

# FEMISE RESEARCH PROGRAMME

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## ***Poverty in Transformation: Definition, Indicators and Key Players at the National and Mediterranean Level***

Carla COLLICELLI  
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**March 2000**

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This text has been drafted with financial assistance from the Commission of the European Communities. The views expressed herein are those of the authors and therefore in no way reflect the official opinion of the Commission

**POVERTY IN TRANSFORMATION:  
DEFINITION, INDICATORS, AND KEY PLAYERS  
AT THE NATIONAL AND MEDITERRANEAN LEVEL**

**Volume I**

**Rome, March 2000**

# **INTRODUCTION**

## **PRIORITY TO BE GIVEN TO THE “SOCIAL SPHERE” IN CREATING A SOLID EURO-MEDITERRANEAN AREA**

The process of regional integration in the Mediterranean launched by the Euro-Mediterranean Partnership through its free market programme, will have to deal with an extremely varied social and economic reality. It will be faced with a mosaic of various regional areas with heterogeneous social backgrounds, that are often locked in harsh conflicts that are difficult to resolve.

These ruptures are not only noticeable in the obvious rift that separates the countries on the northern shore of the Mediterranean from those on its southern and eastern shores. The countries on the northern shore are rich and industrialised, and have not only reached important stages in their economic and social cohesion process, but are also continuing to follow new ambitious aims marked by an expansionary movement towards the East. On the other side of the Mediterranean, there are countries in transition who are forced to take huge steps forward in order to meet progress standards similar to those in the West. To tell the truth, the creation of an integrated economic and social pole in the southern Mediterranean area, and the declaration of a single interregional market in the Maghreb region and the Middle East, require geopolitical cohesion. This appears highly unlikely at this point of time.

Nevertheless, following the launching of the Euro-Mediterranean Partnership at the Barcelona Conference in 1995, greater attention has been paid, at the international level, to studying possible forms of agreement to create, within the year 2010, a free trade area between the European Union and the countries on the southern and eastern coasts of the Mediterranean basin in which manufactured products can freely be exchanged.

An unprecedented number of research projects and studies are now being conducted on the medium and long term impact of progressive economic and trade integration in the vast Mediterranean region. There has been wide debate and analysis of the macro economic and financial characteristics of each country involved, on the current flows of trade with the European Union, and on those expected during the next phase of transition. Numerous diagnoses and methods have been proposed to speed up liberalisation

reforms and the democratic processes under way in the Middle East and Northern African countries (MENA).

Although the official programme documents continuously reiterate their aim to strengthen technical, financial and cultural cooperation in order to create a prosperous zone and to raise the overall quality of life of the local populations, and point to the importance of the social aspect of the development process<sup>1</sup>, in reality, there is a risk that the human dimension and the need for social cohesion in the area may only be given marginal consideration in the future, both in the related studies and – even more worrying – by policy makers.

This can be explained by the reason behind the European Union's policy to create a Partnership in the Mediterranean. It was to be an interregional cooperation and integration project based on the geographical proximity of the countries involved, as well as on the historical and cultural factors that have always linked these countries with different populations and realities.

The project was mostly based on economic geographical strategies aimed at creating, around the Mediterranean basin, an economically strong and integrated regional pole that was able to respond to the challenge of economic globalisation and to the increasing trend of the world economy to cover large regional areas.

The creation of the Euro-Mediterranean Partnership was also favoured by the equally important need to bring about stability and political equilibrium in the area, and to guarantee prosperous trade and security for all the peoples living in the region. In fact, the accumulation of ideological, ethnic and religious tensions has always created an explosive mix in this area that has often led to bloody conflicts. The difficult question of Islamic fundamentalism has still not been solved and the Israeli-Arab Peace Process, marked by progress, pauses, and setbacks, is still incomplete. The Gulf War, the frequent armed conflicts in the Middle East, the dramatic conflicts that have been unleashed in the Balkan region, the emergence of the social and economic crisis in Albania. All these factors have merely highlighted the serious threat posed by instability in this area. Therefore, these problems

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<sup>1</sup> See, for example, the final declarations of the European Mediterranean Conferences in Barcellona (27-28 November 1995), in Madrid (12-13 December 1995) and Paris (21-22 November 1996).

should be given political priority if complete security is to be guaranteed in the Mediterranean.

But, from a closer look, we can see that in order to achieve these two objectives – trade and security – there is an implicit priority need to obtain widespread and general social well being in all the angles of the Mediterranean.

The Partnership can be created in a functional and balanced way if its growth follows *three contemporary dimensions*: the *economic and financial* dimension, the *security and political* dimension, and the *social* one. A space should be created in which we can all discuss and work together to build a common future, and to transform the Mediterranean basin into an area of dialogue, reciprocal solidarity and mutual development. This should be accompanied by a collective sense of responsibility also at the social level.

In recent years, economic globalisation and the economic policy guidelines promoted by liberalist economists that are so fashionable in the key centres of global development, have forced the Arab States in the Mediterranean to abandon their past protectionist policies and to promote structural reforms aimed at achieving macro economic stability, the creation of internal markets, the penetration of private capital into the traditional public sectors, increased international trade, internationalised production and the creation of integrated financial markets.

Nevertheless, European and Eastern experiences – as well as reports made after the *structural adjustment* season – show that this form of development based on common principles also brings with it *new forms of poverty* and *wide sacks of socially marginalised groups* in wide strata of the population. It almost appears to be a phenomenon correlated with economic growth without policies that specifically address social problems.

It also seems as if the complex nature of the social dimension of the supranational integration process towards advanced and interrelated economic systems is not given great consideration by the international community. On the contrary, social issues seem to represent but a small part of a wider plan to re-launch and transform the transitional economies, in order to assist them – as emerging economies – in their process towards participation and integration in the regional economic poles and in the great flows of exchange of capital and products.

All these elements point to the need to give *priority to social aspects* in order to guarantee *concrete development* that does not create further problems in the entire Mediterranean area.

While *economic growth* can be defined as an increase in the material wealth of a country or of the per capita of its population, *development* is a wider and more complex concept that does not consider growth alone, but also takes into account institutional, structural and qualitative factors that are important in order to improve the overall life conditions of a population.

On the other hand, it is well known by economic analysts that an increase in trade – resulting from wider free trade markets and expansion in trade – produces wealth for all, but also serious problems regarding its distribution. According to the growth theory, an unequal distribution of the income produced among the population is inevitable, but it also produces other acceptable short term effects on the economy<sup>2</sup>. The development theory, instead, claims that the unequal distribution of wealth that accompanies economic growth must be considered to be one of the factors that negatively influences the development of a society. Therefore, interventions must be planned that aim at producing a more balanced reallocation of public resources: « *dans un contexte d'enrichissement global la persistance de la pauvreté pose la question de l'équité de la croissance et de la distribution de la richesse créée. Dans l'économie actuelle, le problème de la pauvreté est indissociable du problème des inégalités*» (FEMISE 1999).

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Yet, as soon as the debate regarding the social dimension of transition is opened, numerous problems appear that complicate the general framework.

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<sup>2</sup> According to a note low by Kuznets (1995), the concentration of wealth follows a progressive upturned U-shaped curve which becomes smaller when the *turning point* is reached. Kuznets' theory was also supported during the 90s by other authors who justified the hypothesis of a decreasing trend in inequality once the curve has reached its apex, by pointing to the influence of factors linked with the very existence of unequal distribution. These are : reductions in interest rates as a result of an increase in the investments made by richer people, the incentive for poorer people to obtain higher levels of education that will enable them to find a job, the stimulus for public redistribution interventions. Most economists, however, have doubts about the automatic downward part of Kuznets' curve. They also doubt that unequal distribution of income is necessary in order to launch growth processes.

