
\$10,000 to \$14,999	56,773	8.4
\$15,000 to \$24,999	107,287	15.8
\$25,000 to \$34,999	97,447	14.4
\$35,000 to \$49,999	115,315	17.0
\$50,000 to \$74,999	111,913	16.5
\$75,000 to \$99,999	53,079	7.8
\$100,000 to \$149,999	34,045	5.0
\$150,000 to \$199,999	8,750	1.3
\$200,000 or more	8,896	1.3
Median household income (dollars)	34,133	(X)
(1111)	, , ,	
With earnings	539,277	79.5
Mean earnings (dollars)	43,895	(X)
With Social Security income	172,565	25.5
Mean Social Security income (dollars)	10,590	(X)
With Supplemental Security Income	33,110	4.9
Mean Supplemental Security Income (dollars)	5,863	(X)
With public assistance income	31,664	4.7
Mean public assistance income (dollars)	2,871	(X)
With retirement income	117,726	17.4
Mean retirement income (dollars)	18,539	(X)
Mean retirement income (dollars)	16,539	(^)
Per capita income (dollars)	17,261	(V)
	17,201	(X)
Median earnings (dollars):	24.242	()()
Male full-time, year-round workers	31,310	(X)
Female full-time, year-round workers	23,658	(X)
DOVEDTY CTATUC IN 4000 (halawa a wartu lawal)		
POVERTY STATUS IN 1999 (below poverty level)	20.470	0.0
Families	68,178	(X)
Percent below poverty level	(X)	14.5
With related children under 18 years	54,184	(X)
Percent below poverty level	(X)	20.8
With related children under 5 years	27,271	(X)
Percent below poverty level	(X)	26.4
		0.0
Families with female householder, no husband present	29,891	(X)
Percent below poverty level	(X)	34.1
With related children under 18 years	26,547	(X)
Percent below poverty level	(X)	41.6
With related children under 5 years	12,844	(X)
Percent below poverty level	(X)	54.3
Individuals	328,933	(X)
Percent below poverty level	(X)	18.4
18 years and over	203,715	(X)
Percent below poverty level	(X)	15.9
65 years and over	26,341	(X)
Percent below poverty level	(X)	12.8
Related children under 18 years	122,488	(X)
Percent below poverty level	(X)	24.6
Related children 5 to 17 years	87,293	(X)
Percent below poverty level	(X)	23.6
Unrelated individuals 15 years and over	81,339	(X)
Percent below poverty level	(X)	27.6

NEW YORK

INCOME IN 1999	Number	Percent
Households	7,060,595	100.0
Less than \$10,000	809,507	11.5
\$10,000 to \$14,999	453,320	6.4
\$15,000 to \$24,999	822,611	11.7
\$25,000 to \$34,999	807,043	11.4
\$35,000 to \$49,999	1,047,001	14.8
\$50,000 to \$74,999	1,297,712	18.4
\$75,000 to \$99,999	746,384	10.6
\$100,000 to \$149,999	639,525	9.1
\$150,000 to \$199,999	202,640	2.9
\$200,000 or more	234,852	3.3
Median household income (dollars)	43,393	(X)
(**************************************	13,333	()
With earnings	5,516,841	78.1
Mean earnings (dollars)	64,102	(X)
With Social Security income	1,837,421	26.0
Mean Social Security income (dollars)	11,667	(X)
With Supplemental Security Income	390,779	5.5
Mean Supplemental Security Income (dollars)	6,568	(X)
With public assistance income	344,175	4.9
Mean public assistance income (dollars)	3,699	(X)
With retirement income	1,196,637	(^) 16.9
Mean retirement income (dollars)	17,660	(X)
Per capita income (dollars)	23,389	(X)
Median earnings (dollars):	23,309	(//)
Male full-time, year-round workers	40,236	(X)
Female full-time, year-round workers	31,099	(X)
remaie full-time, year-round workers	31,099	(٨)
POVERTY STATUS IN 1999 (below poverty level)		
Families	535,935	(V)
Percent below poverty level		(X) 11.5
	(X)	
With related children under 18 years	418,591	(X)
Percent below poverty level	(X)	16.9
With related children under 5 years	198,252	(X)
Percent below poverty level	(X)	20.2
Comilian with famala haveabalder, no hyphand present	204.006	/V\
Families with female householder, no husband present	294,906	(X)
Percent below poverty level	(X)	29.2
With related children under 18 years	257,263	(X)
Percent below poverty level	(X)	38.8
With related children under 5 years	115,454	(X)
Percent below poverty level	(X)	49.8
La P. Calanda	0.000.000	()()
Individuals	2,692,202	(X)
Percent below poverty level	(X)	14.6
18 years and over	1,776,492	(X)
Percent below poverty level	(X)	12.8
65 years and over	264,336	(X)
Percent below poverty level	(X)	11.3
Related children under 18 years	893,505	(X)
Percent below poverty level	(X)	19.6
Related children 5 to 17 years	639,896	(X)
Percent below poverty level	(X)	19.1
Unrelated individuals 15 years and over	817,663	(X)
Percent below poverty level	(X)	24.0

NORTH CAROLINA

INCOME IN 1999	Number	Percent
Households	3,133,282	100.0
Less than \$10,000	328,770	10.5
\$10,000 to \$14,999	201,123	6.4
\$15,000 to \$24,999	431,701	13.8
\$25,000 to \$34,999	435,975	13.9
\$35,000 to \$49,999	553,041	17.7
\$50,000 to \$74,999	608,777	19.4
\$75,000 to \$99,999	279,020	8.9
\$100,000 to \$149,999	188,621	6.0
\$150,000 to \$199,999	50,650	1.6
\$200,000 or more	55,604	1.8
Median household income (dollars)	39,184	(X)
With earnings	2,553,452	81.5
Mean earnings (dollars)	50,814	(X)
With Social Security income	791,608	25.3
Mean Social Security income (dollars)	10,723	(X)
With Supplemental Security Income	130,066	4.2
Mean Supplemental Security Income (dollars)	5,747	(X)
With public assistance income	86,373	2.8
Mean public assistance income (dollars)	2,276	(X)
With retirement income	514,994	16.4
Mean retirement income (dollars)	16,831	(X)
(Control of the cont	13,331	()
Per capita income (dollars)	20,307	(X)
Median earnings (dollars):		
Male full-time, year-round workers	32,132	(X)
Female full-time, year-round workers	24,978	(X)
·		` '
POVERTY STATUS IN 1999 (below poverty level)		
Families	196,423	(X)
Percent below poverty level	(X)	9.0
With related children under 18 years	146,753	(X)
Percent below poverty level	(X)	13.3
With related children under 5 years	71,615	(X)
Percent below poverty level	(X)	16.5
Families with female householder, no husband present	104,265	(X)
Percent below poverty level	(X)	27.4
With related children under 18 years	90,584	(X)
Percent below poverty level	(X)	34.3
With related children under 5 years	42,981	(X)
Percent below poverty level	(X)	45.9
Individuals	958,667	(X)
Percent below poverty level	(X)	12.3
18 years and over	647,614	(X)
Percent below poverty level	(X)	11.0
65 years and over	122,248	(X)
Percent below poverty level	(X)	13.2
Related children under 18 years	301,899	(X)
Percent below poverty level	(X)	15.7
Related children 5 to 17 years	207,269	(X)
Percent below poverty level	(X)	14.9
Unrelated individuals 15 years and over	320,479	(X)
Percent below poverty level	(X)	24.2

NORTH DAKOTA

Less than \$10,000 28,417 11.5 \$10,000 to \$24,999 20,575 8.6 \$25,000 to \$34,999 39,618 15.2 \$25,000 to \$34,999 47,649 18.6 \$50,000 to \$74,999 47,649 18.6 \$50,000 to \$74,999 17,399 6.6 \$100,000 to \$149,999 9,688 3.8 \$100,000 or ome 2,229 0.8 \$200,000 or ome 2,625 14. Median household income (dollars) 34,604 IX. With earnings 207,625 80.7 Mean scall Security income (dollars) 42,510 IX. With Sall Security income (dollars) 70,826 27.5 Mean Social Security income (dollars) 7,676 3.0 With Supplemental Security income (dollars) 7,676 3.0 With supplemental Security income (dollars) 7,787 2.2 With public assistance income (dollars) 7,537 2.2 With public assistance income (dollars) 10,64 IX. With relirement income 27,889 10.8	INCOME IN 1999	Number	Percent
\$10,000 to \$14,999	Households	257,234	100.0
\$15,000 to \$24,999	Less than \$10,000	28,417	11.0
\$25,000 to \$34,999	\$10,000 to \$14,999	20,575	8.0
335,000 to \$49,999	\$15,000 to \$24,999	41,324	16.1
\$50,000 to \$74,999 \$75,000 to \$99,999 \$150,000 to \$199,999 \$150,000 to \$199,999 \$150,000 to \$199,999 \$150,000 to \$199,999 \$2,229 \$200,000 or more \$2,625 \$10,000 to \$199,999 \$220,000 or more \$2,625 \$10,000 to \$199,999 \$200,000 or more \$2,625 \$21,000 to \$199,999 \$21,000 to \$199,999 \$220,000 to \$199,999 \$220,000 to \$199,999 \$227,800 to \$199,800 to	\$25,000 to \$34,999	39,618	15.4
\$75,000 to \$99.999 17,389 5.8 \$150,000 to \$149,999 9,698 3.8 \$150,000 to \$199,999 2,229 0.8 \$200,000 or more 2,625 1.0 With earnings 207,625 80,7 Mean earnings (dollars) 42,510 (X With Social Security income 70,826 27.5 Mean Social Security income 7,676 3.0 Mean Supplemental Security Income 7,676 3.0 Mean Supplemental Security Income 7,676 3.0 Mean Supplemental Security Income (dollars) 6,164 0.0 With public assistance income 7,357 2.5 Mean public assistance income (dollars) 2,562 (X With retirement income (dollars) 11,625 (X With retirement income (dollars) 11,625 (X Mean retirement income (dollars) 17,799 (X Mela full-time, year-round workers 30,488 (X Per capita income (dollars) 17,799 (X Male full-time, year-round workers 30,488 <td>\$35,000 to \$49,999</td> <td>47,810</td> <td>18.6</td>	\$35,000 to \$49,999	47,810	18.6
\$100,000 to \$149,999	\$50,000 to \$74,999	47,549	18.5
\$150,000 to \$199,999 2,229 0.5 \$200,000 or more 2,625 1.0 Median household income (dollars) 34,604 (X With earnings 207,625 8.0 Mean earnings (dollars) 42,510 (X With Social Security income 70,826 27.5 Mean Social Security income 7,676 3.0 Mean Supplemental Security Income 7,676 3.0 Mean Supplemental Security Income 7,676 3.0 Mean Supplemental Security Income 7,367 2.5 Mean supplic assistance income (dollars) 2,552 (X With public assistance income (dollars) 12,552 (X Mean retirement income (dollars) 14,625 (X Mean retirement income (dollars) 17,769 (X Median earnings (dollars): 17,769 (X Median earnings (dollars): 17,769 (X Media full-time, year-round workers 30,488 (X Female full-time, year-round workers 30,488 (X Female full-time, year-round workers </td <td>\$75,000 to \$99,999</td> <td>17,389</td> <td>6.8</td>	\$75,000 to \$99,999	17,389	6.8
\$200,000 or more 2,625 1.0 Median household income (dollars) 34,604 (X With earnings 207,625 80.7 Mean earnings (dollars) 42,510 (X With Social Security income 70,826 27.5 Mean Social Security income 70,826 27.5 Mean Supplemental Security Income 7,676 3.0 Mean Supplemental Security income (dollars) 6,164 (X With public assistance income 7,357 2.5 Mean public assistance income (dollars) 2,589 10.8 Mean retirement income 27,889 10.8 Mean retirement income (dollars) 114,625 (X With retirement income (dollars) 17,799 (X Median earnings (dollars) 1,799 (X Median earnings (dollars) 1,800	\$100,000 to \$149,999	9,698	3.8
Median household income (dollars) 34,604 (X) With earnings 207,625 80.7 Mean earnings (dollars) 70,826 27.5 Mith Social Security income 70,826 27.5 Mean Social Security income 7,676 3.0 Mean Supplemental Security Income 7,676 3.0 Mean Supplemental Security Income (dollars) 6,164 (X) With space of the supplemental Security Income (dollars) 6,164 (X) With public assistance income 7,357 2.5 2.5 Mean public assistance income (dollars) 2,552 (X) With retirement income (dollars) 11,625 (X) With retirement income (dollars) 11,625 (X) Mean retirement income (dollars) 11,769 (X) Mean retirement income (dollars) 11,769 (X) Mean retirement income (dollars) 11,769 (X) Metal return return return (dollars) 11,769 (X) Metal return	\$150,000 to \$199,999	2,229	0.9
With earnings 207,625 80,7	\$200,000 or more	2,625	1.0
Mean earnings (dollars) 42,510 (X) With Social Security income 70,826 27.5 Mean Social Security income 10,861 (X) With Supplemental Security Income 7,676 3.0 Mean Supplemental Security Income (dollars) 6,164 XX With public assistance income 7,357 2.5 Mean public assistance income (dollars) 2,552 XX Mean retirement income 27,889 10.8 Mean retirement income (dollars) 114,625 XX Per capita income (dollars) 117,769 X Median earnings (dollars): 117,769 X Median earnings (dollars): 30,488 XX Male full-time, year-round workers 20,893 XX Female full-time, year-round workers 20,893 XX PovERTY STATUS IN 1999 (below poverty level) (X) 8.3 With related children under 18 years 10,043 XX Percent below poverty level (X) 12.2 With related children under 5 years 5,178 XX <t< td=""><td>Median household income (dollars)</td><td>34,604</td><td>(X)</td></t<>	Median household income (dollars)	34,604	(X)
Mean earnings (dollars) 42,510 CX. With Social Security income 70,826 27.5 Mean Social Security income 10,861 CX. With Supplemental Security Income 7,676 3.0 Mean Supplemental Security Income (dollars) 6,164 XX. With public assistance income 7,357 2.5 XX Mean public assistance income (dollars) 2,552 XX Mean retirement income 27,889 10.6 Mean retirement income (dollars) 117,769 (X Median earnings (dollars) 117,769 (X Median earnings (dollars) 30,488 XX Median earnings (dollars) 30,488 XX Male full-time, year-round workers 30,488 XX Female full-time, year-round workers 20,893 XX POVERTY STATUS IN 1999 (below poverty level) (X) 8.3 With related children under 18 years 10,043 XX Percent below poverty level (X) 12.2 With related children under 5 years 5,983 (X)	With earnings	207,625	80.7
With Social Security income 70,826 27.5 Mean Social Security income (dollars) 10,861 X. With Supplemental Security Income 7,676 3.0 Mean Supplemental Security Income (dollars) 6,164 X. With public assistance income 27,357 2.5 Mean public assistance income (dollars) 2,552 (X With retirement income 27,889 10.6 Mean retirement income (dollars) 11,625 (X Per capita income (dollars) 17,769 (X Median earnings (dollars) 17,769 (X Median earnings (dollars):	Mean earnings (dollars)		(X)
Mean Social Security income (dollars) 10,861 (X) With Supplemental Security Income 7,676 3.6 Mean Supplemental Security Income (dollars) 6,164 (X) With public assistance income 7,357 2.5 Mean public assistance income (dollars) 2,552 (X) With retirement income 27,889 10.6 Mean retirement income (dollars) 114,625 (X) Per capita income (dollars) 117,769 (X) Median earnings (dollars): 117,769 (X) Median earnings (dollars): 30,488 (X) Melian earnings (dollars): 30,488 (X) Female full-time, year-round workers 30,888 (X) Female full-time, year-round workers 20,893 (X) Female full-time, year-round workers 13,890 (X) Female full-time, year-round workers 13,890 (X) Femalities 13,890 (X) Poterent below poverty level (X) 8.3 With related children under 15 years 10,043 (X)	* ' '		27.5
With Supplemental Security Income 7,676 3.0 Mean Supplemental Security Income (dollars) 6,164 KX With public assistance income 7,357 2.9 Mean public assistance income (dollars) 2,552 (X With retirement income 27,889 10.8 Mean retirement income (dollars) 114,625 (X Median earnings (dollars): 17,769 (X Median earnings (dollars): 30,488 (X Female full-time, year-round workers 30,488 (X Female full-time, year-round workers 30,888 (X POVERTY STATUS IN 1999 (below poverty level) 20,893 (X POVERTY STATUS IN 1999 (below poverty level) (X) 8.3 With related children under 18 years 10,043 (X Percent below poverty level (X) 12,0 With related children under 5 years 5,178 (X Percent below poverty level (X) 30,6 Families with female householder, no husband present 5,983 (X) With related children under 18 years 5,402 <td>·</td> <td>10.861</td> <td>(X)</td>	·	10.861	(X)
Mean Supplemental Security Income (dollars) 6.164 (X) With public assistance income 7,357 2.5 Mean public assistance income (dollars) 2,552 (X) With retirement income 27,889 10.8 Mean retirement income (dollars) 11,769 (X) Median earnings (dollars) 17,769 (X) Median earnings (dollars) 30,488 (X) Female full-time, year-round workers 30,488 (X) Female full-time, year-round workers 20,893 (X) POVERTY STATUS IN 1999 (below poverty level) (X) 8.3 With related children under 18 years 10,043 (X) With related children under 5 years 5,178 (X) Femilies with female householder, no husband present 5,893 (X) </td <td></td> <td></td> <td></td>			
With public assistance income 7,357 2.5 Mean public assistance income (dollars) 2,552 (X) With retirement income 27,889 10.6 Mean retirement income (dollars) 14,625 (X) Median earnings (dollars) 17,769 (X) Median earnings (dollars): 30,488 (X) Mele full-time, year-round workers 30,488 (X) Female full-time, year-round workers 20,893 (X) POVERTY STATUS IN 1999 (below poverty level) (X) 8.3 Povernous below poverty level (X) 8.3 With related children under 18 years 10,043 (X) Percent below poverty level (X) 12.6 With related children under 18 years 5,178 (X) Percent below poverty level (X) 16.6 Families with female householder, no husband present 5,983 (X) With related children under 18 years 5,402 (X) With related children under 5 years 5,402 (X) With related children under 5 years 2,964 (X)			(X)
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Mean retirement income (dollars) 14,625 (X) Per capita income (dollars) 17,769 (X) Median earnings (dollars): 30,488 (X) Female full-time, year-round workers 30,488 (X) Female full-time, year-round workers 20,893 (X) POVERTY STATUS IN 1999 (below poverty level) 13,890 (X) Families 13,890 (X) With related children under 18 years 10,043 (X) Percent below poverty level (X) 12,6 With related children under 5 years 5,178 (X) Percent below poverty level (X) 16,6 Families with female householder, no husband present 5,983 (X) Percent below poverty level (X) 30,6 With related children under 18 years 5,402 (X) With related children under 5 years 5,402 (X) Percent below poverty level (X) 36,6 Individuals 73,457 (X) Percent below poverty level (X) 11.5 18 years and			10.8
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Male full-time, year-round workers 30,488 (X) Female full-time, year-round workers 20,893 (X) POVERTY STATUS IN 1999 (below poverty level)		17,700	(71)
POVERTY STATUS IN 1999 (below poverty level)	V ()	30.488	(X)
POVERTY STATUS IN 1999 (below poverty level)	<u> </u>		
Families 13,890 (X) Percent below poverty level (X) 8.3 With related children under 18 years 10,043 (X) Percent below poverty level (X) 12.0 With related children under 5 years 5,178 (X) Percent below poverty level (X) 16.6 Families with female householder, no husband present 5,983 (X) Percent below poverty level (X) 30.6 With related children under 18 years 5,402 (X) Percent below poverty level (X) 38.7 With related children under 5 years 2,964 (X) Percent below poverty level (X) 56.1 Individuals 73,457 (X) Percent below poverty level (X) 11.5 18 years and over (X) 11.1 65 years and over (X) 11.1 65 years and over (X) 11.1 Related children under 18 years 21,352 (X) Percent below poverty level (X) 11.3.5	Terriale full time, year round workers	20,033	(//)
Percent below poverty level	POVERTY STATUS IN 1999 (below poverty level)		
With related children under 18 years 10,043 (X) Percent below poverty level (X) 12.0 With related children under 5 years 5,178 (X) Percent below poverty level (X) 16.6 Families with female householder, no husband present 5,983 (X) Percent below poverty level (X) 30.6 With related children under 18 years 5,402 (X) Percent below poverty level (X) 38.7 With related children under 5 years 2,964 (X) Percent below poverty level (X) 56.1 Individuals 73,457 (X) Percent below poverty level (X) 11.9 18 years and over (X) 11.1 65 years and over (X) 11.1 Related children under 18 years (X) 11.1 Related children below poverty level (X) 11.5 Related children 5 to 17 years		13,890	(X)
With related children under 18 years 10,043 (X) Percent below poverty level (X) 12.0 With related children under 5 years 5,178 (X) Percent below poverty level (X) 16.6 Families with female householder, no husband present 5,983 (X) Percent below poverty level (X) 30.6 With related children under 18 years 5,402 (X) Percent below poverty level (X) 38.7 With related children under 5 years 2,964 (X) Percent below poverty level (X) 56.1 Individuals 73,457 (X) Percent below poverty level (X) 11.9 18 years and over (X) 11.1 65 years and over (X) 11.1 Related children under 18 years (X) 11.1 Related children below poverty level (X) 11.5 Related children 5 to 17 years	Percent below poverty level	(X)	8.3
With related children under 5 years 5,178 (X) Percent below poverty level (X) 16.6 Families with female householder, no husband present 5,983 (X) Percent below poverty level (X) 30.6 With related children under 18 years 5,402 (X) Percent below poverty level (X) 38.7 With related children under 5 years 2,964 (X) Percent below poverty level (X) 56.1 Individuals 73,457 (X) Percent below poverty level (X) 11.5 18 years and over (X) 11.1 65 years and over (X) 11.1 Percent below poverty level (X) 11.1 Related children under 18 years 21,352 (X) Percent below poverty level (X) 13.5 Related children 5 to 17 years 14,568 (X) Percent below poverty level (X) 12.2 Unrelated individuals 15 years and over 28,891 (X)		10,043	(X)
Percent below poverty level	Percent below poverty level	(X)	12.0
Percent below poverty level	With related children under 5 years	5,178	(X)
Percent below poverty level (X) 30.6 With related children under 18 years 5,402 (X) Percent below poverty level (X) 38.7 With related children under 5 years 2,964 (X) Percent below poverty level (X) 56.1 Individuals 73,457 (X) Percent below poverty level (X) 11.5 18 years and over (X) 11.1 65 years and over 9,726 (X) Percent below poverty level (X) 11.1 Related children under 18 years 21,352 (X) Percent below poverty level (X) 13.5 Related children 5 to 17 years 14,568 (X) Percent below poverty level (X) 12.2 Unrelated individuals 15 years and over 28,891 (X)	-		16.6
Percent below poverty level (X) 30.6 With related children under 18 years 5,402 (X) Percent below poverty level (X) 38.7 With related children under 5 years 2,964 (X) Percent below poverty level (X) 56.1 Individuals 73,457 (X) Percent below poverty level (X) 11.5 18 years and over (X) 11.1 65 years and over 9,726 (X) Percent below poverty level (X) 11.1 Related children under 18 years 21,352 (X) Percent below poverty level (X) 13.5 Related children 5 to 17 years 14,568 (X) Percent below poverty level (X) 12.2 Unrelated individuals 15 years and over 28,891 (X)	Families with female householder, no husband present	5,983	(X)
With related children under 18 years 5,402 (X) Percent below poverty level (X) 38.7 With related children under 5 years 2,964 (X) Percent below poverty level (X) 56.1 Individuals 73,457 (X) Percent below poverty level (X) 11.5 18 years and over 51,294 (X) Percent below poverty level (X) 11.1 65 years and over 9,726 (X) Percent below poverty level (X) 11.1 Related children under 18 years 21,352 (X) Percent below poverty level (X) 13.5 Related children 5 to 17 years 14,568 (X) Percent below poverty level (X) 12.2 Unrelated individuals 15 years and over 28,891 (X)	·		30.6
Percent below poverty level (X) 38.7 With related children under 5 years 2,964 (X) Percent below poverty level (X) 56.1 Individuals 73,457 (X) Percent below poverty level (X) 11.5 18 years and over (X) 11.1 65 years and over (X) 11.1 Related children below poverty level (X) 11.1 Related children under 18 years (X) 11.1 Related children 5 to 17 years (X) 13.5 Related children 5 to 17 years 14,568 (X) Percent below poverty level (X) 12.2 Unrelated individuals 15 years and over 28,891 (X)			(X)
With related children under 5 years 2,964 (X) Percent below poverty level (X) 56.1 Individuals 73,457 (X) Percent below poverty level (X) 11.5 18 years and over 51,294 (X) Percent below poverty level (X) 11.1 65 years and over 9,726 (X) Percent below poverty level (X) 11.1 Related children under 18 years 21,352 (X) Percent below poverty level (X) 13.5 Related children 5 to 17 years 14,568 (X) Percent below poverty level (X) 12.2 Unrelated individuals 15 years and over 28,891 (X)	Percent below poverty level	(X)	38.7
Percent below poverty level			(X)
Percent below poverty level	Percent below poverty level	(X)	56.1
Percent below poverty level	Individuals	73 457	(X)
18 years and over 51,294 (X) Percent below poverty level (X) 11.1 65 years and over 9,726 (X) Percent below poverty level (X) 11.1 Related children under 18 years 21,352 (X) Percent below poverty level (X) 13.5 Related children 5 to 17 years 14,568 (X) Percent below poverty level (X) 12.2 Unrelated individuals 15 years and over 28,891 (X)			
Percent below poverty level (X) 11.1 65 years and over 9,726 (X) Percent below poverty level (X) 11.1 Related children under 18 years 21,352 (X) Percent below poverty level (X) 13.5 Related children 5 to 17 years 14,568 (X) Percent below poverty level (X) 12.2 Unrelated individuals 15 years and over 28,891 (X)			
65 years and over 9,726 (X) Percent below poverty level (X) 11.1 Related children under 18 years 21,352 (X) Percent below poverty level (X) 13.5 Related children 5 to 17 years 14,568 (X) Percent below poverty level (X) 12.2 Unrelated individuals 15 years and over 28,891 (X)	·		
Percent below poverty level (X) 11.1 Related children under 18 years 21,352 (X) Percent below poverty level (X) 13.5 Related children 5 to 17 years 14,568 (X) Percent below poverty level (X) 12.2 Unrelated individuals 15 years and over 28,891 (X)			
Related children under 18 years 21,352 (X) Percent below poverty level (X) 13.5 Related children 5 to 17 years 14,568 (X) Percent below poverty level (X) 12.2 Unrelated individuals 15 years and over 28,891 (X)	· ·		
Percent below poverty level (X) 13.5 Related children 5 to 17 years 14,568 (X) Percent below poverty level (X) 12.2 Unrelated individuals 15 years and over 28,891 (X)			
Related children 5 to 17 years 14,568 (X) Percent below poverty level (X) 12.2 Unrelated individuals 15 years and over 28,891 (X)			
Percent below poverty level (X) 12.2 Unrelated individuals 15 years and over 28,891 (X)			
Unrelated individuals 15 years and over 28,891 (X)			
	Percent below poverty level	(X)	24.4

OHIO

INCOME IN 1999	Number	Percent
Households	4,446,621	100.0
Less than \$10,000	406,698	9.1
\$10,000 to \$14,999	285,372	6.4
\$15,000 to \$24,999	594,143	13.4
\$25,000 to \$34,999	602,996	13.6
\$35,000 to \$49,999	771,129	17.3
\$50,000 to \$74,999	905,323	20.4
\$75,000 to \$99,999	444,599	10.0
\$100,000 to \$149,999	289,049	6.5
\$150,000 to \$199,999	71,062	1.6
\$200,000 or more	76,250	1.7
Median household income (dollars)	40,956	(X)
iviedian nouseriola income (dollars)	40,930	(//)
With earnings	3,538,957	79.6
Mean earnings (dollars)	52,998	(X)
With Social Security income	1,175,559	26.4
Mean Social Security income (dollars)	11,376	(X)
With Supplemental Security Income	186,579	4.2
Mean Supplemental Security Income (dollars)	6,373	(X)
With public assistance income	143,132	3.2
Mean public assistance income (dollars)	2,550	(X)
With retirement income	841,456	18.9
Mean retirement income (dollars)	16,753	(X)
mount to morn moonto (donato)	10,700	(74)
Per capita income (dollars)	21,003	(X)
Median earnings (dollars):		
Male full-time, year-round workers	37,692	(X)
Female full-time, year-round workers	26,400	(X)
.,		
POVERTY STATUS IN 1999 (below poverty level)		
Families	235,026	(X)
Percent below poverty level	(X)	7.8
With related children under 18 years	185,813	(X)
Percent below poverty level	(X)	12.2
With related children under 5 years	94,763	(X)
Percent below poverty level	(X)	16.1
Families with female householder, no husband present	137,052	(X)
Percent below poverty level	(X)	26.3
With related children under 18 years	124,213	(X)
Percent below poverty level	(X)	34.6
With related children under 5 years	64,025	(X)
Percent below poverty level	(X)	49.2
Individuala	4 470 000	
Individuals Persont below poverty level	1,170,698	(X)
Percent below poverty level	(X)	10.6
18 years and over	762,013	(X)
Percent below poverty level	(X)	9.3
65 years and over	115,742	(X)
Percent below poverty level	(X)	8.1
Related children under 18 years	396,540	(X)
Percent below poverty level	(X)	14.0
Related children 5 to 17 years	268,274	(X)
Percent below poverty level	(X)	12.9
Unrelated individuals 15 years and over	405,022	(X)
Percent below poverty level	(X)	21.2

OKLAHOMA

INCOME IN 1999	Number	Percent
Households	1,343,506	100.0
Less than \$10,000	163,933	12.2
\$10,000 to \$14,999	113,588	8.5
\$15,000 to \$24,999	219,392	16.3
\$25,000 to \$34,999	201,133	15.0
\$35,000 to \$49,999	230,286	17.1
\$50,000 to \$74,999	228,452	17.0
\$75,000 to \$99,999	97,394	7.2
\$100,000 to \$149,999	58,018	4.3
\$150,000 to \$199,999	14,600	1.1
\$200,000 or more	16,710	1.2
Median household income (dollars)	33,400	(X)
With corrigin	1.055.520	70.0
With earnings	1,055,528	78.6
Mean earnings (dollars)	44,070	(X)
With Social Security income	365,120	27.2
Mean Social Security income (dollars)	10,741	(X)
With Supplemental Security Income	59,850	4.5
Mean Supplemental Security Income (dollars)	5,924	(X)
With public assistance income	67,866	5.1
Mean public assistance income (dollars)	1,504	(X)
With retirement income	219,742	16.4
Mean retirement income (dollars)	16,704	(X)
Per capita income (dollars)	17,646	(X)
Median earnings (dollars):		
Male full-time, year-round workers	31,123	(X)
Female full-time, year-round workers	22,473	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	103,757	(X)
Percent below poverty level	(X)	11.2
With related children under 18 years	79,007	(X)
Percent below poverty level	(X)	16.5
With related children under 5 years	39,845	(X)
Percent below poverty level	(X)	21.5
For the could be contributed as book and account	40.004	()()
Families with female householder, no husband present	46,981	(X)
Percent below poverty level	(X)	32.0
With related children under 18 years	41,899	(X)
Percent below poverty level	(X)	39.8
With related children under 5 years	20,090	(X)
Percent below poverty level	(X)	54.0
Individuals	491,235	(X)
Percent below poverty level	(X)	14.7
18 years and over	319,306	(X)
Percent below poverty level	(X)	13.0
65 years and over	47,740	(X)
Percent below poverty level	(X)	11.1
Related children under 18 years	166,213	(X)
Percent below poverty level	(X)	19.1
Related children 5 to 17 years	113,012	(X)
Percent below poverty level	(X)	17.7
Unrelated individuals 15 years and over	146,906	(X)
Percent below poverty level	(X)	27.2

OREGON

INCOME IN 1999	Number	Percent
Households	1,335,109	100.0
Less than \$10,000	115,129	8.6
\$10,000 to \$14,999	86,695	6.5
\$15,000 to \$24,999	179,053	13.4
\$25,000 to \$34,999	185,595	13.9
\$35,000 to \$49,999	236,282	17.7
\$50,000 to \$74,999	269,492	20.2
\$75,000 to \$99,999	129,488	9.7
\$100,000 to \$149,999	87,218	6.5
\$150,000 to \$199,999	22,650	1.7
\$200,000 or more	23,507	1.8
Median household income (dollars)	40,916	(X)
moduli ilodono di ilodino (dollaro)	10,010	(71)
With earnings	1,071,158	80.2
Mean earnings (dollars)	51,450	(X)
With Social Security income	344,689	25.8
Mean Social Security income (dollars)	11,815	(X)
With Supplemental Security Income	46,878	3.5
Mean Supplemental Security Income (dollars)	6,534	(X)
With public assistance income	47,402	3.6
Mean public assistance income (dollars)	2,697	(X)
With retirement income	229,129	17.2
Mean retirement income (dollars)	17,269	(X)
wear remement meetine (donars)	17,203	(//)
Per capita income (dollars)	20,940	(X)
Median earnings (dollars):		,
Male full-time, year-round workers	36,588	(X)
Female full-time, year-round workers	26,980	(X)
- omale rain ame, year reams tremere	25,555	(71)
POVERTY STATUS IN 1999 (below poverty level)		
Families	70,032	(X)
Percent below poverty level	(X)	7.9
With related children under 18 years	54,931	(X)
Percent below poverty level	(X)	12.4
With related children under 5 years	28,794	(X)
Percent below poverty level	(X)	16.6
Families with female householder, no husband present	32,276	(X)
Percent below poverty level	(X)	25.9
With related children under 18 years	29,589	(X)
Percent below poverty level	(X)	33.3
With related children under 5 years	14,730	(X)
Percent below poverty level	(X)	47.4
Individuals	388,740	(X)
Percent below poverty level	(X)	11.6
18 years and over	267,280	(X)
Percent below poverty level	(X)	10.6
65 years and over	32,120	(X)
Percent below poverty level	(X)	7.6
Related children under 18 years	114,777	(X)
Percent below poverty level	(X)	14.0
Related children 5 to 17 years	76,985	(X)
Percent below poverty level	(X)	12.8
Unrelated individuals 15 years and over	155,661	(X)
Percent below poverty level	(X)	23.1

PENNSYLVANIA

INCOME IN 1999	Number	Percent
Households	4,779,186	100.0
Less than \$10,000	465,860	9.7
\$10,000 to \$14,999	333,381	7.0
\$15,000 to \$24,999	657,266	13.8
\$25,000 to \$34,999	633,953	13.3
\$35,000 to \$49,999	809,165	16.9
\$50,000 to \$74,999	929,863	19.5
\$75,000 to \$99,999	457,480	9.6
\$100,000 to \$149,999	317,171	6.6
\$150,000 to \$199,999	84,173	1.8
\$200,000 or more	90,874	1.9
Median household income (dollars)	40,106	(X)
Wildian Household moonie (donars)	40,100	(71)
With earnings	3,667,238	76.7
Mean earnings (dollars)	54,209	(X)
With Social Security income	1,451,386	30.4
Mean Social Security income (dollars)	11,717	(X)
With Supplemental Security Income	203,851	4.3
Mean Supplemental Security Income (dollars)	6,523	(X)
With public assistance income	149,203	3.1
Mean public assistance income (dollars)	2,848	(X)
With retirement income	940,184	19.7
Mean retirement income (dollars)	14,663	(X)
weath retirement income (dollars)	14,003	(^)
Per capita income (dollars)	20,880	(X)
Median earnings (dollars):		
Male full-time, year-round workers	37,051	(X)
Female full-time, year-round workers	26,687	(X)
		()
POVERTY STATUS IN 1999 (below poverty level)		
Families	250,296	(X)
Percent below poverty level	(X)	7.8
With related children under 18 years	188,366	(X)
Percent below poverty level	(X)	12.1
With related children under 5 years	88,081	(X)
Percent below poverty level	(X)	15.3
Total in parally total	(7.1)	
Families with female householder, no husband present	134,560	(X)
Percent below poverty level	(X)	24.9
With related children under 18 years	118,782	(X)
Percent below poverty level	(X)	34.9
With related children under 5 years	55,163	(X)
Percent below poverty level	(X)	47.4
Individuals	1,304,117	(X)
Percent below poverty level	(X)	11.0
18 years and over	882,372	(X)
Percent below poverty level	(X)	9.8
65 years and over	164,095	(X)
Percent below poverty level	(X)	9.1
Related children under 18 years	408,079	(X)
Percent below poverty level	(X)	14.3
Related children 5 to 17 years	291,913	(X)
Percent below poverty level	(X)	13.6
Unrelated individuals 15 years and over	473,182	(X)
Percent below poverty level	(X)	22.8

RHODE ISLAND

INCOME IN 1999	Number	Percent
Households	408,412	100.0
Less than \$10,000	43,800	10.7
\$10,000 to \$14,999	28,604	7.0
\$15,000 to \$24,999	50,524	12.4
\$25,000 to \$34,999	48,428	11.9
\$35,000 to \$49,999	64,068	15.7
\$50,000 to \$74,999	82,350	20.2
\$75,000 to \$99,999	43.623	10.7
\$100,000 to \$149,999	31,162	7.6
\$150,000 to \$199,999	7,914	1.9
\$200,000 or more	7,939	1.9
Median household income (dollars)	42,090	(X)
iniculari riouseriolu iricome (uollais)	42,090	(//)
With earnings	316,016	77.4
Mean earnings (dollars)	55,924	(X)
With Social Security income	113,930	27.9
Mean Social Security income (dollars)	11,274	(X)
With Supplemental Security Income	21,090	5.2
Mean Supplemental Security Income (dollars)	6,518	(X)
With public assistance income	18,584	4.6
Mean public assistance income (dollars)	4,185	(X)
With retirement income	71,153	17.4
Mean retirement income (dollars)	16,955	(X)
Weath Tetricine (dollars)	10,333	(//)
Per capita income (dollars)	21,688	(X)
Median earnings (dollars):		
Male full-time, year-round workers	37,587	(X)
Female full-time, year-round workers	27,358	(X)
		()
POVERTY STATUS IN 1999 (below poverty level)		
Families	23,608	(X)
Percent below poverty level	(X)	8.9
With related children under 18 years	19,142	(X)
Percent below poverty level	(X)	14.2
With related children under 5 years	9,600	(X)
Percent below poverty level	(X)	18.6
7	, , , , , , , , , , , , , , , , , , ,	
Families with female householder, no husband present	14,611	(X)
Percent below poverty level	(X)	29.1
With related children under 18 years	13,515	(X)
Percent below poverty level	(X)	40.1
With related children under 5 years	6,821	(X)
Percent below poverty level	(X)	55.4
	122 513	
Individuals	120,548	(X)
Percent below poverty level	(X)	11.9
18 years and over	79,386	(X)
Percent below poverty level	(X)	10.4
65 years and over	15,153	(X)
Percent below poverty level	(X)	10.6
Related children under 18 years	40,117	(X)
Percent below poverty level	(X)	16.5
Related children 5 to 17 years	28,108	(X)
Percent below poverty level	(X)	15.6
Unrelated individuals 15 years and over	43,786	(X)
Percent below poverty level	(X)	22.7

SOUTH CAROLINA

INCOME IN 1999	Number	Percent
Households	1,534,334	100.0
Less than \$10,000	181,777	11.8
\$10,000 to \$14,999	106,693	7.0
\$15,000 to \$24,999	220,065	14.3
\$25,000 to \$34,999	213,504	13.9
\$35,000 to \$49,999	269,559	17.6
\$50,000 to \$74,999	288,757	18.8
\$75,000 to \$99,999	129,518	8.4
\$100,000 to \$149,999	81,624	5.3
\$150,000 to \$199,999	19,873	1.3
\$200,000 or more	22,964	1.5
Median household income (dollars)	37,082	(X)
With earnings	1,225,859	79.9
Mean earnings (dollars)	47,936	(X)
With Social Security income	406,777	26.5
Mean Social Security income (dollars)	10,686	(X)
With Supplemental Security Income	71,720	4.7
Mean Supplemental Security Income (dollars)	5,726	(X)
With public assistance income	37,864	2.5
Mean public assistance income (dollars)	2,145	(X)
With retirement income	274,216	17.9
Mean retirement income (dollars)	16,933	(X)
Per capita income (dollars)	18,795	(X)
Median earnings (dollars):		
Male full-time, year-round workers	32,027	(X)
Female full-time, year-round workers	23,329	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	115,899	(X)
Percent below poverty level	(X)	10.7
With related children under 18 years	87,631	(X)
Percent below poverty level	(X)	15.7
With related children under 5 years	39,142	(X)
Percent below poverty level	(X)	18.4
Familias with famale householder, no husband procent	67.240	(V)
Families with female householder, no husband present	67,249	(X) 30.6
Percent below poverty level	(X)	
With related children under 18 years	58,503	(X)
Percent below poverty level	(X)	37.7
With related children under 5 years	25,796	(X)
Percent below poverty level	(X)	48.2
Individuals	547,869	(X)
Percent below poverty level	(X)	14.1
18 years and over	360,594	(X)
Percent below poverty level	(X)	12.5
65 years and over	64.688	(X)
Percent below poverty level	· · ·	
Related children under 18 years	(X) 182,757	13.9 (X)
Percent below poverty level	(X)	18.5
Related children 5 to 17 years	130,304	(X)
Percent below poverty level	(X)	17.9
Unrelated individuals 15 years and over	164,484	(X)
Percent below poverty level	(X)	26.5

SOUTH DAKOTA

INCOME IN 1999	Number	Percent
Households	290,336	100.0
Less than \$10,000	30,881	10.6
\$10,000 to \$14,999	22,421	7.7
\$15,000 to \$24,999	46,823	16.1
\$25,000 to \$34,999	43,884	15.1
\$35,000 to \$49,999	55,160	19.0
\$50,000 to \$74,999	53,817	18.5
\$75,000 to \$99,999	20,150	6.9
\$100,000 to \$149,999	11,090	3.8
\$150,000 to \$199,999	2,872	1.0
\$200,000 or more	3,238	1.1
Median household income (dollars)	35,282	(X)
		(/
With earnings	236,308	81.4
Mean earnings (dollars)	43,382	(X)
With Social Security income	81,267	28.0
Mean Social Security income (dollars)	10,460	(X)
With Supplemental Security Income	9,743	3.4
Mean Supplemental Security Income (dollars)	5,836	(X)
With public assistance income	8,787	3.0
Mean public assistance income (dollars)	2,189	(X)
With retirement income	36,981	12.7
Mean retirement income (dollars)	13,972	(X)
Democratic terror (dellers)	47.500	00
Per capita income (dollars)	17,562	(X)
Median earnings (dollars):		
Male full-time, year-round workers	29,677	(X)
Female full-time, year-round workers	21,520	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	18,172	(X)
Percent below poverty level	(X)	9.3
With related children under 18 years	13,955	(X)
Percent below poverty level	(X)	13.9
With related children under 5 years	7,401	(X)
Percent below poverty level	(X)	19.0
Families with female householder, no husband present	7,696	(X)
Percent below poverty level	(X)	30.4
With related children under 18 years	7,174	(X)
Percent below poverty level	(X)	37.9
With related children under 5 years	4,041	(X)
Percent below poverty level	(X)	53.5
Individuals	95,900	(X)
Percent below poverty level	(X)	13.2
18 years and over	61,935	(X)
Percent below poverty level	(X)	11.7
65 years and over	11,199	(X)
Percent below poverty level	(X)	11.1
Related children under 18 years	32,900	(X)
Percent below poverty level	(X)	16.7
Related children 5 to 17 years	22,698	(X)
Percent below poverty level		15.5
	(X)	
Unrelated individuals 15 years and over	30,624	(X)
Percent below poverty level	(X)	23.9

TENNESSEE

INCOME IN 1999	Number	Percent
Households	2,234,229	100.0
Less than \$10,000	267,405	12.0
\$10,000 to \$14,999	161,773	7.2
\$15,000 to \$24,999	326,134	14.6
\$25,000 to \$34,999	319,921	14.3
\$35,000 to \$49,999	388,095	17.4
\$50,000 to \$74,999	405,364	18.1
\$75,000 to \$99,999	179,559	8.0
\$100,000 to \$149,999	116,779	5.2
\$150,000 to \$199,999	31,095	1.4
\$200,000 or more	38,104	1.7
Median household income (dollars)	36,360	(X)
With earnings	1,781,457	79.7
Mean earnings (dollars)	49,056	(X)
With Social Security income	592,983	26.5
Mean Social Security income (dollars)	10,655	(X)
With Supplemental Security Income	116,317	5.2
Mean Supplemental Security Income (dollars)	5,823	(X)
With public assistance income	77,153	3.5
Mean public assistance income (dollars)	1,984	(X)
With retirement income	361,535	16.2
Mean retirement income (dollars)	16,360	(X)
	40.000	
Per capita income (dollars)	19,393	(X)
Median earnings (dollars):		
Male full-time, year-round workers	32,313	(X)
Female full-time, year-round workers	23,978	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	160,717	(X)
Percent below poverty level	(X)	10.3
With related children under 18 years	117,726	(X)
Percent below poverty level	(X)	15.0
With related children under 5 years	55,819	(X)
Percent below poverty level	(X)	18.7
Families with female householder, no husband present	82.655	(X)
·	- /	
Percent below poverty level	(X)	29.5
With related children under 18 years	72,272	(X)
Percent below poverty level	(X)	37.6
With related children under 5 years	34,539	(X)
Percent below poverty level	(X)	50.2
Individuals	746,789	(X)
Percent below poverty level	(X)	13.5
18 years and over	499,392	(X)
Percent below poverty level	(X)	12.0
65 years and over	89,985	(X)
Percent below poverty level		
Related children under 18 years	(X) 240,796	13.5 (X)
Percent below poverty level	(X)	17.6
Related children 5 to 17 years	165,613	(X)
Percent below poverty level	(X)	16.6
Unrelated individuals 15 years and over	232,456	(X)
Percent below poverty level	(X)	26.1

TEXAS

INCOME IN 1999	Number	Percent
Households	7,397,294	100.0
Less than \$10,000	767,505	10.4
\$10,000 to \$14,999	491,154	6.6
\$15,000 to \$24,999	1,004,123	13.6
\$25,000 to \$34,999	996,141	13.5
\$35,000 to \$49,999	1,219,358	16.5
\$50,000 to \$74,999	1,359,437	18.4
\$75,000 to \$99,999	705,684	9.5
\$100,000 to \$149,999	536,018	7.2
\$150,000 to \$199,999	153,492	2.1
\$200,000 or more	164,382	2.2
Median household income (dollars)	39,927	(X)
Wedain House (dollars)	00,027	(71)
With earnings	6,202,954	83.9
Mean earnings (dollars)	53,870	(X)
With Social Security income	1,595,861	21.6
Mean Social Security income (dollars)	10,719	(X)
With Supplemental Security Income	286,092	3.9
Mean Supplemental Security Income (dollars)	5,837	(X)
With public assistance income	234,081	3.2
Mean public assistance income (dollars)	2,285	(X)
With retirement income	973,718	13.2
Mean retirement income (dollars)	18,437	(X)
Mean retirement income (dollars)	16,437	(^)
Per capita income (dollars)	19,617	(X)
Median earnings (dollars):	19,017	(//)
Male full-time, year-round workers	34,925	(X)
	26,168	
Female full-time, year-round workers	20,100	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	632,676	(V)
Percent below poverty level		(X) 12.0
	(X)	
With related children under 18 years	503,911	(X)
Percent below poverty level	(X)	16.6
With related children under 5 years	263,002	(X)
Percent below poverty level	(X)	20.7
Families with female householder, no husband present	266.054	(V)
	266,954	(X)
Percent below poverty level	(X)	29.5
With related children under 18 years	235,353	(X)
Percent below poverty level	(X)	36.2
With related children under 5 years	111,163	(X)
Percent below poverty level	(X)	47.2
la dividuale	2.447.000	()()
Individuals	3,117,609	(X)
Percent below poverty level	(X)	15.4
18 years and over	1,927,674	(X)
Percent below poverty level	(X)	13.3
65 years and over	251,172	(X)
Percent below poverty level	(X)	12.8
Related children under 18 years	1,162,141	(X)
Percent below poverty level	(X)	20.2
Related children 5 to 17 years	806,427	(X)
Percent below poverty level	(X)	19.3
Unrelated individuals 15 years and over	730,618	(X)
Percent below poverty level	(X)	24.6

UTAH

INCOME IN 1999	Number	Percent
Households	701,933	100.0
Less than \$10,000	41,959	6.0
\$10,000 to \$14,999	33,952	4.8
\$15,000 to \$24,999	83,121	11.8
\$25,000 to \$34,999	93,119	13.3
\$35,000 to \$49,999	133,421	19.0
\$50,000 to \$74,999	158,405	22.6
\$75,000 to \$99,999	79,659	11.3
\$100,000 to \$149,999	52,641	7.5
\$150,000 to \$199,999	12,924	1.8
\$200.000 or more	12,732	1.8
Median household income (dollars)	45,726	(X)
Median nousenoid income (dollars)	45,720	(^)
With earnings	604,567	86.1
Mean earnings (dollars)	54,973	(X)
With Social Security income	144,815	20.6
Mean Social Security income (dollars)	11,829	(X)
With Supplemental Security Income	19,890	2.8
Mean Supplemental Security Income (dollars)	6,580	(X)
With public assistance income	21,896	3.1
Mean public assistance income (dollars)	2.878	(X)
With retirement income	7	15.7
Mean retirement income (dollars)	110,476	
	17,682	(X)
Per capita income (dollars)	18,185	(X)
Median earnings (dollars):		
Male full-time, year-round workers	36,935	(X)
Female full-time, year-round workers	24,872	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	34,969	(X)
Percent below poverty level	(X)	6.5
With related children under 18 years	28,038	(X)
Percent below poverty level	(X)	8.7
With related children under 5 years	16,535	(X)
·		
Percent below poverty level	(X)	10.9
Families with female householder, no husband present	13,849	(X)
Percent below poverty level	(X)	22.1
With related children under 18 years	12,557	(X)
Percent below poverty level	(X)	29.0
With related children under 5 years	6,429	(X)
Percent below poverty level	(X)	41.9
Individuals	206,328	(X)
Percent below poverty level	(X)	9.4
18 years and over	134,563	(X)
Percent below poverty level	(X)	9.1
65 years and over	10,695	(X)
Percent below poverty level	(X)	5.8
Related children under 18 years	68,280	(X)
Percent below poverty level	(X)	9.7
Related children 5 to 17 years	44,194	(X)
Percent below poverty level	(X)	8.9
Unrelated individuals 15 years and over	74,860	(X)
		1/