First of all, a question must be posed regarding the methodology. Which theories and tools of analysis would allow us to provide a single evaluation of geographical realities that – for certain aspects – are so different from one another, as is the case of the countries around the Mediterranean basin? Which logic should be used to approach in an univocal way a territory whose three main components – Europe, the Maghreb and the Middle East – differ so much from each other with respect to economic and social life? According to what criteria can we put together a geo-political reality that is marked by a net break, above all, between the rich North with its problems of a strong decline in the birth rate and the apparently unstoppable aging of populations, on the one hand, and the South with its huge economic and social problems and its serious problem of overpopulation, on the other?

Despite these great differences, it can be claimed that the processes of economic development and social evolution recently undergone by the southern states of the Mediterranean, together with the developmental processes that will probably appear in the region in the next few years, will lead to the adoption of similar socio-economic paradigms by the countries on both sides of the basin. Even more so than we might expect.

In fact, the growth phenomena that characterise the MENA countries do not strictly follow the same chronological sequence of Europe's historical development. European development was based on the industrial revolution, rapid urbanisation, the Taylor-Ford production model, the development of mass markets, the growth of the tertiary sector, growth of the small and medium sized enterprises, local endogenic development, etc. This growth paradigm has been speeded up by the push of the already highly industrialised North. It has meant that the development processes of the MENA countries presents variations to the traditional growth process, represented by a "leaps and bounds" affect.

In other words, the timing of the West's developmental phases have not been replicated in the transitional Mediterranean societies. This is because the influence and force of the new processes are contaminated by the Northern culture, by new social paradigms that have already developed in the European countries, and by the penetration of technological innovation and new western production models. It is also due to the bilateral agreements reached over the years with the more advanced north Mediterranean countries.

This is exemplified by the changes underway in the MENA countries regarding the work market and the organisational systems of the production processes. It is very likely that, in the next few years, there will be a speeded up reform of traditional contractual agreements regulating work relationships. This will result in a smaller public sector and the parallel growth of “atypical” forms of work (temporary work, semi-subordinated work with more flexible hours, deregulated salaries, etc.). This will be determined by the need for the Northern African and Middle Eastern economies to improve their competitiveness with respect to the northern part of the Basin, which has already been experimenting new forms of labour relationships for some time. In this sphere of social and economic life, the countries in the southern and eastern part of the Mediterranean will experience an historical transition at the same time as the European states, despite the fact that the two geographical areas are going through different phases of development.

From this point of view, the whole Mediterranean context should be analysed and studied using the same parameters to interpret the level of modernity.

The above consideration would justify a single approach to the problems posed by the Euro-Mediterranean Partnership. To be more precise, to the problems linked with a model that integrates the economic growth of the European Mediterranean markets and gives little or no consideration to the social problems that might arise, in particular poverty and social marginalisation.

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The study of the impact of transition in the Mediterranean region on the vulnerable parts of its population – and in particular on the poor – which is presented herewith, focused on different aspects of methodology and contents of the problem. These are:

- The different definitions of poverty, the methodology used to measure it, the survey instruments, and the indicators utilised;
- A comparative analysis of poverty and economic and social deprivation, as well as of the policies to fight poverty, in five countries of the Mediterranean basin (Italy, Greece, Morocco, Egypt and Jordan);

- An analysis of the expected consequences of integrated trade on poverty and on people's social conditions;
- Verification of the causative model "creation of a free exchange and economic and social growth zone";
- The role and programmes of the international bodies in identifying, monitoring and preventing poverty in the area;
- The needs of the countries in the south and the role played by the main players of the transition.

The Report is divided into three parts.

The *first part* presents and discusses problems on how to define and measure poverty (*Chapter 1*). It then provides a comparative analysis of the quantitative and qualitative aspects of the phenomenon in the Mediterranean countries, through an in-depth statistical analysis and an interpretation of the relationship between economic growth and social development in the Mediterranean (*Chapter 2*).

The *second part* presents a more in-depth analysis of the five Mediterranean countries in which the problem of poverty was studied in greater detail (Italy, Greece, Morocco, Egypt, and Jordan).

Finally, the *third part* of the Report examines the role and programmes of international bodies committed to the fight against poverty in developing countries, and in particular in the Mediterranean. These are mainly the World Bank (WB), the International Monetary Fund (IMF), and the United Nations Development Programme (UNDP).

The Report aims to understand and interpret the connections between economic and social policies. It is based on the central issue of *social cohesion* as a factor that conditions any correct long term political strategy towards the gradual integration of geographically and culturally different areas.

The efforts of the European Union to create social cohesion among its member states, as an example of sustainable development in the continent, is a practical example of the key role played by the "social sphere" in integration processes. This was also strongly reiterated by the European

Commission in its *Agenda 2000*, which aimed at guaranteeing a more solid and competitive Union.

All this leads to a question: what will be the social impacts – particularly on the poor – of the introduction of the Euro-Mediterranean Partnership in the next few years, with its expected increased flow of exchange between the North and the South and the resulting impulse on economic growth in the MENA region?

**PART I**

**POVERTY IN THE MEDITERRANEAN**

## **1. DEFINITIONS OF POVERTY AND MEASUREMENT METHODOLOGIES**

### **1.1. Changes in interpretative paradigms**

Within the framework of economic debate and social research, studies on poverty gained new impulse during the 80s and 90s, as a result of a general change in thought, at the international level, on how to approach themes of development at the global scale. This stimulus influenced research both from the quantitative point of view, by increasing the amount of empirical proof and statistical available, and from the qualitative and theoretical perspective, by refining the methodology used to carry out and measure the results of surveys, as well as by elaborating interpretative models that study in greater depth poverty and the causes of deprivation.

In Europe, the extraordinary demographic and economic development and the process of rapid urbanisation that accompanied the industrial revolution gave rise, in the first part of the century, to scientific studies on poverty that used a wide number of instruments that had not been available before. An increasing number of scientists asked themselves what were the causes of such widespread poverty, above all in the new industrial cities, and the institutions were asked to invent mechanisms to ease the conditions of the most serious cases of poverty. This meant that the pioneering social surveys had to discover the appropriate criteria and procedures to establish who the poor were.

However, when the analysis is carried out on a vaster scale and on geographical areas that vary greatly from each other from the economic and social points of view, numerous problems regarding definitions and how to measure poverty arise, together with methodological problems that are difficult to solve.

On the one hand, there is still great interest in continuing to work in this area of research, due to moral pressure and a sense of doing good. It is also due to a fear of the social threat represented by a large strata of needy and unsatisfied populations living in strategic geographical areas. Finally, it is

also due to the fact that the excessive polarisation of wealth and economic power in certain areas of the globe will, in the long term, corrode the aggregate demand and propensity to consume. Therefore, helping an economically poor country to improve its condition will also favour the creation of new markets for the most advanced and competitive systems, as well as widen the boundaries in which they can invest in secure and stable conditions.

The new geographic lines of growth, the strengthening of the macro regions for exchange, the subsystem organisation of the great territorial zones, are all peculiar elements of the new economic cycle that forces the western nations to compare themselves with the less developed countries, with their scarcely industrialised and uncompetitive economies and their fragile social structures and institutions. In fact, the globalisation network requires increasingly close interaction between areas with different levels of development, not only at the trade level, but also at the cultural and social levels. Poverty has thus become an *international social phenomenon*. The main international bodies – in particular the World Bank, IMF and UNDP – have therefore activated an increasing number of advanced research programmes to carry out surveys on poverty and on the appropriate means to eradicate it.

One of the main problems addressed by those studies is the need to identify the criteria for classifying those individuals and families that can be classified as poor, since this is essential for any attempt to analyse the phenomenon and to design interventions. At the moment, the lack of a single and commonly accepted definition of who should be considered poor, together with the still scarce availability of reliable and exhaustive data on the developing countries, represents a main obstacle to any attempt to carry out comparative studies on the incidence and profiles of poverty in the various regions of the planet and, specifically, in the Euro-Mediterranean Area.

More in detail, the main obstacles are:

- Scarce availability of statistical data, excessive aggregation of the existing data (that do not allow to divide the surveyed phenomena into territorial zones), as well as the unreliability of the sources;
- Difficulties in comparing non non-homogeneous geographical areas which, from the methodological and operational points of view, require

international agreement on compatible definitions and on homogeneous measurement standards for each unit of analysis;

- At the same time, a north-south world comparison also requires the use of differentiated qualitative and quantitative evaluation criteria. This is because, when studying societies at such different stages of development, the social indicators are so different that they do allow for the use of the same parameters.

More in general, however, it is particularly difficult to measure poverty in the Mediterranean basin due to the fact that we are dealing with a *process in rapid transformation*. This means that the definitions and survey instruments used during the first half of the century have become obsolete. This is true for the most developed countries, in which there is no longer any sense in studying the whole of society in search of people deprived of essential goods, and in which new types of “immaterial” types of poverty are now to be found. But it is also true for the countries on the southern and eastern shores of the Mediterranean, and more in general for the developing countries. Here, alongside the traditional material lack of essential material resources such as food and housing, there are also problems relating to the relational and social participation dimension. These problems justify the use of new western categories such as “social exclusion” also for these areas.

Interpretative paradigms change, therefore, and increasing attention is being paid to the devious forms of marginalisation of individuals and social groups who find themselves in inferior conditions with respect to others, not merely from the economic point of view, but also regarding access to resources, services, and possibilities for personal growth in the individual and relational spheres.

On the one hand, progress in empirical research on poverty has produced wider forms of exploratory logic that have allowed for a less partial vision of the elements needed to determine a state of deprivation and unrest. On the other hand, however, this expansion in surveys and in the types of variables adopted has made analysis more complicated, and it has become increasingly difficult to find a single interpretation for the numerous analysed factors. In effect, the heterogeneous nature of the various studies in existence today makes it rather difficult to adopt a single transnational definition of poverty.

These difficulties cannot all be attributed to the different theories on which the numerous definitions of poverty are based. In particular, the classic theories of growth and development have dominated scientific debate for half a century. The theory of growth blamed poverty on the inward development of the most backward economic systems, while the theory of development blamed it on inequality and the lack of intervention programmes aimed at strengthening the value of human capital. They both provided the scientific basis for various studies aimed at fighting forms of deprivation. But it is also true that the different approaches and criteria used to measure poverty reflect, at least in part, these theoretical perspectives.

## **1.2. The perspective of economic deprivation: income, consumption and poverty threshold**

The various approaches used to define and measure poverty (Table 1) include, above all, criteria belonging to a perspective that related social hardship with economic deprivation. According to this perspective, poverty is the result of a part of the population having scarce material resources. In other words, it is due to inadequate income levels.

It is possible to evaluate the grade of prosperity and well being of a country, above all by measuring its average available economic resources. This is normally done by measuring the *Gross Domestic Product (GDP) per capita* and its growth rate. This indicator reflects the absolute levels of wealth and overall development of a country in aggregate terms, from within a macro economic dimension.

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These ruptures are not only noticeable in the obvious rift that separates the countries on the northern shore of the Mediterranean from those on its southern and eastern shores. The countries on the northern shore are rich and industrialised, and have not only reached important stages in their economic and social cohesion process, but are also continuing to follow new ambitious aims marked by an expansionary movement towards the East. On the other side of the Mediterranean, there are countries in transition who are forced to take huge steps forward in order to meet progress standards similar to those in the West. To tell the truth, the creation of an integrated economic and social pole in the southern Mediterranean area, and the declaration of a single interregional market in the Maghreb region and the Middle East, require geopolitical cohesion. This appears highly unlikely at this point of time.

Nevertheless, following the launching of the Euro-Mediterranean Partnership at the Barcelona Conference in 1995, greater attention has been paid, at the international level, to studying possible forms of agreement to create, within the year 2010, a free trade area between the European Union and the countries on the southern and eastern coasts of the Mediterranean basin in which manufactured products can freely be exchanged.

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reforms and the democratic processes under way in the Middle East and Northern African countries (MENA).

Although the official programme documents continuously reiterate their aim to strengthen technical, financial and cultural cooperation in order to create a prosperous zone and to raise the overall quality of life of the local populations, and point to the importance of the social aspect of the development process<sup>1</sup>, in reality, there is a risk that the human dimension and the need for social cohesion in the area may only be given marginal consideration in the future, both in the related studies and – even more worrying – by policy makers.

This can be explained by the reason behind the European Union's policy to create a Partnership in the Mediterranean. It was to be an interregional cooperation and integration project based on the geographical proximity of the countries involved, as well as on the historical and cultural factors that have always linked these countries with different populations and realities.

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The creation of the Euro-Mediterranean Partnership was also favoured by the equally important need to bring about stability and political equilibrium in the area, and to guarantee prosperous trade and security for all the peoples living in the region. In fact, the accumulation of ideological, ethnic and religious tensions has always created an explosive mix in this area that has often led to bloody conflicts. The difficult question of Islamic fundamentalism has still not been solved and the Israeli-Arab Peace Process, marked by progress, pauses, and setbacks, is still incomplete. The Gulf War, the frequent armed conflicts in the Middle East, the dramatic conflicts that have been unleashed in the Balkan region, the emergence of the social and economic crisis in Albania. All these factors have merely highlighted the serious threat posed by instability in this area. Therefore, these problems

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Finally, the *third part* of the Report examines the role and programmes of international bodies committed to the fight against poverty in developing countries, and in particular in the Mediterranean. These are mainly the World Bank (WB), the International Monetary Fund (IMF), and the United Nations Development Programme (UNDP).

The Report aims to understand and interpret the connections between economic and social policies. It is based on the central issue of *social cohesion* as a factor that conditions any correct long term political strategy towards the gradual integration of geographically and culturally different areas.

The efforts of the European Union to create social cohesion among its member states, as an example of sustainable development in the continent, is a practical example of the key role played by the "social sphere" in integration processes. This was also strongly reiterated by the European

Commission in its *Agenda 2000*, which aimed at guaranteeing a more solid and competitive Union.

All this leads to a question: what will be the social impacts – particularly on the poor – of the introduction of the Euro-Mediterranean Partnership in the next few years, with its expected increased flow of exchange between the North and the South and the resulting impulse on economic growth in the MENA region?

**PART I**

**POVERTY IN THE MEDITERRANEAN**

## **1. DEFINITIONS OF POVERTY AND MEASUREMENT METHODOLOGIES**

### **1.1. Changes in interpretative paradigms**

Within the framework of economic debate and social research, studies on poverty gained new impulse during the 80s and 90s, as a result of a general change in thought, at the international level, on how to approach themes of development at the global scale. This stimulus influenced research both from the quantitative point of view, by increasing the amount of empirical proof and statistical available, and from the qualitative and theoretical perspective, by refining the methodology used to carry out and measure the results of surveys, as well as by elaborating interpretative models that study in greater depth poverty and the causes of deprivation.