VERMONT

INCOME IN 1999	Number	Percent
Households	240,744	100.0
Less than \$10,000	19,552	8.1
\$10,000 to \$14,999	15,240	6.3
\$15,000 to \$24,999	33,768	14.0
\$25,000 to \$34,999	33,422	13.9
\$35,000 to \$49,999	44,871	18.6
\$50,000 to \$74,999	49,824	20.7
\$75,000 to \$99,999	23,051	9.6
\$100,000 to \$149,999	13,775	5.7
\$150,000 to \$199,999	3,679	1.5
\$200,000 or more	3,562	1.5
Median household income (dollars)	40,856	(X)
median nodschold income (dollars)	40,000	(//)
With earnings	197,897	82.2
Mean earnings (dollars)	48,871	(X)
With Social Security income	63,726	26.5
Mean Social Security income (dollars)	11,173	(X)
With Supplemental Security Income	9,954	(^) 4.1
Mean Supplemental Security Income (dollars)	6,239	(X)
, , , , , , , , , , , , , , , , , , ,		` ,
With public assistance income	11,610	4.8
Mean public assistance income (dollars)	2,780	(X)
With retirement income	37,434	15.5
Mean retirement income (dollars)	15,449	(X)
Per capita income (dollars)	20,625	(X)
Median earnings (dollars):	20,023	(^)
	22.457	()()
Male full-time, year-round workers	32,457	(X)
Female full-time, year-round workers	25,322	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	9,925	(V)
Percent below poverty level		(X) 6.3
	(X)	
With related children under 18 years	7,788	(X)
Percent below poverty level	(X)	9.7
With related children under 5 years	3,444	(X)
Percent below poverty level	(X)	12.9
Families with female householder, no husband present	5,107	(X)
Percent below poverty level	(X)	24.1
With related children under 18 years	4,778	(X)
Percent below poverty level	(X)	31.0
With related children under 5 years	2,163	
Percent below poverty level		(X) 49.4
Percent below poverty level	(X)	49.4
Individuals	55,506	(X)
Percent below poverty level	(X)	9.4
18 years and over	38,911	(X)
Percent below poverty level	(X)	8.8
65 years and over		
Percent below poverty level	6,217	(X)
	(X)	8.5
Related children under 18 years	15,442	(X)
Percent below poverty level	(X)	10.7
Related children 5 to 17 years	10,966	(X)
Percent below poverty level	(X)	9.9
Unrelated individuals 15 years and over	24,924	(X)
Percent below poverty level	(X)	21.1

VIRGINIA

INCOME IN 1999	Number	Percent
Households	2,700,335	100.0
Less than \$10,000	214,076	7.9
\$10,000 to \$14,999	141,948	5.3
\$15,000 to \$24,999	308,532	11.4
\$25,000 to \$34,999	326,821	12.1
\$35,000 to \$49,999	444,682	16.5
\$50,000 to \$74,999	549,412	20.3
\$75,000 to \$99,999	307,107	11.4
\$100,000 to \$149,999	254,948	9.4
\$150,000 to \$199,999	80,046	3.0
\$200,000 or more	72,763	2.7
Median household income (dollars)	46,677	(X)
With earnings	2,252,777	83.4
Mean earnings (dollars)	59,822	(X)
With Social Security income	631,530	23.4
Mean Social Security income (dollars)	10,868	(X)
With Supplemental Security Income	95,716	3.5
Mean Supplemental Security Income (dollars)	5,770	(X)
With public assistance income	66,492	2.5
Mean public assistance income (dollars)	2,242	(X)
With retirement income	507,879	18.8
Mean retirement income (dollars)	20,920	(X)
Per capita income (dollars)	23,975	(X)
Median earnings (dollars):	-,	
Male full-time, year-round workers	37,764	(X)
Female full-time, year-round workers	28,035	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	129,890	(X)
Percent below poverty level	(X)	7.0
With related children under 18 years	98,963	(X)
Percent below poverty level	(X)	10.2
With related children under 5 years	45,898	(X)
Percent below poverty level	(X)	12.3
Families with female householder, no husband present	71,397	(X)
Percent below poverty level	(X)	23.0
With related children under 18 years	63,280	(X)
Percent below poverty level	(X)	29.8
With related children under 5 years	28,548	(X)
Percent below poverty level	(X)	40.7
Individuals	656,641	(X)
Percent below poverty level	(X)	9.6
18 years and over	447,109	(X)
Percent below poverty level	(X)	8.7
65 years and over	71,545	(X)
Percent below poverty level	(X)	9.5
Related children under 18 years	202,174	(X)
Percent below poverty level	(X)	11.9
Related children 5 to 17 years	142,391	(X)
Percent below poverty level	(X)	11.4
Unrelated individuals 15 years and over	235,697	(X)
Percent below poverty level	(X)	19.9

WASHINGTON

INCOME IN 1999	Number	Percent
Households	2,272,261	100.0
Less than \$10,000	171,863	7.6
\$10,000 to \$14,999	124,848	5.5
\$15,000 to \$24,999	265,131	11.7
\$25,000 to \$34,999	284,630	12.5
\$35,000 to \$49,999	389,434	17.1
\$50,000 to \$74,999	486,392	21.4
\$75,000 to \$99,999	264,498	11.6
\$100,000 to \$149,999	188,513	8.3
\$150,000 to \$199,999	47,615	2.1
\$200,000 or more	49,337	2.2
Median household income (dollars)	45,776	(X)
Thousan House (donato)	10,770	(71)
With earnings	1,862,102	81.9
Mean earnings (dollars)	57,172	(X)
With Social Security income	521,176	22.9
Mean Social Security income (dollars)	11,914	(X)
With Supplemental Security Income	84,750	3.7
Mean Supplemental Security Income (dollars)	6,466	(X)
		. ,
With public assistance income	86,741	3.8
Mean public assistance income (dollars)	3,579	(X)
With retirement income	389,587	17.1
Mean retirement income (dollars)	18,241	(X)
Don con'to 'con con (dellers)	00.070	()()
Per capita income (dollars)	22,973	(X)
Median earnings (dollars):		
Male full-time, year-round workers	40,687	(X)
Female full-time, year-round workers	30,021	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	110,663	(X)
Percent below poverty level	(X)	7.3
With related children under 18 years	88,838	(X)
Percent below poverty level	(X)	11.2
With related children under 5 years	46,276	(X)
Percent below poverty level	(X)	14.9
Families with female householder, no husband present	52,290	(X)
Percent below poverty level	(X)	24.1
With related children under 18 years	48,358	(X)
Percent below poverty level	(X)	30.8
With related children under 5 years	24,089	(X)
Percent below poverty level	(X)	45.6
Individuals	612,370	(X)
Percent below poverty level	(X)	10.6
18 years and over	409,479	(X)
Percent below poverty level	(X)	9.6
65 years and over	47,967	(X)
Percent below poverty level	(X)	7.5
Related children under 18 years	193,569	(X)
Percent below poverty level	(X)	13.2
Related children 5 to 17 years	132,344	(X)
Percent below poverty level	(X)	12.2
Unrelated individuals 15 years and over	232,590	(X)

WEST VIRGINIA

INCOME IN 1999	Number	Percent
Households	737,360	100.0
Less than \$10,000	113,931	15.5
\$10,000 to \$14,999	73,514	10.0
\$15,000 to \$24,999	128,448	17.4
\$25,000 to \$34,999	107,192	14.5
\$35,000 to \$49,999	121,089	16.4
\$50,000 to \$74,999	111,446	15.1
\$75,000 to \$99,999	44,643	6.1
\$100,000 to \$149,999	24,185	3.3
\$150,000 to \$199,999	5,632	0.8
\$200,000 or more	7,280	1.0
Median household income (dollars)	29,696	(X)
With earnings	520,246	70.6
Mean earnings (dollars)	41,287	(X)
With Social Security income	249,895	33.9
Mean Social Security income (dollars)	10,931	(X)
With Supplemental Security Income	50,619	6.9
Mean Supplemental Security Income (dollars)	5,974	(X)
With public assistance income	29,693	4.0
Mean public assistance income (dollars)	29,093	
·		(X)
With retirement income	162,008	22.0
Mean retirement income (dollars)	14,826	(X)
Per capita income (dollars)	16,477	(X)
Median earnings (dollars):		
Male full-time, year-round workers	31,299	(X)
Female full-time, year-round workers	21,154	(X)
POVERTY STATUS IN 1999 (below poverty level)		
Families	70,448	(X)
Percent below poverty level	(X)	13.9
With related children under 18 years	49,937	(X)
Percent below poverty level	(X)	21.4
With related children under 5 years	21,219	(X)
Percent below poverty level	(X)	25.7
Families with female householder, no husband present	27,193	(X)
Percent below poverty level	(X)	35.5
With related children under 18 years	22,892	(X)
Percent below poverty level	(X)	48.8
With related children under 5 years	9,355	(X)
Percent below poverty level	(X)	62.8
1 creatil below poverty level	(//)	02.0
Individuals	315,794	(X)
Percent below poverty level	(X)	17.9
18 years and over	219,698	(X)
Percent below poverty level	(X)	16.0
65 years and over	31,555	(X)
Percent below poverty level	(X)	11.9
Related children under 18 years	93,848	(X)
Percent below poverty level	(X)	23.9
Related children 5 to 17 years	66,857	(X)
Percent below poverty level	(X)	22.9
Unrelated individuals 15 years and over	95,757	(X)
Percent below poverty level	(X)	32.5

WISCONSIN

INCOME IN 1999	Number	Percent
Households	2,086,304	100.0
Less than \$10,000	148,964	7.1
\$10,000 to \$14,999	121,366	5.8
\$15,000 to \$24,999	264,897	12.7
\$25,000 to \$34,999	276,033	13.2
\$35,000 to \$49,999	377,749	18.1
\$50,000 to \$74,999	474,299	22.7
\$75,000 to \$99,999	226,374	10.9
\$100,000 to \$149,999	133,719	6.4
\$150,000 to \$199,999	30,598	1.5
\$200,000 or more	32,305	1.5
Median household income (dollars)	43,791	(X)
modian nodeshold mostlio (deliate)	10,701	(71)
With earnings	1,706,803	81.8
Mean earnings (dollars)	53,084	(X)
With Social Security income	550,044	26.4
Mean Social Security income (dollars)	11,811	(X)
With Supplemental Security Income	71,359	3.4
Mean Supplemental Security Income (dollars)	6,330	(X)
With public assistance income	35,695	1.7
Mean public assistance income (dollars)	2,533	(X)
With retirement income	327,570	15.7
Mean retirement income (dollars)	15,759	(X)
modification (deliate)	10,700	(71)
Per capita income (dollars)	21,271	(X)
Median earnings (dollars):		
Male full-time, year-round workers	37,062	(X)
Female full-time, year-round workers	25,865	(X)
		` ,
POVERTY STATUS IN 1999 (below poverty level)		
Families	78,188	(X)
Percent below poverty level	(X)	5.6
With related children under 18 years	61,837	(X)
Percent below poverty level	(X)	8.8
With related children under 5 years	32,367	(X)
Percent below poverty level	(X)	12.2
Families with female householder, no husband present	41,608	(X)
Percent below poverty level	(X)	21.7
With related children under 18 years	38,464	(X)
Percent below poverty level	(X)	28.4
With related children under 5 years	20,118	(X)
Percent below poverty level	(X)	42.5
L. P. S. A. ede	454 500	()()
Individuals	451,538	(X)
Percent below poverty level	(X)	8.7
18 years and over	301,372	(X)
Percent below poverty level	(X)	7.8
65 years and over	49,245	(X)
Percent below poverty level	(X)	7.4
Related children under 18 years	143,963	(X)
Percent below poverty level	(X)	10.8
Related children 5 to 17 years	100,127	(X)
Percent below poverty level	(X)	10.0
Unrelated individuals 15 years and over	181,580	(X)
Percent below poverty level	(X)	19.0

WYOMING

INCOME IN 1999	Number	Percent
Households	193,959	100.0
Less than \$10,000	17,766	9.2
\$10,000 to \$14,999	14,586	7.5
\$15,000 to \$24,999	28,984	14.9
\$25,000 to \$34,999	27,727	14.3
\$35,000 to \$49,999	35,417	18.3
\$50,000 to \$74,999	39,126	20.2
\$75,000 to \$99,999	17,392	9.0
\$100,000 to \$149,999	8,636	4.5
\$150,000 to \$199,999	1,880	1.0
\$200,000 or more	2,445	1.3
Median household income (dollars)	37,892	(X)
median nedection morne (defials)	07,002	(71)
With earnings	160,066	82.5
Mean earnings (dollars)	45,363	(X)
With Social Security income	47,608	24.5
Mean Social Security income (dollars)	11,391	(X)
With Supplemental Security Income	5,381	2.8
Mean Supplemental Security Income (dollars)	6,592	(X)
With public assistance income	5,077	2.6
Mean public assistance income (dollars)	2,403	(X)
With retirement income	28,279	14.6
Mean retirement income (dollars)	16,270	(X)
Mean retirement income (dollars)	10,270	(^)
Per capita income (dollars)	19,134	(X)
Median earnings (dollars):	10,101	(* ',
Male full-time, year-round workers	34,442	(X)
Female full-time, year-round workers	21,735	(X)
Terriale full time, year found workers	21,733	(//)
POVERTY STATUS IN 1999 (below poverty level)		
Families	10,585	(X)
Percent below poverty level	(X)	8.0
With related children under 18 years	8,303	(X)
Percent below poverty level	(X)	12.4
With related children under 5 years	4,041	(X)
Percent below poverty level	(X)	16.5
1 Greent Bolow poverty level	(//)	10.0
Families with female householder, no husband present	5,077	(X)
Percent below poverty level	(X)	30.9
With related children under 18 years	4,682	(X)
Percent below poverty level	(X)	38.1
With related children under 5 years	2,215	(X)
Percent below poverty level	(X)	53.4
1 Grown poverty level	(7.)	00.1
Individuals	54,777	(X)
Percent below poverty level	(X)	11.4
18 years and over	36,562	(X)
Percent below poverty level	(X)	10.3
65 years and over	4,853	(X)
Percent below poverty level	(X)	8.9
Related children under 18 years	17,284	(X)
Percent below poverty level	(X)	13.8
Related children 5 to 17 years	11,835	(X)
Percent below poverty level	(X)	12.5
	20,101	(X)
Unrelated individuals 15 years and over	1 201 404	

WORLD POVERTY

Appendix B Country Economic Profiles

Source: CIA World Factbook 2005

AFGHANISTAN

Gross Domestic Product (GDP): purchasing power parity: \$21.5 billion (2003 est.)

GDP: real growth rate: 7.5% (2004 est.)

GDP: per capita: purchasing power parity: \$800 (2003 est.)

GDP: composition by sector:

agriculture: 60% industry: 20%

services: 20% (1990 est.)

Population below poverty line: 53% (2003)

Household income or consumption by percentage share:

lowest 10%: NA highest 10%: NA

Inflation rate (consumer prices): 10.3% (2003)

Labor force: 11.8 million (2001 est.)

Labor force: by occupation: agriculture 80%, industry 10%, services 10% (2004 est.)

Unemployment rate: NA

Budget:

revenues: \$300 million

expenditures: \$609 million, including capital expenditures of NA (FY04-05 budget) Agriculture: products: opium, wheat, fruits, nuts, wool, mutton, sheepskins, lambskins

Industries: small-scale production of textiles, soap, furniture, shoes, fertilizer, cement; handwoven carpets; natural

gas, coal, copper

Exports: \$446 million (not including illicit exports or reexports) (FY03-04)

Exports: commodities: opium, fruits and nuts, handwoven carpets, wool, cotton, hides and pelts, precious and semi-

precious gems

Exports: partners: India 23.1%, Pakistan 20.5%, US 12.9%, Germany 6% (2004)

Imports: \$3.759 billion (FY03-04)

Imports: commodities: capital goods, food, textiles, petroleum products

Imports: partners: Pakistan 25.2%, US 8.7%, South Korea 7.7%, India 7.6%, Germany 6.5%, Turkmenistan 4.5%,

Turkey 4.1% (2004)

Debt: external: \$8 billion in bilateral debt, mostly to Russia; Afghanistan has \$500 million in debt to Multilateral De-

velopment Banks (2004)

Economic aid: recipient: international pledges made by more than 60 countries and international financial institutions at the Berlin Donors Conference for Afghan reconstruction in March 2004 reached \$8.9 billion for 2004-09

ALBANIA

GDP: purchasing power parity: \$17.46 billion (2004 est.)

GDP: real growth rate: 5.6% (2004 est.)

GDP: per capita: purchasing power parity: \$4,900 (2004 est.)

GDP: composition by sector: agriculture: 46.2%

industry: 25.4%

services: 28.4% (2004 est.)

Labor force: 1.09 million (not including 352,000 emigrant workers) (2004 est.)

Labor force: by occupation: agriculture 57%, non-agricultural private sector 20%, public sector 23% (2004 est.)

Unemployment rate: 14.8% officially; may be as high as 30% (2001 est.)

Population below poverty line: 25% (2004 est.)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 3.2% (2004 est.) Investment (gross fixed): 18.4% of GDP (2004 est.)

Budget: revenues: \$2.05 billion

expenditures: \$2.46 billion, including capital expenditures of \$500 million (2004 est.)

Agriculture: products: wheat, corn, potatoes, vegetables, fruits, sugar beets, grapes; meat, dairy products

Industries: food processing, textiles and clothing; lumber, oil, cement, chemicals, mining, basic metals, hydropower

Industrial production growth rate: 3.1% (2004 est.)

Exports: \$32.16 billion f.o.b. (2004 est.)

Exports: commodities: petroleum, natural gas, and petroleum products 97%

Exports: partners: US 22.5%, Italy 17.8%, France 11.8%, Spain 10.2%, Canada 7.8%, Belgium 4.8% (2004)

Imports: \$15.25 billion f.o.b. (2004 est.)

Imports: commodities: capital goods, foodstuffs, consumer goods

Imports: partners: France 31.6%, Italy 8.5%, Germany 6.3%, Spain 5.6%, China 5.3%, US 4.9%, Turkey 4.5%

(2004)

Reserves of foreign exchange and gold: \$43.55 billion (2004 est.)

Debt: external: \$21.9 billion (2004 est.)

Economic aid: recipient: \$122.8 million (2002 est.)

ANDORRA

GDP: purchasing power parity: \$1.9 billion (2003 est.)

GDP: real growth rate: 2% (2003 est.)

GDP: per capita: purchasing power parity: \$26,800 (2003 est.)

GDP: composition by sector: agriculture: NA%

industry: NA% services: NA%

Labor force: 33,000 (2001 est.)

Labor force: by occupation: agriculture 1%, industry 21%, services 78% (2000 est.)

Unemployment rate: 0% (1996 est.) Population below poverty line: NA%

Household income or consumption by percentage share: lowest 10%: NA%

highest 10%: NA%

Inflation rate (consumer prices): 4.3% (2000)

Budget: revenues: \$385 million

expenditures: \$342 million, including capital expenditures of NA (1997)

Agriculture: products: small quantities of rye, wheat, barley, oats, vegetables; sheep

Industries: tourism (particularly skiing), cattle raising, timber, banking

Industrial production growth rate: NA% Exports: \$12.76 billion f.o.b. (2004 est.)

Exports: commodities: crude oil, diamonds, refined petroleum products, gas, coffee, sisal, fish and fish products, tim-

ber, cotton

Exports: partners: US 39.8%, China 30.3%, Taiwan 8.1%, France 7.1% (2004)

Imports: \$4.896 billion f.o.b. (2004 est.)

Imports: commodities: machinery and electrical equipment, vehicles and spare parts; medicines, food, textiles, mil-

itary goods

Imports: partners: Portugal 18.4%, US 13.1%, South Africa 10.7%, Japan 6.9%, France 6.3%, Brazil 5.6%, UK

4.9%, China 4.5% (2004)

Reserves of foreign exchange and gold: \$800 million (2004 est.)

Debt: external: \$10.45 billion (2004 est.) Economic aid: recipient: \$383.5 million (1999)

ARGENTINA

GDP: purchasing power parity: \$483.5 billion (2004 est.)

GDP: real growth rate: 8.3% (2004 est.)

GDP: per capita: purchasing power parity: \$12,400 (2004 est.)

GDP: composition by sector: agriculture: 10.6%

industry: 35.9%

services: 53.5% (2004 est.)

Labor force: 15.04 million (2004 est.)

Labor force: by occupation: agriculture NA%, industry NA%, services NA%

Unemployment rate: 14.8% (2004 est.)

Population below poverty line: 44.3% (June 2004)

Household income or consumption by percentage share: lowest 10%: NA%

highest 10%: NA%

Inflation rate (consumer prices): 6.1% (2004 est.) Investment (gross fixed): 18.3% of GDP (2004 est.)

Budget: revenues: \$29.15 billion

expenditures: \$26.84 billion, including capital expenditures of NA (2004 est.)

Public debt: 118% of GDP (June 2004 est.)

Agriculture: products: sunflower seeds, lemons, soybeans, grapes, corn, tobacco, peanuts, tea, wheat; livestock Industries: food processing, motor vehicles, consumer durables, textiles, chemicals and petrochemicals, printing, metric.

allurgy, steel

Industrial production growth rate: 12% (2004 est.)

Exports: \$33.78 billion f.o.b. (2004 est.)

Exports: commodities: edible oils, fuels and energy, cereals, feed, motor vehicles

Exports: partners: Brazil 16.5%, Chile 10.9%, US 10.2%, China 8.5%, Spain 4.5% (2004)

Imports: \$22.06 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, motor vehicles, chemicals, metal manufactures, plastics Imports: partners: Brazil 27%, US 20%, Germany 6.6%, China 4.6%, France 4.2%, Italy 4.1% (2004)

Reserves of foreign exchange and gold: \$19.47 billion (2004 est.)

Debt: external: \$157.7 billion (2004 est.) Economic aid: recipient: \$10 billion (2001 est.)

ARMENIA

GDP: purchasing power parity: \$13.65 billion (2004 est.)

GDP: real growth rate: 9% (2004 est.)

GDP: per capita: purchasing power parity: \$4,600 (2004 est.)

GDP: composition by sector: agriculture: 22.9%

industry: 36.1%

services: 41.1% (2004 est.) Labor force: 1.4 million (2001)

Labor force: by occupation: agriculture 45%, industry 25%, services 30% (2002 est.)

Unemployment rate: 30% (2003 est.)

Population below poverty line: 50% (2002 est.)

Household income or consumption by percentage share: lowest 10%: 2.3%

highest 10%: 46.2% (1999)

Distribution of family income: Gini index: 44.4 (1996) Inflation rate (consumer prices): 3.5% (2004 est.) Investment (gross fixed): 19.8% of GDP (2004 est.)

Budget: revenues: \$428.1 million

expenditures: \$491.2 million, including capital expenditures of NA (2004 est.)

Agriculture: products: fruit (especially grapes), vegetables; livestock

Industries: diamond-processing, metal-cutting machine tools, forging-pressing machines, electric motors, tires, knitted wear, hosiery, shoes, silk fabric, chemicals, trucks, instruments, microelectronics, jewelry manufacturing, software

development, food processing, brandy

Industrial production growth rate: 15% (2002 est.)

Exports: \$850 million f.o.b. (2004 est.)

Exports: commodities: diamonds, mineral products, foodstuffs, energy

Exports: partners: Belgium 16.8%, Israel 14.3%, Russia 14.2%, Germany 11.4%, Iran 9.9%, US 7.8%, Netherlands

5.8% (2004)

Imports: \$1.3 billion f.o.b. (2004 est.)

Imports: commodities: natural gas, petroleum, tobacco products, foodstuffs, diamonds

Imports: partners: Belgium 10.3%, Iran 10.2%, Russia 9.8%, Israel 8.6%, US 7.7%, UAE 6.2%, Italy 5.4%, Ger-

many 5%, France 4.6%, Ukraine 4.5% (2004)

Reserves of foreign exchange and gold: \$555 million (2004 est.)

Debt: external: \$905 million (June 2001)

Economic aid: recipient: ODA \$170 million (2000)

AUSTRALIA

GDP: purchasing power parity: \$611.7 billion (2004 est.)

GDP: real growth rate: 3.5% (2004 est.)

GDP: per capita: purchasing power parity: \$30,700 (2004 est.)

GDP: composition by sector: agriculture: 3.4%

industry: 28.2%

services: 68.4% (2004 est.)

Labor force: 10.35 million (2004 est.)

Labor force: by occupation: agriculture 3.6%, industry 26.4%, services 70% (2004 est.)

Unemployment rate: 5.1% (December 2004 est.)

Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 2%

highest 10%: 25.4% (1994)

Distribution of family income: Gini index: 35.2 (1994)

Inflation rate (consumer prices): 2.3% (2004 est.) Investment (gross fixed): 25.3% of GDP (2004 est.)

Budget: revenues: \$222.7 billion

expenditures: \$221.7 billion, including capital expenditures of NA (2004 est.)

Public debt: 17.4% of GDP (2004 est.)

Agriculture: products: wheat, barley, sugarcane, fruits; cattle, sheep, poultry

Industries: mining, industrial and transportation equipment, food processing, chemicals, steel

Industrial production growth rate: 1.9% (2004 est.)

Exports: \$86.89 billion (2004 est.)

Exports: commodities: coal, gold, meat, wool, alumina, iron ore, wheat, machinery and transport equipment

Exports: partners: Japan 18.6%, China 9.2%, US 8.1%, South Korea 7.7%, New Zealand 7.4%, India 4.6%, UK

4.2% (2004)

Imports: \$98.1 billion (2004 est.)

Imports: commodities: machinery and transport equipment, computers and office machines, telecommunication

equipment and parts; crude oil and petroleum products

Imports: partners: US 14.8%, China 12.7%, Japan 11.8%, Germany 5.8%, Singapore 4.4%, UK 4.1% (2004)

Reserves of foreign exchange and gold: \$35.14 billion (2004 est.)

Debt: external: \$308.7 billion (3rd quarter, 2004 est.) Economic aid: donor: ODA, \$894 million (FY99/00)

AUSTRIA

GDP: purchasing power parity: \$255.9 billion (2004 est.)

GDP: real growth rate: 1.9% (2004 est.)

GDP: per capita: purchasing power parity: \$31,300 (2004 est.)

GDP: composition by sector: agriculture: 2.3%

industry: 30.8%

services: 66.9% (2004 est.)

Labor force: 3.45 million (2004 est.)

Labor force: by occupation: agriculture and forestry 4%, industry and crafts 29%, services 67% (2001 est.)

Unemployment rate: 4.4% (2004 est.) Population below poverty line: 3.9% (1999)

Household income or consumption by percentage share: lowest 10%: 2.5%

highest 10%: 22.5% (1995)

Distribution of family income: Gini index: 31 (1995) Inflation rate (consumer prices): 1.8% (2004 est.) Investment (gross fixed): 22.6% of GDP (2004 est.)

Budget: revenues: \$142.5 billion

expenditures: \$146.4 billion, including capital expenditures of NA (2004 est.)

Public debt: 64.2% of GDP (2004 est.)

Agriculture: products: grains, potatoes, sugar beets, wine, fruit; dairy products, cattle, pigs, poultry; lumber

Industries: construction, machinery, vehicles and parts, food, metals, chemicals, lumber and wood processing, paper and paperboard, communications equipment, tourism

Industrial production growth rate: 3.3% (2004 est.)

Exports: \$102.7 billion f.o.b. (2004 est.)

Exports: commodities: machinery and equipment, motor vehicles and parts, paper and paperboard, metal goods, chemicals, iron and steel; textiles, foodstuffs

Exports: partners: Germany 31.4%, Italy 9%, US 6%, Switzerland 4.8%, UK 4.4%, France 4.2% (2004)

Imports: \$101.2 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, motor vehicles, chemicals, metal goods, oil and oil products; foodstuffs

Imports: partners: Germany 45.9%, Italy 6.7%, Switzerland 4.3% (2004)

Reserves of foreign exchange and gold: \$12.73 billion (2003)

Debt: external: \$15.5 billion (2003 est.)

Economic aid: donor: ODA, \$520 million (2002)

AZERBAIJAN

GDP: composition by sector: agriculture: 14.1%

industry: 45.7%

services: 40.2% (2002 est.)

Labor force: 5.09 million (2004 est.)

Labor force: by occupation: agriculture and forestry 41%, industry 7%, services 52% (2001)

Unemployment rate: 1.2% (official rate) (2004 est.) Population below poverty line: 49% (2002 est.)

Household income or consumption by percentage share: lowest 10%: 2.8%

highest 10%: 27.8% (1995)

Distribution of family income: Gini index: 36 (1995) Inflation rate (consumer prices): 4.6% (2004 est.) Investment (gross fixed): 65.1% of GDP (2004 est.)

Budget: revenues: \$2.715 billion

expenditures: \$2.801 billion, including capital expenditures of NA (2004 est.)

Public debt: 18.9% of GDP (2004 est.)

Agriculture: products: cotton, grain, rice, grapes, fruit, vegetables, tea, tobacco; cattle, pigs, sheep, goats

Industries: petroleum and natural gas, petroleum products, oilfield equipment; steel, iron ore, cement; chemicals and

petrochemicals; textiles

Industrial production growth rate: 4% (2004 est.)

Exports: \$3.168 billion f.o.b. (2004 est.)

Exports: commodities: oil and gas 90%, machinery, cotton, foodstuffs

Exports: partners: Italy 31.1%, Czech Republic 14.5%, Germany 9.4%, Turkey 6.1%, Russia 6%, Georgia 5.3%,

France 4.9% (2004)

Imports: \$3.622 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, oil products, foodstuffs, metals, chemicals

Imports: partners: UK 13.9%, Russia 13.1%, Turkey 11.5%, Germany 8%, Netherlands 5.3%, China 5%, US

4.7%, Italy 4.5%, Ukraine 4.3% (2004)

Reserves of foreign exchange and gold: \$875 million (2004 est.)

Debt: external: \$1.832 billion (2004 est.)

Economic aid: recipient: ODA, \$140 million (2000 est.)

BAHAMAS

GDP: purchasing power parity: \$5.295 billion (2004 est.)

GDP: real growth rate: 3% (2004 est.)

GDP: per capita: purchasing power parity: \$17,700 (2004 est.)

GDP: composition by sector: agriculture: 3%

industry: 7%

services: 90% (2001 est.) Labor force: 156,000 (1999) Labor force: by occupation: agriculture 5%, industry 5%, tourism 50%, other services 40% (1999 est.)

Unemployment rate: 10.2% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: 27% (2000)

Inflation rate (consumer prices): 1.2% (year ending September 2004)

Budget: revenues: \$1 billion

expenditures: \$1 billion, including capital expenditures of \$106.7 million (FY03/04)

Agriculture: products: citrus, vegetables; poultry

Industries: tourism, banking, cement, oil transshipment, salt, rum, aragonite, pharmaceuticals, spiral-welded steel

pipe

Industrial production growth rate: NA

Exports: \$636 million (2003 est.)

Exports: commodities: mineral products and salt, animal products, rum, chemicals; fruit and vegetables

Exports: partners: US 42.1%, Spain 10.3%, Poland 6.1%, Germany 6.1%, Switzerland 4.9%, Paraguay 4.8%,

France 4.5%, Mexico 4.5% (2004) Imports: \$1.63 billion (2003)

Imports: commodities: machinery and transport equipment, manufactures, chemicals, mineral fuels; food and live

animals

Imports: partners: US 22.3%, South Korea 19%, Japan 8.2%, Brazil 8.2%, Italy 8.1%, Venezuela 6.8% (2004)

Debt: external: \$308.5 million (2002)

Economic aid: recipient: \$9.8 million (1995)

BAHRAIN

GDP: purchasing power parity: \$13.01 billion (2004 est.)

GDP: real growth rate: 5.6% (2004 est.)

GDP: per capita: purchasing power parity: \$19,200 (2004 est.)

GDP: composition by sector: agriculture: 0.7%

industry: 41%

services: 58.4% (2004 est.) Labor force: 370,000

note: 44% of the population in the 15-64 age group is non-national (2004 est.)

Labor force: by occupation: agriculture 1%, industry, commerce, and services 79%, government 20% (1997 est.)

Unemployment rate: 15% (1998 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 2.1% (2004 est.) Investment (gross fixed): 12.8% of GDP (2004 est.)

Budget: revenues: \$3.825 billion

expenditures: \$3.262 billion, including capital expenditures of \$700 million (2004 est.)

Public debt: 63.8% of GDP (2004 est.)

Agriculture: products: fruit, vegetables; poultry, dairy products; shrimp, fish

Industries: petroleum processing and refining, aluminum smelting, iron pelletization, fertilizers, offshore banking,

ship repairing; tourism

Industrial production growth rate: 2% (2000 est.)

Exports: \$8.205 billion (2004 est.)

Exports: commodities: petroleum and petroleum products, aluminum, textiles

Exports: partners: US 3.1%, South Korea 2.3%, Japan 2% (2004)

Imports: \$5.87 billion (2004 est.)

Imports: commodities: crude oil, machinery, chemicals

Imports: partners: Saudi Arabia 33.1%, Japan 7.6%, Germany 6.1%,

US 5.7%, UK 5.6%, France 4.9% (2004)

Reserves of foreign exchange and gold: \$2.141 billion (2004 est.)

Debt: external: \$6.215 billion (2004 est.)

Economic aid: recipient: \$150 million; note: \$50 million annually since 1992 from each of Saudi Arabia, UAE, and

Kuwait (2002)

BANGLADESH

GDP: real growth rate: 4.9% (2004 est.)

GDP: per capita: purchasing power parity: \$2,000 (2004 est.)

GDP: composition by sector: agriculture: 21.2%

industry: 27.1%

services: 51.7% (2004 est.) Labor force: 65.49 million

note: extensive export of labor to Saudi Arabia, Kuwait, UAE, Oman, Qatar, and Malaysia; workers' remittances es-

timated at \$1.71 billion in 1998-99 (2004 est.)

Labor force: by occupation: agriculture 63%, industry 11%, services 26% (FY95/96)

Unemployment rate: 40% (includes underemployment) (2004 est.)

Population below poverty line: 45% (2004 est.)

Household income or consumption by percentage share: lowest 10%: 3.9%

highest 10%: 28.6% (1995-96 est.)

Distribution of family income: Gini index: 33.6 (FY95/96)

Inflation rate (consumer prices): 6% (2004 est.) Investment (gross fixed): 23.5% of GDP (2004 est.)

Budget: revenues: \$5.921 billion

expenditures: \$8.262 billion, including capital expenditures of NA (2004 est.)

Public debt: 43% of GDP (2004 est.)

Agriculture: products: rice, jute, tea, wheat, sugarcane, potatoes, tobacco, pulses, oilseeds, spices, fruit; beef, milk, poultry

Industries: cotton textiles, jute, garments, tea processing, paper newsprint, cement, chemical fertilizer, light engineering, sugar

Industrial production growth rate: 6.5% (2004 est.)

Exports: \$7.478 billion (2004 est.)

Exports: commodities: garments, jute and jute goods, leather, frozen fish and seafood (2001)

Exports: partners: US 22.7%, Germany 14.5%, UK 10.8%, France 6.7% (2004)

Imports: \$10.03 billion (2004 est.)

Imports: commodities: machinery and equipment, chemicals, iron and steel, textiles, foodstuffs, petroleum products, cement (2000)

Imports: partners: India 14.6%, China 11.7%, Singapore 7.8%, Japan 5.8%,

Hong Kong 4.8% (2004)

Reserves of foreign exchange and gold: \$3 billion (2004 est.)

Debt: external: \$19.97 billion (2004 est.)

Economic aid: recipient: \$1.575 billion (2000 est.)

BARBADOS

GDP: real growth rate: 2.3% (2004 est.)

GDP: per capita: purchasing power parity: \$16,400 (2004 est.)

GDP: composition by sector: agriculture: 6%

industry: 16%

services: 78% (2000 est.) Labor force: 128,500 (2001 est.)

Labor force: by occupation: agriculture 10%, industry 15%, services 75% (1996 est.)

Unemployment rate: 10.7% (2003 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): -0.5% (2003 est.) Budget: revenues: \$847 million (including grants)

expenditures: \$886 million, including capital expenditures of NA (2000 est.)

Agriculture: products: sugarcane, vegetables, cotton

Industries: tourism, sugar, light manufacturing, component assembly for export

Industrial production growth rate: -3.2% (2000 est.)

Exports: \$206 million (2002)

Exports: commodities: sugar and molasses, rum, other foods and beverages, chemicals, electrical components Exports: partners: Trinidad and Tobago 14.2%, US 13.9%, UK 13%, Jamaica 7.7%, Saint Lucia 5.8%, Spain 5.8%,

Saint Vincent and the Grenadines 4.6% (2004)

Imports: \$1.039 billion (2002)

Imports: commodities: consumer goods, machinery, foodstuffs, construction materials, chemicals, fuel, electrical

components

Imports: partners: US 31.6%, Trinidad and Tobago 21.6%, UK 7.9%, Japan 5.3% (2004)

Debt: external: \$668 million (2003)

Economic aid: recipient: \$9.1 million (1995)

BELARUS

GDP: purchasing power parity: \$70.5 billion (2004 est.)

GDP: real growth rate: 6.4% (2004 est.)

GDP: per capita: purchasing power parity: \$6,800 (2004 est.)

GDP: composition by sector: agriculture: 11%

industry: 36.4%

services: 52.6% (2004 est.)

Labor force: 4.305 million (31 December 2003)

Labor force: by occupation: agriculture 14%, industry 34.7%, services 51.3% (2003 est.)

Unemployment rate: 2% officially registered unemployed; large number of underemployed workers (2004)

Population below poverty line: 27.1% (2003 est.)

Household income or consumption by percentage share: lowest 10%: 5.1%

highest 10%: 20% (1998)

Distribution of family income: Gini index: 21.7 (1998) Inflation rate (consumer prices): 17.4% (2004 est.) Investment (gross fixed): 21.8% of GDP (2004 est.)

Budget: revenues: \$3.326 billion

expenditures: \$3.564 billion, including capital expenditures of \$180 million (2004 est.)

Agriculture: products: grain, potatoes, vegetables, sugar beets, flax; beef, milk

Industries: metal-cutting machine tools, tractors, trucks, earthmovers, motorcycles, televisions, chemical fibers, fer-

tilizer, textiles, radios, refrigerators

Industrial production growth rate: 4% (2004 est.)

Exports: \$11.47 billion f.o.b. (2004 est.)

Exports: commodities: machinery and equipment, mineral products, chemicals, metals; textiles, foodstuffs

Exports: partners: Russia 38.7%, Poland 6.5%, Latvia 5.1%, Germany 5.1%, Ukraine 5.1% (2004)

Imports: \$13.57 billion f.o.b. (2004 est.)

Imports: commodities: mineral products, machinery and equipment, chemicals, foodstuffs, metals

Imports: partners: Russia 50%, Germany 13.3%, Ukraine 4.3%, Poland 4.2% (2004)

Reserves of foreign exchange and gold: \$770.2 million (2004 est.)

Debt: external: \$600 million (2004 est.)

Economic aid: recipient: \$194.3 million (1995)

BELGIUM

GDP: purchasing power parity: \$316.2 billion (2004 est.)

GDP: real growth rate: 2.6% (2004 est.)

GDP: per capita: purchasing power parity: \$30,600 (2004 est.)

GDP: composition by sector: agriculture: 1.3%

industry: 25.7%

services: 73% (2004 est.)

Labor force: 4.75 million (2004 est.)

Labor force: by occupation: agriculture 1.3%, industry 24.5%, services 74.2% (2003 est.)

Unemployment rate: 12% (first half, 2004) Population below poverty line: 4% (1989 est.)

Household income or consumption by percentage share: lowest 10%: 3.2%

highest 10%: 23% (1996)

Distribution of family income: Gini index: 28.7 (1996) Inflation rate (consumer prices): 1.9% (2004 est.) Investment (gross fixed): 19.1% of GDP (2004 est.)

Budget: revenues: \$173.7 billion

expenditures: \$174.8 billion, including capital expenditures of \$1.56 billion (2004 est.)

Public debt: 96.2% of GDP (2004 est.)

Agriculture: products: sugar beets, fresh vegetables, fruits, grain, tobacco; beef, veal, pork, milk

Industries: engineering and metal products, motor vehicle assembly, transportation equipment, scientific instruments, processed food and beverages, chemicals, basic metals, textiles, glass, petroleum

Industrial production growth rate: 3.5% (2004 est.)

Exports: \$255.7 billion f.o.b. (2003 est.)

Exports: commodities: machinery and equipment, chemicals,

diamonds, metals and metal products, foodstuffs

Exports: partners: Germany 19.9%, France 17.2%, Netherlands 11.8%, UK 8.6%, US 6.5%, Italy 5.2% (2004)

Imports: \$235 billion f.o.b. (2003 est.)

Imports: commodities: machinery and equipment, chemicals, diamonds, pharmaceuticals, foodstuffs, transportation equipment, oil products

Imports: partners: Germany 18.4%, Netherlands 17%, France 12.5%, UK 6.8%, Ireland 6.3%, US 5.5% (2004)

Reserves of foreign exchange and gold: \$14.45 billion (2003)

Debt: external: \$28.3 billion (1999 est.)

Economic aid: donor: ODA, \$1.072 billion (2002)

BELIZE

GDP: purchasing power parity: \$1.778 billion (2004 est.)

GDP: real growth rate: 3.5% (2004 est.)

GDP: per capita: purchasing power parity: \$6,500 (2004 est.)

GDP: composition by sector: agriculture: 17.7%

industry: 15%

services: 67.3% (2003 est.) Labor force: 90,000

note: shortage of skilled labor and all types of technical personnel (2001 est.)

Labor force: by occupation: agriculture 27%, industry 18%, services 55% (2001 est.)

Unemployment rate: 12.9% (2003)

Population below poverty line: 33% (1999 est.)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 2.9% (2004 est.) Investment (gross fixed): 33.6% of GDP (2004 est.)

Budget: revenues: \$244.5 million

expenditures: \$300 million, including capital expenditures of \$70 million (2004 est.)

Agriculture: products: bananas, coca, citrus, sugar; fish, cultured shrimp; lumber; garments

Industries: garment production, food processing, tourism, construction

Industrial production growth rate: 4.6% (1999)

Exports: \$401.4 million f.o.b. (2004 est.)

Exports: commodities: sugar, bananas, citrus, clothing, fish products, molasses, wood

Exports: partners: US 36.8%, UK 28.5%, Thailand 3.6% (2004)

Imports: \$579.9 million f.o.b. (2004 est.)

Imports: commodities: machinery and transport equipment, manufactured goods; fuels, chemicals, pharmaceuticals;

food, beverages, tobacco

Imports: partners: US 32.7%, Mexico 14.4%, Cuba 6.5%, Japan 4.7% (2004)

Reserves of foreign exchange and gold: \$111.1 million (2004 est.)

Debt: external: \$1.362 billion (June 2004 est.)

Economic aid: recipient: NA

BENIN

GDP: purchasing power parity: \$8.338 billion (2004 est.)

GDP: real growth rate: 5% (2004 est.)

GDP: per capita: purchasing power parity: \$1,200 (2004 est.)

GDP: composition by sector: agriculture: 36.3%

industry: 14.3%

services: 49.4% (2004 est.) Labor force: NA (1996)

Unemployment rate: NA

Population below poverty line: 33% (2001 est.)

Household income or consumption by percentage share: lowest 10%: NA, highest 10%: NA

Inflation rate (consumer prices): 2.8% (2004 est.) Investment (gross fixed): 19.3% of GDP (2004 est.)

Budget: revenues: \$869.4 million

expenditures: \$720.4 million, including capital expenditures of NA (2004 est.)

Agriculture: products: cotton, corn, cassava (tapioca), yams, beans, palm oil, peanuts, livestock (2001)

Industries: textiles, food processing, construction materials, cement (2001)

Industrial production growth rate: 8.3% (2001 est.)

Exports: \$720.9 million f.o.b. (2004 est.)

Exports: commodities: cotton, crude oil, palm products, cocoa

Exports: partners: China 30.2%, India 15.6%, Thailand 6%, Ghana 5.9%, Niger 4.5% (2004)

Imports: \$934.5 million f.o.b. (2004 est.)

Imports: commodities: foodstuffs, capital goods, petroleum products

Imports: partners: China 29.7%, France 13.8%, Thailand 7.2%, Cote d'Ivoire 4.6% (2004)

Reserves of foreign exchange and gold: \$839.3 million (2004 est.)

Debt: external: \$1.6 billion (2000)

Economic aid: recipient: \$342.6 million (2000)

BHUTAN

GDP: purchasing power parity: \$2.9 billion (2003 est.)

GDP: real growth rate: 5.3% (2003 est.)

GDP: per capita: purchasing power parity: \$1,400 (2003 est.)

GDP: composition by sector: agriculture: 45%

industry: 10%

services: 45% (2002 est.)

Labor force: NA

note: massive lack of skilled labor

Labor force: by occupation: agriculture 93%, industry and commerce 2%, services 5%

Unemployment rate: NA

Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 3% (2002 est.)

Budget: revenues: \$146 million

expenditures: \$152 million, including capital expenditures of NA

note: the government of India finances nearly three-fifths of Bhutan's budget expenditures (FY95/96 est.)

Agriculture: products: rice, corn, root crops, citrus, foodgrains; dairy products, eggs

Industries: cement, wood products, processed fruits, alcoholic beverages, calcium carbide

Industrial production growth rate: 9.3% (1996 est.)

Exports: \$154 million f.o.b. (2000 est.)

Exports: commodities: electricity (to India), cardamom, gypsum, timber, handicrafts, cement, fruit, precious stones, spices

Exports: partners: India 87.9%, Bangladesh 4.6%, Philippines 2% (2004)

Imports: \$196 million c.i.f. (2000 est.)

Imports: commodities: fuel and lubricants, grain, machinery and parts, vehicles, fabrics, rice

Imports: partners: India 71.3%, Japan 7.8%, Austria 3% (2004)

Debt: external: \$245 million (2000)

Economic aid: recipient: substantial aid from India and other nations

BOLIVIA

GDP: real growth rate: 3.7% (2004 est.)

GDP: per capita: purchasing power parity: \$2,600 (2004 est.)

GDP: composition by sector: agriculture: 13%

industry: 28%

services: 59% (2004 est.)

Labor force: 3.8 million (2004 est.)

Labor force: by occupation: agriculture NA%, industry NA%, services NA%

Unemployment rate: 9.2% in urban areas note: widespread underemployment (2003 est.) Population below poverty line: 64% (2004 est.)

Household income or consumption by percentage share: lowest 10%: 1.3%

highest 10%: 32% (1999)

Distribution of family income: Gini index: 44.7 (1999) Inflation rate (consumer prices): 4.9% (2004 est.) Investment (gross fixed): 10.4% of GDP (2003 est.)

Budget: revenues: \$2.264 billion

expenditures: \$2.769 billion, including capital expenditures of \$741 million (2004 est.)
Agriculture: products: soybeans, coffee, coca, cotton, corn, sugarcane, rice, potatoes; timber Industries: mining, smelting, petroleum, food and beverages, tobacco, handicrafts, clothing

Industrial production growth rate: 5.7% (2004 est.)

Exports: \$1.986 billion f.o.b. (2004 est.)

Exports: commodities: natural gas, soybeans and soy products, crude petroleum, zinc ore, tin

Exports: partners: Brazil 33.9%, US 12.7%, Colombia 11.8%, Venezuela 11.6%, Peru 5.1%, Japan 4.2% (2004)

Imports: \$1.595 billion f.o.b. (2004 est.)

Imports: commodities: petroleum products, plastics, paper, aircraft and aircraft parts, prepared foods, automobiles,

insecticides, soybeans

Imports: partners: Brazil 25.3%, Argentina 17%, US 13.1%, Chile 9.2%, Peru 7.2% (2004)

Reserves of foreign exchange and gold: \$1.214 billion (2004 est.)

Debt: external: \$5.439 billion (June 2004 est.)

BOSNIA AND HERZEGOVINA

GDP: purchasing power parity: \$26.21 billion (2004 est.)

GDP: real growth rate: 5% (2004 est.)

GDP: per capita: purchasing power parity: \$6,500 (2004 est.)

GDP: composition by sector: agriculture: 14.2%

industry: 30.8% services: 55% (2002)

Labor force: 1.026 million (2001)

Labor force: by occupation: agriculture NA, industry NA, services NA

Unemployment rate: 44% officially; however, grey economy may reduce actual unemployment to near 20% (2004 est.)

Population below poverty line: 25% (2004 est.)

Household income or consumption by percentage share: lowest 10%: NA%

highest 10%: NA%

Inflation rate (consumer prices): 1.1% (2004 est.)

Budget: revenues: \$3.618 billion

expenditures: \$3.642 billion, including capital expenditures of NA (2004 est.)

Agriculture: products: wheat, corn, fruits, vegetables; livestock

Industries: steel, coal, iron ore, lead, zinc, manganese, bauxite, vehicle assembly, textiles, tobacco products, wooden

furniture, tank and aircraft assembly, domestic appliances, oil refining (2001)

Industrial production growth rate: 5.5% (2003 est.)

Exports: \$1.7 billion f.o.b. (2004 est.)

Exports: commodities: metals, clothing, wood products

Exports: partners: Italy 22.9%, Croatia 22.1%, Germany 20.3%, Austria 7.5%, Slovenia 6.9%, Hungary 4.9%

(2004)

Imports: \$5.2 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, chemicals, fuels, foodstuffs

Imports: partners: Croatia 26.4%, Germany 14.9%, Slovenia 13.4%, Italy 12%, Austria 6.9%, Hungary 6.4% (2004)

Reserves of foreign exchange and gold: \$2 billion (2004 est.)

Debt: external: \$3 billion (2004 est.)

BOTSWANA

GDP: purchasing power parity: \$15.05 billion (2004 est.)

GDP: real growth rate: 3.5% (2004 est.)

GDP: per capita: purchasing power parity: \$9,200 (2004 est.)

GDP: composition by sector: agriculture: 4% industry: 44% (including 36% mining)

services: 52% (2003 est.)

Labor force: 264,000 formal sector employees (2000)

Labor force: by occupation: NA Unemployment rate: 23.8% (2004 est.) Population below poverty line: 47% (2002 est.)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 7% (2004 est.) Investment (gross fixed): 25.5% of GDP (2004 est.)

Budget: revenues: \$3.735 billion

expenditures: \$3.743 billion, including capital expenditures of NA (2004 est.)

Public debt: 8.6% of GDP (2004 est.)

Agriculture: products: livestock, sorghum, maize, millet, beans, sunflowers, groundnuts Industries: diamonds, copper, nickel, salt, soda ash, potash; livestock processing; textiles

Industrial production growth rate: 4.4% (2004 est.)

Exports: \$2.94 billion f.o.b. (2004 est.)

Exports: commodities: diamonds, copper, nickel, soda ash, meat, textiles

Exports: partners: European Free Trade Association (EFTA) 87%, Southern African Customs Union (SACU) 7%,

Zimbabwe 4% (2000)

Imports: \$2.255 billion f.o.b. (2004 est.)

Imports: commodities: foodstuffs, machinery, electrical goods, transport equipment, textiles, fuel and petroleum

products, wood and paper products, metal and metal products

Imports: partners: Southern African Customs Union (SACU) 74%, EFTA 17%, Zimbabwe 4% (2000)

Reserves of foreign exchange and gold: \$5.7 billion (2004 est.)

Debt: external: \$531 million (2004 est.) Economic aid: recipient: \$73 million (1995)

BRAZIL

GDP: purchasing power parity: \$1.492 trillion (2004 est.)

GDP: real growth rate: 5.1% (2004 est.)

GDP: per capita: purchasing power parity: \$8,100 (2004 est.)

GDP: composition by sector: agriculture: 10.1%

industry: 38.6%

services: 51.3% (2004 est.)

Labor force: 89 million (2004 est.)

Labor force: by occupation: agriculture 20%, industry 14%, services 66% (2003 est.)

Unemployment rate: 11.5% (2004 est.)

Population below poverty line: 22% (1998 est.)

Household income or consumption by percentage share: lowest 10%: 0.7%, highest 10%: 48% (1998)

Distribution of family income: Gini index: 60.7 (1998) Inflation rate (consumer prices): 7.6% (2004 est.) Investment (gross fixed): 19.8% of GDP (2004 est.)

Budget: revenues: \$140.6 billion

expenditures: \$172.4 billion, including capital expenditures of NA (2004)

Public debt: 52% of GDP (2004 est.)

Agriculture: products: coffee, soybeans, wheat, rice, corn, sugarcane, cocoa, citrus; beef

Industries: textiles, shoes, chemicals, cement, lumber, iron ore, tin, steel, aircraft, motor vehicles and parts, other ma-

chinery and equipment

Industrial production growth rate: 6% (2004 est.)

Exports: \$95 billion f.o.b. (2004 est.)

Exports: commodities: transport equipment, iron ore, soybeans, footwear, coffee, autos

Exports: partners: US 21.2%, China 7.8%, Argentina 6%, Germany 5.1%, Netherlands 4.8% (2004)

Imports: \$61 billion f.o.b. (2004 est.)