In Europe, the extraordinary demographic and economic development and the process of rapid urbanisation that accompanied the industrial revolution gave rise, in the first part of the century, to scientific studies on poverty that used a wide number of instruments that had not been available before. An increasing number of scientists asked themselves what were the causes of such widespread poverty, above all in the new industrial cities, and the institutions were asked to invent mechanisms to ease the conditions of the most serious cases of poverty. This meant that the pioneering social surveys had to discover the appropriate criteria and procedures to establish who the poor were.

However, when the analysis is carried out on a vaster scale and on geographical areas that vary greatly from each other from the economic and social points of view, numerous problems regarding definitions and how to measure poverty arise, together with methodological problems that are difficult to solve.

On the one hand, there is still great interest in continuing to work in this area of research, due to moral pressure and a sense of doing good. It is also due to a fear of the social threat represented by a large strata of needy and unsatisfied populations living in strategic geographical areas. Finally, it is

also due to the fact that the excessive polarisation of wealth and economic power in certain areas of the globe will, in the long term, corrode the aggregate demand and propensity to consume. Therefore, helping an economically poor country to improve its condition will also favour the creation of new markets for the most advanced and competitive systems, as well as widen the boundaries in which they can invest in secure and stable conditions.

The new geographic lines of growth, the strengthening of the macro regions for exchange, the subsystem organisation of the great territorial zones, are all peculiar elements of the new economic cycle that forces the western nations to compare themselves with the less developed countries, with their scarcely industrialised and uncompetitive economies and their fragile social structures and institutions. In fact, the globalisation network requires increasingly close interaction between areas with different levels of development, not only at the trade level, but also at the cultural and social levels. Poverty has thus become an *international social phenomenon*. The main international bodies – in particular the World Bank, IMF and UNDP – have therefore activated an increasing number of advanced research programmes to carry out surveys on poverty and on the appropriate means to eradicate it.

One of the main problems addressed by those studies is the need to identify the criteria for classifying those individuals and families that can be classified as poor, since this is essential for any attempt to analyse the phenomenon and to design interventions. At the moment, the lack of a single and commonly accepted definition of who should be considered poor, together with the still scarce availability of reliable and exhaustive data on the developing countries, represents a main obstacle to any attempt to carry out comparative studies on the incidence and profiles of poverty in the various regions of the planet and, specifically, in the Euro-Mediterranean Area.

More in detail, the main obstacles are:

- Scarce availability of statistical data, excessive aggregation of the existing data (that do not allow to divide the surveyed phenomena into territorial zones), as well as the unreliability of the sources;
- Difficulties in comparing non non-homogeneous geographical areas which, from the methodological and operational points of view, require

international agreement on compatible definitions and on homogeneous measurement standards for each unit of analysis;

- At the same time, a north-south world comparison also requires the use of differentiated qualitative and quantitative evaluation criteria. This is because, when studying societies at such different stages of development, the social indicators are so different that they do allow for the use of the same parameters.

More in general, however, it is particularly difficult to measure poverty in the Mediterranean basin due to the fact that we are dealing with a *process in rapid transformation*. This means that the definitions and survey instruments used during the first half of the century have become obsolete. This is true for the most developed countries, in which there is no longer any sense in studying the whole of society in search of people deprived of essential goods, and in which new types of “immaterial” types of poverty are now to be found. But it is also true for the countries on the southern and eastern shores of the Mediterranean, and more in general for the developing countries. Here, alongside the traditional material lack of essential material resources such as food and housing, there are also problems relating to the relational and social participation dimension. These problems justify the use of new western categories such as “social exclusion” also for these areas.

Interpretative paradigms change, therefore, and increasing attention is being paid to the devious forms of marginalisation of individuals and social groups who find themselves in inferior conditions with respect to others, not merely from the economic point of view, but also regarding access to resources, services, and possibilities for personal growth in the individual and relational spheres.

On the one hand, progress in empirical research on poverty has produced wider forms of exploratory logic that have allowed for a less partial vision of the elements needed to determine a state of deprivation and unrest. On the other hand, however, this expansion in surveys and in the types of variables adopted has made analysis more complicated, and it has become increasingly difficult to find a single interpretation for the numerous analysed factors. In effect, the heterogeneous nature of the various studies in existence today makes it rather difficult to adopt a single transnational definition of poverty.

These difficulties cannot all be attributed to the different theories on which the numerous definitions of poverty are based. In particular, the classic theories of growth and development have dominated scientific debate for half a century. The theory of growth blamed poverty on the inward development of the most backward economic systems, while the theory of development blamed it on inequality and the lack of intervention programmes aimed at strengthening the value of human capital. They both provided the scientific basis for various studies aimed at fighting forms of deprivation. But it is also true that the different approaches and criteria used to measure poverty reflect, at least in part, these theoretical perspectives.

## **1.2. The perspective of economic deprivation: income, consumption and poverty threshold**

The various approaches used to define and measure poverty (Table 1) include, above all, criteria belonging to a perspective that related social hardship with economic deprivation. According to this perspective, poverty is the result of a part of the population having scarce material resources. In other words, it is due to inadequate income levels.

It is possible to evaluate the grade of prosperity and well being of a country, above all by measuring its average available economic resources. This is normally done by measuring the *Gross Domestic Product (GDP) per capita* and its growth rate. This indicator reflects the absolute levels of wealth and overall development of a country in aggregate terms, from within a macro economic dimension.

**Table 1 – Definitions of poverty and measurement methodologies**

| Definition   | Dimension                                | Perspective                        | Methodology  | Unit of analysis     | Variables                                 | Indexes  |
|--|--|------------------------------------|--|----------------------|---|--|
| Wealth and well being                              | Macro economic                           | Aggregative                        | Average income per capita  | Country              | Income                                    | GDP per capita (absolute values and variation rates)   |
| inequality (Unequal distribution)                  | Economic                                 | Aggregative                        | Decile distribution  | Individuals Families | Income Consumption                        | Consumption ratio Coefficient of Gini  |
| Absolute poverty - Extreme poverty - Ultra-poverty | Economic                                 | Unidimensional deprivation         | National poverty threshold (basket of essential goods - <i>basic needs</i> )<br>Poverty thresholds for international comparison <sup>(1)</sup> | Individuals Families | Income Consumption                        | Incidence ( <i>headcount ratio</i> )<br>Intensity ( <i>poverty gap ratio</i> )<br>Severity ( <i>severity index</i> ) |
| Relative poverty                                   | Economic                                 | Unidimensional deprivation         | Relative poverty threshold ISPL <sup>(2)</sup>   | Individuals Families | Income Consumption                        | Incidence ( <i>headcount ratio</i> )<br>Intensity ( <i>poverty gap ratio</i> )<br>Severity ( <i>severity index</i> ) |
| Subjective poverty                                 | Economic                                 | Subjective deprivation             | Subjective perception regarding average life style of the social group of belonging  | Individuals Families | Income                                    | Incidence  |
| Functioning and capabilities                       | Socio-economic, political and relational | Multidimensional                   |  | Individuals          | Basic capabilities                        |  |
| Human development                                  | Socio economic Human                     | Aggregative Multidimensional       | Ranking based on synthetic index of progress in human development  | Country              | Life expectancy, education, income        | HDI  |
| Human poverty                                      | Socio-economic Human                     | Human deprivation Multidimensional | Ranking based on synthetic index of human poverty  | Individuals          | Life expectancy, education, life standard | HPI-1<br>HPI-2   |

<sup>1)</sup> The threshold value corresponds to 1\$ per capita per day (1985 \$PPP) for developing countries, 2\$ for America Latina and the Caribbeans, 4\$ for Eastern Europe and CIS, 14.4\$ for the industrialised countries.

<sup>2)</sup> The standard poverty line for a family of two persons corresponds to the average national consumption cost per capita. Appropriate equivalence scales are use for different sized families.

However, although GDP per capita lends itself better than the other indicators to a comparative analysis among countries, there would be little sense in evaluating the conditions of poverty in a society on the basis of the average individual income. This is because the analysis would be forced to use an aggregative perspective and this would be inadequate for providing indications on the weakest members of society. It would also neglect the numerous non economic and social aspects involved in determining the state of poverty.

The perverse and hidden effects of a nation's overall economic growth are to be found in the *inequality in distribution* of the wealth produced. The benefits of economic growth tend to be distributed in a non uniform manner across the social strata, and to concentrate themselves in an unbalanced way along the income axis of a single social stratification pole, although these values vary between one social context and another. Distribution of income is therefore an indicator of economic and social inequality and the concentration of wealth is often used to measure poverty itself. However, distribution of wealth alone does not allow to identify the capacity of the disadvantaged group to reach acceptable life standards.

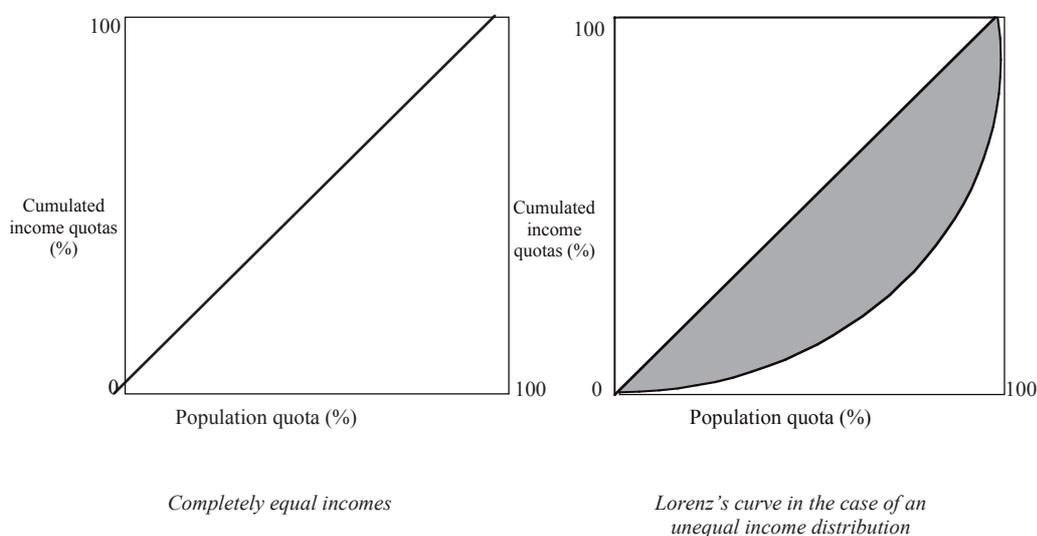
Income inequality is measured using individual and family *decile income distribution* (Miller and Roby 1971). The families are classified in an increasing order according to their net incomes and then placed into equally numbered groups, each representing 10% of the total family income. Then the average income of the different classified groups is compared with the total income. In this way, it is possible to check how the overall wealth is shared among the various groups and thus measure the level of differentiation of allocation of resources.

One index of wealth inequality that is commonly used is to compare the consumption of the richest 20% of the population with that of the poorest 20% (*consumption ratio*). In a perfectly equal society, each decile would present the same total quota of consumption and the relationship would therefore be 1. The lower the index, the lower is the inequality in distribution.

Lorenz's curve represents the total portions of the total income taken from every percentile of the population classified according to income. The first graph in Figure 1 shows the curve in a condition of complete equity: the lowest 10% of the population receives 10% of the total income, the next

20% receives 20% of the wealth, and so on. The second graph shows Lorenz's curve in the case of an unequal distribution of incomes: the curve remains under the line at 45 degrees signifying complete equity. The greater is the unequal distribution of incomes, the greater is the area between the two lines.

**Figure 1 – Lorenz's curve**



Source: Censis, 2000

The most common indicator of wealth inequality is *Gini's coefficient*, which varies between 0 (no inequality) and 1 (absolute inequality), based on the accumulated unequal distribution of income among the population.

However, even this measurement ignores the specific phenomenon of poverty. It is for this reason that an analysis perspective has been developed by economic and social experts which concentrates on the phenomenon itself. The perspective uses different measurement criteria in response to the different adopted definitions of poverty.

It is essential, within a perspective that identifies the status of poverty on the basis, once again, of economic deprivation, to adopt an approach based on the concept of *absolute poverty*. This is understood as being an individual's

or family's inadequate possession of the resources needed to satisfy the essential requirements for functional survival.

On the basis of this definition, it is possible to measure the incidence of poverty in a society by calculating the number of families or individuals with disposable income levels – i.e. that cover consumption expenditure – that are below the *absolute poverty threshold*. The threshold is determined by the monetary value of a *basket of essential goods* needed to satisfy a person's basic needs. The basket normally comprises essential food products needed to keep oneself alive and to work, without taking into account individual tastes, and sometimes includes a limited number of other goods and services (clothes, housing, etc.).

Within the framework of this definition of poverty, *extreme poverty* is normally classified as the condition of those living below a certain absolute poverty threshold (this is generally a line 20% below the poverty threshold), and therefore in a state of destitution. In particular, a family is considered *objectly poor* when it is unable to provide for 80% of the minimum food requirements indicated by FAO and the WHO, even if it spends 80% of its income to purchase food. Finally, in industrialised countries, specific social and ethnic groups are often indicated as living in extreme conditions of poverty, marked marginalisation and social exclusion. Such groups include migrants, nomads, people suffering from psychic disorders, handicapped people, old people without assistance, etc.

The above described approach presents important positive elements. Although the monetary value of the basket of essential goods varies according to national price systems, the absolute poverty threshold is used as an objective discriminating reference. Furthermore, since it is not influenced by behaviour values or by temporary economic phases, but fixes its value in time and space on the basis of a monetary value of equal purchasing power, it can be used to compare different geographical and cultural areas. In addition, from the point of view of national social policies, the measurement of absolute poverty allows for a realistic estimate of the number of poor people and on their real essential needs. This would also avoid programmes that hand out superfluous amounts of money to the less needy population.

Despite all this, however, the above definition of absolute poverty has raised several objections. In particular, Abel-Smith and Townsend (1965) have

criticised this approach because it fixes the line of poverty on the basis of a single level of subsistence, while different people have different nutritional needs depending on their physical conditions, and the type and intensity of activity they perform. For example, an office worker needs to eat less than a farmer or a miner. Furthermore, food consumption is greatly influenced by social conventions. For example, although tea is not indispensable for survival, it would be difficult to define a traditional English person who cannot afford this beverage in his/her diet as not being poor.

These setbacks can be partially solved by calculating the value of the different baskets of essential goods on the basis of the different types of families, and by taking into account the social and personal elements of its members, such as age, gender, type of activity carried out and state of health. But, from a strictly methodological point of view, the fact remains that this approach presents wide margins of arbitrariness with respect to the selection of food and other products to be included in the basket.

For this reason, a definition has now been made of the relative state of economic deprivation. The poverty line has become increasingly dependent on social factors and on the particular life standards of certain collective groups. It would certainly be of little use to classify the poor people living in Norway with those living in India on the basis of the same absolute poverty threshold. In order to solve this problem a concept of *relative poverty* has been introduced. According to this concept, certain individuals are considered poor if, despite the fact that they possess the essential means of survival, they are deprived of those comforts and opportunities that are considered normal in the society in which they live. Poverty therefore becomes a social and historical category with both universal characteristics and temporary variations due to the presence of different cultural elements that influence the life of individuals and their social interaction.