Imports: commodities: machinery, electrical and transport equipment, chemical products, oil

Imports: partners: US 22.4%, Germany 9.2%, Argentina 8.1%, China 5.5% (2004)

Reserves of foreign exchange and gold: \$52.94 billion (2004 est.)

Debt: external: \$219.8 billion (2004 est.) Economic aid: recipient: \$30 billion (2002)

BRUNEI

GDP: composition by sector: agriculture: 5%

industry: 45%

services: 50% (2001 est.)

Labor force: 158,000 note: includes foreign workers and military personnel; temporary residents make up about 40%

of labor force (2002 est.)

Labor force: by occupation: agriculture, forestry, and fishing 10%, production of oil, natural gas, services, and con-

struction 42%, government 48% (1999 est.) Unemployment rate: 3.2% (2002 est.)

Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 0.3% (2003 est.)

Budget: revenues: \$4.9 billion

expenditures: \$4.2 billion, including capital expenditures of \$1.35 billion (2003 est.)

Agriculture: products: rice, vegetables, fruits, chickens, water buffalo

Industries: petroleum, petroleum refining, liquefied natural gas, construction

Industrial production growth rate: 5% (2002 est.)

Exports: \$7.7 billion f.o.b. (2003 est.)

Exports: commodities: crude oil, natural gas, refined products

Exports: partners: Japan 37.8%, South Korea 13.6%, Australia 11.1%, US 9%, Thailand 7.9%, China 5.9% (2004)

Imports: \$5.2 billion c.i.f. (2003)

Imports: commodities: machinery and transport equipment, manufactured goods, food, chemicals

Imports: partners: Singapore 33.1%, Malaysia 21.5%, Japan 7.3%, UK 6.8% (2004)

Debt: external: \$0

Economic aid: recipient: NA

BULGARIA

GDP: purchasing power parity: \$61.63 billion (2004 est.)

GDP: real growth rate: 5.3% (2004 est.)

GDP: per capita: purchasing power parity: \$8,200 (2004 est.)

GDP: composition by sector: agriculture: 11.5%

industry: 30.1%

services: 58.4% (2004 est.)

Labor force: 3.398 million (2004 est.)

Labor force: by occupation: agriculture 11%, industry 32.7%, services 56.3% (3rd quarter 2004 est.)

Unemployment rate: 12.7% (2004 est.)

Population below poverty line: 13.4% (2002 est.)

Household income or consumption by percentage share: lowest 10%: 4.5%

highest 10%: 22.8% (1997)

Distribution of family income: Gini index: 26.4 (2001) Inflation rate (consumer prices): 6.1% (2004 est.) Investment (gross fixed): 18.6% of GDP (2004 est.)

Budget: revenues: \$9.67 billion

expenditures: \$9.619 billion, including capital expenditures of NA (2004 est.)

Public debt: 41.9% of GDP (2004 est.)

Agriculture: products: vegetables, fruits, tobacco, livestock, wine, wheat, barley, sunflowers, sugar beets

Industries: electricity, gas and water; food, beverages and tobacco; machinery and equipment, base metals, chemical

products, coke, refined petroleum, nuclear fuel

Industrial production growth rate: 5.2% (2004 est.)

Exports: \$9.134 billion f.o.b. (2004 est.)

Exports: commodities: clothing, footwear, iron and steel, machinery and equipment, fuels

Exports: partners: Italy 13.2%, Germany 11.5%, Turkey 9.7%, Belgium 6.4%, Greece 6.1%, US 5.6%, France 5.1%

(2004)

Imports: \$12.23 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment; metals and ores; chemicals and plastics; fuels, minerals, and raw

materials

Imports: partners: Germany 15.7%, Italy 10.9%, Russia 9%, Greece 8%, Turkey 7.5%, France 4.7%, Austria 4%

(2004)

Reserves of foreign exchange and gold: \$7.526 billion (2004 est.)

Debt: external: \$16.1 billion (November 2004 est.) Economic aid: recipient: \$300 million (2000 est.)

BURKINA FASO

GDP: purchasing power parity: \$15.74 billion (2004 est.)

GDP: real growth rate: 4.8% (2004 est.)

GDP: per capita: purchasing power parity: \$1,200 (2004 est.)

GDP: composition by sector: agriculture: 39.5%

industry: 19.3%

services: 41.3% (2004 est.) Labor force: 5 million

note: a large part of the male labor force migrates annually to neighboring countries

for seasonal employment (2003)

Labor force: by occupation: agriculture 90% (2000 est.)

Unemployment rate: NA%

Population below poverty line: 45% (2003 est.)

Household income or consumption by percentage share: lowest 10%: 2%

highest 10%: 46.8% (1994)

Distribution of family income: Gini index: 48.2 (1994) Inflation rate (consumer prices): 2.4% (2004 est.) Investment (gross fixed): 29.1% of GDP (2004 est.)

Budget: revenues: \$695.2 million

expenditures: \$876.3 million, including capital expenditures of NA (2004 est.)

Agriculture: products: cotton, peanuts, shea nuts, sesame,

sorghum, millet, corn, rice; livestock

Industries: cotton lint, beverages, agricultural processing, soap, cigarettes, textiles, gold

Industrial production growth rate: 14% (2001 est.)

Exports: \$418.6 million f.o.b. (2004 est.)

Exports: commodities: cotton, livestock, gold

Exports: partners: China 32.3%, Singapore 10.7%, Bangladesh 4.5%,

Ghana 4.4%, Colombia 4.4% (2004)

Imports: \$866.3 million f.o.b. (2004 est.)

Imports: commodities: capital goods, foodstuffs, petroleum

Imports: partners: France 31.5%, Cote d'Ivoire 13.9%, Togo 8.5% (2004)

Reserves of foreign exchange and gold: \$474.9 million (2004 est.)

Debt: external: \$1.3 billion (2000) Economic aid: recipient: NA

BURMA

GDP: purchasing power parity: \$74.3 billion (2004 est.)

GDP: real growth rate: -1.3% (2004 est.)

GDP: per capita: purchasing power parity: \$1,700 (2004 est.)

GDP: composition by sector: agriculture: 56.6%

industry: 8.8%

services: 34.5% (2004 est.)

Labor force: 27.01 million (2004 est.)

Labor force: by occupation: agriculture 70%, industry 7%, services 23% (2001 est.)

Unemployment rate: 5.2% (2004 est.)

Population below poverty line: 25% (2000 est.)

Household income or consumption by percentage share: lowest 10%: 2.8%

highest 10%: 32.4% (1998)

Inflation rate (consumer prices): 17.2% (2004 est.) Investment (gross fixed): 10.2% of GDP (2004 est.)

Budget: revenues: \$474.9 million

expenditures: \$955.5 million, including capital expenditures of \$5.7 billion (2004 est.)

Agriculture: products: rice, pulses, beans, sesame, groundnuts, sugarcane; hardwood; fish and fish products

Industries: agricultural processing; knit and woven apparel; wood and wood products; copper, tin, tungsten, iron;

construction materials; pharmaceuticals; fertilizer; cement

Industrial production growth rate: NA

Exports: \$2.137 billion f.o.b.

note: official export figures are grossly underestimated due to the value of timber, gems, narcotics, rice, and other products smuggled to Thailand, China, and Bangladesh (2004 est.)

Exports: commodities: clothing, gas, wood products, pulses, beans, fish, rice

Exports: partners: Thailand 37%, India 14%, China 6.2%, Japan 5.1%, UK 4% (2004)

Imports: \$1.754 billion f.o.b.

note: import figures are grossly underestimated due to the value of consumer goods, diesel fuel, and other products smuggled in from Thailand, China, Malaysia, and India (2004 est.)

Imports: commodities: fabric, petroleum products, plastics, machinery, transport equipment, construction materi-

als, crude oil; food products

Imports: partners: China 28.3%, Singapore 20.6%, Thailand 19.1%, South Korea 6.2%, Malaysia 4.7% (2004)

Reserves of foreign exchange and gold: \$590 million (2004 est.)

Debt: external: \$6.752 billion (2004 est.)

Economic aid: recipient: \$127 million (2001 est.)

BURUNDI

GDP: purchasing power parity: \$4.001 billion (2004 est.)

GDP: real growth rate: 3% (2004 est.)

GDP: per capita: purchasing power parity: \$600 (2004 est.)

GDP: composition by sector:

agriculture: 48.1% industry: 19%

services: 32.9% (2004 est.) Labor force: 2.99 million (2002)

Labor force: by occupation: agriculture 93.6%, industry 2.3%, services 4.1% (2002 est.)

Unemployment rate: NA

Population below poverty line: 68% (2002 est.)

Household income or consumption by percentage share: lowest 10%: 1.8%

highest 10%: 32.9% (1998)

Distribution of family income: Gini index: 42.5 (1998) Inflation rate (consumer prices): 8.5% (2004 est.) Investment (gross fixed): 10.7% of GDP (2004 est.)

Budget: revenues: \$152.5 million

expenditures: \$187.7 million, including capital expenditures of NA (2004 est.)

Agriculture: products: coffee, cotton, tea, corn, sorghum, sweet potatoes, bananas, manioc (tapioca); beef, milk

Industries: blankets, shoes, soap; assembly of imported components; public works construction;

food processing

Industrial production growth rate: 18% (2001)

Exports: \$31.84 million f.o.b. (2004 est.)

Exports: commodities: coffee, tea, sugar, cotton, hides

Exports: partners: Switzerland 25.8%, Germany 12.2%, Belgium 7.9%, US 5.5%, Thailand 5.3% (2004)

Imports: \$138.2 million f.o.b. (2004 est.)

Imports: commodities: capital goods, petroleum products, foodstuffs

Imports: partners: Kenya 11.7%, Tanzania 9.6%, US 9.1%, Belgium 9%, France 8.8%, Italy 5.4%, Japan 4.8%,

Uganda 4.8%, Zambia 4.2% (2004)

Reserves of foreign exchange and gold: \$76.89 million (2004 est.)

Debt: external: \$1.133 billion (2002)

Economic aid: recipient: \$92.7 million (2000)

CAMBODIA

GDP: purchasing power parity: \$26.99 billion (2004 est.)

GDP: real growth rate: 5.4% (2004 est.)

GDP: per capita: purchasing power parity: \$2,000 (2004 est.)

GDP: composition by sector: agriculture: 35%

industry: 30%

services: 35% (2004 est.)

Labor force: 7 million (2003 est.)

Labor force: by occupation: agriculture 75% (2004 est.)

Unemployment rate: 2.5% (2000 est.)

Population below poverty line: 40% (2004 est.)

Household income or consumption by percentage share: lowest 10%: 2.9%

highest 10%: 33.8% (1997)

Distribution of family income: Gini index: 40 (2004 est.)

Inflation rate (consumer prices): 3.1% (2004 est.) Investment (gross fixed): 20.9% of GDP (2004 est.)

Budget: revenues: \$548.2 million

expenditures: \$836.7 million, including capital expenditures of \$291 million of which 75% was financed by external

assistance (2004 est.)

Agriculture: products: rice, rubber, corn, vegetables, cashews, tapioca

Industries: tourism, garments, rice milling, fishing, wood and wood products, rubber, cement, gem mining, textiles

Industrial production growth rate: 22% (2002 est.)

Exports: \$2.311 billion f.o.b. (2004 est.)

Exports: commodities: Clothing, timber, rubber, rice, fish, tobacco, footwear

Exports: partners: US 56.2%, Germany 11.5%, UK 7%, Canada 4.3% (2004)

Imports: \$3.129 billion f.o.b. (2004 est.)

Imports: commodities: petroleum products, cigarettes, gold, construction materials, machinery, motor vehicles Imports: partners: Thailand 23.9%, Hong Kong 15%, China 13.5%, Singapore 11.5%, Vietnam 7.6%, Taiwan 7.3%

Reserves of foreign exchange and gold: \$997.5 million (2004 est.)

Debt: external: \$2.4 billion (2002 est.)

Economic aid: recipient: \$504 million pledged in grants and concessional loans for 2005 by international donors

CAMEROON

GDP: purchasing power parity: \$30.17 billion (2004 est.)

GDP: real growth rate: 4.9% (2004 est.)

GDP: per capita: purchasing power parity: \$1,900 (2004 est.)

GDP: composition by sector: agriculture: 43.7% industry: 20.1%, services: 36.2% (2004 est.)

Labor force: 6.68 million (2004 est.)

Labor force: by occupation: agriculture 70%, industry and commerce 13%, other 17%

Unemployment rate: 30% (2001 est.)

Population below poverty line: 48% (2000 est.)

Household income or consumption by percentage share: lowest 10%: 1.9%, highest 10%: 36.6% (1996)

Distribution of family income: Gini index: 47.7 (1996)

Inflation rate (consumer prices): 1% (2004 est.) Investment (gross fixed): 16.1% of GDP (2004 est.)

Budget: revenues: \$2.493 billion

expenditures: \$2.248 billion, including capital expenditures of NA (2004 est.)

Public debt: 69.1% of GDP (2004 est.)

Agriculture: products: coffee, cocoa, cotton, rubber, bananas, oilseed, grains, root starches; livestock; timber Industries: petroleum production and refining, aluminum production, food processing, light consumer goods, textiles, lumber, ship repair

Industrial production growth rate: 4.2% (1999 est.)

Exports: \$2.445 billion f.o.b. (2004 est.)

Exports: commodities: crude oil and petroleum products, lumber, cocoa beans, aluminum, coffee, cotton Exports: partners: Spain 16.2%, Italy 14.1%, France 10.2%, UK 9.9%, US 9.6%, Netherlands 5.1% (2004)

Imports: \$1.979 billion f.o.b. (2004 est.)

Imports: commodities: machinery, electrical equipment, transport equipment, fuel, food

Imports: partners: France 28.2%, Nigeria 9.4%, Belgium 7.6%, US 4.8%, Germany 4.6%, China 4.4% (2004)

Reserves of foreign exchange and gold: \$687.5 million (2004 est.)

Debt: external: \$8.46 billion (2004 est.)

Economic aid: recipient: on 23 January 2001, the Paris Club agreed to reduce Cameroon's debt of \$1.3 billion by \$900 million; debt relief now totals \$1.26 billion

CANADA

GDP: purchasing power parity: \$1.023 trillion (2004 est.)

GDP: real growth rate: 2.4% (2004 est.)

GDP: per capita: purchasing power parity: \$31,500 (2004 est.)

GDP: composition by sector: agriculture: 2.3%

industry: 26.4%

services: 71.3% (2004 est.) Labor force: 17.37 million (2004)

Labor force: by occupation: agriculture 3%, manufacturing 15%, construction 5%, services 74%, other 3% (2000)

Unemployment rate: 7% (2004) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 2.8%

highest 10%: 23.8% (1994)

Distribution of family income: Gini index: 31.5 (1994) Inflation rate (consumer prices): 1.9% (2004 est.) Investment (gross fixed): 19.4% of GDP (2004 est.)

Budget:

revenues: \$151 billion

expenditures: \$144 billion, including capital expenditures of NA (2004 est.)

Public debt: NA (2004 est.)

Agriculture: products: wheat, barley, oilseed, tobacco, fruits, vegetables; dairy products; forest products; fish Industries: transportation equipment, chemicals, processed and unprocessed minerals, food products; wood and paper products; fish products, petroleum and natural gas

Industrial production growth rate: 2% (2004 est

Exports: \$315.6 billion f.o.b. (2004 est.)

Exports: commodities: motor vehicles and parts, industrial machinery, aircraft, telecommunications equipment;

chemicals, plastics, fertilizers; wood pulp, timber, crude petroleum, natural gas, electricity, aluminum

Exports: partners: US 85.2%, Japan 2.1%, UK 1.6% (2004)

Imports: \$256.1 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, motor vehicles and parts, crude oil, chemicals, electricity, durable

consumer goods

Imports: partners: US 58.9%, China 6.8%, Mexico 3.8% (2004) Reserves of foreign exchange and gold: \$36.27 billion (2003)

Debt: external: \$570 billion (2004)

Economic aid: donor: ODA, \$2 billion (2004)

CENTRAL AFRICAN REPUBLIC

GDP: purchasing power parity: \$4.248 billion (2004 est.)

GDP: real growth rate: 0.5% (2004 est.)

GDP: per capita: purchasing power parity: \$1,100 (2004 est.)

GDP: composition by sector: agriculture: 55%

industry: 20%

services: 25% (2001 est.)

Labor force: NA

Unemployment rate: 8% (23% for Bangui) (2001 est.)

Population below poverty line: NA (1993)

Household income or consumption by percentage share: lowest 10%: 0.7%

highest 10%: 47.7% (1993)

Distribution of family income: Gini index: 61.3 (1993) Inflation rate (consumer prices): 3.6% (2001 est.)

Budget: revenues: NA

expenditures: NA, including capital expenditures of NA

Agriculture: products: cotton, coffee, tobacco, manioc (tapioca), yams, millet, corn, bananas; timber

Industries: gold and diamond mining, logging, brewing, textiles, footwear, assembly of bicycles and motorcycles

Industrial production growth rate: 3% (2002)

Exports: \$172 million f.o.b. (2002 est.)

Exports: commodities: diamonds, timber, cotton, coffee, tobacco

Exports: partners: Belgium 41%, Italy 8.9%, Spain 8.5%, Indonesia 7.6%, France 6.3%, US 5.3% (2004)

Imports: \$136 million f.o.b. (2002 est.)

Imports: commodities: food, textiles, petroleum products, machinery, electrical equipment, motor vehicles, chemi-

cals, pharmaceuticals

Imports: partners: France 19.4%, US 16.3%, Cameroon 8.3%, Belgium 5.6% (2004)

Debt: external: \$881.4 million (2000 est.)

Economic aid: recipient: ODA \$73 million; note: traditional budget subsidies from France (2000 est.)

CHAD

GDP: purchasing power parity: \$15.66 billion (2004 est.)

GDP: real growth rate: 38% (2004 est.)

GDP: per capita: purchasing power parity: \$1,600 (2004 est.)

GDP: composition by sector: agriculture: 22.6%

industry: 35.6%

services: 41.7% (2004 est.)

Labor force: NA

Labor force: by occupation: agriculture more than 80% (subsistence farming, herding, and fishing)

Unemployment rate: NA

Population below poverty line: 80% (2001 est.)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 8% (2004 est.) Investment (gross fixed): 24.7% of GDP (2004 est.)

Budget: revenues: \$1.131 billion

expenditures: \$957.7 million, including capital expenditures of \$146 million (2004 est.)

Agriculture: products: cotton, sorghum, millet, peanuts, rice, potatoes, manioc (tapioca); cattle, sheep, goats, camels Industries: oil, cotton textiles, meatpacking, beer brewing, natron (sodium carbonate), soap, cigarettes, construction materials

Industrial production growth rate: 5% (1995)

Exports: \$365 million f.o.b. (2003 est.)

Exports: commodities: cotton, cattle, gum arabic

Exports: partners: US 74.2%, China 14.8%, Portugal 5.2% (2004)

Imports: \$500.7 million f.o.b. (2004 est.)

Imports: commodities: machinery and transportation equipment, industrial goods, petroleum products, foodstuffs, textiles

Imports: partners: France 22.9%, Cameroon 13.7%, US 11.8%, Portugal 10.9%, Germany 7.7%, Belgium 4.8%

Reserves of foreign exchange and gold: \$652.7 million (2004 est.)

Debt: external: \$1.1 billion (2000 est.)

Economic aid: recipient: \$238.3 million received; note: \$125 million committed by Taiwan (August 1997); \$30 mil-

lion committed by African Development Bank; ODA \$150 million (2001 est.)

CHILE

GDP: purchasing power parity: \$169.1 billion (2004 est.)

GDP: real growth rate: 5.8% (2004 est.)

GDP: per capita: purchasing power parity: \$10,700 (2004 est.)

GDP: composition by sector: agriculture: 6.3%

industry: 38.2%

services: 55.5% (2004 est.)

Labor force: 6.2 million (2004 est.)

Labor force: by occupation: agriculture 13.6%, industry 23.4%, services 63% (2003)

Unemployment rate: 8.5% (2004 est.) Population below poverty line: 20.6% (2000)

Household income or consumption by percentage share: lowest 10%: 1.2%

highest 10%: 47% (2000)

Distribution of family income: Gini index: 57.1 (2000) Inflation rate (consumer prices): 2.4% (2004 est.) Investment (gross fixed): 23.9% of GDP (2004 est.)

Budget: revenues: \$21.53 billion

expenditures: \$19.95 billion, including capital expenditures of \$3.33 billion (2004 est.)

Public debt: 12.8% of GDP (2004 est.)

Agriculture: products: grapes, apples, pears, onions, wheat, corn, oats, peaches, garlic, asparagus, beans, beef, poultry,

wool; fish; timber

Industries: copper, other minerals, foodstuffs, fish processing, iron and steel, wood and wood products, transport

equipment, cement, textiles

Industrial production growth rate: 7.8% (2004 est.)

Exports: \$29.2 billion f.o.b. (2004 est.)

Exports: commodities: copper, fruit, fish products, paper and pulp, chemicals, wine

Exports: partners: US 14%, Japan 11.4%, China 9.9%, South Korea 5.5%, Netherlands 5.1%, Brazil 4.3%, Italy

4.1%, Mexico 4% (2004)

Imports: \$22.53 billion f.o.b. (2004 est.)

Imports: commodities: petroleum and petroleum products, chemicals, electrical and telecommunications equip-

ment, industrial machinery, vehicles, natural gas

Imports: partners: Argentina 17%, US 14.1%, Brazil 11.1%, China 7.1% (2004)

Reserves of foreign exchange and gold: \$16.02 billion (2004)

Debt: external: \$44.6 billion (2004 est.) Economic aid: recipient: ODA, \$0 (2002)

CHINA

GDP: purchasing power parity: \$7.262 trillion (2004 est.)

GDP: real growth rate: 9.1% (official data) (2004 est.)

GDP: per capita: purchasing power parity: \$5,600 (2004 est.)

GDP: composition by sector: agriculture: 13.8%

industry and construction: 52.9%

services: 33.3% (2004 est.) Labor force: 760.8 million (2003)

Labor force: by occupation: agriculture 49%, industry 22%, services 29% (2003 est.)

Unemployment rate: 9.8% in urban areas; substantial unemployment and underemployment in rural areas; an offi-

cial Chinese journal estimated overall unemployment (including rural areas) for 2003 at 20% (2004 est.)

Population below poverty line: 10% (2001 est.)

Household income or consumption by percentage share: lowest 10%: 2.4%

highest 10%: 30.4% (1998)

Distribution of family income: Gini index: 44 (2002) Inflation rate (consumer prices): 4.1% (2004 est.) Investment (gross fixed): 46% of GDP (2004 est.)

Budget: revenues: \$317.9 billion

expenditures: \$348.9 billion, including capital expenditures of NA (2004 est.)

Public debt: 31.4% of GDP (2004 est.)

Agriculture: products: rice, wheat, potatoes, corn, peanuts, tea, millet, barley, apples, cotton, oilseed, pork, fish Industries: mining and ore processing, iron, steel, aluminum, and other metals; coal; machine building; armaments; textiles and apparel; petroleum; cement; chemicals; fertilizers; consumer products, including footwear, toys, and electronics; food processing; transportation equipment, including automobiles, rail cars and locomotives, ships, and aircraft; telecommunications equipment, commercial space launch vehicles and satellites

Industrial production growth rate: 17.1% (2004 est.) Exports: \$583.1 billion f.o.b. (2004 est.)

Exports: commodities: machinery and equipment, plastics, optical and medical equipment, iron and steel Exports: partners: US 22.8%, Hong Kong 16.2%, Japan 12.4%, South Korea 4.4%, Germany 4% (2004)

Imports: \$552.4 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, oil and mineral fuels, plastics, optical and medical equipment, organic chemicals, iron and steel

Imports: partners: Japan 16.1%, Taiwan 10.9%, South Korea 10.4%, US 7.7%, Hong Kong 7.4%, Germany 5.4% (2004)

Reserves of foreign exchange and gold: \$609.9 billion (2004 est.)

Debt: external: \$233.3 billion (3rd quarter 2004 est.)

Economic aid: recipient: NA

COLOMBIA

GDP: real growth rate: 3.6% (2004 est.)

GDP: per capita: purchasing power parity: \$6,600 (2004 est.)

GDP: composition by sector: agriculture: 13.4%

industry: 32.1%

services: 54.5% (2004 est.)

Labor force: 20.7 million (2004 est.)

Labor force: by occupation: agriculture 30%, industry 24%, services 46% (1990)

Unemployment rate: 13.6% (2004 est.) Population below poverty line: 55% (2001)

Household income or consumption by percentage share: lowest 10%: 1%, highest 10%: 44% (1999)

Distribution of family income: Gini index: 57.1 (1996) Inflation rate (consumer prices): 5.9% (2004 est.)

Investment (gross fixed): 15.8% of GDP (2004 est.)

Budget: revenues: \$15.33 billion

expenditures: \$21.03 billion, including capital expenditures of NA (2004 est.)

Public debt: 51.8% of GDP (2004 est.)

Agriculture: products: coffee, cut flowers, bananas, rice, tobacco, corn, sugarcane, cocoa beans, oilseed, vegetables;

forest products; shrimp

Industries: textiles, food processing, oil, clothing and footwear, beverages, chemicals, cement; gold, coal, emeralds

Industrial production growth rate: 4% (2004 est.)

Exports: \$15.5 billion f.o.b. (2004 est.)

Exports: commodities: petroleum, coffee, coal, apparel, bananas, cut flowers

Exports: partners: US 40.9%, Ecuador 5.8%, Venezuela 4.8% (2004)

Imports: \$15.34 billion f.o.b. (2004 est.)

Imports: commodities: industrial equipment, transportation equipment, consumer goods, chemicals, paper prod-

ucts, fuels, electricity

Imports: partners: US 30.6%, Venezuela 5.8%, Brazil 5.2%, Japan 5.2%, Germany 5.1%, Mexico 5% (2004)

Reserves of foreign exchange and gold: \$11.94 billion (2004 est.)

Debt: external: \$38.7 billion (2004 est.)

Economic aid: recipient: NA

CONGO, DEMOCRATIC REPUBLIC OF THE

GDP: purchasing power parity: \$42.74 billion (2004 est.)

GDP: real growth rate: 7.5% (2004 est.)

GDP: per capita: purchasing power parity: \$700 (2004 est.)

GDP: composition by sector: agriculture: 55%

industry: 11%

services: 34% (2000 est.)

Labor force: 14.51 million (1993 est.) Labor force: by occupation: NA Unemployment rate: NA (2003 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 14% (2003 est.)

Budget: revenues: \$269 million

expenditures: \$244 million, including capital expenditures of \$24 million (1996 est.)

Agriculture: products: coffee, sugar, palm oil, rubber, tea, quinine, cassava (tapioca), palm oil, bananas, root crops,

corn, fruits; wood products

Industries: mining (diamonds, copper, zinc), mineral processing, consumer products (including textiles, footwear, cigarettes, processed foods and beverages), cement, commercial ship repair

Industrial production growth rate: NA Exports: \$1.417 billion f.o.b. (2002 est.)

Exports: commodities: diamonds, copper, crude oil, coffee, cobalt

Exports: partners: Belgium 42.5%, Finland 17.8%, Zimbabwe 12.2%, US 9.2%, China 6.5% (2004)

Imports: \$933 million f.o.b. (2002 est.)

Imports: commodities: foodstuffs, mining and other machinery,

transport equipment, fuels

Imports: partners: South Africa 18.5%, Belgium 15.6%, France 10.9%, US 6.2%, Germany 5.9%, Kenya 4.9% (2004)

Debt: external: \$11.6 billion (2000 est.)

Economic aid: recipient: \$195.3 million (1995)

CONGO, REPUBLIC OF THE

GDP: purchasing power parity: \$2.324 billion (2004 est.)

GDP: real growth rate: 3.7% (2004 est.)

GDP: per capita: purchasing power parity: \$800 (2004 est.)

GDP: composition by sector: agriculture: 7.4%

industry: 52%

services: 40.6% (2004 est.)

Labor force: NA

Unemployment rate: NA (2003) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 1.8% (2004 est.) Investment (gross fixed): 25.8% of GDP (2004 est.)

Budget: revenues: \$870.1 million

expenditures: \$1.102 billion, including capital expenditures of NA (2004 est.)

Agriculture: products: cassava (tapioca), sugar, rice, corn, peanuts, vegetables, coffee, cocoa; forest products

Industries: petroleum extraction, cement, lumber, brewing, sugar, palm oil, soap, flour, cigarettes

Industrial production growth rate: 0% (2002 est.)

Exports: \$2.224 billion f.o.b. (2004 est.)

Exports: commodities: petroleum, lumber, plywood, sugar, cocoa, coffee, diamonds

Exports: partners: China 30.8%, US 18.2%, Taiwan 16.8%, South Korea 11.2%, Trinidad and Tobago 5.6% (2004)

Imports: \$749.3 million f.o.b. (2004 est.)

Imports: commodities: capital equipment, construction materials, foodstuffs

Imports: partners: France 20.2%, China 6.6%, Italy 6.5%, India 4.8%, Belgium 4.7%, US 4.6% (2004)

Reserves of foreign exchange and gold: \$40.42 million (2004 est.)

Debt: external: \$5 billion (2000 est.) Economic aid: recipient: \$159.1 million

COSTA RICA

GDP: real growth rate: 3.9% (2004 est.)

GDP: per capita: purchasing power parity: \$9,600 (2004 est.)

GDP: composition by sector: agriculture: 8.5%

industry: 29.7%

services: 61.8% (2004 est.)

Labor force: 1.81 million (2004 est.)

Labor force: by occupation: agriculture 20%, industry 22%, services 58% (1999 est.)

Unemployment rate: 6.6% (2004 est.)

Population below poverty line: 18% (2004 est.)

Household income or consumption by percentage share: lowest 10%: 1.1%

highest 10%: 36.8% (2002)

Distribution of family income: Gini index: 45.9 (1997) Inflation rate (consumer prices): 11.5% (2004 est.) Investment (gross fixed): 19.2% of GDP (2004 est.)

Budget: revenues: \$2.497 billion

expenditures: \$3.094 billion, including capital expenditures of NA (2004 est.)

Public debt: 58% of GDP (2004 est.)

Agriculture: products: coffee, pineapples, bananas, sugar, corn, rice, beans, potatoes; beef; timber

Industries: microprocessors, food processing, textiles and clothing, construction materials, fertilizer, plastic products

Industrial production growth rate: 3.1% (2004 est.)

Exports: \$6.184 billion (2004 est.)

Exports: commodities: coffee, bananas, sugar; pineapples; textiles, electronic components, medical equipment

Exports: partners: US 23.7%, Netherlands 7.7%, UK 6.6% (2004)

Imports: \$7.842 billion (2004 est.)

Imports: commodities: raw materials, consumer goods, capital equipment, petroleum

Imports: partners: US 35.5%, Japan 4.8%, Mexico 3.7% (2004) Reserves of foreign exchange and gold: \$1.736 billion (2004 est.)

Debt: external: \$5.962 billion (2004 est.)

COTE D'IVOIRE

GDP: purchasing power parity: \$24.78 billion (2004 est.)

GDP: real growth rate: -1% (2004 est.)

GDP: per capita: purchasing power parity: \$1,500 (2004 est.)

GDP: composition by sector: agriculture: 27.8%

industry: 19.4%

services: 52.8% (2004 est.)

Labor force: 6.7 million (68% agricultural) (2004 est.) Unemployment rate: 13% in urban areas (1998) Population below poverty line: 37% (1995)

Household income or consumption by percentage share: lowest 10%: 3.1%

highest 10%: 28.8% (1995)

Distribution of family income: Gini index: 36.7 (1995) Inflation rate (consumer prices): 1.4% (2004 est.) Investment (gross fixed): 11.3% of GDP (2004 est.)

Budget: revenues: \$2.412 billion

expenditures: \$2.767 billion, including capital expenditures of \$420 million (2004 est.)

Public debt: 74.8% of GDP (2004 est.)

Agriculture: products: coffee, cocoa beans, bananas, palm kernels, corn, rice, manioc (tapioca), sweet potatoes, sugar,

cotton, rubber; timber

Industries: foodstuffs, beverages; wood products, oil refining, truck and bus assembly, textiles, fertilizer, building ma-

terials, electricity, ship construction and repair Industrial production growth rate: 15% (1998 est.)

Exports: \$5.124 billion f.o.b. (2004 est.)

Exports: commodities: cocoa, coffee, timber, petroleum, cotton, bananas, pineapples, palm oil, fish

Exports: partners: US 11.3%, Netherlands 10.1%, France 9.4%, Italy 5.3%, Belgium 4.7%, Germany 4.3% (2004)

Imports: \$3.36 billion f.o.b. (2004 est.)

Imports: commodities: fuel, capital equipment, foodstuffs

Imports: partners: France 24.7%, Nigeria 18.5%, Italy 4% (2004) Reserves of foreign exchange and gold: \$1.95 billion (2004 est.)

Debt: external: \$11.81 billion (2004 est.)

Economic aid: recipient: ODA, \$1 billion (1996 est.)

CROATIA

GDP: purchasing power parity: \$50.33 billion (2004 est.)

GDP: real growth rate: 3.7% (2004 est.)

GDP: per capita: purchasing power parity: \$11,200 (2004 est.)

GDP: composition by sector: agriculture: 8.2%

industry: 30.1%

services: 61.7% (2004 est.)

Labor force: 1.71 million (2004 est.)

Labor force: by occupation: agriculture 2.7%, industry 32.8%, services 64.5% (2004)

Unemployment rate: 13.8% (2004 est.) Population below poverty line: 11% (2003)

Household income or consumption by percentage share: lowest 10%: 3.4%

highest 10%: 24.5% (2003 est.)

Distribution of family income: Gini index: 29 (1998) Inflation rate (consumer prices): 2.5% (2004 est.) Investment (gross fixed): 28.6% of GDP (2004 est.)

Budget: revenues: \$14.14 billion

expenditures: \$15.65 billion, including capital expenditures of NA (2004 est.)

Public debt: 41.7% of GDP (2004 est.)

Agriculture: products: wheat, corn, sugar beets, sunflower seed, barley, alfalfa, clover, olives, citrus, grapes, soybeans, potatoes; livestock, dairy products

Industries: chemicals and plastics, machine tools, fabricated metal, electronics, pig iron and rolled steel products, aluminum, paper, wood products, construction materials, textiles, shipbuilding, petroleum and petroleum refining, food and beverages; tourism

Industrial production growth rate: 2.7% (2004 est.)

Exports: \$7.845 billion f.o.b. (2004 est.)

Exports: commodities: transport equipment, textiles, chemicals, foodstuffs, fuels

Exports: partners: Italy 23.1%, Bosnia and Herzegovina 14.7%, Germany 11.5%, Austria 9.6%, (2004)

Imports: \$16.7 billion f.o.b. (2004 est.)

Imports: commodities: machinery, transport and electrical equipment, chemicals, fuels and lubricants, foodstuffs Imports: partners: Italy 17.3%, Germany 15.7%, Slovenia 7.1%, Austria 7.1%, Russia 7%, France 4.3% (2004)

Reserves of foreign exchange and gold: \$8.563 billion (2004 est.)

Debt: external: \$26.4 billion (2004 est.)

Economic aid: recipient: ODA \$166.5 million (2002)

CUBA

GDP: purchasing power parity: \$33.92 billion (2004 est.)

GDP: real growth rate: 3% (2004 est.)

GDP: per capita: purchasing power parity: \$3,000 (2004 est.)

GDP: composition by sector: agriculture: 6.6%

industry: 25.5%

services: 67.9% (2004 est.) Labor force: 4.55 million

note: state sector 78%, non-state sector 22% (2004 est.)

Labor force: by occupation: agriculture 24%, industry 25%, services 51% (1999)

Unemployment rate: 2.5% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 3.1% (2004 est.) Investment (gross fixed): 11.2% of GDP (2004 est.)

Budget: revenues: \$18.01 billion

expenditures: \$19.06 billion, including capital expenditures of NA (2004 est.) Agriculture: products: sugar, tobacco, citrus, coffee, rice, potatoes, beans; livestock

Industries: sugar, petroleum, tobacco, construction, nickel, steel, cement, agricultural machinery, pharmaceuticals

Industrial production growth rate: 1.4% (2004 est.)

Exports: \$2.104 billion f.o.b. (2004 est.)

Exports: commodities: sugar, nickel, tobacco, fish, medical products, citrus, coffee

Exports: partners: Netherlands 23.5%, Canada 21.9%, China 8.3%, Russia 7.8%, Spain 6.6% (2004)

Imports: \$5.296 billion f.o.b. (2004 est.)

Imports: commodities: petroleum, food, machinery and equipment, chemicals

Imports: partners: Spain 15.4%, Venezuela 13.7%, US 11.5%, China 8%, Canada 6.6%, Italy 6.5%, Mexico 4.9%, Germany 4.2% (2004)

Reserves of foreign exchange and gold: \$738.6 million (2004 est.)

Debt: external: \$12.09 billion (convertible currency); another \$15-20 billion owed to Russia (2004 est.)

Economic aid: recipient: \$68.2 million (1997 est.)

CYPRUS

GDP: Republic of Cyprus: purchasing power parity: \$15.71 billion north Cyprus: purchasing power parity: \$4.54 billion (2004 est.)

GDP: real growth rate: Republic of Cyprus: 3.2% north Cyprus: 2.6% (2004 est.)

GDP: per capita: Republic of Cyprus: purchasing power parity: \$20,300 (2004 est.); north Cyprus: purchasing power parity: \$7,135 (2004 est.)

GDP: composition by sector: Republic of Cyprus: agriculture 4.1%; industry 19.9%; services 76%

north Cyprus: agriculture 10.6%; industry 20.5%; services 68.9% (2004)

Labor force: Republic of Cyprus: 330,000, north Cyprus: 95,025 (2004 est.)

Labor force: by occupation: Republic of Cyprus: agriculture 4.9%, industry 19.4%, services 75.6%

north Cyprus: agriculture 15.1%, industry 27%, services 57.9% (2003 est.)

Unemployment rate: Republic of Cyprus: 3.2%; north Cyprus: 5.6% (2004 est.)

Population below poverty line: NA%

Household income or consumption by percentage share: lowest 10%: NA%

highest 10%: NA%

Inflation rate (consumer prices): Republic of Cyprus: 2.4% (2003 est.); north Cyprus: 12.6% (2003 est.)

Investment (gross fixed): Republic of Cyprus: 17.9% of GDP (2004 est.)

Budget: revenues: Republic of Cyprus: \$5.616 billion (2004 est.), north Cyprus: \$404.3 million (2003 est.)

expenditures: Republic of Cyprus: \$685.7 million, including capital expenditures of \$685.7 million, north Cyprus: \$775.7 million, including capital expenditures of \$91.4 million (2004 est.)

Public debt: Republic of Cyprus: 74.9% of GDP (2004 est.)

Agriculture: products: citrus, vegetables, barley, grapes, olives, vegetables, poultry, pork, lamb, kids, dairy, cheese Industries: tourism, food and beverage processing; cement and gypsum production; ship repair and refurbishment; textiles; light chemicals; metal products; wood, paper, stone, and clay products

Industrial production growth rate: Republic of Cyprus: 0.4% (2002); north Cyprus: -0.3% (2002)

Exports: Republic of Cyprus: \$1.094 billion f.o.b. north Cyprus: \$49.3 million f.o.b. (2004 est.)

Exports: commodities: Republic of Cyprus: citrus, potatoes, pharmaceuticals, cement, clothing and cigarettes; north

Cyprus: citrus, potatoes, textiles

Exports: partners: UK 20.2%, Greece 13.1%, Israel 7.4%, Germany 7%, Belgium 4.6% (2004)

Imports: Republic of Cyprus: \$5.258 billion f.o.b. north Cyprus: \$415.2 million f.o.b. (2004 est.)

Imports: commodities: Republic of Cyprus: consumer goods, petroleum and lubricants, intermediate goods, machinery, transport equipment; north Cyprus: vehicles, fuel, cigarettes, food, minerals, chemicals, machinery

Imports: partners: Russia 30.2%, Italy 8%, Greece 7.5%, Germany 6.4%, UK 6.1%, Japan 5.8%, France 4.2% (2004)

Reserves of foreign exchange and gold: Republic of Cyprus: \$3.385 billion

north Cyprus: \$941.6 million (2004 est.)

Debt: external: Republic of Cyprus: \$7.327 billion; north Cyprus: \$NA (2004 est.)

Economic aid: recipient: Republic of Cyprus: \$17 million (1998); north Cyprus: \$700 million from Turkey in grants and loans, which are usually forgiven (2003)

CZECH REPUBLIC

GDP: purchasing power parity: \$172.2 billion (2004 est.)

GDP: real growth rate: 3.7% (2004 est.)

GDP: per capita: purchasing power parity: \$16,800 (2004 est.)

GDP: composition by sector: agriculture: 3.4%

industry: 39.3%

services: 57.3% (2004 est.)

Labor force: 5.25 million (2004 est.)

Labor force: by occupation: agriculture 4%, industry 38%, services 58% (2002 est.)

Unemployment rate: 10.6% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 4.3%

highest 10%: 22.4% (1996)

Distribution of family income: Gini index: 25.4 (1996) Inflation rate (consumer prices): 3.2% (2004 est.) Investment (gross fixed): 29% of GDP (2004 est.)

Budget: revenues: \$39.31 billion

expenditures: \$45.8 billion, including capital expenditures of NA (2004 est.)

Public debt: 33.5% of GDP (2004 est.)

Agriculture: products: wheat, potatoes, sugar beets, hops, fruit; pigs, poultry Industries: metallurgy, machinery and equipment, motor vehicles, glass, armaments

Industrial production growth rate: 4.7% (2004 est.)

Exports: \$66.51 billion f.o.b. (2004 est.)

Exports: commodities: machinery and transport equipment 52%, chemicals 5%, raw materials and fuel 9% (2003)

Exports: partners: Germany 36.2%, Slovakia 9.1%, Austria 6.1%, Poland 5.5% (2004)

Imports: \$68.19 billion f.o.b. (2004 est.)

Imports: commodities: machinery and transport equipment 46%, raw materials and fuels 15%, chemicals 10%

(2003)

Imports: partners: Germany 36.2%, Austria 5.6%, Italy 5.4%, France 4.8%, Netherlands 4.7%, Slovakia 4.7%

(2004)

Reserves of foreign exchange and gold: \$32.78 billion (2004 est.)

Debt: external: \$36.28 billion (2004 est.)

DENMARK

GDP: purchasing power parity: \$174.4 billion (2004 est.)

GDP: real growth rate: 2.1% (2004 est.)

GDP: per capita: purchasing power parity: \$32,200 (2004 est.)

GDP: composition by sector: agriculture: 2.2%

industry: 25.5%

services: 72.3% (2004 est.)

Labor force: 2.87 million (2004 est.)

Labor force: by occupation: agriculture 4%, industry 17%, services 79% (2002 est.)

Unemployment rate: 6.2% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share:

lowest 10%: 2%

highest 10%: 24% (2000 est.)

Distribution of family income: Gini index: 24.7 (1992)

Inflation rate (consumer prices): 1.4% (2004 est.) Investment (gross fixed): 19.8% of GDP (2004 est.)

Budget:

revenues: \$136.1 billion

expenditures: \$133.4 billion, including capital expenditures of \$500 million (2004 est.)

Public debt: 42.5% of GDP (2004 est.)

Agriculture: products: barley, wheat, potatoes, sugar beets; pork, dairy products; fish

Industries: iron, steel, nonferrous metals, chemicals, food processing, machinery and transportation equipment, textiles and clothing, electronics, construction, furniture and other wood products, shipbuilding and refurbishment, windmills

Industrial production growth rate: 1.7% (2004 est.)

Exports: \$73.06 billion f.o.b. (2004 est.)

Exports: commodities: machinery and instruments, meat and meat products, dairy products, fish, chemicals, furniture, ships, windmills

Exports: partners: Germany 16.9%, Sweden 14%, UK 6.9%, US 5.4%, France 5.2%, Netherlands 5.1%, Norway 4.8% (2004)

Imports: \$63.45 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, raw materials and semimanufactures for industry, chemicals, grain and foodstuffs, consumer goods

Imports: partners: Germany 22.9%, Sweden 12.4%, Netherlands 7.6%, France 5.6%, UK 5.4%, Norway 5%, Italy 4.3% (2004)

Reserves of foreign exchange and gold: \$37.98 billion (2003)

Debt: external: \$21.7 billion (2000)

DJIBOUTI

GDP: purchasing power parity: \$619 million (2002 est.)

GDP: real growth rate: 3.5% (2002 est.)

GDP: per capita: purchasing power parity: \$1,300 (2002 est.)

GDP: composition by sector: agriculture: 3.5%

industry: 15.8%

services: 80.7% (2001 est.) Labor force: 282,000 (2000) Labor force: by occupation: NA Unemployment rate: 50% (2004 est.)

Population below poverty line: 50% (2001 est.)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 2% (2002 est.)

Budget: revenues: \$135 million

expenditures: \$182 million, including capital expenditures of NA (1999 est.) Agriculture: products: fruits, vegetables; goats, sheep, camels, animal hides

Industries: construction, agricultural processing, salt Industrial production growth rate: 3% (1996 est.)

Exports: \$155 million f.o.b. (2002 est.)

Exports: commodities: reexports, hides and skins, coffee (in transit) Exports: partners: Somalia 63.9%, Yemen 22.6%, Ethiopia 5% (2004)

Imports: \$665 million f.o.b. (2002 est.)

Imports: commodities: foods, beverages, transport equipment, chemicals, petroleum products

Imports: partners: Saudi Arabia 21%, Ethiopia 9.9%, India 8.2%, China 7.8%, US 6.1%, France 6% (2004)

Debt: external: \$366 million (2002 est.) Economic aid: recipient: \$36 million (2001)

DOMINICA

GDP: purchasing power parity: \$384 million (2003 est.)

GDP: real growth rate: -1% (2003 est.)

GDP: per capita: purchasing power parity: \$5,500 (2003 est.)

GDP: composition by sector: agriculture: 18%

industry: 24%

services: 58% (2002 est.) Labor force: 25,000 (1999 est.)

Labor force: by occupation: agriculture 40%, industry and commerce 32%, services 28%

Unemployment rate: 23% (2000 est.)

Population below poverty line: 30% (2002 est.)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 1% (2001 est.)

Budget: revenues: \$73.9 million

expenditures: \$84.4 million, including capital expenditures of NA (2001)

Agriculture: products: bananas, citrus, mangoes, root crops, coconuts, cocoa; forest and fishery potential not ex-

ploited

Industries: soap, coconut oil, tourism, copra, furniture, cement blocks, shoes

Industrial production growth rate: -10% (1997 est.)

Exports: \$39 million f.o.b. (2003 est.)

Exports: commodities: bananas, soap, bay oil, vegetables, grapefruit, oranges

Exports: partners: UK 21.5%, Jamaica 20%, Antigua and Barbuda 8.3%, Guyana 7%, Japan 5.3%, US 4.6%,

Trinidad and Tobago 4.5%, Poland 4% (2004)

Imports: \$98.2 million f.o.b. (2003 est.)

Imports: commodities: manufactured goods, machinery and equipment, food, chemicals

Imports: partners: China 20.1%, US 18.7%, Trinidad and Tobago 10.2%, UK 7.2%, South Korea 5.3%, Japan 4.5%

(2004)

Debt: external: \$161.5 million (2001)

Economic aid: recipient: \$22.8 million (2003 est.)

DOMINICAN REPUBLIC

GDP: purchasing power parity: \$55.68 billion (2004 est.)

GDP: real growth rate: 1.7% (2004 est.)

GDP: per capita: purchasing power parity: \$6,300 (2004 est.)

GDP: composition by sector: agriculture: 10.7%

industry: 31.5%

services: 57.8% (2003)

Labor force: 2.3 million: 2.6 million (2000 est.)

Labor force: by occupation: agriculture 17%, industry 24.3%, services and government 58.7% (1998 est.)

Unemployment rate: 17% (2004 est.) Population below poverty line: 25%

Household income or consumption by percentage share: lowest 10%: 2.1%

highest 10%: 37.9% (1998)

Distribution of family income: Gini index: 47.4 (1998) Inflation rate (consumer prices): 55% (2004 est.) Investment (gross fixed): 18.9% of GDP (2004 est.)

Budget: revenues: \$2.625 billion

expenditures: \$3.382 billion, including capital expenditures of \$1.1 billion (2004 est.)

Public debt: 61.1% of GDP (2004 est.)

Agriculture: products: sugarcane, coffee, cotton, cocoa, tobacco, rice, beans, potatoes, corn, bananas; cattle, pigs,

dairy products, beef, eggs

Industries: tourism, sugar processing, ferronickel and gold mining,

textiles, cement, tobacco

Industrial production growth rate: 2% (2001 est.)

Exports: \$5.446 billion f.o.b. (2004 est.)

Exports: commodities: ferronickel, sugar, gold, silver, coffee, cocoa, tobacco, meats, consumer goods

Exports: partners: US 79.7%, Canada 1.8%, Haiti 1.7% (2004)

Imports: \$8.093 billion f.o.b. (2004 est.)

Imports: commodities: foodstuffs, petroleum, cotton and fabrics,

chemicals and pharmaceuticals

Imports: partners: US 49%, Venezuela 13.8%, Mexico 4.6%, Colombia 4.2% (2004)

Reserves of foreign exchange and gold: \$426 million (2004 est.)

Debt: external: \$7.745 billion (2004 est.) Economic aid: recipient: \$239.6 million (1995)

EAST TIMOR

GDP: purchasing power parity: \$370 million (2004 est.)

GDP: real growth rate: 1% (2004 est.)

GDP: per capita: purchasing power parity: \$400 (2004 est.)

GDP: composition by sector: agriculture: 25.4%

industry: 17.2% services: 57.4% (2001) Labor force: NA

Labor force: by occupation: NA

Unemployment rate: 50% (including underemployment) (1992 est.)

Population below poverty line: 42% (2003 est.)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Distribution of family income: Gini index: 38 (2002 est.)

Inflation rate (consumer prices): 4% (2003 est.)

Budget: revenues: \$107.7 million

expenditures: \$73 million, including capital expenditures of NA (2004 est.)

Agriculture: products: coffee, rice, maize, cassava, sweet potatoes, soybeans, cabbage, mangoes, bananas, vanilla

Industries: printing, soap manufacturing, handicrafts, woven cloth

Industrial production growth rate: 8.5%

Exports: \$8 million (2004 est.)

Exports: commodities: coffee, sandalwood, marble; note: the potential for oil and vanilla exports

Exports: partners: Portugal, Taiwan, Germany, US, Indonesia, Australia

Imports: \$167 million (2004 est.)

Imports: commodities: food, gasoline, kerosene, machinery

Imports: partners: Indonesia, Australia, Singapore, Vietnam, Portugal, Malaysia, China

Debt: external: none

Economic aid: recipient: \$2.2 billion (1999-2002 est.)

ECUADOR

GDP: purchasing power parity: \$49.51 billion (2004 est.)

GDP: real growth rate: 5.8% (2004 est.)

GDP: per capita: purchasing power parity: \$3,700 (2004 est.)

GDP: composition by sector: agriculture: 8.7%

industry: 30.5%

services: 60.9% (2004 est.)

Labor force: 4.53 million (urban) (2004 est.)

Labor force: by occupation: agriculture 8%, industry 24%, services 68% (2001)

Unemployment rate: 11.1%; note: underemployment of 47% (2004 est.)

Population below poverty line: 45% (2001 est.)

Household income or consumption by percentage share: lowest 10%: 2%

highest 10%: 32%

note: data for urban households only (October 2003)

Distribution of family income: Gini index: 42 note: data are for urban households (2003) Inflation rate (consumer prices): 2% (2004 est.)

Investment (gross fixed): 20.6% of GDP (2004 est.)