The notion of relative poverty has been part of sociological and economic thought since the 1970s. According to this definition, an individual or family is considered poor on the basis of a comparison with the *relative poverty threshold* which no longer depends on the cost of the minimum goods needed for survival, but varies according to the average income or consumption expenditure of a society. In this way, the definition of what is considered a socially acceptable level of life has little to do with the amount needed to satisfy certain elementary needs, but depends rather on the

population's average living standards. Poverty is thus directly linked with the issue of social inequality.

On the basis of the *international standard poverty line (ISPL)* - the methodology normally used during official surveys - a family made up of two persons is considered poor if it spends the same amount, or less, than the average national per capita on consumption expenditure. In the case of families of different sizes, an *equivalence scale* is used which takes into account the economies and diseconomies of scale related to the number of family members. The incidence of poverty is estimated by comparing the family consumption with the relative poverty threshold.

It should be underlined that a single directional approach that uses data relating to family consumption rather than to incomes (because it is difficult to obtain reliable measurements of the real disposable income – for example, some income gained from informal work is not included) suffers from a structural defect that is inherent in the basic hypotheses. The purchases made by the periodically surveyed families do not always perfectly correspond with real family consumption. For example, they do not take into consideration subsistence economies (vegetable plots, chicken huts, etc.) that are quite commonly used in some Mediterranean regions. Neither do they take into account forms of solidarity that exist in some social categories, whereby friends and relatives provide families with consistent consumption goods.

It is also clear that, since the relative poverty threshold depends on the living standard of the average population, it is not a fixed and constant point of reference, as is the case for the absolute poverty threshold. On the contrary, the relative poverty threshold is sensitive not only to the different consumption behaviours of the various areas of the world, but also to the trends of many other variables, including temporary economic phases. During an economic recession, there would be a reduction in disposable incomes, a reduction in the consumption level, and a drop in the population's average living standards. This would bring the wealthier and poorer classes closer together and produce a reduction in relative poverty. Obviously, this would not mean that absolute poverty has diminished, but only that the worsened conditions of the average population has narrowed the distance between the rich and the poor, resulting in reduced inequality.

Since this measurement of relative poverty comprises economic trends, different life styles of societies, oscillations in price structures, and the regular redefinition of essential goods (thus enabling those without these goods to be classified as poor), on the basis of variations in the overall living standards of the society, it cannot be used to compare different national realities.

In order to conduct comparative studies among different countries, the *poverty threshold for international comparison* is used, which the World Bank has fixed at an average consumption expenditure of 1 dollar (with equal purchasing power in 1985) per capita per day. A threshold of \$25 (1985 \$PPP) has been recommended for Latin America and the Caribbeans, while for Eastern Europe and the CIS countries, it is fixed at \$4. Finally, in order to make comparisons among the industrialised countries, the poverty threshold used corresponds to the national USA average, i.e. \$14.4 per person per day.

The various surveys aimed at measuring internal poverty conditions in developing countries have based their *national poverty thresholds* on different measurement criteria. These include the cost of basic needs which is calculated on the basis of a basket of products making up the basic diet that also takes into account individual nutritional needs (according to age, gender, occupation, etc.) and comprise a limited quantity of other products that are also considered essential. Families that consume less than that amount are considered poor. In this case, too, there is a certain margin for arbitration in the choice of food and articles that make up the basket, and the threshold is sensitive to the price levels utilised over the various years to determine the total cost of the basket.

Therefore, the methodologies that estimate the extent of poverty by providing a reference threshold, present certain important differences:

- Not only the distinction between absolute and relative poverty thresholds;
- But also the use of two different analysis units – individuals and families;
- Lastly, the periodical reference to disposal income or consumption expenditure parameters.

The use of a poverty threshold requires different indexes to define the phenomenon:

- *the poverty incidence index (headcount ratio)* which compares poor individuals and families (below the poverty threshold) with the general population, and therefore indicates the percentage of the poor population;
- *the intensity (or deepness) of poverty index (poverty gap ratio)*, which indicates how poor the poor are, i.e. the additional quantity of resources that would normally be needed by the poor in order to reach the poverty line. This is considered the average distance of the consumption – or income – of the poor from the poverty threshold expressed as a percentage of the threshold value;
- *the poverty severity index*, which measures consumption – or income – inequality among the poor. It is understood to be the weighed square average of the distance from the poverty threshold, and is expressed as a percentage of the threshold.

Another criterion to evaluate poverty in advanced society has recently been introduced. This differs from the already existing criteria in that it adopts a dynamic, rather than a static, approach to the problem by taking into account the permanent or temporary nature of poverty (Pattarin 1996). Thanks to the availability of longitudinal data obtained by carrying out statistical surveys on a regular and continuous basis, it is now possible to study the dynamic processes whereby people fall into, or out of the poverty area. In this way, it is possible to check whether poverty is merely a *transitory* condition that lasts for a limited period of time and is linked with temporary causes, or, on the contrary, a structural phenomenon, i.e. *chronic poverty*. It is obvious that this type of information has great policy implications for those involved in the fight against social hardship, because it suggests different interventions for the chronic and temporary poor.

Subjective poverty also exists, whereby individuals or families declare themselves to be poor – on the basis of their subjective perceptions of their state of well being or hardship – compared with the rest of the collective group to which they belong. This definition compares the standard of living of marginalised groups with that of the main social group as well as with the economic conditions of the other members of the referral collective group,

in a given time and place. It does not however use standard measurement parameters.

### **1.3. The multidimensional perspective: non economic factors and human poverty**

As we have seen, the instruments used to measure absolute and relative poverty that refer to a poverty threshold, are based on a single dimensional logic that links the state of destitution with lack of income. In the case of absolute poverty, the income is considered inadequate to guarantee basic needs, while in the case of relative poverty, the income is considered insufficient to maintain a standard of living that is acceptable with respect to the average life style of the society. These criteria hide a vision according to which maximum economic growth is the main objective of development, and the increase of individual resources (the GDP per capita) is considered to be the main indicator of well being.

After World War II, a new approach towards social hardship and poverty was adopted in economics and sociology. They were both considered transversal phenomena that comprise not only forms of deprivation, but also “immaterial” elements that are difficult to measure in quantitative terms. These include exclusion and social conflict, lack of autonomy and dependence, estrangement from mobility processes and social integration. This new perspective provides an alternative to the traditional perspective which focuses on improving a society’s economic performance as a means for eradicating poverty, but almost completely ignores the social or “human” dimension of development.

According to the *social exclusion* approach, which became widespread among researchers and policy makers in Europe at the beginning of the 80s, poverty is the result of a combination of different factors, as well as the result of marginalisation. The state of poverty does not only mean economic destitution, but also includes elements that exclude individuals or groups that are not necessary economically poor, from participating in economic and political life, and from being socially integrated in the community to which they belong. From this point of view, per capital income alone is not sufficient to reduce the problem of poverty.

Poverty thus appears as a *multidimensional phenomenon*. This means that its causes must be found not only among those economic factors that impede a person or family from obtaining the minimum income needed to reach the poverty threshold. It highlights the conceptual and operational partiality of measurement systems that are exclusively based on data relating to consumption and other monetary variables. If we do not want to provide a simplified picture of poverty, the search for its causes should be extended to cover a wide area of observation which also considers subjective elements (innate or acquired incapacities, health conditions, level of education, age, etc.), and the social organisation in general (whether or not certain citizens' rights exist, access to social services, work opportunities, etc.). As already mentioned, to be poor means to be excluded from collective decision making mechanisms and to be deprived of citizens' rights, with the resulting concentration of economic, political and social power in the hands of the "included" persons.