Budget: revenues: \$7.9 billion

expenditures: planned \$7.3 billion, including capital expenditures of \$1.6 billion (2004 est.)

Public debt: 49.2% of GDP (2004 est.)

Agriculture: products: bananas, coffee, cocoa, rice, potatoes, manioc (tapioca), plantains, sugarcane; cattle, sheep,

pigs, beef, pork, dairy products; balsa wood; fish, shrimp

Industries: petroleum, food processing, textiles, wood products, chemicals

Industrial production growth rate: 10% (2004 est.)

Exports: \$7.56 billion (2004 est.)

Exports: commodities: petroleum, bananas, cut flowers, shrimp

Exports: partners: US 48.3%, Colombia 5.5%, Germany 4.8% (2004)

Imports: \$7.65 billion (2004 est.)

Imports: commodities: vehicles, medicinal products, telecommunications equipment, electricity

Imports: partners: US 24.5%, Colombia 12.7%, Venezuela 8.3%, Brazil 5.8%, Chile 4.9%, China 4.8% (2004)

Reserves of foreign exchange and gold: \$1.436 billion (December 2004 est.)

Debt: external: \$16.81 billion (2004 est.) Economic aid: recipient: \$216 million (2002)

EGYPT

GDP: purchasing power parity: \$316.3 billion (2004 est.)

GDP: real growth rate: 4.5% (2004 est.)

GDP: per capita: purchasing power parity: \$4,200 (2004 est.)

GDP: composition by sector: agriculture: 17.2%

industry: 33%

services: 49.8% (2004 est.)

Labor force: 20.71 million (2004 est.)

Labor force: by occupation: agriculture 32%, industry 17%, services 51% (2001 est.)

Unemployment rate: 10.9% (2004 est.)

Population below poverty line: 16.7% (2000 est.)

Household income or consumption by percentage share: lowest 10%: 4.4%

highest 10%: 25% (1995)

Distribution of family income: Gini index: 34.4 (2001) Inflation rate (consumer prices): 9.5% (2004 est.) Investment (gross fixed): 15.8% of GDP (2004 est.)

Budget: revenues: \$15.42 billion

expenditures: \$20.76 billion, including capital expenditures of \$2.7 billion (2004 est.)

Public debt: 102.7% of GDP (2004 est.)

Agriculture: products: cotton, rice, corn, wheat, beans, fruits, vegetables; cattle, water buffalo, sheep, goats Industries: textiles, food processing, tourism, chemicals, hydrocarbons, construction, cement, metals

Industrial production growth rate: 2.5% (2004 est.)

Exports: \$11 billion f.o.b. (2004 est.)

Exports: commodities: crude oil and petroleum products, cotton, textiles, metal products, chemicals Exports: partners: Italy 13.1%, US 11.6%, UK 7.5%, Germany 5.1%, Spain 4.5%, France 4.2% (2004)

Imports: \$19.21 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, foodstuffs, chemicals, wood products, fuels

Imports: partners: US 13.2%, Germany 7.2%, Italy 7.1%, France 6.1%, China 5.5%, UK 4.9%, Saudi Arabia 4.4% (2004)

Reserves of foreign exchange and gold: \$14.03 billion (2004 est.)

Debt: external: \$33.75 billion (2004 est.)

Economic aid: recipient: ODA, \$1.12 billion (2002)

EL SALVADOR

GDP: purchasing power parity: \$32.35 billion (2004 est.)

GDP: real growth rate: 1.8% (2004 est.)

GDP: per capita: purchasing power parity: \$4,900 (2004 est.)

GDP: composition by sector: agriculture: 9.2%

industry: 31.1%

services: 59.7% (2004 est.)

Labor force: 2.75 million (2004 est.)

Labor force: by occupation: agriculture 17.1%, industry 17.1%, services 65.8% (2003 est.) Unemployment rate: 6.3%: but the economy has much underemployment (2004 est.)

Population below poverty line: 36.1% (2003 est.)

Household income or consumption by percentage share: lowest 10%: 1.4%

highest 10%: 39.3% (2001)

Distribution of family income: Gini index: 52.5 (2001) Inflation rate (consumer prices): 5.4% (2004 est.) Investment (gross fixed): 16.6% of GDP (2004 est.)

Budget: revenues: \$2.491 billion

expenditures: \$2.782 billion, including capital expenditures of NA (2004 est.)

Public debt: 41.7% of GDP (2004 est.)

Agriculture: products: coffee, sugar, corn, rice, beans, oilseed, cotton, sorghum; shrimp; beef, dairy products Industries: food processing, beverages, petroleum, chemicals, fertilizer, textiles, furniture, light metals

Industrial production growth rate: 0.7% (2004 est.)

Exports: \$3.249 billion (2004 est.)

Exports: commodities: offshore assembly exports, coffee, sugar, shrimp, textiles, chemicals, electricity

Exports: partners: US 57.9%, Guatemala 13.6%, Honduras 7% (2004)

Imports: \$5.968 billion (2004 est.)

Imports: commodities: raw materials, consumer goods, capital goods, fuels, foodstuffs, petroleum, electricity

Imports: partners: US 37.3%, Guatemala 9%, Mexico 6.1% (2004) Reserves of foreign exchange and gold: \$1.888 billion (2004 est.)

Debt: external: \$4.792 billion (September 2004 est.)

Economic aid: recipient: \$125 million of which, \$53 million from US (2003)

EQUATORIAL GUINEA

GDP: purchasing power parity: \$1.27 billion (2002 est.)

GDP: real growth rate: 20% (2002 est.)

GDP: per capita: purchasing power parity: \$2,700 (2002 est.)

GDP: composition by sector: agriculture: 3%

industry: 95.7%

services: 1.3% (2004 est.)

Labor force: NA

Unemployment rate: 30% (1998 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 8.5% (2004 est.) Investment (gross fixed): 50.8% of GDP (2004 est.)

Budget: revenues: \$813.2 million

expenditures: \$375.3 million, including capital expenditures of NA (2004 est.)

Agriculture: products: coffee, cocoa, rice, yams, cassava (tapioca), bananas, palm oil nuts; livestock; timber

Industries: petroleum, fishing, sawmilling, natural gas Industrial production growth rate: 30% (2002 est.)

Exports: \$2.771 billion f.o.b. (2004 est.)

Exports: commodities: petroleum, methanol, timber, cocoa

Exports: partners: US 34%, China 23.7%, Spain 21.1%, Canada 8.6% (2004)

Imports: \$1.167 billion f.o.b. (2004 est.)

Imports: commodities: petroleum sector equipment, other equipment

Imports: partners: US 32.1%, Cote d'Ivoire 16.9%, Spain 13.7%, France 8.6%, UK 7.4% (2004)

Reserves of foreign exchange and gold: \$235.2 million (2004 est.)

Debt: external: \$248 million (2000 est.) Economic aid: recipient: \$33.8 million (1995)

ERITREA

GDP: purchasing power parity: \$4.154 billion (2004 est.)

GDP: real growth rate: 2.5% (2004 est.)

GDP: per capita: purchasing power parity: \$900 (2004 est.)

GDP: composition by sector: agriculture: 12.4%

industry: 25.9%

services: 61.7% (2004 est.)

Labor force: NA

Labor force: by occupation: agriculture 80%, industry and services 20%

Unemployment rate: NA (2003 est.)

Population below poverty line: 50% (2004 est.)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 10% (2004 est.) Investment (gross fixed): 26.3% of GDP (2002)

Budget: revenues: \$235.2 million

expenditures: \$373.2 million, including capital expenditures of NA (2004 est.)

Agriculture: products: sorghum, lentils, vegetables, corn, cotton, tobacco, coffee, sisal; livestock, goats; fish

Industries: food processing, beverages, clothing and textiles, salt, cement, commercial ship repair

Industrial production growth rate: NA

Electricity: production: 246.6 million kWh (2002) Electricity: production by source: fossil fuel: 100%

hydro: 0% nuclear: 0% other: 0% (2001) Exports: \$64.44 million f.o.b. (2004 est.)

Exports: commodities: livestock, sorghum, textiles, food, small manufactures (2000)

Exports: partners: Malaysia 54.7%, Italy 8.8%, France 3.7% (2004)

Imports: \$622 million f.o.b. (2004 est.)

Imports: commodities: machinery, petroleum products, food, manufactured goods (2000)

Imports: partners: US 32.3%, Italy 15.5%, Turkey 5.5%, UK 4.6%, Russia 4.4%, Italy 6.4% (2004)

Reserves of foreign exchange and gold: \$30.87 million (2004 est.)

Debt: external: \$311 million (2000 est.) Economic aid: recipient: \$77 million (1999)

ESTONIA

GDP: purchasing power parity: \$19.23 billion (2004 est.)

GDP: real growth rate: 6% (2004 est.)

GDP: per capita: purchasing power parity: \$14,300 (2004 est.)

GDP: composition by sector: agriculture: 4.1%

industry: 28.9%

services: 67% (2004 est.) Labor force: 660,000 (2004 est.)

Labor force: by occupation: agriculture 11%, industry 20%, services 69% (1999 est.)

Unemployment rate: 9.6% (2004 est.) Population below poverty line: NA (2000)

Household income or consumption by percentage share: lowest 10%: 3%

highest 10%: 29.8% (1998)

Distribution of family income: Gini index: 37 (1999) Inflation rate (consumer prices): 3% (2004 est.) Investment (gross fixed): 28.2% of GDP (2004 est.)

Budget:

revenues: \$4.622 billion

expenditures: \$4.601 billion, including capital expenditures of NA (2004 est.)

Public debt: 5.4% of GDP (2004 est.)

Agriculture: products: potatoes, vegetables; livestock and dairy products; fish

Industries: engineering, electronics, wood and wood products, textile; information technology,

telecommunications

Industrial production growth rate: 5% (2000 est.)

Exports: \$5.701 billion f.o.b. (2004 est.)

Exports: commodities: machinery and equipment 33%, wood and paper 15%, textiles 14%, food products 8%, furniture 7%, metals, chemical products (2001)

Exports: partners: Finland 16.6%, Sweden 11.1%, UK 8.6%, Latvia 7.4%, Germany 7.2%, Russia 6.9%, US 5.5%,

Lithuania 4% (2004)

Imports: \$7.318 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment 33.5%, chemical products 11.6%, textiles 10.3%, foodstuffs 9.4%, transportation equipment 8.9% (2001)

Imports: partners: Finland 19.9%, Russia 13.2%, Germany 11.6%,

Sweden 7.9% (2004)

Reserves of foreign exchange and gold: \$1.503 billion (2004 est.)

Debt: external: \$8.373 billion (2004 est.)

Economic aid: recipient: NA

ETHIOPIA

GDP: purchasing power parity: \$54.89 billion (2004 est.)

GDP: real growth rate: 11.6% (2004 est.)

GDP: per capita: purchasing power parity: \$800 (2004 est.)

GDP: composition by sector: agriculture: 47%

industry: 12.4%

services: 40.6% (2004 est.) Labor force: NA (2001 est.)

Labor force: by occupation: agriculture and animal husbandry 80%, industry and construction 8%, government and

services 12% (1985)

Unemployment rate: NA (2002)

Population below poverty line: 50% (2004 est.)

Household income or consumption by percentage share: lowest 10%: 3%

highest 10%: 33.7% (1995)

Distribution of family income: Gini index: 40 (1995) Inflation rate (consumer prices): 2.4% (2004 est.) Investment (gross fixed): 17.8% of GDP (2004 est.)

Budget: revenues: \$1.887 billion

expenditures: \$2.388 billion, including capital expenditures of \$788 million (2004 est.)

Agriculture: products: cereals, pulses, coffee, oilseed, sugarcane, potatoes, qat; hides, cattle, sheep, goats

Industries: food processing, beverages, textiles, chemicals, metals processing, cement

Industrial production growth rate: 6.7% (2001 est.)

Exports: \$562.8 million f.o.b. (2004 est.)

Exports: commodities: coffee, gat, gold, leather products, live animals, oilseeds

Exports: partners: Djibouti 13.6%, Germany 9.7%, Japan 9%, Saudi Arabia 6.5%, US 5.4%, Italy 4.9%, UK 4.3%

(2004)

Imports: \$2.104 billion f.o.b. (2004 est.)

Imports: commodities: food and live animals, petroleum and petroleum products, chemicals, machinery, motor ve-

hicles, cereals, textiles

Imports: partners: Saudi Arabia 25%, US 15.9%, China 6.7% (2004) Reserves of foreign exchange and gold: \$923.1 million (2004 est.)

Debt: external: \$2.9 billion (2001 est.)

Economic aid: recipient: \$308 million (FY00/01)

FIJI

GDP: purchasing power parity: \$5.173 billion (2004 est.)

GDP: real growth rate: 3.6% (2004 est.)

GDP: per capita: purchasing power parity: \$5,900 (2004 est.)

GDP: composition by sector: agriculture: 16.6%

industry: 22.4%

services: 61% (2001 est.) Labor force: 137,000 (1999)

Labor force: by occupation: agriculture, including subsistence agriculture 70% (2001 est.)

Unemployment rate: 7.6% (1999)

Population below poverty line: 25.5% (1990-91)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 1.6% (2002 est.)

Budget: revenues: \$427.9 million

expenditures: \$531.4 million, including capital expenditures of NA (2000 est.)

Agriculture: products: sugarcane, coconuts, cassava (tapioca), rice, sweet potatoes, bananas; cattle, pigs, horses, goats;

fish

Industries: tourism, sugar, clothing, copra, gold, silver, lumber, small cottage industries

Industrial production growth rate: NA Exports: \$609 million f.o.b. (2002)

Exports: commodities: sugar, garments, gold, timber, fish, molasses, coconut oil

Exports: partners: US 23.6%, Australia 19.2%, UK 12.8%, Samoa 6.2%, Japan 4.1% (2004)

Imports: \$835 million c.i.f. (2002)

Imports: commodities: manufactured goods, machinery and transport equipment, petroleum products, food, chem-

icals

Imports: partners: Australia 27.7%, Singapore 24.8%, New Zealand 17.8%, Japan 4.2% (2004)

Debt: external: \$188.1 million (2001 est.) Economic aid: recipient: \$40.3 million (1995)

FINLAND

GDP: composition by sector: agriculture: 3.3%

industry: 30.2%

services: 66.5% (2004 est.)

Labor force: 2.66 million (2004 est.)

Labor force: by occupation: agriculture and forestry 8%, industry 22%, construction 6%, commerce 14%, finance,

insurance, and business services 10%, transport and communications 8%, public services 32%

Unemployment rate: 8.9% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 4.2%

highest 10%: 21.6% (1991)

Distribution of family income: Gini index: 25.6 (1991) Inflation rate (consumer prices): 0.7% (2004 est.) Investment (gross fixed): 18.3% of GDP (2004 est.)

Budget: revenues: \$96.43 billion

expenditures: \$91.95 billion, including capital expenditures of NA (2004 est.)

Public debt: 46.8% of GDP (2004 est.)

Agriculture: products: barley, wheat, sugar beets, potatoes; dairy cattle; fish

Industries: metals and metal products, electronics, machinery and scientific instruments, shipbuilding, pulp and

paper, foodstuffs, chemicals, textiles, clothing Industrial production growth rate: 2% (2004 est.)

Exports: \$61.04 billion f.o.b. (2004 est.)

Exports: commodities: machinery and equipment, chemicals, metals; timber, paper, pulp (1999)

Exports: partners: Sweden 11%, Germany 10.6%, Russia 8.9%, UK 7%, US 6.4%, Netherlands 5.2%, China 4.1% (2004)

Imports: \$45.17 billion f.o.b. (2004 est.)

Imports: commodities: foodstuffs, petroleum and petroleum products, chemicals, transport equipment, iron and steel, machinery, textile yarn and fabrics, grains (1999)

Imports: partners: Germany 16.2%, Sweden 14.1%, Russia 12.8%, Netherlands 6.3%, Denmark 5.3%, UK 4.6%,

France 4.3% (2004)

Reserves of foreign exchange and gold: \$11.17 billion (2003)

Debt: external: \$30 billion (December 1993) Economic aid: donor: ODA, \$379 million (2001)

FRANCE

GDP: purchasing power parity: \$1.737 trillion (2004 est.)

GDP: real growth rate: 2.1% (2004 est.)

GDP: per capita: purchasing power parity: \$28,700 (2004 est.)

GDP: composition by sector: agriculture: 2.7%

industry: 24.3%

services: 73% (2004 est.)

Labor force: 27.7 million (2004 est.)

Labor force: by occupation: agriculture 4.1%, industry 24.4%, services 71.5% (1999)

Unemployment rate: 10.1% (2004 est.) Population below poverty line: 6.5% (2000)

Household income or consumption by percentage share: lowest 10%: 2.8%

highest 10%: 25.1% (1995)

Distribution of family income: Gini index: 32.7 (1995) Inflation rate (consumer prices): 2.3% (2004 est.) Investment (gross fixed): 19.2% of GDP (2004 est.)

Budget: revenues: \$1.005 trillion

expenditures: \$1.08 trillion, including capital expenditures of \$23 billion (2004 est.)

Public debt: 67.7% of GDP (2004 est.)

Agriculture: products: wheat, cereals, sugar beets, potatoes, wine grapes; beef, dairy products; fish

Industries: machinery, chemicals, automobiles, metallurgy, aircraft, electronics; textiles, food processing; tourism

Industrial production growth rate: 1.7% (2004 est.)

Exports: \$419 billion f.o.b. (2004 est.)

Exports: commodities: machinery and transportation equipment, aircraft, plastics, chemicals, pharmaceutical prod-

ucts, iron and steel, beverages

Exports: partners: Germany 15%, Spain 9.4%, UK 9.3%, Italy 9%, Belgium 7.2%, US 6.7% (2004)

Imports: \$419.7 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, vehicles, crude oil, aircraft, plastics, chemicals

Imports: partners: Germany 19.2%, Belgium 9.8%, Italy 8.8%, Spain 7.3%, UK 7%, Netherlands 6.7% (2004)

Reserves of foreign exchange and gold: \$70.76 billion (2003)

Debt: external: \$NA

Economic aid: donor: ODA, \$5.4 billion (2002)

GABON

GDP: purchasing power parity: \$7.966 billion (2004 est.)

GDP: real growth rate: 1.9% (2004 est.)

GDP: per capita: purchasing power parity: \$5,900 (2004 est.)

GDP: composition by sector: agriculture: 7.4%

industry: 46.7%

services: 45.9% (2004 est.) Labor force: 650,000 (2004 est.)

Labor force: by occupation: agriculture 60%, industry 15%, services 25%

Unemployment rate: 21% (1997 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 1.5% (2004 est.) Investment (gross fixed): 21.8% of GDP (2004 est.)

Budget: revenues: \$2.129 billion

expenditures: \$1.64 billion, including capital expenditures of \$310 million (2004 est.)

Public debt: 29.3% of GDP (2004 est.)

Agriculture: products: cocoa, coffee, sugar, palm oil, rubber; cattle; okoume (a tropical softwood); fish

Industries: petroleum extraction and refining; manganese, and gold mining; chemicals; ship repair; food and bever-

age; textile; lumbering and plywood; cement Industrial production growth rate: 1.6% (2002 est.)

Exports: commodities: crude oil 77%, timber, manganese, uranium (2001)

Exports: partners: US 51.9%, China 9.1%, France 7.7% (2004)

Imports: \$1.225 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, foodstuffs, chemicals, construction materials

Imports: partners: France 46.1%, US 6.8%, UK 6% (2004) Reserves of foreign exchange and gold: \$268.6 million (2004 est.)

Debt: external: \$3.804 billion (2004 est.)

GAMBIA

GDP: purchasing power parity: \$2.799 billion (2004 est.)

GDP: real growth rate: 6% (2004 est.)

GDP: per capita: purchasing power parity: \$1,800 (2004 est.)

GDP: composition by sector: agriculture: 26.8%

industry: 14.5%

services: 58.7% (2004 est.) Labor force: 400,000 (1996)

Labor force: by occupation: agriculture 75%, industry, commerce, and services 19%, government 6%

Unemployment rate: NA (2002 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 7% (2004 est.) Investment (gross fixed): 25.3% of GDP (2004 est.)

Budget: revenues: \$44.85 million

expenditures: \$59.94 million, including capital expenditures of \$4.1 million (2004 est.)

Agriculture: products: rice, millet, sorghum, peanuts, corn, sesame, cassava (tapioca), palm kernels; cattle, sheep, goats

Industries: processing peanuts, fish, and hides; tourism; beverages; agricultural machinery assembly, woodworking, metalworking; clothing

Industrial production growth rate: NA Exports: \$114.4 million f.o.b. (2004 est.)

Exports: commodities: peanut products, fish, cotton lint, palm kernels, re-exports

Exports: partners: Thailand 16.6%, UK 15.5%, France 14.2%, India 12.3%, Germany 9.2%, Italy 8.3%, Malaysia

4.1% (2004)

Imports: \$180.9 million f.o.b. (2004 est.)

Imports: commodities: foodstuffs, manufactures, fuel, machinery and transport equipment

Imports: partners: China 25.1%, Senegal 9.2%, UK 6.3%, Brazil 6%, Netherlands 4.9%, US 4.8% (2004)

Reserves of foreign exchange and gold: \$113.1 million (2004 est.)

Debt: external: \$476 million (2001 est.) Economic aid: recipient: \$45.4 million (1995)

GEORGIA

GDP: purchasing power parity: \$14.45 billion (2004 est.)

GDP: real growth rate: 9.5% (2004 est.)

GDP: per capita: purchasing power parity: \$3,100 (2004 est.)

GDP: composition by sector: agriculture: 20.5%, industry: 22.6%, services: 56.9% (2004 est.)

Labor force: 2.1 million (2001 est.)

Labor force: by occupation: agriculture 40%, industry 20%, services 40% (1999 est.)

Unemployment rate: 17% (2001 est.)

Population below poverty line: 54% (2001 est.)

Household income or consumption by percentage share: lowest 10%: 2.3%, highest 10%: 27.9% (1996)

Distribution of family income: Gini index: 37.1 (1996)

Inflation rate (consumer prices): 5.5% (2004 est.)

Investment (gross fixed): 18.5% of GDP (2004 est.)

Budget: revenues: \$671.7 million

expenditures: \$804.7 million, including capital expenditures of NA (2004 est.)

Agriculture: products: citrus, grapes, tea, hazelnuts, vegetables; livestock

Industries: steel, aircraft, machine tools, electrical appliances, mining, chemicals, wood products, wine

Industrial production growth rate: 3% (2000)

Exports: \$909.4 million (2004 est.)

Exports: commodities: scrap metal, machinery, chemicals; fuel reexports; citrus fruits, tea, wine

Exports: partners: Turkey 28.1%, Russia 9.7%, Spain 7.9%, Turkmenistan 7.5%, US 7.1%, Armenia 5.3%, Greece

5% (2004)

Imports: \$1.806 billion (2004 est.)

Imports: commodities: fuels, machinery and parts, transport equipment, grain and other foods, pharmaceuticals Imports: partners: US 14.8%, Turkey 13.6%, Russia 11%, Germany 7.5%, UK 6.5%, Azerbaijan 6.2%, Ukraine

5.3%, Italy 4.1% (2004)

Reserves of foreign exchange and gold: \$231.4 million (2004 est.)

Debt: external: \$1.8 billion (2002)

Economic aid: recipient: ODA \$150 million (2000 est.)

GERMANY

GDP: purchasing power parity: \$2.362 trillion (2004 est.)

GDP: real growth rate: 1.7% (2004 est.)

GDP: per capita: purchasing power parity: \$28,700 (2004 est.)

GDP: composition by sector: agriculture: 1%

industry: 31%

services: 68% (2002 est.)

Labor force: 42.63 million (2004 est.)

Labor force: by occupation: agriculture 2.8%, industry 33.4%, services 63.8% (1999)

Unemployment rate: 10.6% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 3.6%

highest 10%: 25.1% (1997)

Distribution of family income: Gini index: 30 (1994) Inflation rate (consumer prices): 1.6% (2004 est.) Investment (gross fixed): 17.6% of GDP (2004)

Budget: revenues: \$1.2 trillion

expenditures: \$1.3 trillion, including capital expenditures of NA (2004 est.)

Public debt: 65.8% of GDP (2004 est.)

Agriculture: products: potatoes, wheat, barley, sugar beets, fruit, cabbages; cattle, pigs, poultry

Industries: among the world's largest and most technologically advanced producers of iron, steel, coal, cement,

chemicals, machinery, vehicles, machine tools, electronics, food and beverages; shipbuilding; textiles

Industrial production growth rate: 2.2% (2004 est.)

Exports: \$893.3 billion f.o.b. (2004 est.)

Exports: commodities: machinery, vehicles, chemicals, metals and manufactures, foodstuffs, textiles

Exports: partners: France 10.2%, US 8.8%, UK 8.2%, Italy 7.2%, Netherlands 6.3%, Belgium 5.7%, Austria 5.4%,

Spain 5% (2004)

Imports: \$716.7 billion f.o.b. (2004 est.)

Imports: commodities: machinery, vehicles, chemicals, foodstuffs, textiles, metals

Imports: partners: France 9.2%, Netherlands 8.7%, US 6.5%, Italy 6.1%, UK 5.8%, Belgium 5.8%, China 5.3%,

Austria 4.3% (2004)

Reserves of foreign exchange and gold: \$96.84 billion (2003)

Debt: external: NA

Economic aid: donor: ODA, \$5.6 billion (1998)

GHANA

GDP: purchasing power parity: \$48.27 billion (2004 est.)

GDP: real growth rate: 5.4% (2004 est.)

GDP: per capita: purchasing power parity: \$2,300 (2004 est.)

GDP: composition by sector: agriculture: 34.3%

industry: 24.2%

services: 41.4% (2004 est.)

Labor force: 10.24 million (2004 est.)

Labor force: by occupation: agriculture 60%, industry 15%, services 25% (1999 est.)

Unemployment rate: 20% (1997 est.)

Population below poverty line: 31.4% (1992 est.)

Household income or consumption by percentage share: lowest 10%: 2.2%

highest 10%: 30.1% (1999)

Distribution of family income: Gini index: 40.7 (1999)

Inflation rate (consumer prices): 13% (2004 est.)

Investment (gross fixed): 19.7% of GDP (2004 est.)

Budget: revenues: \$2.17 billion

expenditures: \$2.56 billion, including capital expenditures of NA (2004 est.)

Agriculture: products: cocoa, rice, coffee, cassava (tapioca), peanuts, corn, shea nuts, bananas; timber

Industries: mining, lumbering, light manufacturing, aluminum smelting, food processing, cement, small commercial

ship building

Industrial production growth rate: 3.8% (2000 est.)

Exports: \$3.01 billion f.o.b. (2004 est.)

Exports: commodities: gold, cocoa, timber, tuna, bauxite, aluminum, manganese ore, diamonds

Exports: partners: Netherlands 11.1%, UK 10.9%, France 6.9%, US 6%, Belgium 4.8%, Germany 4.4%, Japan

4.3% (2004)

Imports: \$3.699 billion f.o.b. (2004 est.)

Imports: commodities: capital equipment, petroleum, foodstuffs

Imports: partners: Nigeria 12.8%, China 10.1%, UK 7%, US 6.7%, France 5.3%, South Africa 4.2%, Netherlands

4.2%, Germany 4.1% (2004)

Reserves of foreign exchange and gold: \$1.267 billion (2004 est.)

Debt: external: \$7.396 billion (2004 est.) Economic aid: recipient: \$6.9 billion (1999)

GREECE

GDP: purchasing power parity: \$226.4 billion (2004 est.)

GDP: real growth rate: 3.7% (2004 est.)

GDP: per capita: purchasing power parity: \$21,300 (2004 est.)

GDP: composition by sector: agriculture: 7%

industry: 22%

services: 71% (2004 est.)

Labor force: 4.4 million (2004 est.)

Labor force: by occupation: agriculture 12%, industry 20%, services 68% (2004 est.)

Unemployment rate: 10% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 3%

highest 10%: 28.3% (1998 est.)

Distribution of family income: Gini index: 35.4 (1998) Inflation rate (consumer prices): 2.9% (2004 est.) Investment (gross fixed): 27% of GDP (2004 est.)

Budget: revenues: \$54.39 billion

expenditures: \$64.4 billion, including capital expenditures of NA (2004 est.)

Public debt: 112% of GDP (2004 est.)

Agriculture: products: wheat, corn, barley, sugar beets, olives, tomatoes, wine, tobacco, potatoes; beef, dairy products

Industries: tourism; food and tobacco processing, textiles; chemicals, metal products; mining, petroleum Industrial production growth rate: 4.1% (2004 est.)

Exports: \$15.5 billion f.o.b. (2004 est.)

Exports: commodities: food and beverages, manufactured goods, petroleum products, chemicals, textiles

Exports: partners: Germany 13.3%, Italy 10.2%, UK 7.6%, Bulgaria 6.5%, US 5.2%, Cyprus 4.6%, Turkey 4.6%,

France 4.2% (2004)

Imports: \$54.28 billion f.o.b. (2004 est.)

Imports: commodities: machinery, transport equipment, fuels, chemicals

Imports: partners: Germany 13.3%, Italy 12.6%, France 6.6%, Russia 5.4%, Netherlands 5.4%, South Korea 4.6%,

US 4.4%, UK 4.1% (2004)

Reserves of foreign exchange and gold: \$7.3 billion (2004 est.)

Debt: external: \$67.23 billion (2004 est.)

Economic aid: recipient: \$8 billion from EU (2000-06)

GRENADA

GDP: purchasing power parity: \$440 million (2002 est.)

GDP: real growth rate: 2.5% (2002 est.)

GDP: per capita: purchasing power parity: \$5,000 (2002 est.)

GDP: composition by sector: agriculture: 7.7%

industry: 23.9% services: 68.4% (2000) Labor force: 42,300 (1996)

Labor force: by occupation: agriculture 24%, industry 14%, services 62% (1999 est.)

Unemployment rate: 12.5% (2000) Population below poverty line: 32% (2000)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 2.8% (2001 est.)

Budget: revenues: \$85.8 million

expenditures: \$102.1 million, including capital expenditures of \$28 million (1997)

Agriculture: products: bananas, cocoa, nutmeg, mace, citrus, avocados, root crops, sugarcane, corn, vegetables

Industries: food and beverages, textiles, light assembly operations, tourism, construction

Industrial production growth rate: 0.7% (1997 est.)

Exports: \$46 million (2002 est.)

Exports: commodities: bananas, cocoa, nutmeg, fruit and vegetables, clothing, mace

Exports: partners: Saint Lucia 11.8%, US 11.6%, Netherlands 8.1%, Antigua and Barbuda 8%, Germany 7.7%,

Saint Kitts and Nevis 7.2%, Dominica 7.2%, France 4.5% (2004)

Imports: \$208 million (2002 est.)

Imports: commodities: food, manufactured goods, machinery, chemicals, fuel Imports: partners: US 27.7%, Trinidad and Tobago 25.4%, UK 5.2% (2004)

Debt: external: \$196 million (2000)

Economic aid: recipient: \$8.3 million (1995)

GUATEMALA

GDP: purchasing power parity: \$59.47 billion (2004 est.)

GDP: real growth rate: 2.6% (2004 est.)

GDP: per capita: purchasing power parity: \$4,200 (2004 est.)

GDP: composition by sector: agriculture: 22.7%

industry: 19.5%

services: 57.9% (2004 est.)

Labor force: 3.68 million (2004 est.)

Labor force: by occupation: agriculture 50%, industry 15%, services 35% (1999 est.)

Unemployment rate: 7.5% (2003 est.)

Population below poverty line: 75% (2004 est.)

Household income or consumption by percentage share: lowest 10%: 1.6%

highest 10%: 46% (1998)

Distribution of family income: Gini index: 55.8 (1998) Inflation rate (consumer prices): 7.2% (2004 est.) Investment (gross fixed): 14.9% of GDP (2004 est.)

Budget: revenues: \$2.878 billion

expenditures: \$3.411 billion, including capital expenditures of \$750 million (2004 est.)

Public debt: 32% of GDP (2004 est.)

Agriculture: products: sugarcane, corn, bananas, coffee, beans, cardamom; cattle, sheep, pigs, chickens

Industries: sugar, textiles and clothing, furniture, chemicals, petroleum, metals, rubber, tourism

Industrial production growth rate: 4.1% (1999)

Exports: \$2.911 billion f.o.b. (2004 est.)

Exports: commodities: coffee, sugar, petroleum, apparel, bananas, fruits and vegetables, cardamom

Exports: partners: US 55.6%, El Salvador 9.7%, Mexico 3.5% (2004)

Imports: \$7.77 billion f.o.b. (2004 est.)

Imports: commodities: fuels, machinery and transport equipment, construction materials, grain, fertilizers,

electricity

Imports: partners: US 33.3%, Mexico 8.5%, South Korea 7.5%, El Salvador 5.2%, China 5%, Venezuela 4% (2004)

Reserves of foreign exchange and gold: \$3.084 billion (2004 est.)

Debt: external: \$5.969 billion (2004 est.)

Economic aid: recipient: \$250 million (2003 est.)

GUINEA

GDP: purchasing power parity: \$19.5 billion (2004 est.)

GDP: real growth rate: 1% (2004 est.)

GDP: per capita: purchasing power parity: \$2,100 (2004 est.)

GDP: composition by sector: agriculture: 25%

industry: 38.2%

services: 36.8% (2004 est.) Labor force: 3 million (1999)

Labor force: by occupation: agriculture 80%, industry and services 20% (2000 est.)

Unemployment rate: NA (2002 est.)

Population below poverty line: 40% (2003 est.)

Household income or consumption by percentage share: lowest 10%: 2.6%

highest 10%: 32% (1994)

Distribution of family income: Gini index: 40.3 (1994) Inflation rate (consumer prices): 18% (2004 est.) Investment (gross fixed): 21% of GDP (2004 est.)

Budget: revenues: \$382.7 million

expenditures: \$711.4 million, including capital expenditures of NA (2004 est.)

Agriculture: products: rice, coffee, pineapples, palm kernels, cassava (tapioca), bananas, sweet potatoes; cattle, sheep,

goats; timber

Industries: bauxite, gold, diamonds; alumina refining; light manufacturing and agricultural processing industries

Industrial production growth rate: 3.2% (1994)

Exports: \$709.2 million f.o.b. (2004 est.)

Exports: commodities: bauxite, alumina, gold, diamonds, coffee, fish, agricultural products

Exports: partners: South Korea 15.6%, Russia 13.1%, Spain 12.3%, Ireland 9.1%, US 7.5%, Germany 6.2%, France

5.9%, Ukraine 5.6%, Belgium 5.2% (2004) Imports: \$641.5 million f.o.b. (2004 est.)

Imports: commodities: petroleum products, metals, machinery, transport equipment, textiles, grain and foodstuffs Imports: partners: France 14.6%, China 9.6%, Netherlands 6.8%, Belgium 6%, US 5.9%, Italy 5%, South Africa

4.6%, Cote d'Ivoire 4.3%, India 4% (2004)

Reserves of foreign exchange and gold: \$201.7 million (2004 est.)

Debt: external: \$3.25 billion (2001 est.) Economic aid: recipient: \$359.2 million (1998)

GUINEA-BISSAU

GDP: purchasing power parity: \$1.008 billion (2004 est.)

GDP: real growth rate: 2.6% (2004 est.)

GDP: per capita: purchasing power parity: \$700 (2004 est.)

GDP: composition by sector: agriculture: 62%

industry: 12%, services: 26% (1999 est.)

Labor force: 480,000 (1999)

Labor force: by occupation: agriculture 82% (2000 est.)

Unemployment rate: NA (1998) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 0.5%

highest 10%: 42.4% (1991)

Inflation rate (consumer prices): 4% (2002 est.)

Budget: revenues: NA

expenditures: NA, including capital expenditures of NA

Agriculture: products: rice, corn, beans, cassava (tapioca), cashew nuts, peanuts, palm kernels, cotton; timber; fish

Industries: agricultural products processing, beer, soft drinks

Industrial production growth rate: 2.6% (1997 est.)

Exports: \$54 million f.o.b. (2002 est.)

Exports: commodities: cashew nuts, shrimp, peanuts, palm kernels, sawn lumber Exports: partners: India 54.9%, US 24.2%, Nigeria 12.7%, Italy 4.1% (2004)

Imports: \$104 million f.o.b. (2002 est.)

Imports: commodities: foodstuffs, machinery and transport equipment, petroleum products Imports: partners: Senegal 23.4%, Portugal 20.4%, China 8.2%, Netherlands 5.8% (2004)

Debt: external: \$941.5 million (2000 est.) Economic aid: recipient: \$115.4 million (1995)

GUYANA

GDP: purchasing power parity: \$2.899 billion (2004 est.)

GDP: real growth rate: 1.9% (2004 est.)

GDP: per capita: purchasing power parity: \$3,800 (2004 est.)

GDP: composition by sector: agriculture: 38.3%

industry: 19.9%

services: 41.8% (2004 est.) Labor force: 418,000 (2001 est.)

Labor force: by occupation: agriculture NA%, industry NA%, services NA%

Unemployment rate: 9.1% (understated) (2000)

Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 4.5% (2004 est.) Investment (gross fixed): 34.5% of GDP (2004 est.)

Budget: revenues: \$287.6 million

expenditures: \$371.6 million, including capital expenditures of \$93.4 million (2004 est.)

Agriculture: products: sugar, rice, wheat, vegetable oils; beef, pork, poultry, dairy products; fish, shrimp

Industries: bauxite, sugar, rice milling, timber, textiles, gold mining

Industrial production growth rate: 7.1% (1997 est.)

Exports: \$570.2 million f.o.b. (2004 est.)

Exports: commodities: sugar, gold, bauxite/alumina, rice, shrimp, molasses, rum, timber

Exports: partners: Canada 22.8%, US 19%, UK 12.1%, Portugal 8.2%, Jamaica 6.6%, Belgium 6.3% (2004)

Imports: \$650.1 million f.o.b. (2004 est.)

Imports: commodities: manufactures, machinery, petroleum, food

Imports: partners: US 26.2%, Trinidad and Tobago 21.6%, UK 6.4%, Cuba 5.9%, China 4.7% (2004)

Reserves of foreign exchange and gold: \$280.6 million (2004 est.)

Debt: external: \$1.2 billion (2002) Economic aid: recipient: NA

HAITI

GDP: composition by sector: agriculture: 30%

industry: 20%

services: 50% (2001 est.) Labor force: 3.6 million

note: shortage of skilled labor, unskilled labor abundant (1995)

Labor force: by occupation: agriculture 66%, industry 9%, services 25%

Unemployment rate: widespread unemployment and underemployment; more than two-thirds of the labor force do

not have formal jobs (2002 est.)

Population below poverty line: 80% (2003 est.)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 22% (2004 est.)

Budget: revenues: \$330.2 million

expenditures: \$529.6 million, including capital expenditures of NA (2004 est.)

Agriculture: products: coffee, mangoes, sugarcane, rice, corn, sorghum, wood

Industries: sugar refining, flour milling, textiles, cement, light assembly industries based on imported parts

Industrial production growth rate: NA Exports: \$338.1 million f.o.b. (2004 est.)

Exports: commodities: manufactures, coffee, oils, cocoa, mangoes

Exports: partners: US 81.8%, Dominican Republic 7.2%, Canada 4.2% (2004)

Imports: \$1.085 billion f.o.b. (2004 est.)

Imports: commodities: food, manufactured goods, machinery and transport equipment, fuels, raw materials

Imports: partners: US 52.9%, Dominican Republic 6%, Japan 2.9% (2004)

Reserves of foreign exchange and gold: \$80.64 million (2004 est.)

Debt: external: \$1.2 billion (2004 est.)

Economic aid: recipient: \$150 million (FY04 est.)

HONDURAS

GDP: purchasing power parity: \$18.79 billion (2004 est.)

GDP: real growth rate: 4.2% (2004 est.)

GDP: per capita: purchasing power parity: \$2,800 (2004 est.)

GDP: composition by sector: agriculture: 12.7%

industry: 32.1%

services: 55.3% (2004 est.)

Labor force: 2.47 million (2004 est.)

Labor force: by occupation: agriculture 34%, industry 21%, services 45% (2001 est.)

Unemployment rate: 28.5% (2004 est.)

Population below poverty line: 53% (1993 est.)

Household income or consumption by percentage share: lowest 10%: 0.6%

highest 10%: 42.7% (1998)

Distribution of family income: Gini index: 56.3 (1998)

Inflation rate (consumer prices): 7% (2004 est.) Investment (gross fixed): 24.1% of GDP (2004 est.)

Budget: revenues: \$1.467 billion

expenditures: \$1.722 billion, including capital expenditures of \$106 million (2004 est.)

Public debt: 74.1% of GDP (2004 est.)

Agriculture: products: bananas, coffee, citrus; beef; timber; shrimp

Industries: sugar, coffee, textiles, clothing, wood products Industrial production growth rate: 7.7% (2003 est.)

Exports: \$1.457 billion f.o.b. (2004 est.)

Exports: commodities: coffee, shrimp, bananas, gold, palm oil, fruit, lobster, lumber

Exports: partners: US 63.3%, El Salvador 2.8%, Guatemala 2.6% (2004)

Imports: \$3.332 billion f.o.b. (2004 est.)

Imports: commodities: transport equipment, industrial raw materials, chemical products, fuels, foodstuffs (2000)

Imports: partners: US 51.3%, El Salvador 3.3%, Mexico 2.9% (2004)

Reserves of foreign exchange and gold: \$1.464 billion (2004 est.)

Debt: external: \$5.365 billion (September 2004 est.) Economic aid: recipient: \$557.8 million (1999)

HUNGARY

GDP: purchasing power parity: \$149.3 billion (2004 est.)

GDP: real growth rate: 3.9% (2004 est.)

GDP: per capita: purchasing power parity: \$14,900 (2004 est.)

GDP: composition by sector: agriculture: 3.3%

industry: 31.4%

services: 65.3% (2004 est.)

Labor force: 4.17 million (2004 est.)

Labor force: by occupation: agriculture 6.2%, industry 27.1%, services 66.7% (2002)

Unemployment rate: 5.9% (2004 est.)

Population below poverty line: 8.6% (1993 est.)

Household income or consumption by percentage share: lowest 10%: 4.1%

highest 10%: 20.5% (1998)

Distribution of family income: Gini index: 24.4 (1998)

Inflation rate (consumer prices): 7% (2004 est.) Investment (gross fixed): 22.8% of GDP (2004 est.)

Budget: revenues: \$46.07 billion

expenditures: \$51.36 billion, including capital expenditures of NA (2004 est.)

Public debt: 58.3% of GDP (2004 est.)

Agriculture: products: wheat, corn, sunflower seed, potatoes, sugar beets; pigs, cattle, poultry, dairy products

Industries: mining, metallurgy, construction materials, processed foods, textiles, chemicals (especially pharmaceuti-

cals), motor vehicles

Industrial production growth rate: 9.6% (2004 est.)

Exports: \$54.62 billion f.o.b. (2004 est.)

Exports: commodities: machinery and equipment 61.1%, other manufactures 28.7%, food products 6.5%, raw ma-

terials 2%, fuels and electricity 1.6% (2003)

Exports: partners: Germany 31.4%, Austria 6.8%, France 5.7%, Italy 5.6%, UK 5.1% (2004)

Imports: \$58.68 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment 51.6%, other manufactures 35.7%, fuels and electricity 7.7%,

food products 3.1%, raw materials 2.0% (2003)

Imports: partners: Germany 29.2%, Austria 8.3%, Russia 5.7%, Italy 5.5%, Netherlands 4.9%, China 4.8%, France

4.7% (2004)

Reserves of foreign exchange and gold: \$14.8 billion (2004 est.)

Debt: external: \$57 billion (2004 est.)

Economic aid: recipient: \$4.2 billion in available EU structural adjustment and cohesion funds (2004-06)

ICELAND

GDP: purchasing power parity: \$9.373 billion (2004 est.)

GDP: real growth rate: 1.8% (2004 est.)

GDP: per capita: purchasing power parity: \$31,900 (2004 est.)

GDP: composition by sector: agriculture: 11.2%

industry: 9.6%

services: 79.2% (2004 est.) Labor force: 158,100 (2004 est.)

Labor force: by occupation: agriculture, fishing and fish processing 10.3%, industry 18.3%, services 71.4% (2003)

Unemployment rate: 3.1% (2004 est.) Population below poverty line: NA%

Household income or consumption by percentage share: lowest 10%: NA%

highest 10%: NA%

Inflation rate (consumer prices): 4% (2004 est.)

Investment (gross fixed): 23.8% of GDP (2004 est.)

Budget: revenues: \$4.154 billion

expenditures: \$4.058 billion, including capital expenditures of \$467 million (2004 est.)

Public debt: 35.9% of GDP (2004 est.)

Agriculture: products: potatoes, green vegetables, mutton, dairy products, fish

Industries: fish processing; aluminum smelting, ferrosilicon production, geothermal power; tourism

Industrial production growth rate: 8.8% (2004 est.)

Exports: \$2.902 billion f.o.b. (2004 est.)

Exports: commodities: fish and fish products 70%, aluminum, animal products, ferrosilicon, diatomite

Exports: partners: UK 19.1%, Germany 17.1%, Netherlands 11%, US 10.2%, Spain 6.9%, Denmark 4.6% (2004)

Imports: \$3.307 billion (2004 est.)

Imports: commodities: machinery and equipment, petroleum products; foodstuffs, textiles

Imports: partners: Germany 12.3%, US 10%, Norway 9.8%, Denmark 7.6%, UK 6.9%, Sweden 6.4%, Netherlands

5.7% (2004)

Reserves of foreign exchange and gold: \$935 million (2004)

Debt: external: \$3.073 billion (2002)

Economic aid: donor: \$NA

INDIA

GDP: purchasing power parity: \$3.319 trillion (2004 est.)

GDP: real growth rate: 6.2% (2004 est.)

GDP: per capita: purchasing power parity: \$3,100 (2004 est.)

GDP: composition by sector: agriculture: 23.6%

industry: 28.4%

services: 48% (2002 est.)

Labor force: 482.2 million (2004 est.)

Labor force: by occupation: agriculture 60%, industry 17%, services 23% (1999)

Unemployment rate: 9.2% (2004 est.)

Population below poverty line: 25% (2002 est.)

Household income or consumption by percentage share: lowest 10%: 3.5%

highest 10%: 33.5% (1997)

Distribution of family income: Gini index: 37.8 (1997) Inflation rate (consumer prices): 4.2% (2004 est.) Investment (gross fixed): 23.8% of GDP (2004 est.)

Budget: revenues: \$67.3 billion

expenditures: \$104 billion, including capital expenditures of \$13.5 billion (2004 est.) Public debt: 59.7% of GDP (federal debt only; state debt not included) (2004 est.)

Agriculture: products: rice, wheat, oilseed, cotton, jute, tea, sugarcane, potatoes; cattle, water buffalo, sheep, goats, poultry; fish

Industries: textiles, chemicals, food processing, steel, transportation equipment, cement, mining, machinery, software Industrial production growth rate: 7.4% (2004 est.)

Exports: \$69.18 billion f.o.b. (2004 est.)

Exports: commodities: textile goods, gems and jewelry, engineering goods, chemicals, leather manufactures Exports: partners: US 18.4%, China 7.8%, UAE 6.7%, UK 4.8%, Hong Kong 4.3%, Germany 4% (2004)

Imports: \$89.33 billion f.o.b. (2004 est.)

Imports: commodities: crude oil, machinery, gems, fertilizer, chemicals

Imports: partners: US 7%, Belgium 6.1%, China 5.9%, Singapore 4.8%, Australia 4.6%, UK 4.6%, Germany 4.5%

Reserves of foreign exchange and gold: \$126 billion (2004 est.)

Debt: external: \$117.2 billion (2004 est.)

Economic aid: recipient: \$2.9 billion (FY98/99)

INDONESIA

GDP: purchasing power parity: \$827.4 billion (2004 est.)

GDP: real growth rate: 4.9% (2004 est.)

GDP: per capita: purchasing power parity: \$3,500 (2004 est.)

GDP: composition by sector: agriculture: 14.6%, industry: 45%, services: 40.4% (2004 est.)

Labor force: 111.5 million (2004 est.)

Labor force: by occupation: agriculture 45%, industry 16%, services 39% (1999 est.)

Unemployment rate: 9.2% (2004 est.) Population below poverty line: 27% (1999)

Household income or consumption by percentage share: lowest 10%: 4%

highest 10%: 26.7% (1999)

Distribution of family income: Gini index: 37 (2001) Inflation rate (consumer prices): 6.1% (2004 est.) Investment (gross fixed): 16.6% of GDP (2004 est.)

Budget: revenues: \$52.13 billion

expenditures: \$55.88 billion, including capital expenditures of NA (2004 est.)

Public debt: 56.2% of GDP (2004 est.)

Agriculture: products: rice, cassava (tapioca), peanuts, rubber, cocoa, coffee, palm oil, copra, poultry, beef, pork, eggs Industries: petroleum and natural gas, textiles, apparel, footwear, mining, cement, chemical fertilizers, plywood, rub-

ber, food, tourism

Industrial production growth rate: 10.5% (2004 est.)

Exports: \$69.86 billion f.o.b. (2004 est.)

Exports: commodities: oil and gas, electrical appliances, plywood, textiles, rubber

Exports: partners: Japan 21.8%, US 13.5%, China 7.5%, Singapore 7.4%, South Korea 5.9%, Malaysia 4.9% (2004)

Imports: \$45.07 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, chemicals, fuels, foodstuffs

Imports: partners: Japan 19.3%, China 11%, Singapore 9.2%, Thailand 6.8%, Malaysia 6.5%, US 5.7%, Australia

5%, Germany 4.2% (2004)

Reserves of foreign exchange and gold: \$35.82 billion (2004 est.)

Debt: external: \$141.5 billion (2004 est.)

Economic aid: recipient: \$43 billion

note: Indonesia finished its IMF program in December 2003 but still receives bilateral aid through the Consultative Group on Indonesia (CGI), which pledged \$2.8 billion in grants and loans for 2004 and again in 2005; nearly \$4 billion in aid money pledged by a variety of foreign governments and other groups following the 2004 tsunami; money is slated for use in relief and rebuilding efforts in Aceh.

IRAN

GDP: purchasing power parity: \$516.7 billion (2004 est.)

GDP: real growth rate: 6.3% (2004 est.)

GDP: per capita: purchasing power parity: \$7,700 (2004 est.)

GDP: composition by sector: agriculture: 11.2%

industry: 40.9%

services: 48.7% (2004 est.) Labor force: 23 million

note: shortage of skilled labor (2004 est.)

Labor force: by occupation: agriculture 30%, industry 25%, services 45% (2001 est.)

Unemployment rate: 11.2% (2004 est.)
Population below poverty line: 40% (2002 est.)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 15.5% (2004 est.) Investment (gross fixed): 31.3% of GDP (2004 est.)

Budget: revenues: \$43.34 billion

expenditures: \$47.7 billion, including capital expenditures of \$7.6 billion (2004 est.)

Public debt: 27% of GDP (2004 est.)

Agriculture: products: wheat, rice, other grains, sugar beets, fruits, nuts, cotton; dairy products, wool; caviar

Industries: petroleum, petrochemicals, textiles, cement and other construction materials, food processing (particu-

larly sugar refining and vegetable oil production), metal fabrication, armaments

Industrial production growth rate: 3.5% excluding oil (2004 est.)

Exports: \$38.79 billion f.o.b. (2004 est.)

Exports: commodities: petroleum 80%, chemical and petrochemical products, fruits and nuts, carpets

Exports: partners: Japan 20%, China 9.9%, Italy 6.3%, South Africa 6.3%, Taiwan 4.8%, Turkey 4.7%, South

Korea 4.7%, France 4.3%, Netherlands 4.3% (2004)

Imports: \$31.3 billion f.o.b. (2004 est.)

Imports: commodities: industrial raw materials and intermediate goods, capital goods, foodstuffs and other consumer goods, technical services, military supplies

Imports: partners: Germany 13%, France 8.9%, Italy 8%, China 7.7%, UAE 6.4%, South Korea 6.3%, Russia 4.9% (2004)

Reserves of foreign exchange and gold: \$29.87 billion (2004 est.)

Debt: external: \$13.4 billion (2004 est.)

IRAQ

GDP: purchasing power parity: \$54.4 billion (2004 est.)

GDP: real growth rate: 52.3% (2004 est.)

GDP: per capita: purchasing power parity: \$2,100 (2004 est.)

GDP: composition by sector: agriculture: 13.6%

industry: 58.6%

services: 27.8% (2004 est.)

Labor force: 6.7 million (2004 est.)

Labor force: by occupation: agriculture NA, industry NA, services NA

Unemployment rate: 25% to 30% (2004 est.)

Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 25.4% (2004 est.)

Budget: revenues: \$17.1 billion

expenditures: \$28.2 billion, including capital expenditures of \$5.6 billion (2004 budget)

Agriculture: products: wheat, barley, rice, vegetables, dates, cotton; cattle, sheep, poultry

Industries: petroleum, chemicals, textiles, construction materials, food processing, fertilizer, metal fabrication/pro-

cessing

Industrial production growth rate: NA Exports: \$10.1 billion f.o.b. (2004 est.)

Exports: commodities: crude oil (83.9%), crude materials excluding fuels (8.0%), food and live animals (5.0%)

Exports: partners: US 55.8%, Spain 8%, Japan 7.3%, Italy 6.5%, Canada 5.8% (2004)

Imports: \$9.9 billion f.o.b. (2004 est.)

Imports: commodities: food, medicine, manufactures

Imports: partners: Turkey 25%, US 11.1%, Jordan 10%, Vietnam 7.7%, Germany 5.6%, Australia 4.8% (2004)

Debt: external: \$125 billion (2004 est.)

Economic aid: recipient: more than \$33 billion in foreign aid pledged for 2004-07 (2004)

IRELAND

GDP: purchasing power parity: \$126.4 billion (2004 est.)

GDP: real growth rate: 5.1% (2004 est.)

GDP: per capita: purchasing power parity: \$31,900 (2004 est.)

GDP: composition by sector: agriculture: 5%

industry: 46%

services: 49% (2002 est.)

Labor force: 1.92 million (2004 est.)

Labor force: by occupation: agriculture 8%, industry 29%, services 63% (2002 est.)

Unemployment rate: 4.3% (2004 est.)

Population below poverty line: 10% (1997 est.)

Household income or consumption by percentage share: lowest 10%: 2%

highest 10%: 27.3% (1997)

Distribution of family income: Gini index: 35.9 (1987) Inflation rate (consumer prices): 2.2% (2004 est.) Investment (gross fixed): 23.8% of GDP (2004 est.)

Budget: revenues: \$62.51 billion

expenditures: \$63.52 billion, including capital expenditures of \$5.5 billion (2004 est.)

Public debt: 31.2% of GDP (2004 est.)

Agriculture: products: turnips, barley, potatoes, sugar beets, wheat; beef, dairy products

Industries: steel, lead, zinc, silver, aluminum, barite, and gypsum mining processing; food products, brewing, textiles, clothing; chemicals, pharmaceuticals; machinery, rail transportation equipment, passenger and commercial vehicles, ship construction and refurbishment; glass and crystal; software, tourism

Industrial production growth rate: 7% (2004 est.)

Exports: \$103.8 billion f.o.b. (2004 est.)

Exports: commodities: machinery and equipment, computers, chemicals, pharmaceuticals; live animals, animal products

Exports: partners: US 20.2%, UK 17.5%, Belgium 14.8%, Germany 7.5%, France 5.9%, Italy 4.5%, Netherlands 4.4% (2004)

Imports: \$60.65 billion f.o.b. (2004 est.)

Imports: commodities: data processing equipment, other machinery and equipment, chemicals, petroleum and petroleum products, textiles, clothing

Imports: partners: UK 35.2%, US 13.5%, Germany 8.9%, France 4.3%, Netherlands 4.3% (2004)

Reserves of foreign exchange and gold: \$4.152 billion (2003)

Debt: external: \$11 billion (1998)

Economic aid: donor: ODA, \$283 million (2001)

ISRAEL

GDP: purchasing power parity: \$129 billion (2004 est.)

GDP: real growth rate: 3.9% (2004 est.)

GDP: per capita: purchasing power parity: \$20,800 (2004 est.)

GDP: composition by sector: agriculture: 2.8%, industry: 37.7%, services: 59.5% (2003 est.)

Labor force: 2.68 million (2004 est.)

Labor force: by occupation: agriculture, forestry, and fishing 2.6%, manufacturing 20.2%, construction 7.5%, commerce 12.8%, transport, storage, and communications 6.2%, finance and business 13.1%, personal and other serv-

ices 6.4%, public services 31.2% (1996) Unemployment rate: 10.7% (2004 est.)

Population below poverty line: 18% (2001 est.)

Household income or consumption by percentage share: lowest 10%: 2.4%

highest 10%: 28.3% (1997)

Distribution of family income: Gini index: 35.5 (2001)

Inflation rate (consumer prices): 0% (2004 est.) Investment (gross fixed): 17.6% of GDP (2004 est.)

Budget: revenues: \$48.09 billion

expenditures: \$52.11 billion, including capital expenditures of NA (2004 est.)

Public debt: 104.5% of GDP (2004 est.)

Agriculture: products: citrus, vegetables, cotton; beef, poultry, dairy products

Industries: high-technology projects (including aviation, communications, computer-aided design and manufactures, medical electronics, fiber optics), wood and paper products, potash and phosphates, food, beverages, and tobacco, caustic soda, cement, construction, metals products, chemical products, plastics, diamond cutting, textiles and footwear

Industrial production growth rate: 4.5% (2004 est.)

Exports: \$34.41 billion f.o.b. (2004 est.)

Exports: commodities: machinery and equipment, software, cut diamonds, agricultural products, chemicals, textiles

and apparel

Exports: partners: US 36.8%, Belgium 7.5%, Hong Kong 4.9% (2004)

Imports: \$36.84 billion f.o.b. (2004 est.)

Imports: commodities: raw materials, military equipment, investment goods, diamonds, fuels, grain, consumer goods

Imports: partners: US 15%, Belgium 10.1%, Germany 7.5%, Switzerland 6.5%, UK 6.1% (2004)

Reserves of foreign exchange and gold: \$28.48 billion (2004 est.)

Debt: external: \$74.46 billion (2004 est.)

Economic aid: recipient: \$662 million from US (2003 est.)

ITALY

GDP: purchasing power parity: \$1.609 trillion (2004 est.)

GDP: real growth rate: 1.3% (2004 est.)

GDP: per capita: purchasing power parity: \$27,700 (2004 est.)

GDP: composition by sector: agriculture: 2.3%

industry: 28.8%

services: 68.9% (2004 est.)

Labor force: 24.27 million (2004 est.)

Labor force: by occupation: agriculture 5%, industry 32%, services 63% (2001)

Unemployment rate: 8.6% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 2.1%

highest 10%: 26.6% (2000)

Distribution of family income: Gini index: 27.3 (1995) Inflation rate (consumer prices): 2.3% (2004 est.) Investment (gross fixed): 19.3% of GDP (2004 est.)

Budget: revenues: \$768.9 billion

expenditures: \$820.1 billion, including capital expenditures of NA (2004 est.)

Public debt: 105.6% of GDP (2004 est.)

Agriculture: products: fruits, vegetables, grapes, potatoes, sugar beets, soybeans, grain, olives; beef, dairy products;

Industries: tourism, machinery, iron and steel, chemicals, food processing, textiles, motor vehicles, clothing, footwear, ceramics

Industrial production growth rate: 0.7% (2004 est.)

Exports: \$336.4 billion f.o.b. (2004 est.)

Exports: commodities: engineering products, textiles and clothing, production machinery, motor vehicles, transport equipment, chemicals; food, beverages and tobacco; minerals and nonferrous metals

Exports: partners: Germany 13.7%, France 12.1%, US 8%, Spain 7.3%, UK 6.9%, Switzerland 4.1% (2004)

Imports: \$329.3 billion f.o.b. (2004 est.)

Imports: commodities: engineering products, chemicals, transport equipment, energy products, minerals and nonferrous metals, textiles and clothing; food, beverages and tobacco

Imports: partners: Germany 18.1%, France 10.7%, Netherlands 5.8%, Spain 4.7%, Belgium 4.4%, UK 4.3%, China 4.1% (2004)

Reserves of foreign exchange and gold: \$61.5 billion (2004 est.)

Debt: external: \$913.9 billion (2004 est.)

Economic aid: donor: ODA, \$1 billion (2002 est.)

JAMAICA

GDP: purchasing power parity: \$11.13 billion (2004 est.)

GDP: real growth rate: 1.9% (2004 est.)

GDP: per capita: purchasing power parity: \$4,100 (2004 est.)

GDP: composition by sector: agriculture: 6.1%

industry: 32.7%

services: 61.3% (2004 est.)

Labor force: 1.14 million (2004 est.)

Labor force: by occupation: agriculture 20.1%, industry 16.6%, services 63.4% (2003)

Unemployment rate: 15% (2004 est.)

Population below poverty line: 19.7% (2002 est.)

Household income or consumption by percentage share: lowest 10%: 2.7%

highest 10%: 30.3% (2000)

Distribution of family income: Gini index: 37.9 (2000) Inflation rate (consumer prices): 12.4% (2004 est.) Investment (gross fixed): 32% of GDP (2004 est.)

Budget: revenues: \$2.793 billion

expenditures: \$3.157 billion, including capital expenditures of \$236 million (2004 est.)

Public debt: 146.1% of GDP (2004 est.)

Agriculture: products: sugarcane, bananas, coffee, citrus, yams, vegetables, poultry, goats, milk, crustaceans, and mol-

lusks

Industries: tourism, bauxite/alumina, textiles, agro processing, wearing apparel, light manufactures, rum, cement,

metal, paper, chemical products, telecommunications Industrial production growth rate: -2% (2000 est.)

Exports: \$1.679 billion f.o.b. (2004 est.)

Exports: commodities: alumina, bauxite, sugar, bananas, rum, coffee, yams, beverages, chemicals, wearing apparel,

mineral fuels

Exports: partners: US 17.2%, Canada 14.3%, France 12.6%, China 11.4%, UK 8.6%, Netherlands 7%, Norway

5.8%, Germany 5.6% (2004)

Imports: \$3.624 billion f.o.b. (2004 est.)

Imports: commodities: food and other consumer goods, industrial supplies, fuel, parts and accessories of capital

goods, machinery and transport equipment, construction materials

Imports: partners: US 38.3%, Trinidad and Tobago 10.3%, Venezuela 5.6%, France 5.5%, Japan 4.6% (2004)

Reserves of foreign exchange and gold: \$1.4 billion (2004 est.)

Debt: external: \$5.964 billion (2004 est.) Economic aid: recipient: \$16 million (2003)

JAPAN

GDP: purchasing power parity: \$3.745 trillion (2004 est.)

GDP: real growth rate: 2.9% (2004 est.)

GDP: per capita: purchasing power parity: \$29,400 (2004 est.)

GDP: composition by sector: agriculture: 1.3%

industry: 24.7%

services: 74.1% (2004 est.)

Labor force: 66.97 million (2004 est.)

Labor force: by occupation: agriculture 5%, industry 25%, services 70% (2002 est.)

Unemployment rate: 4.7% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 4.8%

highest 10%: 21.7% (1993)

Distribution of family income: Gini index: 24.9 (1993) Inflation rate (consumer prices): -0.1% (2004 est.) Investment (gross fixed): 24% of GDP (2004 est.)

Budget: revenues: \$1.401 trillion

expenditures: \$1.748 trillion, including capital expenditures (public works only) of about \$71 billion (2004 est.)

Public debt: 164.3% of GDP (2004 est.)

Agriculture: products: rice, sugar beets, vegetables, fruit, pork, poultry, dairy products, eggs, fish

Industries: among world's largest and technologically advanced producers of motor vehicles, electronic equipment,

machine tools, steel and nonferrous metals, ships, chemicals, textiles, processed foods

Industrial production growth rate: 6.6% (2004 est.)

Exports: \$538.8 billion f.o.b. (2004 est.)

Exports: commodities: transport equipment, motor vehicles, semiconductors, electrical machinery, chemicals

Exports: partners: US 22.7%, China 13.1%, South Korea 7.8%, Taiwan 7.4%, Hong Kong 6.3% (2004)

Imports: \$401.8 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, fuels, foodstuffs, chemicals,

textiles, raw materials (2001)

Imports: partners: China 20.7%, US 14%, South Korea 4.9%, Australia 4.3%, Indonesia 4.1%, Saudi Arabia 4.1%,

UAE 4% (2004)

Reserves of foreign exchange and gold: \$664.6 billion (2003)

Debt: external: NA (2002 est.)

Economic aid: donor: ODA, \$7.9 billion (FY03/04)

JORDAN

GDP: purchasing power parity: \$25.5 billion (2004 est.)

GDP: real growth rate: 5.1% (2004 est.)

GDP: per capita: purchasing power parity: \$4,500 (2004 est.)

GDP: composition by sector: agriculture: 2.4%

industry: 26%

services: 71.5% (2004 est.)

Labor force: 1.41 million (2004 est.)

Labor force: by occupation: agriculture 5%, industry 12.5%, services 82.5% (2001 est.) Unemployment rate: 15% official rate; unofficial rate is approximately 30% (2004 est.)

Population below poverty line: 30% (2001 est.)

Household income or consumption by percentage share: lowest 10%: 3.3%

highest 10%: 29.8% (1997)

Distribution of family income: Gini index: 36.4 (1997) Inflation rate (consumer prices): 3.2% (2004 est.) Investment (gross fixed): 11.6% of GDP (2004 est.)

Budget: revenues: \$3.483 billion

expenditures: \$3.616 billion, including capital expenditures of \$782 million (2004 est.)

Public debt: 85.8% of GDP (2004 est.)

Agriculture: products: wheat, barley, citrus, tomatoes, melons, olives; sheep, goats, poultry

Industries: phosphate mining, pharmaceuticals, petroleum refining, cement, potash, inorganic chemicals, light man-

ufacturing, tourism

Industrial production growth rate: 5% (2004 est.)

Exports: \$3.2 billion f.o.b. (2004 est.)

Exports: commodities: clothing, phosphates, fertilizers, potash, vegetables,

manufactures, pharmaceuticals

Exports: partners: US 25.8%, Iraq 18.4%, India 6.4%,

Saudi Arabia 5.2% (2004)

Imports: \$7.6 billion f.o.b. (2004 est.)

Imports: commodities: crude oil, textile fabrics, machinery, transport equipment,

manufactured goods

Imports: partners: Saudi Arabia 19.9%, China 8.4%, Germany 6.8%, US 6.7% (2004)

Reserves of foreign exchange and gold: \$5.457 billion (2004 est.)

Debt: external: \$7.32 billion (2004 est.)

Economic aid: recipient: ODA, \$500 million (2004 est.)

KAZAKHSTAN

GDP: purchasing power parity: \$118.4 billion (2004 est.)

GDP: real growth rate: 9.1% (2004 est.)

GDP: per capita: purchasing power parity: \$7,800 (2004 est.)

GDP: composition by sector: agriculture: 7.4%

industry: 37.8%

services: 54.8% (2004 est.)

Labor force: 7.95 million (2004 est.)

Labor force: by occupation: agriculture 20%, industry 30%, services 50% (2002 est.)

Unemployment rate: 8% (2004 est.)

Population below poverty line: 19% (2004 est.)

Household income or consumption by percentage share: lowest 10%: 3.3%

highest 10%: 26.5% (2004 est.)

Distribution of family income: Gini index: 31.5 (2003) Inflation rate (consumer prices): 6.9% (2004 est.) Investment (gross fixed): 23.9% of GDP (2004 est.)

Budget: revenues: \$8.67 billion

expenditures: \$8.968 billion, including capital expenditures of NA (2004 est.)

Public debt: 13.7% of GDP (2004 est.)

Agriculture: products: grain (mostly spring wheat), cotton; livestock

Industries: oil, coal, iron ore, manganese, chromite, lead, zinc, copper, titanium, bauxite, gold, silver, phosphates, sul-

fur, iron and steel; tractors and other agricultural machinery, electric motors, construction materials

Industrial production growth rate: 10.6% (2004 est.)

Exports: \$18.47 billion f.o.b. (2004 est.)

Exports: commodities: oil and oil products 58%, ferrous metals 24%, chemicals 5%, machinery 3%, grain, wool,

meat, coal (2001)

Exports: partners: Russia 13.5%, Bermuda 13.4%, China 10.4%, Germany 9.2%, Switzerland 9.1%, France 6.7%

(2004)

Imports: \$13.07 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment 41%, metal products 28%, foodstuffs 8% (2001)

Imports: partners: Russia 33.9%, China 13.6%, Germany 9.6%, France 6.8% (2004)

Reserves of foreign exchange and gold: \$14.35 billion (2004 est.)

Debt: external: \$26.03 billion (2004 est.)

Economic aid: recipient: \$74.2 million in US assistance programs, 1992-2000 (FY2004)

KENYA

GDP: purchasing power parity: \$34.68 billion (2004 est.)

GDP: real growth rate: 2.2% (2004 est.)

GDP: per capita: purchasing power parity: \$1,100 (2004 est.)

GDP: composition by sector: agriculture: 19.3%

industry: 18.5%

services: 62.4% (2004 est.)

Labor force: 11.4 million (2004 est.)

Labor force: by occupation: agriculture 75% (2003 est.)

Unemployment rate: 40% (2001 est.)

Population below poverty line: 50% (2000 est.)

Household income or consumption by percentage share: lowest 10%: 2%

highest 10%: 37.2% (2000)

Distribution of family income: Gini index: 44.9 (1997)

Inflation rate (consumer prices): 9% (2004 est.) Investment (gross fixed): 14.7% of GDP (2004 est.)

Budget: revenues: \$2.89 billion

expenditures: \$3.443 billion, including capital expenditures of NA (2004 est.)

Public debt: 74.3% of GDP (2004 est.)

Agriculture: products: tea, coffee, corn, wheat, sugarcane, fruit, vegetables; dairy products, beef, pork, poultry, eggs Industries: small-scale consumer goods (plastic, furniture, batteries, textiles, soap, cigarettes, flour), agricultural prod-

ucts; oil refining, aluminum, steel, lead, cement; commercial ship repair, tourism

Industrial production growth rate: 2.6% (2004 est.)

Exports: \$2.589 billion f.o.b. (2004 est.)

Exports: commodities: tea, horticultural products, coffee, petroleum products, fish, cement

Exports: partners: Uganda 12.8%, UK 11.6%, US 10.4%, Netherlands 8.3%, Pakistan 5.1%, Egypt 4.7%, Tanzania

4.3% (2004)

Imports: \$4.19 billion f.o.b. (2004 est.)

Imports: commodities: machinery and transportation equipment, petroleum products, motor vehicles, iron and

steel, resins and plastics

Imports: partners: UAE 13.2%, Saudi Arabia 9.6%, South Africa 9.3%, US 8%, UK 7.2%, China 6.7%, Japan

5.4%, India 4.9% (2004)

Reserves of foreign exchange and gold: \$1.5 billion (2004 est.)

Debt: external: \$6.792 billion (2004 est.) Economic aid: recipient: \$453 million (1997)

KOREA, NORTH

GDP: purchasing power parity: \$40 billion (2004 est.)

GDP: real growth rate: 1% (2004 est.)

GDP: per capita: purchasing power parity: \$1,700 (2004 est.)

GDP: composition by sector: agriculture: 30.2%

industry: 33.8%

services: 36% (2002 est.) Labor force: 9.6 million

Labor force: by occupation: agricultural 36%, nonagricultural 64%

Unemployment rate: NA (2003) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): NA (2003 est.)

Budget: revenues: NA

expenditures: NA, including capital expenditures of NA

Agriculture: products: rice, corn, potatoes, soybeans, pulses; cattle, pigs, pork, eggs

Industries: military products; machine building, electric power, chemicals; mining (coal, iron ore, magnesite, graphite,

copper, zinc, lead, and precious metals), metallurgy; textiles, food processing; tourism

Industrial production growth rate: NA Exports: \$1.2 billion f.o.b. (2003 est.)

Exports: commodities: minerals, metallurgical products, manufactures (including armaments); textiles

Exports: partners: China 29.9%, South Korea 24.1%, Japan 13.2% (2004)

Imports: \$2.1 billion c.i.f. (2003)

Imports: commodities: petroleum, coking coal, machinery and equipment; textiles, grain

Imports: partners: China 32.9%, Thailand 10.7%, Japan 4.8% (2004)

Debt: external: \$12 billion (1996 est.)

Economic aid: recipient: NA; note: over \$117 million in food aid through the World Food Program in 2003 plus ad-

ditional aid from bilateral donors and non-governmental organizations

KOREA, SOUTH

GDP: purchasing power parity: \$925.1 billion (2004 est.)

GDP: real growth rate: 4.6% (2004 est.)

GDP: per capita: purchasing power parity: \$19,200 (2004 est.)

GDP: composition by sector: agriculture: 3.2%

industry: 40.4%

services: 56.3% (2004 est.)

Labor force: 22.9 million (2004 est.)

Labor force: by occupation: agriculture 8%, industry 19%, services 73% (2004 est.)

Unemployment rate: 3.6% (2004 est.)

Population below poverty line: 4% (2001 est.)

Household income or consumption by percentage share: lowest 10%: 2.9%

highest 10%: 22.5% (1999 est.)

Distribution of family income: Gini index: 35.8 (2000) Inflation rate (consumer prices): 3.6% (2004 est.) Investment (gross fixed): 28.7% of GDP (2004 est.)

Budget: revenues: \$150.5 billion

expenditures: \$155.8 billion, including capital expenditures of NA (2004 est.)

Public debt: 21.3% of GDP (2004 est.)

Agriculture: products: rice, root crops, barley, vegetables, fruit; cattle, pigs, chickens, milk, eggs; fish Industries: electronics, telecommunications, automobile production, chemicals, shipbuilding, steel

Industrial production growth rate: 10.1% (2004 est.)

Exports: \$250.6 billion f.o.b. (2004 est.)

Exports: commodities: semiconductors, telecommunications equipment, vehicles, computers, ships, petrochemicals

Exports: partners: China 22.4%, US 17.8%, Japan 8.3%, Hong Kong 4.8% (2004)

Imports: \$214.2 billion f.o.b. (2004 est.)

Imports: commodities: machinery, electronics, oil, steel, transport equipment, organic chemicals, plastics

Imports: partners: Japan 21.6%, US 12.7%, China 12.3%, Saudi Arabia 5.1% (2004)

Reserves of foreign exchange and gold: \$199.1 billion (2004 est.)

Debt: external: \$160 billion (2004 est.)

Economic aid: donor: ODA \$334 million (2003)

KUWAIT

GDP: purchasing power parity: \$48 billion (2004 est.)

GDP: real growth rate: 6.8% (2004 est.)

GDP: per capita: purchasing power parity: \$21,300 (2004 est.)

GDP: composition by sector: agriculture: 0.4%

industry: 60.5%

services: 39.1% (2004 est.) Labor force: 1.42 million

note: non-Kuwaitis represent about 80% of the labor force (2004 est.) Labor force: by occupation: agriculture NA, industries NA, services NA

Unemployment rate: 2.2% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 2.3% (2004 est.) Investment (gross fixed): 8% of GDP (2004 est.)

Budget: revenues: \$35.82 billion

expenditures: \$19.53 billion, including capital expenditures of NA (2004 est.)

Public debt: 29.6% of GDP (2004 est.)

Agriculture: products: practically no crops; fish

Industries: petroleum, petrochemicals, cement, shipbuilding and repair, desalination, food processing, construction

materials

Industrial production growth rate: -5% (2002 est.)

Exports: \$27.42 billion f.o.b. (2004 est.)

Exports: commodities: oil and refined products, fertilizers

Exports: partners: Japan 22.6%, US 13.4%, South Korea 13.4%, Singapore 12.4%, Taiwan 8.4%, Netherlands 4.1%

(2004)

Imports: \$11.12 billion f.o.b. (2004 est.)

Imports: commodities: food, construction materials, vehicles and parts, clothing

Imports: partners: US 13.1%, Germany 12.7%, Japan 8.2%, China 5.9%, Italy 5.4%, UK 5.4%, Saudi Arabia 4.7%,

France 4.6% (2004)

Reserves of foreign exchange and gold: \$7.333 billion (2004 est.)

Debt: external: \$15.02 billion (2004 est.) Economic aid: recipient: NA (2001)

KYRGYZSTAN

GDP: purchasing power parity: \$8.495 billion (2004 est.)

GDP: real growth rate: 6% (2004 est.)

GDP: per capita: purchasing power parity: \$1,700 (2004 est.)

GDP: composition by sector: agriculture: 38.5%

industry: 22.8%

services: 38.7% (2004 est.) Labor force: 2.7 million (2000)

Labor force: by occupation: agriculture 55%, industry 15%, services 30% (2000 est.)

Unemployment rate: 18% (2004 est.)

Population below poverty line: 40% (2004 est.)

Household income or consumption by percentage share: lowest 10%: 3.9%

highest 10%: 23.3% (2001)

Distribution of family income: Gini index: 29 (2001) Inflation rate (consumer prices): 3.2% (2004 est.)

Investment (gross fixed): 17% of GDP (2004 est.)

Budget: revenues: \$431.3 million

expenditures: \$445.4 million, including capital expenditures of NA (2004 est.)

Agriculture: products: tobacco, cotton, potatoes, vegetables, grapes, fruits and berries; sheep, goats, cattle, wool Industries: small machinery, textiles, food processing, cement, shoes, sawn logs, refrigerators, furniture, electric mo-

tors, gold, rare earth metals

Industrial production growth rate: 6% (2000 est.)

Exports: \$646.7 million f.o.b. (2004 est.)

Exports: commodities: cotton, wool, meat, tobacco; gold, mercury, uranium, natural gas, hydropower; machinery

Exports: partners: UAE 23.8%, Switzerland 16.9%, Russia 16.9%, Kazakhstan 10.1%, China 9.8% (2004)

Imports: \$775.1 million f.o.b. (2004 est.)

Imports: commodities: oil and gas, machinery and equipment, chemicals, foodstuffs

Imports: partners: Russia 23.1%, China 22.9%, Kazakhstan 19.3%, Turkey 7.2%, Germany 4.5%, Uzbekistan

4.4%, US 4.2% (2004)

Reserves of foreign exchange and gold: \$498.7 million (2004 est.)

Debt: external: \$1.97 billion (2004 est.)

Economic aid: recipient: \$50 million from the US (2001)

LAOS

GDP: purchasing power parity: \$11.28 billion (2004 est.)

GDP: real growth rate: 6% (2004 est.)

GDP: per capita: purchasing power parity: \$1,900 (2004 est.)

GDP: composition by sector: agriculture: 49.5%

industry: 27.5%

services: 23% (2004 est.)

Labor force: 2.6 million (2001 est.)

Labor force: by occupation: agriculture 80% (1997 est.)

Unemployment rate: 5.7% (1997 est.)

Population below poverty line: 40% (2002 est.)

Household income or consumption by percentage share: lowest 10%: 3.2%

highest 10%: 30.6% (1997)

Distribution of family income: Gini index: 37 (1997) Inflation rate (consumer prices): 12.3% (2004 est.)

Budget: revenues: \$284.3 million

expenditures: \$416.5 million, including capital expenditures of NA (2004 est.)

Agriculture: products: sweet potatoes, vegetables, corn, coffee, sugarcane, tobacco, cotton, tea, peanuts, rice, water

buffalo, pigs, cattle, poultry

Industries: tin and gypsum mining, timber, electric power, agricultural processing, construction, garments, tourism Industrial production growth rate: 9.7% (2001 est.)

Exports: \$365.5 million (2004 est.)

Exports: commodities: garments, wood products, coffee, electricity, tin

Exports: partners: Thailand 19%, Vietnam 16.4%, France 7.9%, Germany 5.6%, UK 4.9% (2004)

Imports: \$579.5 million f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, vehicles, fuel, consumer goods

Imports: partners: Thailand 60.5%, China 9.2%, Vietnam 8.7% (2004)

Reserves of foreign exchange and gold: \$193.1 million (2004 est.)

Debt: external: \$2.49 billion (2001)

Economic aid: recipient: \$243 million (2001 est.)

LATVIA

GDP: purchasing power parity: \$26.53 billion (2004 est.)

GDP: real growth rate: 7.6% (2004 est.)

GDP: per capita: purchasing power parity: \$11,500 (2004 est.)

GDP: composition by sector: agriculture: 4.4%

industry: 24.8%

services: 70.8% (2004 est.)

Labor force: 1.17 million (2004 est.)

Labor force: by occupation: agriculture 15%, industry 25%, services 60% (2000 est.)

Unemployment rate: 8.8% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 2.9%

highest 10%: 25.9% (1998)

Distribution of family income: Gini index: 32 (1999) Inflation rate (consumer prices): 6% (2004 est.) Investment (gross fixed): 26.1% of GDP (2004 est.)

Budget: revenues: \$4.231 billion

expenditures: \$4.504 billion, including capital expenditures of NA (2004 est.)

Public debt: 11.8% of GDP (2004 est.)

Agriculture: products: grain, sugar beets, potatoes, vegetables; beef, pork, milk, eggs; fish

Industries: buses, vans, street and railroad cars, synthetic fibers, agricultural machinery, fertilizers, washing machines, radios, electronics, pharmaceuticals, processed foods, textiles; note: dependent on imports for energy and raw materials

Industrial production growth rate: 8.5% (2004 est.)

Exports: \$3.569 billion f.o.b. (2004 est.)

Exports: commodities: wood and wood products, machinery and equipment, metals, textiles, foodstuffs

Exports: partners: UK 22.1%, Germany 9.9%, US 8.2%, Sweden 7.3%, France 6.6%, Lithuania 6.4%, Estonia

5.2%, Denmark 4.2%, Russia 4.1% (2004) Imports: \$5.97 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, chemicals, fuels, vehicles

Imports: partners: Germany 16.1%, Russia 14.4%, Lithuania 7.6%, Finland 6.5%, Sweden 5.6%, Estonia 5.1%,

Italy 4.2%, Poland 4% (2004)

Reserves of foreign exchange and gold: \$1.65 billion (2004 est.)

Debt: external: \$7.368 billion (2004 est.)

Economic aid: recipient:

LEBANON

GDP: purchasing power parity: \$18.83 billion (2004 est.)

GDP: real growth rate: 4% (2004 est.)

GDP: per capita: purchasing power parity: \$5,000 (2004 est.)

GDP: composition by sector: agriculture: 12%

industry: 21% services: 67% (2000) Labor force: 2.6 million

note: in addition, there are as many as 1 million foreign workers (2001 est.) Labor force: by occupation: agriculture NA, industry NA, services NA

Unemployment rate: 18% (1997 est.)

Population below poverty line: 28% (1999 est.)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 2% (2004 est.) Investment (gross fixed): 26% of GDP (2004 est.)

Budget: revenues: \$4.895 billion

expenditures: \$6.642 billion, including capital expenditures of NA (2004 est.)

Public debt: 177.9% of GDP (2004 est.)

Agriculture: products: citrus, grapes, tomatoes, apples, vegetables, potatoes, olives, tobacco; sheep, goats

Industries: banking, food processing, jewelry, cement, textiles, mineral and chemical products, wood and furniture

products, oil refining, metal fabricating Industrial production growth rate: NA Exports: \$1.783 billion f.o.b. (2004 est.)

Exports: commodities: authentic jewelry, inorganic chemicals, miscellaneous consumer goods, fruit, tobacco, construction minerals, electric power machinery and switchgear, textile fibers, paper

Exports: partners: Switzerland 10%, UAE 9.5%, Turkey 9.3%, Saudi Arabia 7.1%, France 5.1%, US 5.1% (2004)

Imports: \$8.162 billion f.o.b. (2004 est.)

Imports: commodities: petroleum products, cars, medicinal products, clothing, meat and live animals, consumer goods, paper, textile fabrics, tobacco

Imports: partners: Italy 12.2%, France 11.2%, Germany 8.9%, China 6.3%, US 6%, Syria 5.1%, UK 5% (2004)

Reserves of foreign exchange and gold: \$16.3 billion (2004 est.)

Debt: external: \$15.84 billion (2004 est.)

Economic aid: recipient: \$2.2 billion received (2003), out of the \$4.2 billion in soft loans pledged at the November

2002 Paris II Aid Conference

LESOTHO

GDP: purchasing power parity: \$5.892 billion (2004 est.)

GDP: real growth rate: 3.3% (2004 est.)

GDP: per capita: purchasing power parity: \$3,200 (2004 est.)

GDP: composition by sector: agriculture: 15.2%

industry: 43.9%

services: 40.9% (2004 est.) Labor force: 838,000 (2000)

Labor force: by occupation: 86% of resident population engaged in subsistence agriculture; roughly 35% of the ac-

tive male wage earners work in South Africa

Unemployment rate: 45% (2002)

Population below poverty line: 49% (1999)

Household income or consumption by percentage share: lowest 10%: 0.9%

highest 10%: 43.4%

Distribution of family income: Gini index: 56 (1986-87)

Inflation rate (consumer prices): 5.3% (2004 est.) Investment (gross fixed): 39.6% of GDP (2004 est.)

Budget: revenues: \$698.5 million

expenditures: \$697.6 million, including capital expenditures of \$15 million (2004 est.)

Agriculture: products: corn, wheat, pulses, sorghum, barley; livestock

Industries: food, beverages, textiles, apparel assembly, handicrafts; construction; tourism

Industrial production growth rate: 15.5% (1999)

Exports: \$484.5 million f.o.b. (2004 est.)

Exports: commodities: manufactures 75% (clothing, footwear, road vehicles), wool and mohair, food and live animals

(2000)

Exports: partners: US 96%, Canada 1.5%, Belgium/Luxembourg 1.1% (2004)

Imports: \$730.9 million f.o.b. (2004 est.)

Imports: commodities: food; building materials, vehicles, machinery, medicines, petroleum products (2000)

Imports: partners: Hong Kong 34.2%, Taiwan 33.9%, China 11.2%, Germany 9.2% (2004)

Reserves of foreign exchange and gold: \$402.2 million (2004 est.)

Debt: external: \$735 million (2002) Economic aid: donor: ODA \$4.4 million

LIBERIA

GDP: purchasing power parity: \$2.903 billion (2004 est.)

GDP: real growth rate: 21.8% (2004 est.)

GDP: per capita: purchasing power parity: \$900 (2004 est.)

GDP: composition by sector:

agriculture: 76.9% industry: 5.4%

services: 17.7% (2002 est.)

Labor force: by occupation: agriculture 70%, industry 8%, services 22% (2000 est.)

Unemployment rate: 85% (2003 est.) Population below poverty line: 80%

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 15% (2003 est.)

Budget: revenues: \$85.4 million

expenditures: \$90.5 million, including capital expenditures of NA (2000 est.) Agriculture: products: rubber, coffee, cocoa, rice, cassava (tapioca), palm oil,

sugarcane, bananas; sheep, goats; timber

Industries: rubber processing, palm oil processing, timber, diamonds

Industrial production growth rate: NA Exports: \$1.079 billion f.o.b. (2002 est.)

Exports: commodities: rubber, timber, iron, diamonds, cocoa, coffee

Exports: partners: Germany 36.9%, Poland 18.6%, US 11.4%, Greece 10.6% (2004)

Imports: \$5.051 billion f.o.b. (2002 est.)

Imports: commodities: fuels, chemicals, machinery, transportation equipment,

manufactured goods; foodstuffs

Imports: partners: South Korea 38.1%, Japan 21.9%, Singapore 12.6%, Croatia 4.8% (2004)

Debt: external: \$2.1 billion (2000 est.) Economic aid: recipient: \$94 million (1999)

LIBYA

GDP: purchasing power parity: \$37.48 billion (2004 est.)

GDP: real growth rate: 4.9% (2004 est.)

GDP: per capita: purchasing power parity: \$6,700 (2004 est.)

GDP: composition by sector: agriculture: 8.7%

industry: 45.7%

services: 45.6% (2004 est.)

Labor force: 1.59 million (2004 est.)

Labor force: by occupation: agriculture 17%, industry 29%, services 54% (1997 est.)

Unemployment rate: 30% (2004) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 2.9% (2004 est.) Investment (gross fixed): 9.9% of GDP (2004 est.)

Budget: revenues: \$13.52 billion

expenditures: \$12.23 billion, including capital expenditures of \$5.6 billion (2004 est.)

Public debt: 8.8% of GDP (2004 est.)

Agriculture: products: wheat, barley, olives, dates, citrus, vegetables, peanuts, soybeans; cattle

Industries: petroleum, iron and steel, food processing, textiles, handicrafts, cement

Industrial production growth rate: NA Exports: \$18.65 billion f.o.b. (2004 est.)

Exports: commodities: crude oil, refined petroleum products, natural gas

Exports: partners: Italy 37.7%, Germany 16.7%, Spain 11.6%, Turkey 7.5%, France 6.5% (2004)

Imports: \$7.224 billion f.o.b. (2004 est.)

Imports: commodities: machinery, transport equipment, semi-finished goods, food, consumer products (1999) Imports: partners: Italy 28.2%, Germany 11.1%, Tunisia 6%, UK 5.8%, Turkey 5%, France 4.1% (2004)

Reserves of foreign exchange and gold: \$24.18 billion (2004 est.)

Debt: external: \$4.069 billion (2004 est.)

Economic aid: recipient: \$4.4 million ODA (2002)

LIECHTENSTEIN

GDP: purchasing power parity: \$825 million (1999 est.)

GDP: real growth rate: 11% (1999 est.)

GDP: per capita: purchasing power parity: \$25,000 (1999 est.)

GDP: composition by sector: agriculture: NA%

industry: 40%

services: NA% (1999)

Labor force: 29,000 of whom 19,000 are foreigners; 13,000 commute from Austria, Switzerland, and Germany to

work each day (31 December 2001)

Labor force: by occupation: agriculture 1.3%, industry 47.4%, services 51.3% (31 December 2001 est.)

Unemployment rate: 1.3% (September 2002)

Population below poverty line: NA%

Household income or consumption by percentage share: lowest 10%: NA%

highest 10%: NA%

Inflation rate (consumer prices): 1% (2001)

Budget: revenues: \$424.2 million

expenditures: \$414.1 million, including capital expenditures of NA (1998 est.) Agriculture: products: wheat, barley, corn, potatoes; livestock, dairy products

Industries: electronics, metal manufacturing, dental products, ceramics, pharmaceuticals, food products, precision

instruments, tourism, optical instruments Industrial production growth rate: NA%

Exports: \$2.47 billion (1996)

Exports: commodities: small specialty machinery, connectors for audio and video, parts for motor vehicles, dental products, hardware, prepared foodstuffs, electronic equipment, optical products

Exports: partners: EU 62.6% (Germany 24.3%, Austria 9.5%, France 8.9%, Italy 6.6%, UK 4.6%), US 18.9%,

Switzerland 15.7%

Imports: \$917.3 million (1996)

Imports: commodities: agricultural products, raw materials, machinery, metal goods, textiles, foodstuffs

Imports: partners: EU, Switzerland

Debt: external: \$0 (2001) Economic aid: recipient: none

LITHUANIA

GDP: purchasing power parity: \$45.23 billion (2004 est.)

GDP: real growth rate: 6.6% (2004 est.)

GDP: per capita: purchasing power parity: \$12,500 (2004 est.)

GDP: composition by sector: agriculture: 6.1%

industry: 33.4%

services: 60.5% (2004 est.)

Labor force: 1.63 million (2004 est.)

Labor force: by occupation: agriculture 20%, industry 30%, services 50% (1997 est.)

Unemployment rate: 8% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 3.1%

highest 10%: 25.6% (1996)

Distribution of family income: Gini index: 34 (1999) Inflation rate (consumer prices): 1.1% (2004 est.) Investment (gross fixed): 21.9% of GDP (2004 est.)

Budget: revenues: \$6.542 billion

expenditures: \$7.121 billion, including capital expenditures of NA (2004 est.)

Public debt: 25.2% of GDP (2004 est.)

Agriculture: products: grain, potatoes, sugar beets, flax, vegetables; beef, milk, eggs; fish

Industries: metal-cutting machine tools, electric motors, television sets, refrigerators and freezers, petroleum refining, shipbuilding (small ships), furniture making, textiles, food processing, fertilizers, agricultural machinery, optical equipment, electronic components, computers, amber

Industrial production growth rate: 12% (2004 est.)

Exports: \$8.88 billion f.o.b. (2004 est.)

Exports: commodities: mineral products 23%, textiles and clothing 16%, machinery and equipment 11%, chemicals 6%, wood and wood products 5%, foodstuffs 5% (2001)

Exports: partners: Switzerland 10.7%, Latvia 10%, Germany 9.5%, Russia 7.9%, France 7.5%, US 5.2%, UK 5.1%,

Estonia 4.5%, Denmark 4.3% (2004) Imports: \$11.02 billion f.o.b. (2004 est.) Imports: commodities: mineral products 21%, machinery and equipment 17%, transport equipment 11%, chemicals 9%, textiles and clothing 9%, metals 5% (2001)

Imports: partners: Russia 23.1%, Germany 18.1%, Poland 4.7%, Italy 4.6% (2004)

Reserves of foreign exchange and gold: \$4.61 billion (2004 est.)

Debt: external: \$10.01 billion (2004 est.) Economic aid: recipient: \$228.5 million (1995)

LUXEMBOURG

GDP: purchasing power parity: \$27.27 billion (2004 est.)

GDP: real growth rate: 2.3% (2004 est.)

GDP: per capita: purchasing power parity: \$58,900 (2004 est.)

GDP: composition by sector: agriculture: 0.5%

industry: 16.3%

services: 83.1% (2004 est.)

Labor force: 293,700 (of whom 105,000 are foreign cross-border workers commuting primarily from France, Bel-

gium, and Germany) (2004 est.)

Labor force: by occupation: agriculture 1%, industry 13%, services 86% (2004 est.)

Unemployment rate: 4.5% (December, 2004 est.)

Population below poverty line: NA%

Household income or consumption by percentage share: lowest 10%: NA%

highest 10%: NA%

Inflation rate (consumer prices): 2.4% (2004 est.) Investment (gross fixed): 19.8% of GDP (2004 est.)

Budget: revenues: \$13.74 billion

expenditures: \$14.49 billion, including capital expenditures of \$760 million (2004 est.)

Agriculture: products: barley, oats, potatoes, wheat, fruits, wine grapes; livestock products

Industries: banking, iron and steel, food processing, chemicals, metal products, engineering, tires, glass, aluminum,

information technology, tourism and banking Industrial production growth rate: 2.9% (2004 est.)

Exports: \$13.4 billion f.o.b. (2003)

Exports: commodities: machinery and equipment, steel products, chemicals, rubber products, glass

Exports: partners: Germany 21.8%, France 20.1%, Belgium 10.5%, UK 9.3%, Italy 7.1%, Spain 5.6%, Netherlands

4.3% (2004)

Imports: \$16.3 billion c.i.f. (2003)

Imports: commodities: minerals, metals, foodstuffs, quality consumer goods

Imports: partners: Belgium 30%, Germany 21.8%, France 12.5%, China 11.9%, Netherlands 4.5% (2004)

Debt: external: \$NA

Economic aid: donor: ODA, \$147 million (2002)

MACEDONIA (FYROM)

GDP: purchasing power parity: \$14.4 billion (2004 est.)

GDP: real growth rate: 1.3% (2004 est.)

GDP: per capita: purchasing power parity: \$7,100 (2004 est.)

GDP: composition by sector: agriculture: 11.2%

industry: 26%

services: 62.8% (2004 est.) Labor force: 855,000 (2004 est.)

Labor force: by occupation: agriculture NA%, industry NA%, services NA%

Unemployment rate: 37.7% (3rd quarter, 2004 est.) Population below poverty line: 30.2% (2003 est.)

Household income or consumption by percentage share: lowest 10%: NA%

highest 10%: NA%

Inflation rate (consumer prices): 0.4% (2004 est.) Investment (gross fixed): 17.5% of GDP (2004 est.)

Budget: revenues: \$1.198 billion

expenditures: \$1.245 billion, including capital expenditures of \$114 million (2004 est.)

Public debt: 20% of GDP (2004 est.)

Agriculture: products: wheat, grapes, rice, tobacco, corn, millet, cotton, sesame, mulberry leaves, citrus, vegetables;

beef, pork, poultry, mutton

Industries: coal, metallic chromium, lead, zinc, ferronickel, textiles, wood products, tobacco, food processing, buses,

steel

Industrial production growth rate: 0% (2004 est.)

Exports: \$1.629 billion f.o.b. (2004 est.)

Exports: commodities: food, beverages, tobacco; miscellaneous manufactures, iron and steel

Exports: partners: Serbia and Montenegro 30.8%, Germany 20.1%, Greece 9%, Croatia 7%, US 4.8% (2004)

Imports: \$2.677 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, chemicals, fuels; food products, automobiles

Imports: partners: Greece 18%, Germany 14.4%, Serbia and Montenegro 9.3%, Slovenia 8.1%, Bulgaria 7.6%,

Turkey 7% (2004)

Reserves of foreign exchange and gold: \$928 million (2004 est.)

Debt: external: \$1.863 billion (2004 est.)

Economic aid: recipient: \$250 million (2003 est.)

MADAGASCAR

GDP: purchasing power parity: \$14.56 billion (2004 est.)

GDP: real growth rate: 5.5% (2004 est.)

GDP: per capita: purchasing power parity: \$800 (2004 est.)

GDP: composition by sector: agriculture: 29.3%

industry: 16.7%

services: 54% (2004 est.) Labor force: 7.3 million (2000)

Population below poverty line: 50% (2004 est.)

Household income or consumption by percentage share: lowest 10%: 3%

highest 10%: 29% (1999)

Distribution of family income: Gini index: 38.1 (1999) Inflation rate (consumer prices): 7.5% (2004 est.)

Investment (gross fixed): 14.7% of GDP (2004 est.)

Budget: revenues: \$783.7 million

expenditures: \$1.079 billion, including capital expenditures of \$331 million (2004 est.)

Agriculture: products: coffee, vanilla, sugarcane, cloves, cocoa, rice, cassava (tapioca), beans, bananas, peanuts; live-

stock products

Industries: meat processing, soap, breweries, tanneries, sugar, textiles, glassware, cement, automobile assembly plant,

paper, petroleum, tourism

Industrial production growth rate: 3% (2000 est.)

Exports: \$868.2 million f.o.b. (2004 est.)

Exports: commodities: coffee, vanilla, shellfish, sugar; cotton cloth, chromite, petroleum products

Exports: partners: US 35.7%, France 30.7%, Germany 7.1%, Mauritius 4.4% (2004)

Imports: \$1.147 billion f.o.b. (2004 est.)

Imports: commodities: capital goods, petroleum, consumer goods, food Imports: partners: France 17.6%, China 11.1%, Hong Kong 6.7%, Iran 6.2%,

South Africa 5.8% (2004)

Reserves of foreign exchange and gold: \$500.3 million (2004 est.)

Debt: external: \$4.6 billion (2002)

Economic aid: recipient: \$354 million (2001)

MALAWI

GDP: purchasing power parity: \$7.41 billion (2004 est.)

GDP: real growth rate: 4% (2004 est.)

GDP: per capita: purchasing power parity: \$600 (2004 est.)

GDP: composition by sector: agriculture: 54.8%

industry: 19.2%

services: 26% (2004 est.)

Labor force: 4.5 million (2001 est.)

Labor force: by occupation: agriculture 90% (2003 est.)

Unemployment rate: NA (2003 est.)

Population below poverty line: 55% (2004 est.)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 12% (2004 est.) Investment (gross fixed): 10.7% of GDP (2004 est.)

Budget: revenues: \$536 million

expenditures: \$635.6 million, including capital expenditures of NA (2004 est.)

Public debt: 228.3% of GDP (2004 est.)

Agriculture: products: tobacco, sugarcane, cotton, tea, corn, potatoes, cassava (tapioca), sorghum, pulses; ground-

nuts, Macadamia nuts; cattle, goats

Industries: tobacco, tea, sugar, sawmill products, cement, consumer goods

Industrial production growth rate: 1.4% (2004 est.)

Exports: \$503.4 million f.o.b. (2004 est.)

Exports: commodities: tobacco 60%, tea, sugar, cotton, coffee, peanuts,

wood products, apparel

Exports: partners: South Africa 13.8%, US 12.3%, Germany 11.8%, Egypt 8.2%, UK 6.8% (2004)

Imports: \$521.1 million f.o.b. (2004 est.)

Imports: commodities: food, petroleum products, semimanufactures, consumer goods, transportation equipment

Imports: partners: South Africa 43.5%, India 6.8%, Tanzania 4.1% (2004)

Reserves of foreign exchange and gold: \$160.5 million (2004 est.)

Debt: external: \$3.129 billion (2004 est.) Economic aid: recipient: \$540 million (1999)

MALAYSIA

GDP: purchasing power parity: \$229.3 billion (2004 est.)

GDP: real growth rate: 7.1% (2004 est.)

GDP: per capita: purchasing power parity: \$9,700 (2004 est.)

GDP: composition by sector: agriculture: 7.2%

industry: 33.6%

services: 59.1% (2004 est.)

Labor force: 10.49 million (2004 est.)

Labor force: by occupation: agriculture 14.5%, industry 36%, services 49.5% (2000 est.)

Unemployment rate: 3% (2004 est.)

Population below poverty line: 8% (1998 est.)

Household income or consumption by percentage share: lowest 10%: 1.4%

highest 10%: 39.2% (2003 est.)

Distribution of family income: Gini index: 49.2 (1997) Inflation rate (consumer prices): 1.3% (2004 est.) Investment (gross fixed): 21.7% of GDP (2004 est.)

Budget: revenues: \$25.33 billion

expenditures: \$29.33 billion, including capital expenditures of \$9.4 billion (2004 est.)

Public debt: 45.4% of GDP (2004 est.)

Agriculture: products: Peninsular Malaysia: rubber, palm oil, cocoa, rice; Sabah: subsistence crops, rubber, timber, coconuts, rice; Sarawak: rubber, pepper, timber

Industries: Peninsular Malaysia: rubber and oil palm processing and manufacturing, light manufacturing industry, electronics, tin mining and smelting, logging and processing timber; Sabah: logging, petroleum production; Sarawak: agriculture processing, petroleum production and refining, logging

Industrial production growth rate: 10.2% (2004 est.)

Exports: \$123.5 billion f.o.b. (2004 est.)

Exports: commodities: electronic equipment, petroleum and liquefied natural gas, wood, palm oil, rubber, textiles Exports: partners: US 18.8%, Singapore 15%, Japan 10.1%, China 6.7%, Hong Kong 6%, Thailand 4.8% (2004)

Imports: \$99.3 billion f.o.b. (2004 est.)

Imports: commodities: electronics, machinery, petroleum products, plastics, vehicles, steel products, chemicals Imports: partners: Japan 16.1%, US 14.6%, Singapore 11.2%, China 9.9%, Thailand 5.6%, Taiwan 5.5%, South Korea 5%, Germany 4.5%, Indonesia 4% (2004)

Reserves of foreign exchange and gold: \$55.27 billion (2004 est.)

Debt: external: \$53.36 billion (2004 est.)

MALDIVES

GDP: purchasing power parity: \$1.25 billion (2002 est.)

GDP: real growth rate: 2.3% (2002 est.)

GDP: per capita: purchasing power parity: \$3,900 (2002 est.)

GDP: composition by sector: agriculture: 20%

industry: 18%

services: 62% (2000 est.) Labor force: 88,000 (2000)

Labor force: by occupation: agriculture 22%, industry 18%, services 60% (1995)

Unemployment rate: NEGL% (2003 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA, highest 10%: NA

Inflation rate (consumer prices): 1% (2002 est.)