It is also true that a multidimensional approach to the phenomenon, that goes beyond the poverty line and considers numerous other indicators (such as access to social services, level of education, grade of social security, participation in politics, etc.) results in a less simplified understanding of the complex factors relating to hardship by offering a large number of indications regarding the factors involved in the poverty process. However, it also produces new difficulties with respect to the collection of reliable data, the elaboration of indexes, comparison between different realities, and producing a single interpretation of the acquired data.

In the approach developed by Sen – which, since the 70s has had a significant and continuous influence over debates on issues like growth, development, inequality and poverty – poverty is no longer defined as a phenomenon that manifests itself in the economic sphere and is produced by economic factors in terms of availability of individual resources. On the contrary, the approach stresses the opportunities and capacity of an individual to use such resources in order to satisfy his/her wants. This approach was mainly an attempt to explain the causes of extreme poverty in poorly developed countries.

In Sen's first conceptualisations (1981a, 1981b), absolute poverty is linked with a loss of control over these resources. This is determined not only by the initial scarcity of resources but also by unfavourable exchange opportunities and, more in general, by market relationships that are

established between the subjects within a society. The basket of goods that an individual is able to obtain depends on the entitlement of that person. This is defined by numerous property rights that are linked to one another by means of legitimisation rules (productive capacity, exchange opportunities, rights with respect to the State, etc.). Therefore, the factors that are able to influence all the entitlements of an individual, given his/her initial possession of resources, are linked with the work market, the price system, production capacity, the class structure, mobility opportunities, the social security system, and so on. Thus, for example, the great famines in Bengala in 1943, Ethiopia in 1972 and Bangladesh in 1974, could be seen not so much as a lack of food products, but rather as the population's impossibility to gain access to them.

Sen strengthened this definition by introducing the concepts of capabilities and functioning (Sen 1985). Functioning is the realisation of certain fundamental aims, i.e. the various things that an individual can do or is, such as eating, living in an adequate home, avoiding foreseeable problems, living a long life, obtaining an education or a job. Capabilities represent the ability and freedom of an individual to acquire or carry out these functions. The capability to be or to do is comprised in the notion of freedom, which represents the wealth of an individual in a more complete way than by simply measuring the income or volume of fundamental needs that are satisfied. The more a person is free, the richer he/she is. In other words, the greater capability he/she has to decide what kind of life he/she wants to live, the richer he/she is.

All these basic capabilities of an individual are conditioned by environmental factors and by the personal features of the individual. Therefore, the state of well being that a person can achieve is represented by the overall goods which the person has at his/her disposal for consumption or exchange purposes, and by all the utilisation functions made possible by personal capabilities. From this perspective, poverty is generated from the lack of some fundamental capability, i.e. from a person's lost opportunity to acquire the minimum functioning levels necessary. Attention therefore focuses on all those factors – caused by social obstacles or by personal circumstances – that limit the capabilities of individuals to participate fully in the society to which they belong. They include lack of investments to promote human capital, lack of an adequate level of education and of political rights, physical or mental handicaps, etc. Sen stresses that growth alone cannot promote development, and cites China and Sri Lanka as

examples of countries with low economic growth rates but with high levels of some fundamental indicators, such as life expectancy, good health, education, etc.

The multidimensional logic also addresses the socio-economic and “human development” and “human poverty” indexes that were elaborated by the UNDP in the 90s. The concept of human development is defined as a “process of increasing individual choices and, consequently, of growth of the level of acquired well being”. Thus, poverty signifies “negated opportunity to live an acceptable level of life”. In other words, “basic opportunities and choices for human development are negated, i.e. the possibility to carry out a long, healthy, creative existence is impeded, as is the possibility to gain access to an acceptable standard of living, freedom, dignity, self esteem and the respect of others” (UNDP 1997).

As we have already seen, the GDP per capita alone does not suffice to represent the real well being of a country and the progress made in its development. *The human development index (HDI)*, which was presented for the first time in the *UNDP Report on Human Development* of 1990, is a synthetic index calculated at the national level. It varies along a scale from between 0 (minimum) and 1 (maximum), and provides an aggregate measurement of the average results achieved by a country according to three basic dimensions of “human development”. These are: longevity, measured as life expectancy at birth; education, measured as literacy among adults and levels of registration at the first, second and third scholastic levels; and life standard, measured as the real GDP per capita expressed in international dollars, i.e. in terms of equal purchasing power (\$PPP)<sup>3</sup> (Table 2).

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<sup>3</sup> The latest edition of the *Human Development Report* (UNDP 1999) introduces some changes to the methodology used to calculate the HDI and used improved data and more reliable sources. Therefore, the classification of the countries presented in the last report can only be partially compared with those of the previous editions. For further details, see the cited text.

**Table 2 – The compound indexes elaborated by the UNDP**

| Index | Variables   |  |   |
|-------|---|--|---|
|       | Longevity   | Education  | Life standard   |
| HDI   | Life expectancy at birth  | – Literacy rate among adults                       | Real GDP per capita   |
|       |   | – Registration at I, II and II levels of education |   |
| HPI-1 | Percentage of population with life expectancy of less than 40 years | – Illiteracy rate among adults                     | – Percentage of population without access to health services and drinking water                     |
|       |   |  | – Percentage of undernourished children aged under 5  |
| HPI-2 | Percentage of population with life expectancy of less than 60 years | Functional illiteracy rate among adults            | Percentage of individuals living under the poverty threshold (50% of the average disposable income) |
|       |   |  | Long term unemployment rate (12 months or more)   |

Source: UNDP (1999)

The *Human Poverty Index* (HPI), introduced in 1997, is instead a composite index that takes into account different aspects relating to reduced quality of life, by measuring deprived human development from three dimensions on which the HPI is based. These are: longevity, education, adequate and dignified standard of living. The variables comprised in the index for developing countries (HPI-1) are therefore: the percentage of the population with a life expectancy of less than 40 years, the percentage of illiterate adults, and the deprivation of the overall economic requirements, expressed as a percentage of the population without access to health services and drinking water and percentage of undernourished children aged less than 5.

Since human deprivation depends on the economic and social conditions of a society, it seemed appropriate to introduce in the *1998 Human Development Report* an index that was valid for the industrialised countries (HPI-2). This was based on the same variables adopted by the HPI-1, but with some corrective factors with respect to the index used for the developing countries, and with the addition of a social exclusion measurement. The variables considered in the new index are thus: percentage of population with life expectancy of less than 60 years, persons with inadequate level of education, portion of the population living below the income poverty threshold (50% of the average disposable income), and percentage of the long term unemployed (12 months and more) work force.

The UNDP reports calculate two other synthetic indexes that refer to sexual discrimination which, for one reason or another, are determined by poverty. These are:

- *Gender development index (GDI)*, which utilises the same basic HDI variables but also takes into account disparity in basic acquirements between men and women;
- *Gender empowerment measure (GEM)*, which measures the extent to which women are placed in a condition to participate in the economic and political life of a country, by evaluating inequalities in the crucial areas of participation in economic and political decision making processes.