Budget: revenues: \$224 million (excluding foreign grants)

expenditures: \$282 million, including capital expenditures of \$80 million (2002 est.)

Agriculture: products: coconuts, corn, sweet potatoes; fish

Industries: fish processing, tourism, shipping, boat building, coconut processing, garments, sand mining

Industrial production growth rate: 4.4% (1996 est.)

Exports: \$90 million f.o.b. (2002 est.) Exports: commodities: fish, clothing

Exports: partners: US 40.4%, Thailand 14.6%, Sri Lanka 9.5%, Japan 8.6%, UK 8.2% (2004)

Imports: \$392 million f.o.b. (2002 est.)

Imports: commodities: petroleum products, ships, foodstuffs, textiles, clothing, intermediate and capital goods Imports: partners: Singapore 32.9%, Sri Lanka 11%, India 8.2%, UAE 7.2%, Malaysia 6.4%, Thailand 5.2% (2004)

Debt: external: \$281 million (2003 est.) Economic aid: recipient: NA (1995)

MALI

GDP: purchasing power parity: \$11 billion (2004 est.)

GDP: real growth rate: 4% (2004 est.)

GDP: per capita: purchasing power parity: \$900 (2004 est.)

GDP: composition by sector: agriculture: 45%

industry: 17%

services: 38% (2001 est.)

Labor force: 3.93 million (2001 est.)

Labor force: by occupation: agriculture and fishing 80% (2001 est.) Unemployment rate: 14.6% urban areas; 5.3% rural areas (2001 est.)

Population below poverty line: 64% average; 30% of the total population living in urban areas; 70% of the total

population living in rural areas) (2001 est.)

Household income or consumption by percentage share: lowest 10%: 1.8%

highest 10%: 40.4% (1994)

Distribution of family income: Gini index: 50.5 (1994)

Inflation rate (consumer prices): 4.5% (2002 est.)

Budget: revenues: \$764 million

expenditures: \$828 million, including capital expenditures of NA (2002 est.)

Agriculture: products: cotton, millet, rice, corn, vegetables, peanuts;

cattle, sheep, goats

Industries: food processing; construction; phosphate and gold mining

Industrial production growth rate: NA (FY96/97)

Exports: \$915 million f.o.b. (2002 est.)

Exports: commodities: cotton, gold, livestock

Exports: partners: China 32%, India 10.3%, Italy 7.6%, Bangladesh 6.8%, Thailand 5.9%, Germany 5.2%, Taiwan

4% (2004)

Imports: \$927 million f.o.b. (2002 est.)

Imports: commodities: petroleum, machinery and equipment,

construction materials, foodstuffs, textiles

Imports: partners: France 15.4%, Senegal 7.2%, Cote d'Ivoire 6.6%, Germany 4.1% (2004)

Debt: external: \$3.3 billion (2000)

Economic aid: recipient: \$596.4 million (2001)

MALTA

GDP: purchasing power parity: \$7.223 billion (2004 est.)

GDP: real growth rate: 1% (2004 est.)

GDP: per capita: purchasing power parity: \$18,200 (2004 est.)

GDP: composition by sector: agriculture: 3%

industry: 23%

services: 74% (2003 est.) Labor force: 160,000 (2002 est.)

Labor force: by occupation: agriculture 5%, industry 24%, services 71% (1999 est.)

Unemployment rate: 7% (2003 est.) Population below poverty line: NA%

Household income or consumption by percentage share: lowest 10%: NA%

highest 10%: NA%

Inflation rate (consumer prices): 2.9% (2004 est.) Investment (gross fixed): 26.4% of GDP (2004 est.)

Budget: revenues: \$2.27 billion

expenditures: \$2.549 billion, including capital expenditures of NA (2004 est.)

Agriculture: products: potatoes, cauliflower, grapes, wheat, barley, tomatoes, citrus, cut flowers, green peppers; pork,

milk, poultry, eggs

Industries: tourism; electronics, ship building and repair, construction; food and beverages, textiles, footwear, cloth-

ing, tobacco

Industrial production growth rate: NA%

lowest 10%: NA

highest 10%: NA Electricity: production: 2.15 billion kWh (2002)

Exports: \$2.625 billion f.o.b. (2004 est.)

Exports: commodities: machinery and transport equipment, manufactures

Exports: partners: Singapore 15.5%, US 12%, France 10.5%, UK 10.1%, Germany 9%, China 5.8% (2004)

Imports: \$3.407 billion f.o.b. (2004 est.)

Imports: commodities: machinery and transport equipment, manufactured and semi-manufactured goods; food,

drink, and tobacco

Imports: partners: Italy 18.2%, France 17.9%, UK 9.7%, Germany 9.2%, Singapore 6.9%, China 5.7% (2004)

Reserves of foreign exchange and gold: \$2.865 billion (2004 est.)

Debt: external: \$130 million (1997) Economic aid: recipient: NA

MARSHALL ISLANDS

GDP: purchasing power parity: \$115 million (2001 est.)

GDP: real growth rate: 1% (2001 est.)

GDP: per capita: purchasing power parity: \$1,600 (2001 est.)

GDP: composition by sector: agriculture: 14%

industry: 16%

services: 70% (2000 est.) Labor force: 28,700 (1996 est.)

Labor force: by occupation: agriculture 21.4%, industry 20.9%, services 57.7%

Unemployment rate: 30.9% (1999 est.) Population below poverty line: NA Household income or consumption by percentage share

Inflation rate (consumer prices): 2% (2001 est.)

Budget: revenues: \$42 million

expenditures: \$40 million, including capital expenditures of NA (1999) Agriculture: products: coconuts, tomatoes, melons, taro, breadfruit, fruits;

pigs, chickens

Industries: copra, tuna processing, tourism, craft items from shell, wood, and pearls

Industrial production growth rate: NA

Exports: \$9 million f.o.b. (2000)

Exports: commodities: copra cake, coconut oil, handicrafts, fish

Exports: partners: US, Japan, Australia, China (2000)

Imports: \$54 million f.o.b. (2000)

Imports: commodities: foodstuffs, machinery and equipment, fuels, beverages and tobacco

Imports: partners: US, Japan, Australia, NZ, Singapore,

Fiji, China, Philippines (2000)

Debt: external: \$86.5 million (FY99/00 est.)

Economic aid: recipient: more than \$1 billion from the US, 1986-2002

MAURITANIA

GDP: purchasing power parity: \$5.534 billion (2004 est.)

GDP: real growth rate: 3% (2004 est.)

GDP: per capita: purchasing power parity: \$1,800 (2004 est.)

GDP: composition by sector: agriculture: 25%

industry: 29%

services: 46% (2001 est.) Labor force: 786,000 (2001)

Labor force: by occupation: agriculture 50%, industry 10%, services 40% (2001 est.)

Unemployment rate: 20% (2004 est.)

Population below poverty line: 40% (2004 est.)

Household income or consumption by percentage share: lowest 10%: 2.5%

highest 10%: 30.2% (2000)

Distribution of family income: Gini index: 37.3 (1995)

Inflation rate (consumer prices): 7% (2003 est.)

Budget: revenues: \$421 million

expenditures: \$378 million, including capital expenditures of \$154 million (2002 est.)

Agriculture: products: dates, millet, sorghum, rice, corn, dates; cattle, sheep

Industries: fish processing, mining of iron ore and gypsum

Industrial production growth rate: 2% (2000 est.)

Exports: \$541 million f.o.b. (2002)

Exports: commodities: iron ore, fish and fish products, gold

Exports: partners: Japan 13%, France 10.9%, Spain 9.6%, Italy 9.5%, Germany 8.7%, Belgium 7.4%, China 5.8%,

Russia 4.8% (2004)

Imports: \$860 million f.o.b. (2002)

Imports: commodities: machinery and equipment, petroleum products, capital goods, foodstuffs, consumer goods

Imports: partners: France 14.5%, US 7.7%, China 7.4%, Spain 5.9%, Belgium 4.3%, UK 4.3% (2004)

Debt: external: \$2.5 billion (2000)

Economic aid: recipient: \$220 million (2000)

MAURITIUS

GDP: purchasing power parity: \$15.68 billion (2004 est.)

GDP: real growth rate: 4.7% (2004 est.)

GDP: per capita: purchasing power parity: \$12,800 (2004 est.)

GDP: composition by sector: agriculture: 7.6%

industry: 30%

services: 62.4% (2004 est.) Labor force: 560,000 (2004 est.)

Labor force: by occupation: agriculture and fishing 14%, construction and industry 36%, transportation and com-

munication 7%, trade, restaurants, hotels 16%, finance 3%, other services 24% (1995)

Unemployment rate: 10.8% (2004 est.)

Population below poverty line: 10% (2001 est.)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Distribution of family income: Gini index: 37 (1987 est.)

Inflation rate (consumer prices): 4.5% (2004 est.) Investment (gross fixed): 22.5% of GDP (2004 est.)

Budget: revenues: \$1.231 billion

expenditures: \$1.582 billion, including capital expenditures of NA (2004 est.)

Public debt: 29.2% of GDP (2004 est.)

Agriculture: products: sugarcane, tea, corn, potatoes, bananas, pulses; cattle, goats; fish

Industries: food processing (largely sugar milling), textiles, clothing; chemicals, metal products, transport equipment,

nonelectrical machinery; tourism

Industrial production growth rate: 8% (2000 est.)

Exports: \$2.012 billion f.o.b. (2004 est.)

Exports: commodities: clothing and textiles, sugar, cut flowers, molasses

Exports: partners: UK 30.6%, France 22.7%, US 13.7%, Madagascar 7.7% (2004)

Imports: \$2.245 billion f.o.b. (2004 est.)

Imports: commodities: manufactured goods, capital equipment, foodstuffs, petroleum products, chemicals

Imports: partners: France 13.1%, South Africa 10.8%, India 7.6%, China 5.9%, Germany 4.5%, Singapore 4%

(2004)

Reserves of foreign exchange and gold: \$1.676 billion (2004 est.)

Debt: external: \$1.78 billion (2004 est.) Economic aid: recipient: \$42 million (1997)

MEXICO

GDP: purchasing power parity: \$1.006 trillion (2004 est.)

GDP: real growth rate: 4.1% (2004 est.)

GDP: per capita: purchasing power parity: \$9,600 (2004 est.)

GDP: composition by sector: agriculture: 4%

industry: 27.2%

services: 68.9% (2004 est.)

Labor force: 34.73 million (2004 est.)

Labor force: by occupation: agriculture 18%, industry 24%, services 58% (2003) Unemployment rate: 3.2% plus underemployment of perhaps 25% (2004 est.)

Population below poverty line: 40% (2003 est.)

Household income or consumption by percentage share: lowest 10%: 1.6%

highest 10%: 35.6% (2002)

Distribution of family income: Gini index: 53.1 (1998) Inflation rate (consumer prices): 5.4% (2004 est.) Investment (gross fixed): 19.4% of GDP (2004 est.)

Budget: revenues: \$160 billion

expenditures: \$158 billion, including capital expenditures of NA (2004 est.)

Public debt: 23.5% of GDP (2004 est.)

Agriculture: products: corn, wheat, soybeans, rice, beans, cotton, coffee, fruit, tomatoes; beef, poultry, dairy prod-

ucts; wood products

Industries: food and beverages, tobacco, chemicals, iron and steel, petroleum, mining, textiles, clothing, motor vehi-

cles, consumer durables, tourism

Industrial production growth rate: 3.8% (2004 est.)

Exports: \$182.4 billion f.o.b. (2004 est.)

Exports: commodities: manufactured goods, oil and oil products, silver, fruits, vegetables, coffee, cotton

Exports: partners: US 81%, Canada 5.9%, Japan 1.1% (2004)

Imports: \$190.8 billion f.o.b. (2004 est.)

Imports: commodities: metalworking machines, steel mill products, agricultural machinery, electrical equipment, car

parts for assembly, repair parts for motor vehicles, aircraft, and aircraft parts

Imports: partners: US 65.8%, Germany 3.8%, China 3.7% (2004) Reserves of foreign exchange and gold: \$60.67 billion (2004 est.)

Debt: external: \$149.9 billion (2004 est.) Economic aid: recipient: \$1.166 billion (1995)

MICRONESIA. FEDERATED STATES OF

GDP: purchasing power parity: \$277 million

note: GDP is supplemented by grant aid, averaging perhaps \$100 million annually (2002 est.)

GDP: real growth rate: 1% (2002 est.)

GDP: per capita: purchasing power parity: \$2,000 (2002 est.)

GDP: composition by sector: agriculture: 50%

industry: 4%

services: 46% (2000 est.)

Labor force: NA

Labor force: by occupation: two-thirds are government employees

Unemployment rate: 16% (1999 est.) Population below poverty line: 26.7%

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 1% (2002 est.)

Budget: revenues: \$161 million (\$69 million less grants)

expenditures: \$160 million, including capital expenditures of NA (1998 est.)

Agriculture: products: black pepper, tropical fruits and vegetables, coconuts, cassava (tapioca), betel nuts, sweet po-

tatoes; pigs, chickens

Industries: tourism, construction, fish processing, specialized aquaculture, craft items from shell, wood, and pearls

Industrial production growth rate: NA Exports: \$22 million (f.o.b.) (FY99/00 est.)

Exports: commodities: fish, garments, bananas, black pepper

Exports: partners: Japan, US, Guam (2000) Imports: \$149 million f.o.b. (FY99/00 est.)

Imports: commodities: food, manufactured goods, machinery and equipment, beverages

Imports: partners: US, Australia, Japan (2000) Debt: external: \$53.1 million (FY02/03 est.)

Economic aid: recipient: under terms of the Compact of Free Association, the US pledged \$1.3 billion in grant aid

during the period 1986-2001; the level of aid has been subsequently reduced

MOLDOVA

GDP: purchasing power parity: \$8.581 billion (2004 est.)

GDP: real growth rate: 6.8% (2004 est.)

GDP: per capita: purchasing power parity: \$1,900 (2004 est.)

GDP: composition by sector: agriculture: 22.4%, industry: 24.8%, services: 52.8% (2004 est.)

Labor force: 1.36 million (2004 est.)

Labor force: by occupation: agriculture 40%, industry 14%, services 46% (1998)

Unemployment rate: 8% (roughly 25% of working age Moldovans are employed abroad) (2002 est.)

Population below poverty line: 80% (2001 est.)

Household income or consumption by percentage share: lowest 10%: 2.2%

highest 10%: 30.7% (1997)

Distribution of family income: Gini index: 40.6 (1997) Inflation rate (consumer prices): 11.5% (2004 est.) Investment (gross fixed): 17.1% of GDP (2004 est.)

Budget: revenues: \$648.1 million

expenditures: \$634.8 million, including capital expenditures of NA (2004 est.)

Public debt: 63.4% of GDP (2004 est.)

Agriculture: products: vegetables, fruits, wine, grain, sugar beets, sunflower seed, tobacco; beef, milk

Industries: food processing, agricultural machinery, foundry equipment, refrigerators and freezers, washing ma-

chines, hosiery, sugar, vegetable oil, shoes, textiles Industrial production growth rate: 17% (2003 est.)

Exports: \$1.03 billion f.o.b. (2004 est.)

Exports: commodities: foodstuffs, textiles, machinery

Exports: partners: Russia 31.4%, Italy 10.7%, Germany 9.5%, Romania 9.4%, France 6.9%, Ukraine 5.8% (2004)

Imports: \$1.83 billion f.o.b. (2004 est.)

Imports: commodities: mineral products and fuel, machinery and equipment, chemicals, textiles (2000)

Imports: partners: Ukraine 16.8%, Russia 14.7%, Germany 12.5%, France 9.9%, Italy 8%, Romania 5.3% (2004)

Reserves of foreign exchange and gold: \$390 million (2004 est.)

Debt: external: \$1.4 billion (2004 est.) Economic aid: recipient: \$100 million (2000)

MONACO

GDP: purchasing power parity: \$870 million (2000 est.)

GDP: real growth rate: 0.9% (2000 est.)

GDP: per capita: purchasing power parity: \$27,000 (2000 est.)

GDP: composition by sector: agriculture: 17%

industry: NA%

services: NA% (2001 est.)

Labor force: 30,540 (January 1994) Unemployment rate: 22% (1999) Population below poverty line: NA%

Household income or consumption by percentage share: lowest 10%: NA%

highest 10%: NA%

Inflation rate (consumer prices): 1.9% (2000)

Budget: revenues: \$518 million

expenditures: \$531 million, including capital expenditures of NA (1995)

Agriculture: products: none

Industries: tourism, construction, small-scale industrial and consumer products

Industrial production growth rate: NA%

Exports: \$NA; full customs integration with France, which collects and rebates Monegasque trade duties; also par-

ticipates in EU market system through customs union with France

Imports: \$NA; full customs integration with France, which collects and rebates Monegasque trade duties; also par-

ticipates in EU market system through customs union with France

Debt: external: \$18 billion (2000 est.)

Economic aid: recipient: NA

MONGOLIA

GDP: purchasing power parity: \$5.332 billion (2004 est.)

GDP: real growth rate: 10.6% according to official estimate (2004 est.)

GDP: per capita: purchasing power parity: \$1,900 (2004 est.)

GDP: composition by sector: agriculture: 20.6%

industry: 21.4%

services: 58% (2003 est.)

Labor force: 1.488 million (2003)

Labor force: by occupation: herding/agriculture 42%, mining 4%, manufacturing 6%, trade 14%, services 29%,

public sector 5%, other 3.7% (2003) Unemployment rate: 6.7% (2003)

Population below poverty line: 36.1% (2004 est.)

Household income or consumption by percentage share: lowest 10%: 2.1%

highest 10%: 37% (1995)

Distribution of family income: Gini index: 44 (1998) Inflation rate (consumer prices): 11% (2004 est.)

Budget: revenues: \$582 million

expenditures: \$602 million, including capital expenditures of NA (2004 est.)

Agriculture: products: wheat, barley, vegetables, forage crops, sheep, goats, cattle, camels, horses

Industries: construction and construction materials; mining (coal, copper, molybdenum, fluorspar, and gold); oil;

food and beverages; processing of animal products, cashmere and natural fiber manufacturing

Industrial production growth rate: 4.1% (2002 est.)

Exports: \$853 million f.o.b. (2004 est.)

Exports: commodities: copper, apparel, livestock, animal products, cashmere, wool, hides, fluorspar, other nonfer-

rous metals

Exports: partners: China 50.7%, US 26.3%, Canada 5.3%, UK 4.3%, Russia 4.2% (2004)

Imports: \$1 billion c.i.f. (2004 est.)

Imports: commodities: machinery and equipment, fuel, cars, food products, industrial consumer goods, chemicals,

building materials, sugar, tea

Imports: partners: Russia 31%, China 23.1%, Japan 8.4%, South Korea 6.7% (2004)

Debt: external: \$1.191 billion (2004 est.) Economic aid: recipient: \$215 million (2003)

MOROCCO

GDP: purchasing power parity: \$134.6 billion (2004 est.)

GDP: real growth rate: 4.4% (2004 est.)

GDP: per capita: purchasing power parity: \$4,200 (2004 est.)

GDP: composition by sector: agriculture: 21.2%

industry: 35.8%

services: 43% (2004 est.)

Labor force: 11.02 million (2004 est.)

Labor force: by occupation: agriculture 40%, industry 15%, services 45% (2003 est.)

Unemployment rate: 12.1% (2004 est.)

Population below poverty line: 19% (1999 est.)

Household income or consumption by percentage share: lowest 10%: 2.6%

highest 10%: 30.9% (1998-99)

Distribution of family income: Gini index: 39.5 (1998-99)

Inflation rate (consumer prices): 2.1% (2004 est.) Investment (gross fixed): 22.4% of GDP (2004 est.)

Budget: revenues: \$12.86 billion

expenditures: \$15.4 billion, including capital expenditures of \$2.19 billion (2004 est.)

Public debt: 70.2% of GDP (2004 est.)

Agriculture: products: barley, wheat, citrus, wine, vegetables, olives; livestock

Industries: phosphate rock mining and processing, food processing, leather goods, textiles, construction, tourism

Industrial production growth rate: NA Exports: \$9.754 billion f.o.b. (2004 est.)

Exports: commodities: clothing, fish, inorganic chemicals, transistors, crude minerals, fertilizers, fruits, vegetables

Exports: partners: France 25.3%, Spain 18.4%, UK 8%, Italy 4.9%, Germany 4.6%, US 4.6% (2004)

Imports: \$15.63 billion f.o.b. (2004 est.)

Imports: commodities: crude petroleum, textile fabric, telecommunications equipment, wheat, gas and electricity,

transistors, plastics

Imports: partners: France 21.2%, Spain 14.9%, Germany 7.3%, Italy 6.9%, Saudi Arabia 4.8%, China 4.8% (2004)

Reserves of foreign exchange and gold: \$15.14 billion (2004 est.)

Debt: external: \$17.07 billion (2004 est.)

Economic aid: recipient: ODA \$218 million (2002)

MOZAMBIQUE

GDP: purchasing power parity: \$23.38 billion (2004 est.)

GDP: real growth rate: 8.2% (2004 est.)

GDP: per capita: purchasing power parity: \$1,200 (2004 est.)

GDP: composition by sector: agriculture: 21.1%

industry: 32.1%

services: 46.9% (2004 est.)

Labor force: 9.2 million (2000 est.)

Labor force: by occupation: agriculture 81%, industry 6%, services 13% (1997 est.)

Unemployment rate: 21% (1997 est.)

Population below poverty line: 70% (2001 est.)

Household income or consumption by percentage share: lowest 10%: 2.5%

highest 10%: 31.7% (1997)

Distribution of family income: Gini index: 39.6 (1996-97)

Inflation rate (consumer prices): 12.8% (2004 est.) Investment (gross fixed): 47% of GDP (2004 est.)

Budget: revenues: \$1.186 billion

expenditures: \$1.398 billion, including capital expenditures of \$479.4 million (2004 est.)

Agriculture: products: cotton, cashew nuts, sugarcane, tea, cassava (tapioca), corn, coconuts, sisal, citrus and tropi-

cal fruits, potatoes, sunflowers; beef, poultry

Industries: food, beverages, chemicals (fertilizer, soap, paints), aluminum, petroleum products, textiles, cement, glass,

asbestos, tobacco

Industrial production growth rate: 3.4% (2000)

Exports: \$689.4 million f.o.b. (2004 est.)

Exports: commodities: aluminum, prawns, cashews, cotton, sugar, citrus, timber; bulk electricity

Exports: partners: Belgium 32%, Italy 13.9%, Spain 12.6%, Germany 9.8%, Zimbabwe 4.7% (2004)

Imports: \$972.9 million f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, vehicles, fuel, chemicals, metal products, foodstuffs, textiles

Imports: partners: South Africa 35.7%, Australia 10.9%, US 3.7% (2004)

Reserves of foreign exchange and gold: \$1.206 billion (2004 est.)

Debt: external: \$966 million (2002 est.)

Economic aid: recipient: \$632.8 million (2001)

NAMIBIA

GDP: purchasing power parity: \$14.76 billion (2004 est.)

GDP: real growth rate: 4.8% (2004 est.)

GDP: per capita: purchasing power parity: \$7,300 (2004 est.)

GDP: composition by sector: agriculture: 11.3%

industry: 30.8%

services: 57.9% (2004 est.) Labor force: 840,000 (2004 est.)

Labor force: by occupation: agriculture 47%, industry 20%, services 33% (1999 est.)

Unemployment rate: 35% (1998)

Population below poverty line: 50% (2002 est.)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Distribution of family income: Gini index: 70 (2003) Inflation rate (consumer prices): 4.2% (2004 est.) Investment (gross fixed): 19.6% of GDP (2004 est.)

Budget: revenues: \$1.788 billion

1364

expenditures: \$1.956 billion, including capital expenditures of NA (2004 est.)

Public debt: 38.5% of GDP (2004 est.)

Agriculture: products: millet, sorghum, peanuts; livestock; fish

Industries: meatpacking, fish processing, dairy products; mining (diamond, lead, zinc, tin, silver, tungsten, uranium,

copper)

Industrial production growth rate: NA Exports: \$1.356 billion f.o.b. (2004 est.)

Exports: commodities: diamonds, copper, gold, zinc, lead, uranium; cattle, processed fish, karakul skins

Exports: partners: EU 79%, US 4% (2001) Imports: \$1.473 billion f.o.b. (2004 est.)

Imports: commodities: foodstuffs; petroleum products and fuel, machinery and equipment, chemicals

Imports: partners: US 50%, EU 31% (2001)

Reserves of foreign exchange and gold: \$360 million (2004 est.)

Debt: external: \$1.136 billion (2004 est.)

Economic aid: recipient: ODA \$160 million (2000 est.)

NEPAL

GDP: purchasing power parity: \$39.53 billion (2004 est.)

GDP: real growth rate: 3% (2004 est.)

GDP: per capita: purchasing power parity: \$1,500 (2004 est.)

GDP: composition by sector: agriculture: 40%

industry: 20%

services: 40% (2002 est.) Labor force: 10 million

note: severe lack of skilled labor (1996 est.)

Labor force: by occupation: agriculture 81%, industry 3%, services 16%

Unemployment rate: 47% (2001 est.)

Population below poverty line: 42% (1995-96)

Household income or consumption by percentage share: lowest 10%: 3.2%

highest 10%: 29.8% (1995-96)

Distribution of family income: Gini index: 36.7 (FY95/96)

Inflation rate (consumer prices): 2.9% (2002 est.)

Budget: revenues: \$665 million

expenditures: \$1.1 billion, including capital expenditures of NA (FY99/00 est.)

Agriculture: products: rice, corn, wheat, sugarcane, root crops;

milk, water buffalo meat

Industries: tourism, carpet, textile; small rice, jute, sugar, and oilseed mills; cigarette; cement and brick production

Industrial production growth rate: 8.7% (FY99/00)

Exports: \$568 million f.o.b., but does not include unrecorded

border trade with India (2002 est.)

Exports: commodities: carpets, clothing, leather goods, jute goods, grain Exports: partners: India 48.8%, US 22.3%, Germany 8.5% (2004)

Imports: \$1.419 billion f.o.b. (2002 est.)

Imports: commodities: gold, machinery and equipment, petroleum products, fertilizer

Imports: partners: India 43%, UAE 10%, China 10%, Saudi Arabia 4.4%, Singapore 4% (2004)

Debt: external: \$2.7 billion (2001)

Economic aid: recipient: \$424 million (FY00/01)

NETHERLANDS

GDP: purchasing power parity: \$481.1 billion (2004 est.)

GDP: real growth rate: 1.2% (2004 est.)

GDP: per capita: purchasing power parity: \$29,500 (2004 est.)

GDP: composition by sector: agriculture: 2.4%

industry: 24.5%

services: 73.1% (2004 est.)

Labor force: 7.53 million (2004 est.)

Labor force: by occupation: agriculture 4%, industry 23%, services 73% (1998 est.)

Unemployment rate: 6% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 2.8%

highest 10%: 25.1% (1994)

Distribution of family income: Gini index: 32.6 (1994) Inflation rate (consumer prices): 1.4% (2004 est.) Investment (gross fixed): 19.9% of GDP (2004 est.)

Budget: revenues: \$256.9 billion

expenditures: \$274.4 billion, including capital expenditures of NA (2004 est.)

Public debt: 55.8% of GDP (2004 est.)

Agriculture: products: grains, potatoes, sugar beets, fruits, vegetables; livestock

Industries: agroindustries, metal and engineering products, electrical machinery and equipment, chemicals, petro-

leum, construction, microelectronics, fishing Industrial production growth rate: 0.8% (2004 est.)

Exports: \$293.1 billion f.o.b. (2004 est.)

Exports: commodities: machinery and equipment, chemicals, fuels; foodstuffs

Exports: partners: Germany 25%, Belgium 12.6%, UK 10.1%, France 9.8%, Italy 6%, US 4.2% (2004)

Imports: \$252.7 billion f.o.b. (2004 est.)

Imports: commodities: machinery and transport equipment, chemicals, fuels; foodstuffs, clothing

Imports: partners: Germany 17.7%, Belgium 10.2%, US 7.8%, China 7.1%, UK 6.6%, France 4.9% (2004)

Reserves of foreign exchange and gold: \$21.44 billion (2003)

Economic aid: donor: ODA, \$4 billion (2003 est.)

NEW ZEALAND

GDP: purchasing power parity: \$92.51 billion (2004 est.)

GDP: real growth rate: 4.8% (2004 est.)

GDP: per capita: purchasing power parity: \$23,200 (2004 est.)

GDP: composition by sector: agriculture: 4.6%

industry: 27.4%

services: 68% (2004 est.)

Labor force: 2.05 million (2004 est.)

Labor force: by occupation: agriculture 10%, industry 25%, services 65% (1995)

Unemployment rate: 4.2% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 0.3%

highest 10%: 29.8% (1991 est.)

Inflation rate (consumer prices): 2.4% (2004 est.)

Investment (gross fixed): 22.4% of GDP (2004 est.)

Budget: revenues: \$38.29 billion

expenditures: \$36.12 billion, including capital expenditures of NA (2004 est.)

Public debt: 22.1% of GDP (2004 est.)

Agriculture: products: wheat, barley, potatoes, pulses, fruits, vegetables; wool, beef, lamb and mutton, dairy prod-

ucts; fish

Industries: food processing, wood and paper products, textiles, machinery, transportation equipment, banking and

insurance, tourism, mining

Industrial production growth rate: 5.9% (2004 est.)

Exports: \$19.85 billion (2004 est.)

Exports: commodities: dairy products, meat, wood and wood products, fish, machinery Exports: partners: Australia 19.6%, US 14.3%, Japan 11.4%, China 6.3%, UK 5.1% (2004)

Imports: \$19.77 billion (2004 est.)

Imports: commodities: machinery and equipment, vehicles and aircraft, petroleum, electronics, textiles, plastics Imports: partners: Australia 28.6%, Japan 10.7%, US 10%, China 6.6%, Germany 4.2%, Singapore 4.1% (2004)

Reserves of foreign exchange and gold: \$4.805 billion (2004 est.)

Debt: external: \$47.34 billion (2004 est.)

Economic aid: donor:

NICARAGUA

GDP: purchasing power parity: \$12.34 billion (2004 est.)

GDP: real growth rate: 4% (2004 est.)

GDP: per capita: purchasing power parity: \$2,300 (2004 est.)

GDP: composition by sector: agriculture: 20.7%

industry: 24.7%

services: 54.6% (2004 est.)

Labor force: 1.93 million (2004 est.)

Labor force: by occupation: agriculture 30.5%, industry 17.3%, services 52.2% (2003 est.)

Unemployment rate: 7.8% plus underemployment of 46.5% (2003 est.)

Population below poverty line: 50% (2001 est.)

Household income or consumption by percentage share: lowest 10%: 1.2%, highest 10%: 45% (2001)

Distribution of family income: Gini index: 55.1 (2001) Inflation rate (consumer prices): 9.3% (2004 est.) Investment (gross fixed): 28% of GDP (2004 est.)

Budget: revenues: \$725.5 million

expenditures: \$1.039 billion, including capital expenditures of NA (2004 est.)

Public debt: 69.5% of GDP (2004 est.)

Agriculture: products: coffee, bananas, sugarcane, cotton, rice, corn, tobacco, sesame, soya, beans; beef, veal, pork Industries: food processing, chemicals, machinery and metal products, textiles, clothing, petroleum refining and dis-

tribution, beverages, footwear, wood

Industrial production growth rate: 4.4% (2000 est.)

Exports: \$750 million f.o.b. (2004 est.)

Exports: commodities: coffee, beef, shrimp and lobster, tobacco, sugar, gold, peanuts

Exports: partners: US 63.5%, El Salvador 9%, Costa Rica 4.2% (2004)

Imports: \$2.02 billion f.o.b. (2004 est.)

Imports: commodities: consumer goods, machinery and equipment, raw materials, petroleum products Imports: partners: US 26.3%, Venezuela 9.6%, Costa Rica 7.5%, Mexico 7.1%, Guatemala 6.1% (2004)

Reserves of foreign exchange and gold: \$670 million (2004 est.)

Debt: external: \$4.573 billion (2004 est.) Economic aid: recipient: \$541.8 million (2003)

NIGER

GDP: purchasing power parity: \$9.716 billion (2004 est.)

GDP: real growth rate: 3.5% (2004 est.)

GDP: per capita: purchasing power parity: \$900 (2004 est.)

GDP: composition by sector: agriculture: 39%

industry: 17% services: 44% (2001)

Labor force: 70,000 receive regular wages or salaries (2002 est.)

Labor force: by occupation: agriculture 90%, industry and commerce 6%, government 4%

Unemployment rate: NA (2002 est.)

Population below poverty line: 63% (1993 est.)

Household income or consumption by percentage share: lowest 10%: 0.8%

highest 10%: 35.4% (1995)

Distribution of family income: Gini index: 50.5 (1995)

Inflation rate (consumer prices): 3% (2002 est.)

Budget: revenues: \$320 million: including \$134 million from foreign sources

expenditures: \$320 million, including capital expenditures of \$178 million (2002 est.)

Agriculture: products: cowpeas, cotton, peanuts, millet, sorghum, cassava (tapioca), rice; cattle, sheep, goats, camels,

donkeys, horses, poultry

Industries: uranium mining, cement, brick, soap, textiles, food processing, chemicals, slaughterhouses

Industrial production growth rate: NA (2001 est.)

Exports: \$280 million f.o.b. (2002 est.)

Exports: commodities: uranium ore, livestock, cowpeas, onions

Exports: partners: France 47.1%, Nigeria 22.7%, Japan 8.6%, US 5.4% (2004)

Imports: \$400 million f.o.b. (2002 est.)

Imports: commodities: foodstuffs, machinery, vehicles and parts, petroleum, cereals

Imports: partners: France 17.4%, Cote d'Ivoire 11.3%, Italy 8.4%, Nigeria 7.3%, Germany 6.5%, US 5.5%, China

4.8% (2004)

Debt: external: \$1.6 billion (1999 est.)
Economic aid: recipient: \$341 million (1997)

NIGERIA

GDP: purchasing power parity: \$125.7 billion (2004 est.)

GDP: real growth rate: 6.2% (2004 est.)

GDP: per capita: purchasing power parity: \$1,000 (2004 est.)

GDP: composition by sector: agriculture: 36.3%

industry: 30.5%

services: 33.3% (2004 est.)

Labor force: 55.67 million (2004 est.)

Labor force: by occupation: agriculture 70%, industry 10%, services 20% (1999 est.)

Unemployment rate: NA

Population below poverty line: 60% (2000 est.)

Household income or consumption by percentage share: lowest 10%: 1.6%

highest 10%: 40.8% (1996-97)

Distribution of family income: Gini index: 50.6 (1996-97)

Inflation rate (consumer prices): 16.5% (2004 est.) Investment (gross fixed): 18% of GDP (2004 est.)

Budget: revenues: \$11.78 billion

expenditures: \$11.47 billion, including capital expenditures of NA (2004 est.)

Public debt: 20% of GDP (2004 est.)

Agriculture: products: cocoa, peanuts, palm oil, corn, rice, sorghum, millet, cassava (tapioca), yams, rubber; cattle,

sheep, goats, pigs; timber; fish

Industries: crude oil, coal, tin, columbite, palm oil, peanuts, cotton, rubber, wood, hides and skins, textiles, cement and other construction materials, food products, footwear, chemicals, fertilizer, printing, ceramics, steel, small com-

mercial ship construction and repair

Industrial production growth rate: 1.8% (2004 est.)

Exports: \$33.99 billion f.o.b. (2004 est.)

Exports: commodities: petroleum and petroleum products 95%, cocoa, rubber

Exports: partners: US 48.2%, India 8.1%, Spain 7.4%, Brazil 5.5%, Japan 4.1% (2004)

Imports: \$17.14 billion f.o.b. (2004 est.)

Imports: commodities: machinery, chemicals, transport equipment, manufactured goods, food and live animals Imports: partners: US 9.1%, China 8.8%, UK 8.7%, Netherlands 6.3%, France 6.1%, Germany 5.7%, Italy 4.7% (2004)

Reserves of foreign exchange and gold: \$14.71 billion (2004 est.)

Debt: external: \$30.55 billion (2004 est.)

Economic aid: recipient:

NORWAY

GDP: purchasing power parity: \$183 billion (2004 est.)

GDP: real growth rate: 3.3% (2004 est.)

GDP: per capita: purchasing power parity: \$40,000 (2004 est.)

GDP: composition by sector: agriculture: 2.2%

industry: 36.3%

services: 61.6% (2004 est.)

Labor force: 2.38 million (2004 est.)

Labor force: by occupation: agriculture, forestry, and fishing 4%, industry 22%, services 74% (1995)

Unemployment rate: 4.3% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 4.1%

highest 10%: 21.8% (1995)

Distribution of family income: Gini index: 25.8 (1995)

Inflation rate (consumer prices): 1% (2004 est.) Investment (gross fixed): 17.5% of GDP (2004 est.)

Budget: revenues: \$134 billion

expenditures: \$116.8 billion, including capital expenditures of NA (2004 est.)

Public debt: 33.1% of GDP (2004 est.)

Agriculture: products: barley, wheat, potatoes; pork, beef, veal, milk; fish

Industries: petroleum and gas, food processing, shipbuilding, pulp and paper products, metals, chemicals, timber,

mining, textiles, fishing

Industrial production growth rate: 5.2% (2004 est.)

Exports: \$76.64 billion f.o.b. (2004 est.)

Exports: commodities: petroleum and petroleum products, machinery and equipment, metals, chemicals, ships, fish

Exports: partners: UK 22.4%, Germany 12.9%, Netherlands 9.9%, France 9.6%, US 8.4%, Sweden 6.7% (2004)

Imports: \$45.96 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, chemicals, metals, foodstuffs

Imports: partners: Sweden 15.7%, Germany 13.6%, Denmark 7.3%, UK 6.5%, China 5%, US 4.9%, Netherlands

4.4%, France 4.3%, Finland 4.1% (2004)

Debt: external: \$0 (Norway is a net external creditor) (2003 est.)

Economic aid: donor: ODA, \$1.4 billion (1998)

OMAN

GDP: purchasing power parity: \$38.09 billion (2004 est.)

GDP: real growth rate: 1.2% (2004 est.)

GDP: per capita: purchasing power parity: \$13,100 (2004 est.)

GDP: composition by sector: agriculture: 3.1%

industry: 41.1%

services: 55.8% (2004 est.) Labor force: 920,000 (2002 est.)

Labor force: by occupation: agriculture NA, industry NA, services NA

Unemployment rate: 15% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 0.2% (2004 est.) Investment (gross fixed): 13.5% of GDP (2004 est.)

Budget:

revenues: \$9.291 billion

expenditures: \$8.747 billion, including capital expenditures of NA (2004 est.)

Public debt: 10.3% of GDP (2004 est.)

Agriculture: products: dates, limes, bananas, alfalfa, vegetables; camels, cattle; fish

Industries: crude oil production and refining, natural and liquefied natural gas (LNG) production, construction, ce-

ment, copper, steel, chemicals, optic fiber

Industrial production growth rate: -1.2% (2004 est.)

Exports: \$13.14 billion f.o.b. (2004 est.)

Exports: commodities: petroleum, reexports, fish, metals, textiles

Exports: partners: China 27.6%, South Korea 17.8%, Japan 12.7%, Thailand 11.7%, UAE 6.6% (2004)

Imports: \$6.373 billion f.o.b. (2004 est.)

Imports: commodities: machinery and transport equipment,

manufactured goods, food, livestock, lubricants

Imports: partners: UAE 17.5%, Japan 16.6%, UK 8.5%, Italy 6.4%, Germany 5.2%, US 4.7%, India 4.3% (2004)

Reserves of foreign exchange and gold: \$4.144 billion (2004 est.)

Debt: external: \$4.814 billion (2004 est.) Economic aid: recipient: \$76.4 million (1995)

PAKISTAN

GDP: purchasing power parity: \$347.3 billion (2004 est.)

GDP: real growth rate: 6.1% (2004 est.)

GDP: per capita: purchasing power parity: \$2,200 (2004 est.)

GDP: composition by sector: agriculture: 22.6%

industry: 24.1%

services: 53.3% (2004 est.) Labor force: 45.43 million

note: extensive export of labor, mostly to the Middle East, and use of child labor (2004 est.)

Labor force: by occupation: agriculture 42%, industry 20%, services 38% (2004 est.)

Unemployment rate: 8.3% plus substantial underemployment (2004 est.)

Population below poverty line: 32% (FY00/01 est.)

Household income or consumption by percentage share: lowest 10%: 4.1%

highest 10%: 27.6% (FY96/97)

Distribution of family income: Gini index: 41 (FY98/99) Inflation rate (consumer prices): 4.8% (FY03/04 est.) Investment (gross fixed): 16.4% of GDP (FY03/04 est.)

Budget: revenues: \$13.45 billion

expenditures: \$16.51 billion, including capital expenditures of NA (2004 est.)

Public debt: 71.4% of GDP (2004 est.)

Agriculture: products: cotton, wheat, rice, sugarcane, fruits, vegetables; milk, beef, mutton, eggs

Industries: textiles and apparel, food processing, pharmaceuticals, construction materials, paper products, fertilizer,

shrimp

Industrial production growth rate: 13.1% (2004 est.)

Exports: \$15.07 billion f.o.b. (2004 est.)

Exports: commodities: textiles (garments, bed linen, cotton cloth, and yarn), rice, leather goods, sports goods, chem-

icals, manufactures, carpets and rugs

Exports: partners: US 21.3%, UAE 9.8%, UK 7.1%, Germany 5.2%, Hong Kong 4.2%, Saudi Arabia 4.1% (2004)

Imports: \$14.01 billion f.o.b. (2004 est.)

Imports: commodities: petroleum, petroleum products, machinery, plastics, transportation equipment, edible oils,

paper and paperboard, iron and steel, tea

Imports: partners: China 10.8%, US 10.2%, UAE 9.3%, Saudi Arabia 9%, Japan 7%, Kuwait 5.3%, Germany 4.2%

(2004)

Reserves of foreign exchange and gold: \$12.58 billion (2004 est.)

Debt: external: \$33.97 billion (2004 est.) Economic aid: recipient: \$2.4 billion (FY01/02)

PANAMA

GDP: purchasing power parity: \$20.57 billion (2004 est.)

GDP: real growth rate: 6% (2004 est.)

GDP: per capita: purchasing power parity: \$6,900 (2004 est.)

GDP: composition by sector: agriculture: 7.2%

industry: 13%

services: 79.8% (2004 est.) Labor force: 1.32 million

note: shortage of skilled labor, but an oversupply of unskilled labor (2004 est.)

Labor force: by occupation: agriculture 20.8%, industry 18%, services 61.2% (1995 est.)

Unemployment rate: 12.6% (2004 est.)

Population below poverty line: 37% (1999 est.)

Household income or consumption by percentage share: lowest 10%: 1.2%

highest 10%: 35.7% (1997)

Distribution of family income: Gini index: 48.5 (1997)

Inflation rate (consumer prices): 2% (2004 est.) Investment (gross fixed): 25% of GDP (2004 est.)

Budget: revenues: \$3.095 billion

expenditures: \$3.737 billion, including capital expenditures of \$471 million (2004 est.)

Public debt: 69.2% of GDP (2004 est.)

Agriculture: products: bananas, rice, corn, coffee, sugarcane, vegetables; livestock; shrimp Industries: construction, brewing, cement and other construction materials, sugar milling

Industrial production growth rate: 5.4% (2004 est.)

Exports: \$5.699 billion f.o.b. (includes the Colon Free Zone) (2004 est.) Exports: commodities: bananas, shrimp, sugar, coffee, clothing (1999)

Exports: partners: US 12.2%, Nigeria 9.4%, Germany 8.4%, South Korea 8.2%, El Salvador 5.7%, Peru 5.1%,

Costa Rica 5.1%, Japan 4.1% (2004)

Imports: \$7.164 billion f.o.b. (includes the Colon Free Zone) (2004 est.)

Imports: commodities: capital goods, foodstuffs, consumer goods, chemicals

Imports: partners: Japan 32.9%, China 10.6%, US 9.8%, South Korea 7.2%, Singapore 7.1%, Italy 4.5% (2004)

Reserves of foreign exchange and gold: \$1.076 billion (2004 est.)

Debt: external: \$8.78 billion (2004 est.)

Economic aid: recipient: NA

PAPUA NEW GUINEA

GDP: purchasing power parity: \$11.99 billion (2004 est.)

GDP: real growth rate: 0.9% (2004 est.)

GDP: per capita: purchasing power parity: \$2,200 (2004 est.)

GDP: composition by sector: agriculture: 34.5%

industry: 34.7%

services: 30.8% (2004 est.)

Labor force: 3.32 million (2004 est.)

Labor force: by occupation: agriculture 85%, industry NA, services NA

Unemployment rate: NA

Population below poverty line: 37% (2002 est.)

Household income or consumption by percentage share: lowest 10%: 1.7%

highest 10%: 40.5% (1996)

Distribution of family income: Gini index: 50.9 (1996) Inflation rate (consumer prices): 4.2% (2004 est.) Investment (gross fixed): 13.6% of GDP (2004 est.)

Budget: revenues: \$1.174 billion

expenditures: \$1.232 billion, including capital expenditures of \$344 million (2004 est.)

Public debt: 59.3% of GDP (2004 est.)

Agriculture: products: coffee, cocoa, coconuts, palm kernels, tea, rubber, sweet potatoes, fruit, vegetables, poultry,

pork

Industries: copra crushing, palm oil processing, plywood production, wood chip production; mining of gold, silver,

and copper; crude oil production; construction, tourism

Industrial production growth rate: NA Exports: \$2.437 billion f.o.b. (2004 est.)

Exports: commodities: oil, gold, copper ore, logs, palm oil, coffee, cocoa, crayfish, prawns

Exports: partners: Australia 27.7%, China 5.8%, Japan 5.7%, Germany 5% (2004)

Imports: \$1.353 billion f.o.b. (2004 est.)

Imports: commodities: machinery and transport equipment, manufactured goods, food, fuels, chemicals Imports: partners: Australia 45.2%, Singapore 21.1%, New Zealand 7.5%, Japan 4.2%, China 4.2% (2004)

Reserves of foreign exchange and gold: \$635.8 million (2004 est.)

Debt: external: \$2.463 billion (2004 est.)

Economic aid: recipient: \$400 million (1999 est.)

PARAGUAY

GDP: purchasing power parity: \$29.93 billion (2004 est.)

GDP: real growth rate: 2.8% (2004 est.)

GDP: per capita: purchasing power parity: \$4,800 (2004 est.)

GDP: composition by sector: agriculture: 25.3%

industry: 24.9%

services: 49.8% (2004 est.)

Labor force: 2.66 million (2004 est.)

Labor force: by occupation: agriculture 45% Unemployment rate: 15.1% (2004 est.)

Population below poverty line: 36% (2001 est.)

Household income or consumption by percentage share: lowest 10%: 0.5%

highest 10%: 43.8% (1998)

Distribution of family income: Gini index: 57.7 (1998) Inflation rate (consumer prices): 5.1% (2004 est.) Investment (gross fixed): 18.1% of GDP (2004 est.)

Budget:

revenues: \$1.123 billion

expenditures: \$1.129 billion, including capital expenditures of \$700 million (2004 est.)

Public debt: 39.2% of GDP (2004 est.)

Agriculture: products: cotton, sugarcane, soybeans, corn, wheat, tobacco, cassava (tapioca), fruits, vegetables; beef,

pork, eggs, milk; timber

Industries: sugar, cement, textiles, beverages, wood products, steel, metallurgic, electric power

Industrial production growth rate: 0% (2000 est.)

Exports: \$2.936 billion f.o.b. (2004 est.)

Exports: commodities: soybeans, feed, cotton, meat, edible oils, electricity, wood, leather

Exports: partners: Brazil 27.8%, Uruguay 15.9%, Italy 7.1%, Switzerland 5.6%, Argentina 4.3%, Netherlands 4.2% (2004)

Imports: \$3.33 billion f.o.b. (2004 est.)

Imports: commodities: road vehicles, consumer goods, tobacco, petroleum products,

electrical machinery

Imports: partners: Brazil 24.3%, US 22.3%, Argentina 16.2%, China 9.9%, Hong Kong 5% (2004)

Reserves of foreign exchange and gold: \$1.164 billion (2004 est.)

Debt: external: \$3.239 billion (2004 est.)

Economic aid: recipient: NA

PERU

GDP: purchasing power parity: \$155.3 billion (2004 est.)

GDP: real growth rate: 4.5% (2004 est.)

GDP: per capita: purchasing power parity: \$5,600 (2004 est.)

GDP: composition by sector: agriculture: 8%

industry: 27%

services: 65% (2003 est.)

Labor force: 11 million (2004 est.)

Labor force: by occupation: agriculture 9%, industry 18%, services 73% (2001)

Unemployment rate: 9.6% in metropolitan Lima; widespread underemployment (2004 est.)

Population below poverty line: 54% (2003 est.)

Household income or consumption by percentage share: lowest 10%: 0.8%

highest 10%: 37.2% (2000)

Distribution of family income: Gini index: 49.8 (2000) Inflation rate (consumer prices): 3.8% (2004 est.) Investment (gross fixed): 17.8% of GDP (2004 est.)

Budget: revenues: \$13.6 billion

expenditures: \$14.6 billion, including capital expenditures of \$1.8 billion, for general government, excluding private

enterprises (2004 est.)

Public debt: 44.1% of GDP (2004 est.)

Agriculture: products: coffee, cotton, sugarcane, rice, potatoes, corn, plantains, grapes, oranges, coca; poultry, beef,

dairy products; fish

Industries: mining and refining of minerals and metals, petroleum extraction and refining, natural gas, fishing and fish processing, textiles, clothing, food processing, steel, metal fabrication

Industrial production growth rate: 5.2% (2004 est.)

Exports: \$12.3 billion f.o.b. (2004 est.)

Exports: commodities: copper, gold, zinc, crude petroleum and petroleum products, coffee

Exports: partners: US 29.5%, China 9.8%, UK 8%, Chile 5.3%, Japan 4.7%, Switzerland 4.4% (2004)

Imports: \$9.6 billion f.o.b. (2004 est.)

Imports: commodities: petroleum and petroleum products, plastics, machinery, vehicles, iron and steel, wheat, paper

Imports: partners: US 29.2%, Spain 8.5%, Chile 6.9%, Brazil 5.6%, Colombia 5.2%, China 4% (2004)

Reserves of foreign exchange and gold: \$12.7 billion (2004 est.)

Debt: external: \$29.79 billion (2004 est.) Economic aid: recipient: \$491 million (2002)

PHILIPPINES

GDP: purchasing power parity: \$430.6 billion (2004 est.)

GDP: real growth rate: 5.9% (2004 est.)

GDP: per capita: purchasing power parity: \$5,000 (2004 est.)

GDP: composition by sector: agriculture: 14.8%

industry: 31.9%

services: 53.2% (2004 est.)

Labor force: 35.86 million (2004 est.)

Labor force: by occupation: agriculture 36%, industry 16%, services 48% (2004 est.)

Unemployment rate: 11.7% (2004 est.)

Population below poverty line: 40% (2001 est.)

Household income or consumption by percentage share: lowest 10%: 2.3%

highest 10%: 31.9% (2003)

Distribution of family income: Gini index: 46.6 (2003) Inflation rate (consumer prices): 5.5% (2004 est.) Investment (gross fixed): 17% of GDP (2004 est.)

Budget: revenues: \$12.22 billion

expenditures: \$15.84 billion, including capital expenditures of \$2.4 million (2004 est.)

Public debt: 74.2% of GDP (September 2004 est.)

Agriculture: products: sugarcane, coconuts, rice, corn, bananas, casavas, pineapples, fish, mangoes, pork, eggs, beef Industries: electronics assembly, garments, footwear, pharmaceuticals, chemicals, wood products, food processing,

petroleum refining, fishing

Industrial production growth rate: 5% (2004 est.)

Exports: \$38.63 billion f.o.b. (2004 est.)

Exports: commodities: electronic equipment, machinery and transport equipment, garments, optical instruments, coconut products, fruits and nuts, copper products, chemicals

Exports: partners: US 17.5%, Japan 15.8%, China 11.4%, Hong Kong 8.3%, Singapore 7.7%, Taiwan 6.4%, Nether-

lands 6%, Malaysia 5.5%, Germany 4.2% (2004)

Imports: \$37.5 billion f.o.b. (2004 est.)

Imports: commodities: raw materials, machinery and equipment, fuels, vehicles and vehicle parts, plastic, chemicals, grains

Imports: partners: Japan 20.6%, US 16%, Singapore 8.4%, China 7.4%, Hong Kong 5.3%, South Korea 5.2%, Taiwan 4.5%, Malaysia 4.4% (2004)

Reserves of foreign exchange and gold: \$16.05 billion (2004)

Debt: external: \$55.6 billion (September 2004 est.)

Economic aid: recipient: ODA commitments, \$2 billion (2004)

POLAND

GDP: purchasing power parity: \$463 billion (2004 est.)

GDP: real growth rate: 5.6% (2004 est.)

GDP: per capita: purchasing power parity: \$12,000 (2004 est.)

GDP: composition by sector: agriculture: 2.9%

industry: 31.3%

services: 65.9% (2004 est.)

Labor force: 17.02 million (2004 est.)

Labor force: by occupation: agriculture 16.1%, industry 29%, services 54.9% (2002)

Unemployment rate: 19.5% (2004 est.)

Population below poverty line: 18.4% (2000 est.)

Household income or consumption by percentage share: lowest 10%: 3.2%

highest 10%: 24.7% (1998)

Distribution of family income: Gini index: 31.6 (1998) Inflation rate (consumer prices): 3.4% (2004 est.) Investment (gross fixed): 18.4% of GDP (2004 est.)

Budget: revenues: \$44.52 billion

expenditures: \$54.93 billion, including capital expenditures of NA (2004 est.)

Public debt: 49.9% of GDP (2004 est.)

Agriculture: products: potatoes, fruits, vegetables, wheat; poultry, eggs, pork

Industries: machine building, iron and steel, coal mining, chemicals, shipbuilding, food processing, glass, beverages

Industrial production growth rate: 10% (2004 est.)

Exports: \$75.98 billion f.o.b. (2004 est.)

Exports: commodities: machinery and transport equipment 37.8%, intermediate manufactured goods 23.7%, mis-

cellaneous manufactured goods 17.1%, food and live animals 7.6% (2003)

Exports: partners: Germany 29.8%, Italy 6.3%, France 5.4%, UK 4.7%, Czech Republic 4.4% (2004)

Imports: \$81.61 billion f.o.b. (2004 est.)

Imports: commodities: machinery and transport equipment 38%, intermediate manufactured goods 21%, chemicals 14.8%, minerals, fuels, lubricants, and related materials 9.1% (2003)

Imports: partners: Germany 29.8%, Italy 8%, France 7%, Russia 6.9%, Netherlands 5.3%, Belgium 4.2% (2004)

Reserves of foreign exchange and gold: \$41.88 billion (2004 est.)

Debt: external: \$99.15 billion (2004 est.)

Economic aid: recipient: \$17 billion in available EU structural adjustment and cohesion funds (2004-06)

PORTUGAL

GDP: purchasing power parity: \$188.7 billion (2004 est.)

GDP: real growth rate: 1.1% (2004 est.)

GDP: per capita: purchasing power parity: \$17,900 (2004 est.)

GDP: composition by sector: agriculture: 5.9%

industry: 30.2%

services: 63.9% (2004 est.)

Labor force: 5.48 million (2004 est.)

Labor force: by occupation: agriculture 10%, industry 30%, services 60% (1999 est.)

Unemployment rate: 6.5% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 3.1%

highest 10%: 28.4% (1995 est.)

Distribution of family income: Gini index: 35.6 (1994-95)

Inflation rate (consumer prices): 2.1% (2004 est.) Investment (gross fixed): 22.3% of GDP (2004 est.)

Budget: revenues: \$74.38 billion

expenditures: \$79.86 billion, including capital expenditures of NA (2004 est.)

Public debt: 61.5% of GDP (2004 est.)

Agriculture: products: grain, potatoes, olives, grapes; sheep, cattle, goats, poultry, beef, dairy products

Industries: textiles and footwear; wood pulp, paper, and cork; metals and metalworking; oil refining; chemicals; fish canning; rubber and plastic products; ceramics; electronics and communications equipment; rail transportation equipment; aerospace equipment; ship construction and refurbishment; wine; tourism

Industrial production growth rate: 1.1% (2004 est.)

Exports: \$37.68 billion f.o.b. (2004 est.)

Exports: commodities: clothing and footwear, machinery, chemicals, cork and paper products, hides

Exports: partners: Spain 24.8%, France 14%, Germany 13.5%, UK 9.6%, US 6%, Italy 4.3%, Belgium 4.1% (2004)

Imports: \$52.1 billion f.o.b. (2004 est.)

Imports: commodities: machinery and transport equipment,

chemicals, petroleum, textiles, agricultural products

Imports: partners: Spain 29.3%, Germany 14.4%, France 9.7%, Italy 6.1%, Netherlands 4.6%, UK 4.5% (2004)

Reserves of foreign exchange and gold: \$12.3 billion (2004 est.)

Debt: external: \$274.7 billion (2004 est.)

Economic aid: donor: ODA, \$271 million (1995)

QATAR

GDP: purchasing power parity: \$19.49 billion (2004 est.)

GDP: real growth rate: 8.7% (2004 est.)

GDP: per capita: purchasing power parity: \$23,200 (2004 est.)

GDP: composition by sector: agriculture: 0.3%

industry: 58.2%

services: 41.5% (2004 est.) Labor force: 140,000 (2004 est.) Unemployment rate: 2.7% (2001) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 3% (2004 est.) Investment (gross fixed): 22.9% of GDP (2004 est.)

Budget: revenues: \$10.17 billion

expenditures: \$7.61 billion, including capital expenditures of \$2.2 billion (2004 est.)

Public debt: NA

Agriculture: products: fruits, vegetables; poultry, dairy products, beef; fish

Industries: crude oil production and refining, ammonia, fertilizers, petrochemicals, steel reinforcing bars, cement,

commercial ship repair

Industrial production growth rate: 10% (2003 est.)

Exports: \$15 billion f.o.b. (2004 est.)

Exports: commodities: liquefied natural gas (LNG), petroleum products, fertilizers, steel

Exports: partners: Japan 43.8%, South Korea 16.1%, Singapore 10.8% (2004)

Imports: \$6.15 billion f.o.b. (2004 est.)

Imports: commodities: machinery and transport equipment, food, chemicals

Imports: partners: France 24.4%, UK 8.9%, Germany 8.8%, Japan 8.7%, US 6.2%, Italy 5.5%, UAE 4.1% (2004)

Reserves of foreign exchange and gold: \$3.351 billion (2004 est.)

Debt: external: \$18.62 billion (2004 est.)

Economic aid: recipient: NA

ROMANIA

GDP: purchasing power parity: \$171.5 billion (2004 est.)

GDP: real growth rate: 8.1% (2004 est.)

GDP: per capita: purchasing power parity: \$7,700 (2004 est.)

GDP: composition by sector: agriculture: 13.1%

industry: 33.7%

services: 53.2% (2004 est.)

Labor force: 9.66 million (2004 est.)

Labor force: by occupation: agriculture 31.6%, industry 30.7%, services 37.7% (2004)

Unemployment rate: 6.3% (2004 est.)

Population below poverty line: 28.9% (2002)

Household income or consumption by percentage share: lowest 10%: 2.4%

highest 10%: 27.6% (2003)

Distribution of family income: Gini index: 28.8 (2003) Inflation rate (consumer prices): 9.6% (2004 est.)

Investment (gross fixed): 23.3% of GDP (2004 est.)

Budget: revenues: \$22.1 billion

expenditures: \$23.2 billion, including capital expenditures of \$2.2 billion (2004 est.)

Public debt: 23.6% of GDP (2004 est.)

Agriculture: products: wheat, corn, barley, sugar beets, sunflower seed, potatoes, grapes; eggs, sheep

Industries: textiles and footwear, light machinery and auto assembly, mining, timber, construction materials, metal-

lurgy, chemicals, food processing, petroleum refining Industrial production growth rate: 4% (2004 est.)

Exports: \$23.54 billion f.o.b. (2004 est.)

Exports: commodities: textiles and footwear, metals and metal products, machinery and equipment, minerals and

fuels, chemicals, agricultural products

Exports: partners: Italy 20.9%, Germany 15.4%, France 7.3%, Turkey 7%, UK 6.1%, Austria 5% (2004)

Imports: \$28.43 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, fuels and minerals, chemicals, textiles, agricultural products Imports: partners: Italy 18.3%, Germany 17.9%, France 7.2%, Hungary 6.1%, Russia 5.7%, Austria 5.5%,

Reserves of foreign exchange and gold: \$16.21 billion (2004)

Debt: external: \$24.59 billion (2004 est.)

RUSSIA

GDP: purchasing power parity: \$1.408 trillion (2004 est.)

GDP: real growth rate: 6.7% (2004 est.)

GDP: per capita: purchasing power parity: \$9,800 (2004 est.)

GDP: composition by sector: agriculture: 4.9%

industry: 33.9%

services: 61.2% (2004 est.)

Labor force: 71.83 million (2004 est.)

Labor force: by occupation: agriculture 12.3%, industry 22.7%, services 65% (2002 est.)

Unemployment rate: 8.3% plus considerable underemployment (2004 est.)

Population below poverty line: 25% (January 2003 est.)

Household income or consumption by percentage share: lowest 10%: 5.9%

highest 10%: 47% (2001)

Distribution of family income: Gini index: 39.9 (2001) Inflation rate (consumer prices): 11.5% (2004 est.) Investment (gross fixed): 19.1% of GDP (2004 est.)

Budget: revenues: \$106.4 billion

expenditures: \$93.33 billion, including capital expenditures of NA (2004 est.)

Public debt: 28.2% of GDP (2004 est.)

Agriculture: products: grain, sugar beets, sunflower seed, vegetables, fruits; beef, milk

Industries: complete range of mining and extractive industries producing coal, oil, gas, chemicals, and metals; all forms of machine building from rolling mills to high-performance aircraft and space vehicles; defense industries including radar, missile production, and advanced electronic components, shipbuilding; road and rail transportation equipment; communications equipment; agricultural machinery, tractors, and construction equipment; electric power generating and transmitting equipment; medical and scientific instruments; consumer durables, textiles, food-stuffs, handicrafts

Industrial production growth rate: 6.4% (2004 est.)

Exports: \$162.5 billion (2004 est.)

Exports: commodities: petroleum and petroleum products, natural gas, wood and wood products, metals, chemicals,

and a wide variety of civilian and military manufactures

Exports: partners: Germany 8.4%, Netherlands 6.7%, China 6.4%, US 5.8%, Ukraine 5.7%, Italy 5.4%, Turkey

4.5% (2004)

Imports: \$92.91 billion (2004 est.)

Imports: commodities: machinery and equipment, consumer goods, medicines, meat, sugar, semifinished metal

Imports: partners: Germany 16.7%, China 7.1%, Ukraine 6.7%, Italy 5.9%, Finland 5%, France 4.5% (2004)

Reserves of foreign exchange and gold: \$124.5 billion (3 December 2004 e)

Debt: external: \$169.6 billion (2004 est.)

Economic aid: recipient: in FY01 from US, \$979 million (including \$750 million in non-proliferation subsidies); in

2001 from EU, \$200 million (2000 est.)

RWANDA

GDP: purchasing power parity: \$10.43 billion (2004 est.)

GDP: real growth rate: 0.9% (2004 est.)

GDP: per capita: purchasing power parity: \$1,300 (2004 est.)

GDP: composition by sector: agriculture: 41.1%

industry: 21.2%

services: 37.7% (2004 est.) Labor force: 4.6 million (2000)

Labor force: by occupation: agriculture 90%

Unemployment rate: NA

Population below poverty line: 60% (2001 est.)

Household income or consumption by percentage share:

lowest 10%: 4.2%

highest 10%: 24.2% (1985)

Distribution of family income: Gini index: 28.9 (1985)

Inflation rate (consumer prices): 7% (2004 est.) Investment (gross fixed): 20% of GDP (2004 est.)

Budget:

revenues: \$354.5 million

expenditures: \$385 million, including capital expenditures of NA (2004 est.)

Agriculture: products: coffee, tea, pyrethrum (insecticide made from chrysanthemums), bananas, beans, sorghum,

potatoes; livestock

Industries: cement, agricultural products, small-scale beverages, soap, furniture,

shoes, plastic goods, textiles, cigarettes

Industrial production growth rate: 7% (2001 est.)

Exports: \$69.78 million f.o.b. (2004 est.)

Exports: commodities: coffee, tea, hides, tin ore

Exports: partners: Indonesia 35.4%, China 7.1%, Germany 3.4% (2004)

Imports: \$260 million f.o.b. (2004 est.)

Imports: commodities: foodstuffs, machinery and equipment, steel, petroleum products, cement and construction

material

Imports: partners: Kenya 21.9%, Germany 7.8%, Belgium 7.7%, Uganda 5.9%, France 5.9% (2004)

Reserves of foreign exchange and gold: \$210.9 million (2004 est.)

Debt: external: \$1.3 billion (2000 est.)

Economic aid: recipient: \$372.9 million (1999)

SAINT KITTS AND NEVIS

GDP (purchasing power parity): \$339 million (2002 est.)

GDP: real growth rate: -1.9% (2002 est.)

GDP: per capita: purchasing power parity: \$8,800 (2002 est.)

GDP: composition by sector:

agriculture: 3.5% industry: 25.8% services: 70.7% (2001)

Labor force: 18,170 (June 1995) Labor force: by occupation: NA Unemployment rate: 4.5% (1997) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 1.7% (2001 est.)

Budget:

revenues: \$89.7 million

expenditures: \$128.2 million, including capital expenditures of \$19.5 million (2003 est.)

Exports: \$70 million (2002 est.)

Exports: commodities: machinery, food, electronics, beverages, tobacco Exports: partners: US 57.5%, Canada 9%, Portugal 8.3%, UK 6.7% (2004)

Imports: \$195 million (2002 est.)

Imports: commodities: machinery, manufactures, food, fuels

Imports: partners: Ukraine 44.7%, US 22.1%, Trinidad and Tobago 8.8%, UK 6.2% (2004)

Debt: external: \$171 million (2001) Economic aid: recipient: \$8 million (2001)

SAINT LUCIA

GDP (purchasing power parity): \$866 million (2002 est.)

GDP: real growth rate: 3.3% (2002 est.)

GDP: per capita: purchasing power parity: \$5,400 (2002 est.)

GDP: composition by sector:

agriculture: 7% industry: 20%

services: 73% (2002 est.) Labor force: 43,800 (2001 est.)

Labor force: by occupation: agriculture 21.7%, industry, commerce, and manufacturing 24.7%, services 53.6% (2002)

est.)

Unemployment rate: 20% (2003 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 3% (2001 est.)

Budget:

revenues: \$141.2 million

expenditures: \$146.7 million, including capital expenditures of \$25.1 million (2000 est.)

Agriculture: products: bananas, coconuts, vegetables, citrus, root crops, cocoa

Industries: clothing, assembly of electronics, beverages, corrugated cardboard boxes, tourism, lime processing

Industrial production growth rate: -8.9% (1997 est.)

Exports: \$66 million (2002 est.)

Exports: commodities: bananas 41%, clothing, cocoa, vegetables, fruits, coconut oil

Exports: partners: UK 41.4%, US 16.5%, Brazil 11.6%, Barbados 5.8%, Antigua and Barbuda 4.6% (2004)

Imports: \$267 million (2002 est.)

Imports: commodities: food 23%, manufactured goods 21%, machinery equipment 19%, chemicals, fuels Imports: partners: US 27.8%, Trinidad and Tobago 20.4%, UK 8%, Venezuela 7.6%, Finland 7% (2004)

Debt: external: \$214 million (2000)

Economic aid: recipient: \$51.8 million (1995)

SAINT VINCENT AND THE GRENADINES

GDP (purchasing power parity): \$342 million (2002 est.)

GDP: real growth rate: 0.7% (2002 est.)

GDP: per capita: purchasing power parity: \$2,900 (2002 est.)

GDP: composition by sector:

agriculture: 10% industry: 26%

services: 64% (2001 est.) Labor force: 67,000 (1984 est.)

Labor force: by occupation: agriculture 26%, industry 17%, services 57% (1980 est.)

Unemployment rate: 15% (2001 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA, highest 10%: NA

Inflation rate (consumer prices): -0.4% (2001 est.)

Budget: revenues: \$94.6 million

expenditures: \$85.8 million, including capital expenditures of NA (2000 est.)

Agriculture: products: bananas, coconuts, sweet potatoes, spices, small numbers of cattle, sheep, pigs, goats, fish

Industries: food processing, cement, furniture, clothing, starch

Industrial production growth rate: -0.9% (1997 est.)

Exports: \$38 million (2002 est.)

Exports: commodities: bananas 39%, eddoes and dasheen (taro), arrowroot starch; tennis racquets Exports: partners: UK 33.5%, Barbados 13.1%, Saint Lucia 11.5%, US 5.3%, Grenada 5.3% (2004)

Imports: \$174 million (2002 est.)

Imports: commodities: foodstuffs, machinery and equipment, chemicals and fertilizers, minerals and fuels

Imports: partners: US 37.5%, Trinidad and Tobago 21.3%, UK 10.5% (2004)

Debt: external: \$167.2 million (2000)

Economic aid: recipient: \$47.5 million (1995); note: EU \$34.5 million (1998)

SAMOA

GDP (purchasing power parity): \$1 billion (2002 est.)

GDP: real growth rate: 5% (2002 est.)

GDP: per capita: purchasing power parity: \$5,600 (2002 est.)

GDP: composition by sector:

agriculture: 14% industry: 23%

services: 63% (2001 est.) Labor force: 90,000 (2000 est.) Labor force: by occupation: NA

Unemployment rate: NA; note: substantial underemployment

Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 4% (2001 est.)

Budget:

revenues: \$105 million

expenditures: \$119 million, including capital expenditures of NA (2001-02)

Agriculture: products: coconuts, bananas, taro, yams, coffee, cocoa

Industries: food processing, building materials, auto parts

Industrial production growth rate: 2.8% (2000)

Exports: \$14 million f.o.b. (2002)

Exports: commodities: fish, coconut oil and cream, copra, taro, automotive parts, garments, beer

Exports: partners: Australia 67.2%, US 5.7%, Indonesia 5.3% (2004)

Imports: \$113 million f.o.b. (2002)

Imports: commodities: machinery and equipment, industrial supplies, foodstuffs

Imports: partners: New Zealand 25.1%, Fiji 21.5%, Taiwan 9.1%, Australia 8.9%, Singapore 8.5%, Japan 7.5%, US

4.7% (2004)

Debt: external: \$197 million (2000)

Economic aid: recipient: \$42.9 million (1995)

SAN MARINO

GDP: purchasing power parity: \$940 million (2001 est.)

GDP: real growth rate: 7.5% (2001 est.)

GDP: per capita: purchasing power parity: \$34,600 (2001 est.)

GDP: composition by sector: agriculture: NA%

industry: NA% services: NA%

Labor force: 18,500 (1999)

Labor force: by occupation: agriculture 1%, industry 42%, services 57% (2000 est.)

Unemployment rate: 2.6% (2001) Population below poverty line: NA%

Household income or consumption by percentage share: lowest 10%: NA%

highest 10%: NA%

Inflation rate (consumer prices): 3.3% (2001)

Budget: revenues: \$400 million

expenditures: \$400 million, including capital expenditures of NA (2000 est.)

Agriculture: products: wheat, grapes, corn, olives; cattle, pigs, horses, beef, cheese, hides

Industries: tourism, banking, textiles, electronics, ceramics, cement, wine

Industrial production growth rate: 6% (1997 est.)

Exports: trade data are included with the statistics for Italy

Exports: commodities: building stone, lime, wood, chestnuts, wheat, wine, baked goods, hides, ceramics

Imports: trade data are included with the statistics for Italy

Imports: commodities: wide variety of consumer manufactures, food

Debt: external: NA; Economic aid: recipient: NA

SÃO TOMÉ AND PRINCIPE

GDP (purchasing power parity): \$214 million (2003 est.)

GDP: real growth rate: 6% (2004 est.)

GDP: per capita: purchasing power parity: \$1,200 (2003 est.)

GDP: composition by sector:

agriculture: 16.5% industry: 15.4%

services: 68.1% (2004 est.)

Labor force: NA

Labor force: by occupation: population mainly engaged in subsistence agriculture and fishing

note: shortages of skilled workers

Unemployment rate: NA

Population below poverty line: 54% (2004 est.)

Household income or consumption by percentage share: lowest 10%: NA, highest 10%: NA

Inflation rate (consumer prices): 14% (2004 est.) Investment (gross fixed): 31.5% of GDP (2004 est.)

Budget:

revenues: \$27.94 million

expenditures: \$43.91 million, including capital expenditures of \$54 million (2004 est.)

Agriculture: products: cocoa, coconuts, palm kernels, copra, cinnamon, pepper, coffee, bananas, papayas, beans;

poultry; fish

Industries: light construction, textiles, soap, beer; fish processing; timber

Industrial production growth rate: NA Exports: \$6.7 million f.o.b. (2004 est.)

Exports: commodities: cocoa 80%, copra, coffee, palm oil

Exports: partners: Netherlands 35.9%, China 12.3%, Belgium 7.4%, Germany 6.3%, Poland 5.1%, France 4.8%,

Thailand 4.1% (2004)

Imports: \$41 million f.o.b. (2004 est.)

Imports: commodities: machinery and electrical equipment, food products, petroleum products

Imports: partners: Portugal 52.3%, Germany 9.5%, US 6%, Netherlands 4.8%, South Africa 4.3% (2004)

Reserves of foreign exchange and gold: \$29.78 million (2004 est.)

Debt: external: \$318 million (2002)

Economic aid: recipient: \$200 million in December 2000 under the HIPC program

SAUDI ARABIA

GDP: purchasing power parity: \$310.2 billion (2004 est.)

GDP: real growth rate: 5% (2004 est.)

GDP: per capita: purchasing power parity: \$12,000 (2004 est.)

GDP: composition by sector: agriculture: 4.2%

industry: 67.2%

services: 28.6% (2004 est.) Labor force: 6.62 million

note: more than 35% of the population in the 15-64 age group is non-national (2004 est.) Labor force: by occupation: agriculture 12%, industry 25%, services 63% (1999 est.)

Unemployment rate: 25% (unofficial estimate) (2004 est.)

Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 0.8% (2004 est.) Investment (gross fixed): 17.2% of GDP (2004 est.)

Budget: revenues: \$104.8 billion

expenditures: \$78.66 billion, including capital expenditures of NA (2004 est.)

Public debt: 75% of GDP (2004 est.)

Agriculture: products: wheat, barley, tomatoes, melons, dates, citrus; mutton, chickens, eggs, milk

Industries: crude oil production, petroleum refining, basic petrochemicals, ammonia, industrial gases, sodium hydroxide (caustic soda), cement, construction, fertilizer, plastics, commercial ship repair, commercial aircraft repair

Industrial production growth rate: 2.8% (2004 est.)

Exports: \$113 billion f.o.b. (2004 est.)

Exports: commodities: petroleum and petroleum products 90%

Exports: partners: US 19.3%, Japan 16.4%, South Korea 8.7%, China 5.8%, Singapore 4.5% (2004)

Imports: \$36.21 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, foodstuffs, chemicals, motor vehicles, textiles

Imports: partners: US 9.3%, Germany 6.8%, Japan 6.7%, UK 5.4%, China 5% (2004)

Reserves of foreign exchange and gold: \$23.62 billion (2004 est.)

Debt: external: \$34.35 billion (2004 est.)

Economic aid: donor: pledged \$100 million in 1993 to fund reconstruction of Lebanon; since 2000, Saudi Arabia has committed \$307 million for assistance to the Palestinians; pledged \$240 million to development in Afghanistan; pledged \$1 billion in export guarantees and soft loans to Iraq.

SENEGAL

GDP: purchasing power parity: \$18.36 billion (2004 est.)

GDP: real growth rate: 3.2% (2004 est.)

GDP: per capita: purchasing power parity: \$1,700 (2004 est.)

GDP: composition by sector: agriculture: 15.9%

industry: 21.4%

services: 62.7% (2004 est.)

Labor force: 4.65 million (2004 est.)

Labor force: by occupation: agriculture 70%

Unemployment rate: 48% (urban youth 40%) (2001 est.)

Population below poverty line: 54% (2001 est.)

Household income or consumption by percentage share: lowest 10%: 2.6%

highest 10%: 33.5% (1995)

Distribution of family income: Gini index: 41.3 (1995) Inflation rate (consumer prices): 0.8% (2004 est.)

Investment (gross fixed): 20.1% of GDP (2004 est.)

Budget: revenues: \$1.572 billion

expenditures: \$1.627 billion, including capital expenditures of \$357 million (2004 est.)

Public debt: 55.2% of GDP (2004 est.)

Agriculture: products: peanuts, millet, corn, sorghum, rice, cotton, tomatoes, green vegetables; cattle, poultry, pigs;

fish

Industries: agricultural and fish processing, phosphate mining, fertilizer production, petroleum refining, construc-

tion materials, ship construction and repair

Industrial production growth rate: 4.7% (2004 est.)

Exports: \$1.374 billion f.o.b. (2004 est.)

Exports: commodities: fish, groundnuts (peanuts), petroleum products, phosphates, cotton

Exports: partners: India 13.8%, France 10.6%, Mali 10%, Italy 6%, Cote d'Ivoire 5.7%, Spain 4% (2004)

Imports: \$2.128 billion f.o.b. (2004 est.)

Imports: commodities: food and beverages, capital goods, fuels

Imports: partners: France 26.2%, Nigeria 12.1%, Thailand 5.3%, Belgium 5%, Spain 4.2% (2004)

Reserves of foreign exchange and gold: \$820 million (2004 est.)

Debt: external: \$3.476 billion (2004 est.)

Economic aid: recipient: \$362.6 million (2002 est.)

SERBIA AND MONTENEGRO

GDP: purchasing power parity: \$26.27 billion (2004 est.)

GDP: real growth rate: 6.5% (2004 est.)

GDP: per capita: purchasing power parity: \$2,400 (2004 est.)

GDP: composition by sector: agriculture: 15.5%

industry: 27.6%

services: 56.8% (2004 est.)

Labor force: 3.2 million (2004 est.)

Labor force: by occupation: agriculture NA, industry NA, services NA

Unemployment rate: 30%

note: unemployment is approximately 50% in Kosovo (2004 est.)

Population below poverty line: 30% (1999 est.)

Household income or consumption by percentage share: lowest 10%: NA%

highest 10%: NA%

Inflation rate (consumer prices): 8.8% (2004 est.) Investment (gross fixed): 14.4% of GDP (2004 est.)

Budget: revenues: \$9.773 billion

expenditures: \$10.46 billion, including capital expenditures of NA (2004 est.)

Public debt: 80% of GDP (2004 est.)

Agriculture: products: cereals, fruits, vegetables, tobacco, olives; cattle, sheep, goats

Industries: machine building (aircraft, trucks, and automobiles; tanks and weapons; electrical equipment; agricultural machinery); metallurgy (steel, aluminum, copper, lead, zinc, chromium, antimony, bismuth, cadmium); mining (coal, bauxite, nonferrous ore, iron ore, limestone); consumer goods (textiles, footwear, foodstuffs, appliances); electronics,

petroleum products, chemicals, and pharmaceuticals Industrial production growth rate: 1.7% (2002 est.)

Exports: \$3.245 billion f.o.b. (2004 est.)

Exports: commodities: manufactured goods, food and live animals, raw materials

Exports: partners: Italy 30.1%, Germany 16.6%, Austria 7.4%, Greece 7.1%, France 5.3%, Slovenia 4.2%, US

4.1% (2004)

Imports: \$9.538 billion f.o.b. (2004 est.)

Imports: commodities: machinery and transport equipment, fuels and lubricants, manufactured goods, chemicals,

food and live animals, raw materials

Imports: partners: Germany 20.2%, Italy 18.1%, Austria 9%, Slovenia 6.1%, France 5.1%, Netherlands 4.4%, Bul-

garia 4.3%, Greece 4.2% (2004)

Reserves of foreign exchange and gold: \$3.55 billion (2004 est.)

Debt: external: \$12.97 billion (2004 est.)

Economic aid: recipient: \$2 billion pledged in 2001 (disbursements to follow for several years)

SEYCHELLES

GDP: purchasing power parity: \$626 million (2002 est.)

GDP: real growth rate: 1.5% (2004 est.)

GDP: per capita: purchasing power parity: \$7,800 (2002 est.)

GDP: composition by sector: agriculture: 2.8%

industry: 28.7%

services: 68.9% (2004 est.) Labor force: 30,900 (1996)

Labor force: by occupation: agriculture 10%, industry 19%, services 71% (1989)

Unemployment rate: NA

Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA, highest 10%: NA

Inflation rate (consumer prices): 5% (2004 est.) Investment (gross fixed): 39.5% of GDP (2004 est.)

Budget: revenues: \$318.3 million

expenditures: \$298.5 million, including capital expenditures of NA (2004 est.)

Public debt: 122.8% of GDP (2004 est.)

Agriculture: products: coconuts, cinnamon, vanilla, sweet potatoes, cassava (tapioca), bananas; broiler chickens; tuna Industries: fishing; tourism; processing of coconuts and vanilla, coir (coconut fiber) rope, boat building, printing

Industrial production growth rate: NA Exports: \$256.2 million f.o.b. (2004 est.)

Exports: commodities: canned tuna, frozen fish, cinnamon bark, copra, petroleum products (reexports) Exports: partners: UK 29.1%, France 17.1%, Spain 11.8%, Japan 9.2%, Italy 8.1%, Germany 6.2% (2004)

Imports: \$393.4 million f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, foodstuffs, petroleum products, chemicals

Imports: partners: Saudi Arabia 15.6%, Spain 14.1%, France 11%, Singapore 7.5%, Italy 7.3%, UK 5% (2004)

Reserves of foreign exchange and gold: \$70.94 million (2004 est.)

Debt: external: \$218.1 million (2004 est.) Economic aid: recipient: \$16.4 million (1995)

SIERRA LEONE

GDP: purchasing power parity: \$3.335 billion (2004 est.)

GDP: real growth rate: 6% (2004 est.)

GDP: per capita: purchasing power parity: \$600 (2004 est.)

GDP: composition by sector: agriculture: 49%

industry: 30%

services: 21% (2001 est.)

Labor force: 1.369 million (1981 est.)

Labor force: by occupation: agriculture NA, industry NA, services NA

Unemployment rate: NA

Population below poverty line: 68% (1989 est.)

Household income or consumption by percentage share: lowest 10%: 0.5%

highest 10%: 43.6% (1989)

Distribution of family income: Gini index: 62.9 (1989)

Inflation rate (consumer prices): 1% (2002 est.)

Budget: revenues: \$96 million

expenditures: \$351 million, including capital expenditures of NA (2000 est.)

Agriculture: products: rice, coffee, cocoa, palm kernels, palm oil, peanuts; poultry, cattle, sheep, pigs; fish

Industries: diamonds mining; small-scale manufacturing (beverages, textiles, cigarettes, footwear); petroleum refining

Industrial production growth rate: NA Exports: \$49 million f.o.b. (2002 est.)

Exports: commodities: diamonds, rutile, cocoa, coffee, fish (1999) Exports: partners: Belgium 63.1%, Germany 11.9%, US 5.8% (2004)

Imports: \$264 million f.o.b. (2002 est.)

Imports: commodities: foodstuffs, machinery and equipment, fuels and lubricants, chemicals (1995)

Imports: partners: Germany 17.3%, UK 9.2%, Cote d'Ivoire 8%, US 8%, Ukraine 4.9%, Netherlands 4.7%, China

4.5%, Denmark 4.2% (2004)

Debt: external: \$1.5 billion (2002 est.)

Economic aid: recipient: \$103 million (2001 est.)

SINGAPORE

GDP: purchasing power parity: \$120.9 billion (2004 est.)

GDP: real growth rate: 8.1% (2004 est.)

GDP: per capita: purchasing power parity: \$27,800 (2004 est.) GDP: composition by sector: agriculture: 0% negligible

industry: 32.6%

services: 67.4% (2004 est.)

Labor force: 2.18 million (2004 est.)

Labor force: by occupation: manufacturing 18%, construction 6%, transportation and communication 11%, finan-

cial, business, and other services 49%, other 16% (2003)

Unemployment rate: 3.4% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 1.7% (2004 est.) Investment (gross fixed): 27.4% of GDP (2004 est.)

Budget: revenues: \$17.05 billion

expenditures: \$18.45 billion, including capital expenditures of \$5.8 billion (2004 est.)

Public debt: 102.5% of GDP (2004 est.)

Agriculture: products: rubber, copra, fruit, orchids, vegetables, poultry, eggs, fish, ornamental fish

Industries: electronics, chemicals, financial services, oil drilling equipment, petroleum refining, rubber processing and rubber products, processed food and beverages, ship repair, offshore platform construction, life sciences, entrepot trade

Industrial production growth rate: 11.1% (2004 est.)

Exports: \$174 billion f.o.b. (2004 est.)

Exports: commodities: machinery and equipment (including electronics), consumer goods, chemicals, mineral fuels Exports: partners: Malaysia 15.2%, US 13%, Hong Kong 9.8%, China 8.6%, Japan 6.4%, Taiwan 4.6%, Thailand

4.3%, South Korea 4.1% (2004) Imports: \$155.2 billion (2004 est.)

Imports: commodities: machinery and equipment, mineral fuels, chemicals, foodstuffs

Imports: partners: Malaysia 15.3%, US 12.7%, Japan 11.7%, China 9.9%, Taiwan 5.7%, South Korea 4.3%, Thai-

land 4.1% (2004)

Reserves of foreign exchange and gold: \$112.8 billion (2004 est.)

Debt: external: \$19.4 billion (2004 est.)

Economic aid: recipient: NA

SLOVAKIA

GDP: purchasing power parity: \$78.89 billion (2004 est.)

GDP: real growth rate: 5.3% (2004 est.)

GDP: per capita: purchasing power parity: \$14,500 (2004 est.)

GDP: composition by sector: agriculture: 3.5%

industry: 30.1%

services: 66.4% (2004 est.)

Labor force: 2.2 million (3rd quarter, 2004 est.)

Labor force: by occupation: agriculture 5.8%, industry 29.3%, construction 9%, services 55.9% (2003)

Unemployment rate: 13.1% (31 December 2004 est.)

Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 5.1%

highest 10%: 18.2% (1992)

Distribution of family income: Gini index: 26.3 (1996)

Inflation rate (consumer prices): 7.5% (2004 est.)

Investment (gross fixed): 24% of GDP (2004 est.)

Budget: revenues: \$15.44 billion

expenditures: \$16.7 billion, including capital expenditures of NA (2004 est.)

Public debt: 46.6% of GDP (2004 est.)

Agriculture: products: grains, potatoes, sugar beets, hops, fruit; pigs, cattle, poultry; forest products

Industries: metal and metal products; food and beverages; electricity, gas, coke, oil, nuclear fuel; chemicals and manmade fibers; machinery; paper and printing; earthenware and ceramics; transport vehicles; textiles; electrical and optical apparatus; rubber products

Industrial production growth rate: 5.1% (2004 est.)

Exports: \$29.24 billion f.o.b. (2004 est.)

Exports: commodities: vehicles 25.9%, machinery and electrical equipment 21.3%, base metals 14.6%, chemicals and minerals 10.1%, plastics 5.4%% (2004 est.)

Exports: partners: Germany 35.7%, Czech Republic 13.4%, Austria 8.6%, Italy 5.6%, US 4.8%, Poland 4.8%, Hungary 4.3% (2004)

Imports: \$29.67 billion f.o.b. (2004 est.)

Imports: commodities: machinery and transport equipment 41.1%, intermediate manufactured goods 19.3%, fuels

12.3%, chemicals 9.8%, miscellaneous manufactured goods 10.2% (2003)

Imports: partners: Germany 29.6%, Czech Republic 17.1%, Russia 9.5%, Austria 7.1%, Italy 5.4%, Hungary 4.3%

(2004)

Reserves of foreign exchange and gold: \$14.91 billion (2004 est.)

Debt: external: \$19.54 billion (2004 est.)

SLOVENIA

GDP: purchasing power parity: \$39.41 billion (2004 est.)

GDP: real growth rate: 3.9% (2004 est.)

GDP: per capita: purchasing power parity: \$19,600 (2004 est.)

GDP: composition by sector: agriculture: 3%

industry: 36%

services: 60% (2004 est.) Labor force: 870,000 (2004 est.)

Labor force: by occupation: agriculture 6%, industry 40%, services 55% (2002)

Unemployment rate: 6.4% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 3.9%

highest 10%: 23% (1998)

Distribution of family income: Gini index: 28.4 (1998) Inflation rate (consumer prices): 3.3% (2004 est.) Investment (gross fixed): 24.9% of GDP (2004 est.)

Budget: revenues: \$13.36 billion

expenditures: \$13.99 billion, including capital expenditures of NA (2004 est.)

Public debt: 31.5% of GDP (2004 est.)

Agriculture: products: potatoes, hops, wheat, sugar beets, corn, grapes; cattle, sheep, poultry

Industries: ferrous metallurgy and aluminum products, lead and zinc smelting, electronics (including military elec-

tronics), trucks, electric power equipment, wood products, textiles, chemicals, machine tools

Industrial production growth rate: 3.9% (2004 est.)

Exports: commodities: manufactured goods, machinery and transport equipment, chemicals, food

Exports: partners: Germany 18.4%, Austria 11.4%, Italy 11.1%, Croatia 7.6%, France 7.5%, Bosnia and Herzegov-

ina 4.6% (2004)

Imports: \$16.07 billion f.o.b. (2004 est.)

Imports: commodities: machinery and transport equipment, manufactured goods, chemicals, fuels and lubricants,

food

Imports: partners: Germany 20.1%, Italy 17%, Austria 14.1%, France 10.4% (2004)

Reserves of foreign exchange and gold: \$8.493 billion (2004 est.)

Debt: external: \$14.65 billion (2004 est.)

Economic aid: recipient: ODA, \$62 million (2000 est.)

SOLOMON ISLANDS

GDP: purchasing power parity: \$800 million (2002 est.)

GDP: real growth rate: 5.8% (2003 est.)

GDP: per capita: purchasing power parity: \$1,700 (2002 est.)

GDP: composition by sector: agriculture: 42%

industry: 11%

services: 47% (2000 est.) Labor force: 26,840 (1999)

Labor force: by occupation: agriculture 75%, industry 5%, services 20% (2000 est.)

Unemployment rate: NA%
Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 10% (2003 est.)

Budget: revenues: \$49.7 million

expenditures: \$75.1 million, including capital expenditures of \$0 (2003)

Agriculture: products: cocoa beans, coconuts, palm kernels, rice, potatoes, vegetables, fruit; cattle, pigs; timber; fish

Industries: fish (tuna), mining, timber Industrial production growth rate: NA Exports: \$74 million f.o.b. (2003 est.)

Exports: commodities: timber, fish, copra, palm oil, cocoa

Exports: partners: China 28.2%, Thailand 15.7%, South Korea 15.7%, Japan 9.7%, Philippines 5.1% (2004)

Imports: \$67 million f.o.b. (2003)

Imports: commodities: food, plant and equipment, manufactured goods, fuels, chemicals Imports: partners: Australia 25.3%, Singapore 23.8%, New Zealand 5.3%, India 4.8% (2004)

Debt: external: \$180.4 million (2002)

Economic aid: recipient: \$28 million annually, mainly from Australia (2003 est.)

SOMALIA

GDP: purchasing power parity: \$4.597 billion (2004 est.)

GDP: real growth rate: 2.8% (2004 est.)

GDP: per capita: purchasing power parity: \$600 (2004 est.)

GDP: composition by sector: agriculture: 65%

industry: 10%

services: 25% (2000 est.)

Labor force: 3.7 million (very few are skilled laborers)

Labor force: by occupation: agriculture (mostly pastoral nomadism) 71%, industry and services 29%

Unemployment rate: NA

Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): note: businesses print their own money, so inflation rates cannot be sensibly deter-

mined (2004 est.)

Budget: revenues: NA

expenditures: NA, including capital expenditures of NA

Agriculture: products: cattle, sheep, goats; bananas, sorghum, corn, coconuts, rice, sugarcane, mangoes, sesame seeds,

beans; fish

Industries: a few light industries, including sugar refining, textiles, wireless communication

Industrial production growth rate: NA

Exports: \$79 million f.o.b. (2002 est.)

Exports: commodities: livestock, bananas, hides, fish, charcoal, scrap metal

Exports: partners: Thailand 31.3%, UAE 22.8%, Yemen 14.9%, India 8.5%, Oman 5.4%, China 4.1% (2004)

Imports: \$344 million f.o.b. (2002 est.)

Imports: commodities: manufactures, petroleum products, foodstuffs, construction materials, gat

Imports: partners: Djibouti 28.8%, Kenya 13.1%, India 9.3%, Brazil 5.4%, Oman 5.2%, UAE 5.1% (2004)

Debt: external: \$3 billion (2001 est.)

Economic aid: recipient: \$60 million (1999 est.)

SOUTH AFRICA

GDP: purchasing power parity: \$491.4 billion (2004 est.)

GDP: real growth rate: 3.5% (2004 est.)

GDP: per capita: purchasing power parity: \$11,100 (2004 est.)

GDP: composition by sector: agriculture: 3.6%, industry: 31.2%, services: 65.2% (2004 est.)

Labor force: 16.63 million economically active (2004 est.)

Labor force: by occupation: agriculture 30%, industry 25%, services 45% (1999 est.)

Unemployment rate: 26.2% (includes workers no longer looking for employment) (2004 est.)

Population below poverty line: 50% (2000 est.)

Household income or consumption by percentage share: lowest 10%: 1.1%, highest 10%: 45.9% (1994)

Distribution of family income: Gini index: 59.3 (1993-94)

Inflation rate (consumer prices): 4.5% (2004 est.)

Investment (gross fixed): 16.7% of GDP (2004 est.)

Budget: revenues: \$47.43 billion, expenditures: \$52.54 billion, including capital expenditures of NA (2004 est.)

Public debt: 45.9% of GDP (2004 est.)

Agriculture: products: corn, wheat, sugarcane, fruits, vegetables; beef, poultry, mutton, wool, dairy products Industries: mining (world's largest producer of platinum, gold, chromium), automobile assembly, metalworking, machinery, textile, iron and steel, chemicals, fertilizer, foodstuffs, commercial ship repair

Industrial production growth rate: 5.5% (2004 est.)

Exports: \$41.97 billion f.o.b. (2004 est.)

Exports: commodities: gold, diamonds, platinum, other metals and minerals, machinery and equipment (1998 est.)

Exports: partners: US 10.2%, UK 9.2%, Japan 9%, Germany 7.1%, Netherlands 4% (2004)

Imports: \$39.42 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, chemicals, petroleum products, scientific instruments, foodstuffs (2000 est.)

Imports: partners: Germany 14.2%, US 8.5%, China 7.5%, Japan 6.9%, UK 6.9%, France 6%, Saudi Arabia 5.6%,

Iran 5% (2004)

Reserves of foreign exchange and gold: \$11.68 billion (2004 est.)

Debt: external: \$27.01 billion (2004 est.) Economic aid: recipient: \$487.5 million (2000)

SPAIN

GDP: purchasing power parity: \$937.6 billion (2004 est.)

GDP: real growth rate: 2.6% (2004 est.)

GDP: per capita: purchasing power parity: \$23,300 (2004 est.)

GDP: composition by sector: agriculture: 3.5%

industry: 28.5%

services: 68% (2004 est.)

Labor force: 19.33 million (2004 est.)

Labor force: by occupation: agriculture 5.3%, manufacturing, mining, and construction 30.1%, services 64.6% (2004)

est.)

Unemployment rate: 10.4% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 2.8%

highest 10%: 25.2% (1990)

Distribution of family income: Gini index: 32.5 (1990) Inflation rate (consumer prices): 3.2% (2004 est.) Investment (gross fixed): 25.4% of GDP (2004 est.)

Budget: revenues: \$383.7 billion

expenditures: \$386.4 billion, including capital expenditures of \$12.8 billion (2004 est.)

Public debt: 53.2% of GDP (2004 est.)

Agriculture: products: grain, vegetables, olives, wine grapes, sugar beets, citrus; beef, pork, poultry, dairy products;

fish

Industries: textiles and apparel (including footwear), food and beverages, metals and metal manufactures, chemicals, shipbuilding, automobiles, machine tools, tourism, clay and refractory products, footwear, pharmaceuticals, medical equipment

Industrial production growth rate: 3% (2004 est.)

Exports: \$172.5 billion f.o.b. (2004 est.)

Exports: commodities: machinery, motor vehicles; foodstuffs, pharmaceuticals, medicines, other consumer goods

Exports: partners: France 19.3%, Germany 11.7%, Portugal 9.6%, UK 9.1%, Italy 9.1% (2004)

Imports: \$222 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, fuels, chemicals, semifinished goods; foodstuffs, consumer goods;

measuring and medical control instruments

Imports: partners: Germany 16.5%, France 15.7%, Italy 8.8%, UK 6.3%, Netherlands 4.8% (2004)

Reserves of foreign exchange and gold: \$19.7 billion (2004 est.)

Debt: external: \$771.1 billion (2004 est.)

Economic aid: donor: ODA, \$1.33 billion (1999)

SRI LANKA

GDP: purchasing power parity: \$80.58 billion (2004 est.)

GDP: real growth rate: 5.2% (2004 est.)

GDP: per capita: purchasing power parity: \$4,000 (2004 est.)

GDP: composition by sector: agriculture: 19.1%

industry: 26.2%

services: 54.7% (2004 est.)

Labor force: 7.26 million (2004 est.)

Labor force: by occupation: agriculture 38%, industry 17%, services 45% (1998 est.)

Unemployment rate: 7.8% (2004 est.)

Population below poverty line: 22% (1997 est.)

Household income or consumption by percentage share: lowest 10%: 3.5%

highest 10%: 28% (1995)

Distribution of family income: Gini index: 34.4 (1995) Inflation rate (consumer prices): 5.8% (2004 est.) Investment (gross fixed): 22.4% of GDP (2004 est.)

Budget: revenues: \$3.34 billion

expenditures: \$4.686 billion, including capital expenditures of NA (2004 est.)

Public debt: 104.3% of GDP (2004 est.)

Agriculture: products: rice, sugarcane, grains, pulses, oilseed, spices, tea, rubber, coconuts; milk, eggs, hides, beef Industries: rubber processing, tea, coconuts, and other agricultural commodities; telecommunications, insurance, and banking; clothing, cement, petroleum refining, textiles, tobacco

Exports: \$5.306 billion f.o.b. (2004 est.)

Exports: commodities: textiles and apparel; tea and spices; diamonds, emeralds, rubies; coconut products; rubber

manufactures, fish

Exports: partners: US 31%, UK 12.9%, India 5.1%, Belgium 4.9%, Germany 4.9% (2004)

Imports: \$7.265 billion f.o.b. (2004 est.)

Imports: commodities: textile fabrics, mineral products, petroleum, foodstuffs, machinery and transportation equip-

Imports: partners: India 14%, Singapore 8%, China 7.6%, Hong Kong 5.9%, Malaysia 4.6%, Japan 4.6% (2004)

Reserves of foreign exchange and gold: \$2.475 billion (2004 est.)

Debt: external: \$10.85 billion (2004 est.) Economic aid: recipient: \$577 million (1998)

SUDAN

GDP: purchasing power parity: \$76.19 billion (2004 est.)

GDP: real growth rate: 6.4% (2004 est.)

GDP: per capita: purchasing power parity: \$1,900 (2004 est.)

GDP: composition by sector: agriculture: 38.7%

industry: 20.3%

services: 41% (2003 est.)

Labor force: 11 million (1996 est.)

Labor force: by occupation: agriculture 80%, industry and commerce 7%, government 13% (1998 est.)

Unemployment rate: 18.7% (2002 est.)

Population below poverty line: 40% (2004 est.)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 9% (2004 est.) Investment (gross fixed): 16% of GDP (2004 est.)

Budget: revenues: \$3.057 billion

expenditures: \$2.965 billion, including capital expenditures of \$304 million (2004 est.)

Public debt: 79.7% of GDP (2004 est.)

Agriculture: products: cotton, groundnuts (peanuts), sorghum, millet, wheat, gum arabic, sugarcane, cassava (tapioca), mangos, papaya, bananas, sweet potatoes, sesame; sheep, livestock

Industries: oil, cotton ginning, textiles, cement, edible oils, sugar, soap distilling, shoes, petroleum refining, pharmaceuticals, armaments, automobile/light truck assembly

Industrial production growth rate: 8.5% (1999 est.) Electricity: production: 2.581 billion kWh (2002) Electricity: production by source: fossil fuel: 52.1%

hydro: 47.9%

nuclear: 0% other: 0% (2001)

Exports: \$3.395 billion f.o.b. (2004 est.)

Exports: commodities: oil and petroleum products; cotton, sesame, livestock,

groundnuts, gum arabic, sugar

Exports: partners: China 64.3%, Japan 13.8%, Saudi Arabia 3.7% (2004)

Imports: \$3.496 billion f.o.b. (2004 est.)

Imports: commodities: foodstuffs, manufactured goods, refinery and transport equipment, medicines and chemicals,

textiles, wheat

Imports: partners: Saudi Arabia 11.7%, China 10.7%, UAE 6.2%, Egypt 5.2%, Germany 4.9%, India 4.6%, Aus-

tralia 4.1%, UK 4% (2004)

Reserves of foreign exchange and gold: \$1.652 billion (2004 est.)

Debt: external: \$21 billion (2004 est.) Economic aid: recipient: \$172 million (2001)

SURINAME

GDP: purchasing power parity: \$1.885 billion (2004 est.)

GDP: real growth rate: 4.2% (2004 est.)

GDP: per capita: purchasing power parity: \$4,300 (2004 est.)

GDP: composition by sector: agriculture: 13%

industry: 22%

services: 65% (2001 est.) Labor force: 104,000 (2003)

Labor force: by occupation: agriculture NA%, industry NA%, services NA%

Unemployment rate: 17% (2000)

Population below poverty line: 70% (2002 est.)

Household income or consumption by percentage share: lowest 10%: NA%

highest 10%: NA%

Inflation rate (consumer prices): 23% (2003 est.)

Budget:

revenues: \$400 million

expenditures: \$440 million, including capital expenditures of \$34 million (2003)

Agriculture: products: paddy rice, bananas, palm kernels, coconuts, plantains, peanuts; beef, chickens; forest prod-

ucts; shrimp

Industries: bauxite and gold mining, alumina production, oil, lumbering, food processing, fishing

Industrial production growth rate: 6.5% (1994 est.)

Exports: \$495 million f.o.b. (2002)

Exports: commodities: alumina, crude oil, lumber, shrimp and fish, rice, bananas

Exports: partners: Norway 31.1%, US 16%, Canada 13.2%, Belgium 10.8%, France 8.8%, Iceland 4.6% (2004)

Imports: \$604 million f.o.b. (2002)

Imports: commodities: capital equipment, petroleum, foodstuffs, cotton, consumer goods

Imports: partners: US 28.2%, Netherlands 21.1%, Trinidad and Tobago 11.4%,

Japan 7.2%, China 4.3% (2004)

Debt: external: \$321 million (2002 est.)

Economic aid: recipient:

Netherlands provided \$37 million for project and program assistance, European Development Fund \$4 million, Bel-

gium \$2 million (1998)

SWAZILAND

GDP: purchasing power parity: \$6.018 billion (2004 est.)

GDP: real growth rate: 2.5% (2004 est.)

GDP: per capita: purchasing power parity: \$5,100 (2004 est.)

GDP: composition by sector: agriculture: 16.1%

industry: 43.4%

services: 40.5% (2004 est.)
Labor force: 383,200 (2000)
Labor force: by occupation: NA
Unemployment rate: 34% (2000 est.)
Population below poverty line: 40% (1995)

Household income or consumption by percentage share: lowest 10%: 1%

highest 10%: 50.2% (1995)

Inflation rate (consumer prices): 5.4% (2004 est.) Investment (gross fixed): 23.6% of GDP (2004 est.)

Budget: revenues: \$494.6 million

expenditures: \$552.7 million, including capital expenditures of \$147 million (2004 est.)

Agriculture: products: sugarcane, cotton, corn, tobacco, rice, citrus, pineapples, sorghum, peanuts; cattle, goats,

sheep

Industries: mining (coal, raw asbestos), wood pulp, sugar, soft drink concentrates, textile and apparel

Industrial production growth rate: 3.7% (FY95/96)

Exports: \$900.1 million f.o.b. (2004 est.)

Exports: commodities: soft drink concentrates, sugar, wood pulp, cotton yarn, refrigerators, citrus and canned fruit

Exports: partners: South Africa 59.7%, EU 8.8%, US 8.8%, Mozambique 6.2% (2004)

Imports: \$1.14 billion f.o.b. (2004 est.)

Imports: commodities: motor vehicles, machinery, transport equipment, foodstuffs, petroleum products, chemicals

Imports: partners: South Africa 95.6%, EU 0.9%, Japan 0.9%, Singapore 0.3% (2004)

Reserves of foreign exchange and gold: \$320.5 million (2004 est.)

Debt: external: \$320 million (2002 est.) Economic aid: recipient: \$104 million (2001)

SWEDEN

GDP: purchasing power parity: \$255.4 billion (2004 est.)

GDP: real growth rate: 3.6% (2004 est.)

GDP: per capita: purchasing power parity: \$28,400 (2004 est.)

GDP: composition by sector: agriculture: 2%

industry: 29% services: 69% (2001)

Labor force: 4.46 million (2004 est.)

Labor force: by occupation: agriculture 2%, industry 24%, services 74% (2000 est.)

Unemployment rate: 5.6% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 3.7%

highest 10%: 20.1% (1992)

Distribution of family income: Gini index: 25 (1992) Inflation rate (consumer prices): 0.7% (2004 est.)

Investment (gross fixed): 15.8% of GDP (2004 est.)

Budget: revenues: \$201.3 billion

expenditures: \$199.6 billion, including capital expenditures of NA (2004 est.)

Public debt: 51.6% of GDP (2004 est.)

Agriculture: products: barley, wheat, sugar beets; meat, milk

Industries: iron and steel, precision equipment (bearings, radio and telephone parts, armaments), wood pulp and

paper products, processed foods, motor vehicles Industrial production growth rate: 5.5% (2004 est.)

Exports: \$121.7 billion f.o.b. (2004 est.)

Exports: commodities: machinery 35%, motor vehicles, paper products, pulp and wood, steel products, chemicals Exports: partners: US 10.7%, Germany 10.3%, UK 7.2%, Denmark 6.6%, Norway 6.2%, Finland 5.9%, Belgium

5.1%, Netherlands 4.8%, France 4.7% (2004) Imports: \$97.97 billion f.o.b. (2004 est.)

Imports: commodities: machinery, petroleum and petroleum products, chemicals, motor vehicles, iron and steel;

foodstuffs, clothing

Imports: partners: Germany 20.2%, Denmark 8.2%, UK 7.9%, Netherlands 7.2%, Finland 7%, France 6.1%, Nor-

way 5.9%, Belgium 4.5% (2004)

Reserves of foreign exchange and gold: \$19.99 billion (2003)

Debt: external: \$66.5 billion (1994)

Economic aid: donor: ODA, \$1.7 billion (1997)

SWITZERLAND

GDP: purchasing power parity: \$251.9 billion (2004 est.)

GDP: real growth rate: 1.8% (2004 est.)

GDP: per capita: purchasing power parity: \$33,800 (2004 est.)

GDP: composition by sector: agriculture: 1.5%

industry: 34%

services: 64.5% (2003 est.)

Labor force: 3.77 million (2004 est.)

Labor force: by occupation: agriculture 4.6%, industry 26.3%, services 69.1% (1998)

Unemployment rate: 3.4% (2004 est.) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: 2.6%

highest 10%: 25.2% (1992)

Distribution of family income: Gini index: 33.1 (1992) Inflation rate (consumer prices): 0.9% (2004 est.) Investment (gross fixed): 20.4% of GDP (2004 est.)

Budget: revenues: \$131.5 billion

expenditures: \$140.4 billion, including capital expenditures of NA (2004 est.)

Public debt: 57.2% of GDP (2004 est.)

Agriculture: products: grains, fruits, vegetables; meat, eggs

Industries: machinery, chemicals, watches, textiles, precision instruments

Industrial production growth rate: 4.7% (2004 est.)

Exports: \$130.7 billion f.o.b. (2004 est.)

Exports: commodities: machinery, chemicals, metals, watches, agricultural products Exports: partners: Germany 20%, US 9.1%, France 9.1%, Italy 8.8%, UK 4.9% (2004)

Imports: \$121.1 billion f.o.b. (2004 est.)

1396

Imports: commodities: machinery, chemicals, vehicles, metals; agricultural products, textiles

Imports: partners: Germany 29%, Italy 11.8%, France 11.1%, US 7.6%, Austria 4.5%, UK 4.5% (2004)

Reserves of foreign exchange and gold: \$69.58 billion (2003)

Debt: external: NA (2000)

Economic aid: donor: ODA, \$1.1 billion (1995)

SYRIA

GDP: purchasing power parity: \$60.44 billion (2004 est.)

GDP: real growth rate: 2.3% (2004 est.)

GDP: per capita: purchasing power parity: \$3,400 (2004 est.)

GDP: composition by sector: agriculture: 25%

industry: 31%

services: 44% (2003 est.)

Labor force: 5.12 million (2004 est.)

Labor force: by occupation: agriculture 30%, industry 27%, services 43% (2002 est.)

Unemployment rate: 20% (2002 est.)

Population below poverty line: 20% (2004 est.)

Household income or consumption by percentage share: lowest 10%: NA, highest 10%: NA

Inflation rate (consumer prices): 2.1% (2004 est.) Investment (gross fixed): 16.3% of GDP (2004 est.)

Budget: revenues: \$6.58 billion

expenditures: \$9.45 billion, including capital expenditures of \$4.67 billion (2004 est.)

Public debt: 32% of GDP (2004 est.)

Agriculture: products: wheat, barley, cotton, lentils, chickpeas, olives, sugar beets; beef, mutton, eggs, poultry, milk

Industries: petroleum, textiles, food processing, beverages, tobacco, phosphate rock mining

Industrial production growth rate: 7% (2002 est.)

Exports: \$6.086 billion f.o.b. (2004 est.)

Exports: commodities: crude oil, petroleum products, fruits and vegetables, clothing

Exports: partners: Germany 16.5%, Italy 13.5%, UAE 8.6%, Lebanon 7.7%, France 6.3%, Turkey 5.1% (2004)

Imports: \$5.042 billion f.o.b. (2004 est.)

Imports: commodities: machinery and transport equipment, metal and metal products, chemicals, paper

Imports: partners: Italy 7.7%, China 7.6%, Germany 7.4%, Turkey 4.5%, France 4.4% (2004)

Reserves of foreign exchange and gold: \$5 billion (2004 est.)

Debt: external: \$4 billion (excludes military debt and debt to Russia) (2004 est.)

Economic aid: recipient: \$180 million (2002 est.)

TAIWAN

GDP: purchasing power parity: \$576.2 billion (2004 est.)

GDP: real growth rate: 6% (2004 est.)

GDP: per capita: purchasing power parity: \$25,300 (2004 est.)

GDP: composition by sector: agriculture: 1.7%

industry: 30.9%

services: 67.4% (2004 est.)

Labor force: 10.22 million (2004 est.)

Labor force: by occupation: agriculture 8%, industry 35%, services 57% (2001 est.)

Unemployment rate: 4.5% (2004 est.)

Population below poverty line: 1% (2000 est.)

Household income or consumption by percentage share: lowest 10%: 6.7%

highest 10%: 41.1% (2002 est.)

Inflation rate (consumer prices): 1.7% (2004 est.) Investment (gross fixed): 18% of GDP (2004 est.)

Budget: revenues: \$67.41 billion

expenditures: \$76.7 billion, including capital expenditures of \$14.4 billion (2004 est.)

Public debt: 32.4% of GDP (2004 est.)

Agriculture: products: rice, corn, vegetables, fruit, tea; pigs, poultry, beef, milk; fish

Industries: electronics, petroleum refining, armaments, chemicals, textiles, iron and steel, machinery, cement, food

processing, vehicles, consumer products, pharmaceuticals Industrial production growth rate: 12.2% (2004 est.)

Exports: \$170.5 billion f.o.b. (2004 est.)

Exports: commodities: computer products and electrical equipment, metals, textiles, plastics and rubber products,

chemicals (2002)

Exports: partners: China, including Hong Kong 37%, US 16%, Japan 7.7% (2004)

Imports: \$165.4 billion f.o.b. (2004 est.)

Imports: commodities: machinery and electrical equipment 44.5%, minerals, precision instruments (2002)

Imports: partners: Japan 26%, US 13%, China, including Hong Kong 11%, South Korea 6.9% (2004)

Reserves of foreign exchange and gold: \$246.5 billion (2004 est.)

Debt: external: \$55.5 billion (2004 est.)

TAJIKISTAN

GDP: purchasing power parity: \$7.95 billion (2004 est.)

GDP: real growth rate: 10.5% (2004 est.)

GDP: per capita: purchasing power parity: \$1,100 (2004 est.)

GDP: composition by sector: agriculture: 23.7%

industry: 24.3%

services: 52% (2004 est.)

Labor force: 3.187 million (2000)

Labor force: by occupation: agriculture 67.2%, industry 7.5%, services 25.3% (2000 est.)

Unemployment rate: 40% (2002 est.)

Population below poverty line: 60% (2004 est.)

Household income or consumption by percentage share: lowest 10%: 3.2%

highest 10%: 25.2% (1998)

Distribution of family income: Gini index: 34.7 (1998)

Inflation rate (consumer prices): 8% (2004 est.) Investment (gross fixed): 22% of GDP (2004 est.)

Budget: revenues: \$311.2 million

expenditures: \$321.5 million, including capital expenditures of \$86 million (2004 est.)

Agriculture: products: cotton, grain, fruits, grapes, vegetables; cattle, sheep, goats

Industries: aluminum, zinc, lead, chemicals and fertilizers, cement, vegetable oil, metal-cutting machine tools, refrig-

erators and freezers

Industrial production growth rate: 8.2% (2002 est.)

Exports: \$1.13 billion f.o.b. (2004 est.)

Exports: commodities: aluminum, electricity, cotton, fruits, vegetable oil, textiles

Exports: partners: Latvia 13.1%, Switzerland 11.5%, Uzbekistan 11.3%, Norway 9.9%, Russia 8.2%, Iran 7.9%,

Turkey 7.7%, Italy 6.6%, Hungary 4.4% (2004)

Imports: \$1.3 billion f.o.b. (2004 est.)

Imports: commodities: electricity, petroleum products, aluminum oxide, machinery and equipment, foodstuffs

Imports: partners: Russia 17.8%, Uzbekistan 13.4%, Kazakhstan 9.7%, Ukraine 6.3%, Azerbaijan 6.3%, US 5.8%,

Turkey 4.3% (2004)

Reserves of foreign exchange and gold: \$145.3 million (2004 est.)

Debt: external: \$888 million (2004 est.)

Economic aid: recipient: \$60.7 million from US (2001)

TANZANIA

GDP: purchasing power parity: \$23.71 billion (2004 est.)

GDP: real growth rate: 5.8% (2004 est.)

GDP: per capita: purchasing power parity: \$700 (2004 est.)

GDP: composition by sector: agriculture: 43.2%

industry: 17.2%

services: 39.6% (2004 est.)

Labor force: 19 million (2004 est.)

Labor force: by occupation: agriculture 80%, industry and services 20% (2002 est.)

Unemployment rate: NA

Population below poverty line: 36% (2002 est.)

Household income or consumption by percentage share: lowest 10%: 2.8%

highest 10%: 30.1% (1993)

Distribution of family income: Gini index: 38.2 (1993) Inflation rate (consumer prices): 5.4% (2004 est.) Investment (gross fixed): 16.2% of GDP (2004 est.)

Budget:

revenues: \$1.985 billion

expenditures: \$2.074 billion, including capital expenditures of NA (2004 est.)

Public debt: 5% of GDP (2004 est.)

Agriculture: products: coffee, sisal, tea, cotton, pyrethrum (insecticide made from chrysanthemums), cashew nuts, tobacco, cloves, corn, wheat, cassava (tapioca), bananas, fruits, vegetables; cattle, sheep, goats

Industries: agricultural processing (sugar, beer, cigarettes, sisal twine), diamond, gold and iron mining, soda ash, oil refining, shoes, cement, apparel, wood products, fertilizer, salt

Industrial production growth rate: 8.4% (1999 est.)

Exports: \$1.248 billion f.o.b. (2004 est.)

Exports: commodities: gold, coffee, cashew nuts, manufactures, cotton

Exports: partners: India 10.2%, Netherlands 6.8%, Japan 6.1%, UK 5.3%, China 5.2%, Kenya 4.8%, Germany 4.4% (2004)

Imports: \$1.972 billion f.o.b. (2004 est.)

Imports: commodities: consumer goods, machinery and transportation equipment, industrial raw materials, crude

Imports: partners: South Africa 13.1%, China 8.8%, India 6.6%, Zambia 5.4%, UAE 5.4%, US 4.8%, UK 4.8%,

Kenya 4.3% (2004)

Reserves of foreign exchange and gold: \$2.175 billion (2004 est.)

Debt: external: \$7.321 billion (2004 est.) Economic aid: recipient: \$1.2 billion (2001)

THAILAND

GDP: purchasing power parity: \$524.8 billion (2004 est.)

GDP: real growth rate: 6.1% (2004 est.)

GDP: per capita: purchasing power parity: \$8,100 (2004 est.)

GDP: composition by sector: agriculture: 9%

industry: 44.3%

services: 46.7% (2004 est.)

Labor force: 36.43 million (November 2004 est.)

Labor force: by occupation: agriculture 49%, industry 14%, services 37% (2000 est.)

Unemployment rate: 1.5% (November 2004 est.) Population below poverty line: 10% (2004 est.)

Household income or consumption by percentage share: lowest 10%: 2.8%, highest 10%: 32.4% (1998)

Distribution of family income: Gini index: 51.1 (2002) Inflation rate (consumer prices): 2.8% (2004 est.)

Investment (gross fixed): 22.5% of GDP (Jan: Sep 2004 est.)

Budget: revenues: \$30.86 billion

expenditures: \$31.94 billion, including capital expenditures of \$5 billion (2004 est.)

Public debt: 47.6% of GDP (November 2004 est.)

Agriculture: products: rice, cassava (tapioca), rubber, corn, sugarcane, coconuts, soybeans

Industries: tourism, textiles and garments, agricultural processing, beverages, tobacco, cement, light manufacturing such as jewelry, electric appliances and components, computers and parts, integrated circuits, furniture, plastics, world's second-largest tungsten producer, and third-largest tin producer

Industrial production growth rate: 8.5% (2004 est.)

Exports: \$87.91 billion f.o.b. (2004 est.)

Exports: commodities: textiles and footwear, fishery products, rice, rubber, jewelry, automobiles, computers and electrical appliances

Exports: partners: US 15.9%, Japan 13.9%, China 7.3%, Singapore 7.2%, Malaysia 5.4%, Hong Kong 5.1% (2004)

Imports: \$80.84 billion f.o.b. (2004 est.)

Imports: commodities: capital goods, intermediate goods and raw materials, consumer goods, fuels

Imports: partners: Japan 23.6%, China 8.6%, US 7.6%, Malaysia 5.8%, Singapore 4.4%, Taiwan 4.1% (2004)

Reserves of foreign exchange and gold: \$48.3 billion (2004)

Debt: external: \$50.59 billion (2004 est.) Economic aid: recipient: \$72 million (2002)

TOGO

GDP: purchasing power parity: \$8.684 billion (2004 est.)

GDP: real growth rate: 3% (2004 est.)

GDP: per capita: purchasing power parity: \$1,600 (2004 est.)

GDP: composition by sector: agriculture: 39.5%

industry: 20.4%

services: 40.1% (2003 est.) Labor force: 1.74 million (1996)

Labor force: by occupation: agriculture 65%, industry 5%, services 30% (1998 est.)

Unemployment rate: NA (2003 est.)

Population below poverty line: 32% (1989 est.)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 1% (2004 est.) Investment (gross fixed): 19.1% of GDP (2004 est.)

Budget: revenues: \$239.2 million

expenditures: \$273.3 million, including capital expenditures of NA (2004 est.)

Agriculture: products: coffee, cocoa, cotton, yams, cassava (tapioca), corn, beans, rice, millet, sorghum; livestock; fish

Industries: phosphate mining, agricultural processing, cement; handicrafts, textiles, beverages

Industrial production growth rate: NA Exports: \$663.1 million f.o.b. (2004 est.)

Exports: commodities: reexports, cotton, phosphates, coffee, cocoa

Exports: partners: Burkina Faso 16%, Ghana 14.7%, Benin 9.2%, China 8.1%, Mali 7.5%, Netherlands 6.6%, Tai-

wan 4.2% (2004)

Imports: \$824.9 million f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, foodstuffs, petroleum products

Imports: partners: China 24.7%, France 16.1%, Malaysia 5.3%, Italy 4.6%, Germany 4.6%, UK 4.3%, Netherlands

4.2%, Thailand 4.2%, Belgium 4.2% (2004)

Reserves of foreign exchange and gold: \$267.4 million (2004 est.)

Debt: external: \$1.4 billion (2000)

Economic aid: recipient: ODA \$80 million (2000 est.)

TRINIDAD AND TOBAGO

GDP: purchasing power parity: \$11.48 billion (2004 est.)

GDP: real growth rate: 5.7% (2004 est.)

GDP: per capita: purchasing power parity: \$10,500 (2004 est.)

GDP: composition by sector: agriculture: 2.7%

industry: 47%

services: 50.3% (2004 est.) Labor force: 590,000 (2004 est.)

Labor force: by occupation: agriculture 9.5%, manufacturing, mining, and quarrying 14%, construction and utilities

12.4%, services 64.1% (1997 est.) Unemployment rate: 10.4% (2004 est.) Population below poverty line: 21% (1992 est.)

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 3.3% (2004 est.) Investment (gross fixed): 19.4% of GDP (2004 est.)

Budget: revenues: \$3.25 billion

expenditures: \$3.193 billion, including capital expenditures of \$117.3 million (2004 est.)

Public debt: 54.4% of GDP (2004 est.)

Agriculture: products: cocoa, sugarcane, rice, citrus, coffee, vegetables; poultry

Industries: petroleum, chemicals, tourism, food processing, cement, beverage, cotton textiles

Industrial production growth rate: 7.2% (2004 est.)

Exports: \$6.671 billion f.o.b. (2004 est.)

Exports: commodities: petroleum and petroleum products, chemicals, steel products, fertilizer, sugar, cocoa, coffee,

citrus, flowers

Exports: partners: US 66.7%, Jamaica 5.7%, France 3.5% (2004)

Imports: \$4.65 billion f.o.b. (2004 est.)

Imports: commodities: machinery, transportation equipment, manufactured goods, food, live animals Imports: partners: US 24.6%, Venezuela 12%, Germany 10.8%, Spain 7%, Italy 5.5%, Brazil 5% (2004)

Reserves of foreign exchange and gold: \$2.927 billion (2004 est.)

Debt: external: \$2.94 billion (2004 est.)

Economic aid: recipient: \$24 million (1999 est.)

TUNISIA

GDP: purchasing power parity: \$70.88 billion (2004 est.)

GDP: real growth rate: 5.1% (2004 est.)

GDP: per capita: purchasing power parity: \$7,100 (2004 est.)

GDP: composition by sector: agriculture: 13.8%

industry: 31.8%

services: 54.4% (2004 est.) Labor force: 3.55 million

note: shortage of skilled labor (2004 est.)

Labor force: by occupation: services 55%, industry 23%, agriculture 22% (1995 est.)

Unemployment rate: 13.8% (2004 est.)

Population below poverty line: 7.6% (2001 est.)

Household income or consumption by percentage share: lowest 10%: 2.3%

highest 10%: 31.8% (1995)

Distribution of family income: Gini index: 41.7 (1995) Inflation rate (consumer prices): 4.1% (2004 est.) Investment (gross fixed): 24.5% of GDP (2004 est.)

Budget:

revenues: \$6.799 billion

expenditures: \$7.573 billion, including capital expenditures of \$1.6 billion (2004 est.)

Public debt: 59.2% of GDP (2004 est.)

Agriculture: products: olives, olive oil, grain, dairy products, tomatoes, citrus fruit, beef, sugar beets, dates, almonds Industries: petroleum, mining (particularly phosphate and iron ore), tourism, textiles, footwear, agribusiness, beverages

Industrial production growth rate: 4.4% (2004 est.)

Exports: \$9.926 billion f.o.b. (2004 est.)

Exports: commodities: textiles, mechanical goods, phosphates and chemicals, agricultural products, hydrocarbons

Exports: partners: France 30%, Italy 23.3%, Germany 9.3%, Spain 5.3%,

Belgium 4.3%, Libya 4.2% (2004) Imports: \$11.52 billion f.o.b. (2004 est.)

Imports: commodities: textiles, machinery and equipment, hydrocarbons, chemicals, food

Imports: partners: France 27.5%, Italy 20.8%, Germany 9.2%, Spain 5.7% (2004)

Reserves of foreign exchange and gold: \$3.509 billion (2004 est.)

Debt: external: \$14.71 billion (2004 est.) Economic aid: recipient: \$114.6 million (2002)

TURKEY

GDP: purchasing power parity: \$508.7 billion (2004 est.)

GDP: real growth rate: 8.2% (2004 est.)

GDP: per capita: purchasing power parity: \$7,400 (2004 est.)

GDP: composition by sector: agriculture: 11.7%

industry: 29.8%

services: 58.5% (2003 est.) Labor force: 25.3 million

note: about 1.2 million Turks work abroad (2003 est.)

Labor force: by occupation: agriculture 35.9%, industry 22.8%, services 41.2% (3rd quarter, 2004)

Unemployment rate: 9.3% (plus underemployment of 4.0%) (2004 est.)

Population below poverty line: 20% (2002)

Household income or consumption by percentage share: lowest 10%: 2.3%

highest 10%: 30.7% (2000)

Distribution of family income: Gini index: 42 (2003) Inflation rate (consumer prices): 9.3% (2004 est.) Investment (gross fixed): 17.3% of GDP (2004 est.)

Budget: revenues: \$78.53 billion

expenditures: \$110.9 billion, including capital expenditures of NA (2004 est.)

Public debt: 74.3% of GDP (2004 est.)

Agriculture: products: tobacco, cotton, grain, olives, sugar beets, pulse, citrus; livestock

Industries: textiles, food processing, autos, mining (coal, chromite, copper, boron), steel, petroleum, construction,

lumber, paper

Industrial production growth rate: 16.5% (2004 est.)

Exports: \$69.46 billion f.o.b. (2004 est.)

Exports: commodities: apparel, foodstuffs, textiles, metal manufactures, transport equipment

Exports: partners: Germany 13.9%, UK 8.8%, US 7.7%, Italy 7.4%, France 5.8%, Spain 4.2% (2004)

Imports: \$94.5 billion f.o.b. (2004 est.)

Imports: commodities: machinery, chemicals, semi-finished goods, fuels, transport equipment

Imports: partners: Germany 12.9%, Russia 9.3%, Italy 7.1%, France 6.4%, US 4.8%, China 4.6%, UK 4.4% (2004)

Reserves of foreign exchange and gold: \$37.1 billion (2004 est.)

Debt: external: \$16.9 billion (2004 est.)

Economic aid: recipient: ODA, \$635.8 million (2002)

TURKMENISTAN

GDP: purchasing power parity: \$27.6 billion (2004 est.)

GDP: real growth rate: IMF estimate: 7.5%

note: official government statistics show 21.4% growth, but these estimates are notoriously unreliable (2004 est.)

GDP: per capita: purchasing power parity: \$5,700 (2004 est.)

GDP: composition by sector: agriculture: 28.5%

industry: 42.7%

services: 28.8% (2004 est.)

Labor force: 2.32 million (2003 est.)

Labor force: by occupation: agriculture 48.2%, industry 13.8%, services 37% (2003 est.)

Unemployment rate: 60% (2004 est.)

Population below poverty line: 58% (2003 est.)

Household income or consumption by percentage share: lowest 10%: 2.6%

highest 10%: 31.7% (1998)

Distribution of family income: Gini index: 40.8 (1998)

Inflation rate (consumer prices): 9% (2004 est.) Investment (gross fixed): 29% of GDP (2004 est.)

Budget: revenues: \$3.05 billion

expenditures: \$3.05 billion, including capital expenditures of NA (2004 est.)

Agriculture: products: cotton, grain; livestock

Industries: natural gas, oil, petroleum products, textiles, food processing

Industrial production growth rate: official government estimate: 22% (2003 est.)

Exports: \$4 billion f.o.b. (2004 est.)

Exports: commodities: gas, crude oil, petrochemicals, cotton fiber, textiles Exports: partners: Ukraine 49.8%, Iran 17.2%, Italy 5.3%, Turkey 4.7% (2004)

Imports: \$2.85 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, chemicals, foodstuffs

Imports: partners: Russia 14%, Ukraine 13.8%, US 11.1%, UAE 8.1%, Turkey 8%, Germany 6.8% (2004)

Reserves of foreign exchange and gold: \$3.034 billion (2004 est.)

Debt: external: \$2.4 billion to \$5 billion (2001 est.) Economic aid: recipient: \$16 million from the US (2001)

UGANDA

GDP: purchasing power parity: \$39.39 billion (2004 est.)

GDP: real growth rate: 5% (2004 est.)

GDP: per capita: purchasing power parity: \$1,500 (2004 est.)

GDP: composition by sector: agriculture: 35.8%

industry: 20.8%

services: 43.6% (2004 est.)

Labor force: 12.41 million (2004 est.)

Labor force: by occupation: agriculture 82%, industry 5%, services 13% (1999 est.)

Unemployment rate: NA (2002 est.)

Population below poverty line: 35% (2001 est.)

Household income or consumption by percentage share: lowest 10%: 4%

highest 10%: 21% (2000)

Distribution of family income: Gini index: 37.4 (1996) Inflation rate (consumer prices): 3.5% (2004 est.)

Investment (gross fixed): 22.4% of GDP (2004 est.)

Budget: revenues: \$1.491 billion

expenditures: \$1.727 billion, including capital expenditures of NA (2004 est.)

Public debt: 73.9% of GDP (2004 est.)

Agriculture: products: coffee, tea, cotton, tobacco, cassava (tapioca), potatoes, corn, millet, pulses; beef, goat meat,

milk, poultry, cut flowers

Industries: sugar, brewing, tobacco, cotton textiles, cement, steel production

Industrial production growth rate: 5.6% (2004 est.)

Exports: \$621.7 million f.o.b. (2004 est.)

Exports: commodities: coffee, fish and fish products, tea; gold, cotton, flowers, horticultural products

Exports: partners: Kenya 13.6%, Switzerland 11.2%, Netherlands 9.8%, Belgium 8.6%, France 4.2% (2004)

Imports: \$1.306 billion f.o.b. (2004 est.)

Imports: commodities: capital equipment, vehicles,

petroleum, medical supplies; cereals

Imports: partners: Kenya 27.9%, India 8%, UAE 7.4%, South Africa 6.9%,

UK 5.9%, China 5.6%, Japan 5.1%, US 4.6% (2004)

Reserves of foreign exchange and gold: \$1.2 billion (2004 est.)

Debt: external: \$3.865 billion (2004 est.) Economic aid: recipient: \$1.4 billion (2000)

UKRAINE

GDP: purchasing power parity: \$299.1 billion (2004 est.)

GDP: real growth rate: 12% (2004 est.)

GDP: per capita: purchasing power parity: \$6,300 (2004 est.)

GDP: composition by sector: agriculture: 18%

industry: 45.1%

services: 36.9% (2004 est.)

Labor force: 21.11 million (2004 est.)

Labor force: by occupation: agriculture 24%, industry 32%, services 44% (1996)

Unemployment rate: 3.5% officially registered; large number of unregistered or underemployed workers; the International Labor Organization calculates that Ukraine's real unemployment level is around 9-10 percent (2004 est.)

Population below poverty line: 29% (2003 est.)

Household income or consumption by percentage share: lowest 10%: 3.7%

highest 10%: 23.2% (1999)

Distribution of family income: Gini index: 29 (1999) Inflation rate (consumer prices): 12% (2004 est.) Investment (gross fixed): 18.8% of GDP (2004 est.)

Budget:

revenues: \$13.57 billion

expenditures: \$12.26 billion, including capital expenditures of NA; note: these estimates probably do not include the

government's doubling of pensions in September of 2004 (2004 est.)

Public debt: 24.7% of GDP (2004 est.)

Agriculture: products: grain, sugar beets, sunflower seeds, vegetables; beef, milk

Industries: coal, electric power, ferrous and nonferrous metals, machinery and transport equipment, chemicals, food processing (especially sugar)

Industrial production growth rate: 16.5% (2004 est.)

Exports: \$32.91 billion (2004 est.)

Exports: commodities: ferrous and nonferrous metals, fuel and petroleum products, chemicals, machinery and trans-

port equipment, food products

Exports: partners: Russia 17.4%, Turkey 7.1%, Italy 5.7% (2004)

Imports: \$31.45 billion (2004 est.)

Imports: commodities:

energy, machinery and equipment, chemicals

Imports: partners:

Russia 31.9%, Germany 11.9%, Turkmenistan 5.8%, Italy 4.5% (2004)

Reserves of foreign exchange and gold: \$11.33 billion (2004 est.)

Debt: external: \$16.37 billion (2004 est.) Economic aid: recipient: \$637.7 million (1995); IMF Extended Funds Facility \$2.2 billion (1998)

UNITED ARAB EMIRATES

GDP: purchasing power parity: \$63.67 billion (2004 est.)

GDP: real growth rate: 5.7% (2004 est.)

GDP: per capita: purchasing power parity: \$25,200 (2004 est.)

GDP: composition by sector: agriculture: 4%

industry: 58.5%

services: 37.5% (2002 est.) Labor force: 2.36 million

note: 73.9% of the population in the 15-64 age group is non-national (2004 est.) Labor force: by occupation: agriculture 7%, industry 15%, services 78% (2000 est.)

Unemployment rate: 2.4% (2001) Population below poverty line: NA

Household income or consumption by percentage share: lowest 10%: NA

highest 10%: NA

Inflation rate (consumer prices): 3.2% (2004 est.) Investment (gross fixed): 20.8% of GDP (2004 est.)

Budget: revenues: \$23.68 billion

expenditures: \$25.45 billion, including capital expenditures of \$3.4 billion (2004 est.)

Public debt: 17.6% of GDP (2004 est.)

Agriculture: products: dates, vegetables, watermelons; poultry, eggs, dairy products; fish

Industries: petroleum, fishing, aluminum, cement, fertilizers, commercial ship repair, petrochemicals, construction

materials, some boat building, handicrafts, textiles Industrial production growth rate: 4% (2000) Exports: \$69.48 billion f.o.b. (2004 est.)

Exports: commodities: crude oil 45%, natural gas, reexports, dried fish, dates Exports: partners: Japan 28.5%, South Korea 9.5%, Thailand 5.9% (2004)

Imports: \$45.66 billion f.o.b. (2004 est.)

Imports: commodities: machinery and transport equipment, chemicals, food

Imports: partners: China 10.4%, India 8.3%, Japan 7.2%, Germany 6.6%, France 6.4%, UK 6.2%, US 6%, Italy 4.1% (2004)

Reserves of foreign exchange and gold: \$18.64 billion (2004 est.)

Debt: external: \$5.9 billion (2004 est.)

Economic aid: donor: since its founding in 1971, the Abu Dhabi Fund for Development has given about \$5.2 billion

in aid to 56 countries (2004)

UNITED KINGDOM

GDP: purchasing power parity: \$1.782 trillion (2004 est.)

GDP: real growth rate: 3.2% (2004 est.)

GDP: per capita: purchasing power parity: \$29,600 (2004 est.)

GDP: composition by sector: agriculture: 1%

industry: 26.3%

services: 72.7% (2004 est.)

Labor force: 29.78 million (2004 est.)

Labor force: by occupation: agriculture 1.5%, industry 19.1%, services 79.5% (2004)

Unemployment rate: 4.8% (2004 est.)

Population below poverty line: 17% (2002 est.)

Household income or consumption by percentage share: lowest 10%: 2.1%

highest 10%: 28.5% (1999)

Distribution of family income: Gini index: 36.8 (1999) Inflation rate (consumer prices): 1.4% (2004 est.) Investment (gross fixed): 16.2% of GDP (2004 est.)

Budget: revenues: \$834.9 billion

expenditures: \$896.7 billion, including capital expenditures of NA (2004 est.)

Public debt: 39.6% of GDP (2004 est.)

Agriculture: products: cereals, oilseed, potatoes, vegetables; cattle, sheep, poultry; fish

Industries: machine tools, electric power equipment, automation equipment, railroad equipment, shipbuilding, aircraft, motor vehicles and parts, electronics and communications equipment, metals, chemicals, coal, petroleum,

paper and paper products, food processing, textiles, clothing, and other consumer goods

Industrial production growth rate: 0.9% (2004 est.)

Exports: commodities: manufactured goods, fuels, chemicals; food, beverages, tobacco

Exports: partners: US 15%, Germany 10.7%, France 9.2%, Ireland 6.8%, Netherlands 6.1%, Belgium 5.2%, Spain

4.5%, Italy 4.2% (2004)

Imports: \$439.4 billion f.o.b. (2004 est.)

Imports: commodities: manufactured goods, machinery, fuels; foodstuffs

Imports: partners: Germany 13%, US 9.2%, France 7.5%, Netherlands 6.6%, Belgium 5%, Italy 4.3%, China 4.2%

(2004)

Reserves of foreign exchange and gold: \$48.73 billion (2004)

Debt: external: \$4.71 trillion (2003)

Economic aid: donor: ODA, \$4.2 billion (2004)

UNITED STATES

GDP: purchasing power parity: \$11.75 trillion (2004 est.)

GDP: real growth rate: 4.4% (2004 est.)

GDP: per capita: purchasing power parity: \$40,100 (2004 est.)

GDP: composition by sector: agriculture: 0.9%

industry: 19.7%

services: 79.4% (2004 est.)

Labor force: 147.4 million (includes unemployed) (2004 est.)

Labor force: by occupation: farming, forestry, and fishing 0.7%, manufacturing, extraction, transportation, and crafts

22.7%, managerial, professional, and technical 34.9%, sales and office 25.5%, other services 16.3%

note: figures exclude the unemployed (2004)

Unemployment rate: 5.5% (2004 est.)

Population below poverty line: 12% (2004 est.)

Household income or consumption by percentage share: lowest 10%: 1.8%

highest 10%: 30.5% (1997)

Distribution of family income: Gini index: 45 (2004) Inflation rate (consumer prices): 2.5% (2004 est.) Investment (gross fixed): 15.7% of GDP (2004 est.)

Budget: revenues: \$1.862 trillion

expenditures: \$2.338 trillion, including capital expenditures of NA (2004 est.)

Public debt: 65% of GDP (2004 est.)

Agriculture: products: wheat, corn, other grains, fruits, vegetables, cotton; beef, pork, poultry, dairy products; for-

est products; fish

Industries: leading industrial power in the world, highly diversified and technologically advanced; petroleum, steel, motor vehicles, aerospace, telecommunications, chemicals, electronics, food processing, consumer goods, lumber, mining

Industrial production growth rate: 4.4% (2004 est.)

Exports: \$795 billion f.o.b. (2004 est.)

Exports: commodities: agricultural products (soybeans, fruit, corn) 9.2%, industrial supplies (organic chemicals) 26.8%, capital goods (transistors, aircraft, motor vehicle parts, computers, telecommunications equipment) 49.0%, consumer goods (automobiles, medicines) 15.0% (2003)

Exports: partners: Canada 23%, Mexico 13.6%, Japan 6.7%, UK 4.4%, China 4.3% (2004)

Imports: \$1.476 trillion f.o.b. (2004 est.)

Imports: commodities: agricultural products 4.9%, industrial supplies 32.9% (crude oil 8.2%), capital goods 30.4% (computers, telecommunications equipment, motor vehicle parts, office machines, electric power machinery), consumer goods 31.8% (automobiles, clothing, medicines, furniture, toys) (2003)

Imports: partners: Canada 17.1%, China 13.7%, Mexico 10.4%, Japan 8.8%, Germany 5.2% (2004)

Reserves of foreign exchange and gold: \$85.94 billion (2003)

Debt: external: \$1.4 trillion (2001 est.)

Economic aid: donor: ODA, \$6.9 billion (1997)

URUGUAY

GDP: purchasing power parity: \$49.27 billion (2004 est.)

GDP: real growth rate: 10.2% (2004 est.)

GDP: per capita: purchasing power parity: \$14,500 (2004 est.)

GDP: composition by sector: agriculture: 7.9%

industry: 27.4%

services: 64.8% (2004 est.)

Labor force: 1.56 million (2004 est.)

Labor force: by occupation: agriculture 14%, industry 16%, services 70%

Unemployment rate: 13% (2004 est.)

Population below poverty line: 21% of households (2003)

Household income or consumption by percentage share: lowest 10%: 3.7%

highest 10%: 25.8% (1997)

Distribution of family income: Gini index: 44.8 (1999) Inflation rate (consumer prices): 7.6% (2004 est.) Investment (gross fixed): 9.6% of GDP (2004 est.)

Budget: revenues: \$3.332 billion

expenditures: \$3.787 billion, including capital expenditures of \$193 million (2004 est.)

Agriculture: products: rice, wheat, corn, barley; livestock; fish

Industries: food processing, electrical machinery, transportation equipment, petroleum products, textiles, chemicals, beverages

Industrial production growth rate: 22% (2004 est.)

Exports: \$2.2 billion f.o.b. (2003 est.)

Exports: commodities: meat, rice, leather products, wool, fish, dairy products Exports: partners: Brazil 19.4%, US 18%, Germany 6.6%, Argentina 6.4% (2004)

Imports: \$2.071 billion f.o.b. (2003)

Imports: commodities: machinery, chemicals, road vehicles, crude petroleum

Imports: partners: Argentina 21.3%, Brazil 17.1%, US 12.3%, China 6.9%, Russia 5.1% (2004)

Reserves of foreign exchange and gold: \$2.362 billion (2004 est.)

Debt: external: \$12.8 billion (March 2004)

Economic aid: recipient: NA

UZBEKISTAN

GDP: purchasing power parity: \$47.59 billion (2004 est.)

GDP: real growth rate: 4.4% (2004 est.)

GDP: per capita: purchasing power parity: \$1,800 (2004 est.)

GDP: composition by sector: agriculture: 38%

industry: 26.3%

services: 35.7% (2003 est.)

Labor force: 14.64 million (2004 est.)

Labor force: by occupation: agriculture 44%, industry 20%, services 36% (1995) Unemployment rate: 0.6% officially, plus another 20% underemployed (2004 est.)

Population below poverty line: 28% (2004 est.)

Household income or consumption by percentage share: lowest 10%: 3.6%, highest 10%: 22% (2000)

Distribution of family income: Gini index: 44.7 (1998)

Inflation rate (consumer prices): 3% (2004 est.)

Budget: revenues: \$2.457 billion

expenditures: \$2.482 billion, including capital expenditures of NA (2004 est.)

Public debt: 41.5% of GDP (2004 est.)

Agriculture: products: cotton, vegetables, fruits, grain; livestock

Industries: textiles, food processing, machine building, metallurgy, gold petroleum, natural gas, chemicals

Industrial production growth rate: 6.2% (2003 est.)

Exports: \$3.7 billion f.o.b. (2004 est.)

Exports: commodities: cotton 41.5%, gold 9.6%, energy products 9.6%, mineral fertilizers, ferrous metals, textiles, food products, automobiles (1998 est.)

Exports: partners: Russia 21.2%, China 14%, Ukraine 7%, Turkey 6.3%, Tajikistan 5.8%, Bangladesh 4.2% (2004)

Imports: \$2.82 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment 49.8%, foodstuffs 16.4%, chemicals, metals (1998 est.) Imports: partners: Russia 26.4%, South Korea 10.8%, Germany 9.4%, China 8.3%, Kazakhstan 6%(2004)

Reserves of foreign exchange and gold: \$1.603 billion (2004 est.)

Debt: external: \$4.351 billion (2004 est.)

Economic aid: recipient: \$87.4 million from the US (2003)

VENEZUELA

GDP: purchasing power parity: \$145.2 billion (2004 est.)

GDP: real growth rate: 16.8% (2004 est.)

GDP: per capita: purchasing power parity: \$5,800 (2004 est.)

GDP: composition by sector: agriculture: 0.1%

industry: 46.5%

services: 53.4% (2004 est.)

Labor force: 12.25 million (2004 est.)

Labor force: by occupation: agriculture 13%, industry 23%, services 64% (1997 est.)

Unemployment rate: 17.1% (2004 est.)

Population below poverty line: 47% (1998 est.)

Household income or consumption by percentage share: lowest 10%: 0.8%

highest 10%: 36.5% (1998)

Distribution of family income: Gini index: 49.5 (1998) Inflation rate (consumer prices): 22.4% (2004 est.) Investment (gross fixed): 12.9% of GDP (2004 est.)

Budget: revenues: \$26.91 billion

expenditures: \$30.7 billion, including capital expenditures of \$2.6 billion (2004 est.)

Public debt: 43.1% of GDP (2004 est.)

Agriculture: products: corn, sorghum, sugarcane, rice, bananas, vegetables, coffee; beef, pork, milk, eggs; fish Industries: petroleum, iron ore mining, construction materials, food processing, textiles, steel, aluminum, motor vehicle assembly

Industrial production growth rate: 12.3% (2004 est.)

Exports: \$35.84 billion f.o.b. (2004 est.)

Exports: commodities: petroleum, bauxite and aluminum, steel, chemicals, agricultural products, basic manufactures

Exports: partners: US 58.7%, Netherlands Antilles 4.1%, Canada 2.5% (2004)

Imports: \$14.98 billion f.o.b. (2004 est.)

Imports: commodities: raw materials, machinery and equipment, transport equipment, construction materials

Imports: partners: US 33.2%, Colombia 5.7%, Brazil 5%, Germany 4% (2004)

Reserves of foreign exchange and gold: \$25.75 billion (2004 est.)

Debt: external: \$33.29 billion (2004 est.)

VIETNAM

GDP: purchasing power parity: \$227.2 billion (2004 est.)

GDP: real growth rate: 7.7% (2004 est.)

GDP: per capita: purchasing power parity: \$2,700 (2004 est.)

GDP: composition by sector: agriculture: 21.8%

industry: 40.1%

services: 38.1% (2004 est.)

Labor force: 42.98 million (2004 est.)

Labor force: by occupation: agriculture 63%, industry and services 37% (2000 est.)

Unemployment rate: 1.9% (2004 est.)

Population below poverty line: 28.9% (2002 est.)

Household income or consumption by percentage share: lowest 10%: 3.6%

highest 10%: 29.9% (1998)

Distribution of family income: Gini index: 36.1 (1998) Inflation rate (consumer prices): 9.5% (2004 est.) Investment (gross fixed): 36.6% of GDP (2004 est.)

Budget: revenues: \$10.66 billion

expenditures: \$13.09 billion, including capital expenditures of \$1.8 billion (2004 est.)

Public debt: 65.9% of GDP (2004 est.)

Agriculture: products: paddy rice, coffee, fish and seafood, rubber, cotton, tea, pepper, soybeans, cashews, sugar cane,

peanuts, bananas, poultry

Industries: food processing, garments, shoes, machine-building, mining, cement, chemical fertilizer, glass, tires, oil,

coal, steel, paper

Industrial production growth rate: 16% (2004 est.)

Exports: \$23.72 billion f.o.b. (2004 est.)

Exports: commodities: crude oil, marine products, rice, coffee, rubber, tea, garments, shoes

Exports: partners: US 19.8%, Japan 13.7%, China 8.4%, Australia 7%, Germany 5.7%, Singapore 4.8%, UK 4.6%

(2004)

Imports: \$26.31 billion f.o.b. (2004 est.)

Imports: commodities: machinery and equipment, petroleum products, fertilizer, steel products, raw cotton, grain,

cement, motorcycles

Imports: partners: China 13.6%, Japan 11.5%, Singapore 11.5%, Taiwan 10.2%, South Korea 9.8%, Thailand 6.7%,

Hong Kong 4.4%, US 4.1%, Malaysia 4.1% (2004)

Reserves of foreign exchange and gold: \$6.51 billion (2004 est.)

Debt: external: \$16.55 billion (2004 est.)

Economic aid: recipient: \$2.8 billion in credits and grants pledged by international donors for 2000 (2004)

YEMEN

GDP: purchasing power parity: \$16.25 billion (2004 est.)

GDP: real growth rate: 1.9% (2004 est.)

GDP: per capita: purchasing power parity: \$800 (2004 est.)

GDP: composition by sector: agriculture: 15.5%

industry: 44.7%

services: 39.7% (2004 est.)

Labor force: 5.98 million (2004 est.)

Labor force: by occupation: most people are employed in agriculture and herding; services, construction, industry,

and commerce account for less than one-fourth of the labor force

Unemployment rate: 35% (2003 est.)

Population below poverty line: 45.2% (2003)

Household income or consumption by percentage share: lowest 10%: 3%

highest 10%: 25.9% (2003)

Distribution of family income: Gini index: 33.4 (1998) Inflation rate (consumer prices): 12.2% (2004 est.) Investment (gross fixed): 16.1% of GDP (2004 est.)

Budget: revenues: \$4.251 billion

expenditures: \$4.568 billion, including capital expenditures of NA (2004 est.)

Public debt: 46.4% of GDP (2004 est.)

Agriculture: products: grain, fruits, vegetables, pulses, qat (mildly narcotic shrub), coffee, cotton; dairy products, live-stock (sheep, goats, cattle, camels), poultry; fish

Industries: crude oil production and petroleum refining; small-scale production of cotton textiles and leather goods; food processing; handicrafts; small aluminum products factory; cement; commercial ship repair

Industrial production growth rate: 3% (2003 est.)

Exports: \$4.468 billion f.o.b. (2004 est.)

Exports: commodities: crude oil, coffee, dried and salted fish

Exports: partners: China 33.5%, Thailand 31.4%, Singapore 7.2%,

South Korea 6.1% (2004)

Imports: \$3.734 billion f.o.b. (2004 est.)

Imports: commodities: food and live animals, machinery and equipment, chemicals

Imports: partners: UAE 12.8%, Saudi Arabia 10.2%, China 9%,

France 7.9%, Kuwait 4.4%, US 4.4%, India 4.3%, Turkey 4.1% (2004)

Reserves of foreign exchange and gold: \$5.3 billion (2004 est.)

Debt: external: \$5.4 billion (2004 est.)

Economic aid: recipient: \$2.3 billion (2003-07 disbursements) (2003-07 disbursements)

ZAMBIA

GDP: purchasing power parity: \$9.409 billion (2004 est.)

GDP: real growth rate: 4.6% (2004 est.)

GDP: per capita: purchasing power parity: \$900 (2004 est.)

GDP: composition by sector: agriculture: 14.9%

industry: 28.9%

services: 56.1% (2004 est.)

Labor force: 4.63 million (2004 est.)

Labor force: by occupation: agriculture 85%, industry 6%, services 9%

Unemployment rate: 50% (2000 est.)
Population below poverty line: 86% (1993)

Household income or consumption by percentage share: lowest 10%: 1.1%

highest 10%: 41% (1998)

Distribution of family income: Gini index: 52.6 (1998) Inflation rate (consumer prices): 18.3% (2004 est.) Investment (gross fixed): 41.4% of GDP (2004 est.)

Budget: revenues: \$1.129 billion

expenditures: \$1.307 billion, including capital expenditures of NA (2004 est.)

Public debt: 127.5% of GDP (2004 est.)

Agriculture: products: corn, sorghum, rice, peanuts, sunflower seed, vegetables, flowers, tobacco, cotton, sugarcane, cassava (tapioca); cattle, goats, pigs, poultry, milk, eggs, hides; coffee

Industries: copper mining and processing, construction, foodstuffs, beverages, chemicals, textiles, fertilizer, horticul-

Industrial production growth rate: 6.9% (2004 est.)

Exports: \$1.548 billion f.o.b. (2004 est.)

Exports: commodities: copper/cobalt 64%, cobalt, electricity, tobacco, flowers, cotton

Exports: partners: Tanzania 14.1%, South Africa 13.2%, China 9.1%, Japan 7.9%, Thailand 7.9%, Switzerland

7.3%, Belgium 6.7%, Malaysia 4% (2004) Imports: \$1.519 billion f.o.b. (2004 est.)

Imports: commodities: machinery, transportation equipment, petroleum products, electricity, fertilizer; foodstuffs,

clothing

Imports: partners: South Africa 50.3%, Zimbabwe 13.2%, UAE 5.3% (2004)

Reserves of foreign exchange and gold: \$345 million (2004 est.)

Debt: external: \$5.353 billion (2004 est.)

Economic aid: recipient: \$651 million (2000 est.)

ZIMBABWE

GDP: purchasing power parity: \$24.37 billion (2004 est.)

GDP: real growth rate: -8.2% (2004 est.)

GDP: per capita: purchasing power parity: \$1,900 (2004 est.)

GDP: composition by sector: agriculture: 18.1%

industry: 24.3%

services: 57.7% (2004 est.)

Labor force: 4.23 million (2004 est.)

Labor force: by occupation: agriculture 66%, industry 10%, services 24% (1996)

Unemployment rate: 70% (2002 est.)

Population below poverty line: 70% (2002 est.)

Household income or consumption by percentage share: lowest 10%: 1.97%

highest 10%: 40.42% (1995)

Distribution of family income: Gini index: 50.1 (1995) Inflation rate (consumer prices): 133% (2004 est.) Investment (gross fixed): 9.9% of GDP (2004 est.)

Budget:

revenues: \$1.325 billion

expenditures: \$1.593 billion, including capital expenditures of NA (2004 est.)

Public debt: 52.3% of GDP (2004 est.)

Agriculture: products: corn, cotton, tobacco, wheat, coffee, sugarcane, peanuts; sheep, goats, pigs

Industries: mining (coal, gold, platinum, copper, nickel, tin, clay, numerous metallic and nonmetallic ores), steel,

wood products, cement, chemicals, fertilizer, clothing and footwear, foodstuffs, beverages

Industrial production growth rate: -7.8% (2004 est.)

Exports: \$1.409 billion f.o.b. (2004 est.)

Exports: commodities: cotton, tobacco, gold, ferroalloys, textiles/clothing Exports: partners: South Africa 11.9%, Zambia 6.3%, China 3.4% (2004)

Imports: \$1.599 billion f.o.b. (2004 est.)

Imports: commodities: machinery and transport equipment, other manufactures, chemicals, fuels Imports: partners: South Africa 47.2%, Democratic Republic of the Congo 6.2%, China 4.4% (2004)

Reserves of foreign exchange and gold: \$57 million (2004 est.)

Debt: external: \$4.086 billion (2004 est.)

Economic aid: recipient: \$178 million; note: the EU and the US provide food aid on humanitarian grounds (2000

est.)

WORLD POVERTY

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