The authors of the reports admit that the HDI and HPI indexes exclude important but difficult to quantify variables in measuring poverty. These include lack of political freedom, difficulty in participating in decision making processes, loss of personal security, impossibility to take part in

community life, etc. Furthermore, these indicators only provide indications at the national level and do not therefore allow to check for territorial inequality and special local situations within single countries. In other words, the UNDP indexes provide somewhat abstract pictures and profiles of poverty. They cannot be used as valid and adequate references for designing social protection programmes aimed at reducing poverty. Nevertheless, to date, these indexes are the only ones that allow for a world-wide comparison of the numerous dimensions of poverty and development, as well as the advances made or setbacks faced in the various areas of the globe.

## **2. ECONOMIC GROWTH AND SOCIAL DEVELOPMENT IN THE MEDITERRANEAN**

### **2.1. Poverty in the Mediterranean: a comparative framework**

The historical series of main socio-economic indicators shows that the economic growth experienced by the North African and Middle Eastern countries during the last three decades – and to a lesser extent during the first half of the 80s – has produced a strong impact on the poverty conditions of the peoples living in those regions. This is notwithstanding the fact that the expansive cycle was followed by a phase of economic stagnation and, in some cases, of strong contraction, that considerable differences in economic and social levels exist among the countries belonging to MENA, and that the incidence of poverty in the area is still highly heterogeneous.

The aggregate GDP value of the MENA countries grew between 1990 and 1997 at an average annual rate of 2.6%. Nevertheless, the average wealth produced by the populations of the area presents evident disequilibria both in terms of absolute value, as well as in terms of trends. In some countries, there has been a significant increase in the GDP per capita during the 90s, such as in Turkey where it increased from 1,735 dollars (1987 US\$) in 1990, to 1,940 in 1997; in Tunisia (from 1,310 dollars to 1,670); in Egypt (from 900 to 1,015 dollars); and in Morocco (from 916 to 927 dollars). In Algeria, on the contrary, there was a drop in average individual income, from 2,624 to 2,352 dollars between 1990 and 1997. Finally, Jordan recorded an inconstant trend with respect to its wealth per capita: marked by a significant increase up to the first half of the 80s that was followed by a sharp drop and then, between 1990 and 1997, by a new increase (from 1,771 to 2,006 dollars over seven years) (Table 3).

Most recently, between 1996 and 1997, Tunisia has registered a stronger growth (with a rate of increase of the GNP per capita of 9.7%). The same applies for Turkey (+6.4%), Egypt (+3%), Spain and Greece (+3.1%) compared with the most industrialised European countries (France: +1.9%;

Tab. 3 - Trends in Human Development and per capita income in the Mediterranean countries, 1975-1997

| HDI rank                 | Human Development Index (HDI) value |       |       |       |       | GDP per capita (1987 US\$) |        |        |        |        |
|--------------------------|-------------------------------------|-------|-------|-------|-------|----------------------------|--------|--------|--------|--------|
|                          | 1975                                | 1980  | 1985  | 1990  | 1997  | 1975                       | 1980   | 1985   | 1990   | 1997   |
| 11                       | 0.848                               | 0.864 | 0.875 | 0.896 | 0.918 | 12,763                     | 14,564 | 15,342 | 17,485 | 18,554 |
| 19                       | 0.824                               | 0.842 | 0.852 | 0.875 | 0.900 | 9,629                      | 11,763 | 12,637 | 14,595 | 15,548 |
| 21                       | 0.814                               | 0.834 | 0.851 | 0.871 | 0.894 | 6,415                      | 6,657  | 6,992  | 8,618  | 9,591  |
| 23                       | -                                   | -     | -     | -     | 0.883 | 7,121                      | 7,655  | 8,109  | 9,097  | -      |
| 26                       | -                                   | -     | -     | -     | 0.870 | 2,390                      | 4,165  | 5,146  | 6,828  | -      |
| 27                       | 0.792                               | 0.814 | 0.835 | 0.846 | 0.867 | 4,552                      | 5,338  | 5,557  | 6,044  | 6,583  |
| 32                       | -                                   | -     | -     | -     | 0.850 | 2,391                      | 3,718  | 4,279  | 5,601  | -      |
| 65                       | -                                   | -     | -     | -     | 0.756 | 10,459                     | 13,219 | 6,926  | -      | -      |
| 69                       | -                                   | -     | -     | -     | 0.749 | -                          | -      | -      | -      | -      |
| 86                       | -                                   | -     | -     | -     | 0.728 | 1,284                      | 1,323  | 1,478  | 1,735  | 1,940  |
| 94                       | -                                   | -     | -     | -     | 0.715 | 1,209                      | 2,098  | 2,238  | 1,771  | 2,006  |
| 102                      | 0.510                               | 0.566 | 0.608 | 0.640 | 0.695 | 980                        | 1,177  | 1,272  | 1,310  | 1,670  |
| 109                      | 0.511                               | 0.556 | 0.605 | 0.637 | 0.665 | 2,315                      | 2,683  | 2,966  | 2,624  | 2,352  |
| 111                      | -                                   | -     | -     | -     | 0.663 | 998                        | 1,168  | 1,132  | 1,040  | 1,288  |
| 120                      | 0.432                               | 0.479 | 0.531 | 0.573 | 0.616 | 467                        | 678    | 827    | 900    | 1,015  |
| 126                      | 0.426                               | 0.473 | 0.508 | 0.540 | 0.582 | 641                        | 782    | 822    | 916    | 927    |
| All developing countries | -                                   | -     | -     | -     | 0.637 | 600                        | 686    | 693    | 745    | 908    |
| Arab States              | -                                   | -     | -     | -     | 0.626 | 2,327                      | 2,914  | 2,252  | 1,842  | -      |
| Industrialized countries | -                                   | -     | -     | -     | 0.919 | 12,589                     | 14,206 | 15,464 | 17,618 | 19,283 |

Source: UNDP (1999)

Italy: 1,2%). In contrast, Morocco went through an unfavourable economic phase (with a drop of -4.4% in the GNP per capita between 1996 and 1997), although during the 1980s the country's overall GDP registered a growth of 4.2% and, in the 90s, an average growth of 2% (Table 4).

These brief references to aggregate data regarding the current situation and economic growth dynamics in the Mediterranean basin in recent years throw light on the profound territorial differences that exist in the region. The conditions of well being or economic hardship of the people living in these areas differ not only with respect to those that live in the more developed and prosperous northern countries, but also among the various countries of the Maghreb and Middle Eastern countries. The same transitional countries present highly different situations and different speeds of growth, which inevitably influence the internal conditions of poverty and social unrest.

With respect to the percentage of the population living under the *international poverty threshold*, which is conventionally fixed at an average consumption expenditure of 1 dollar (1985 PPP\$) per capita per day, it is possible to note highly heterogeneous levels of economic destitution among the various countries of the Mediterranean. In fact, they range from 1.1% of poor people in Morocco's overall population, to 2.5% in Algeria, 2.5% in Jordan, 3.9% in Tunisia, and – finally – 7.6% in Egypt. Nevertheless, if we take 2 dollars per day as the term of comparison, these relatively low poverty incidence rates increase sharply to become: 17.6% in Algeria, 19.6% in Morocco, 22.7% in Tunisia, 23.5% in Jordan, and more than half of the population (51.9%) in Egypt (Table 5).

The results regarding the countries on the northern shore of the Mediterranean, for which the poverty line is set at 14.4 dollars (1985 PPP\$) per capita per day (corresponding to the poverty threshold line in the United States), are rather surprising. In Italy, 2% of the population lives under this line, while the percentage rises to 12% of the overall population in France and reaches 21.1% in Spain (Table 6).

As far as *equal distribution of resources* is concerned, both the European Mediterranean countries and the North African and Middle Eastern ones show a high Gini coefficient, much higher than that of the Central and Eastern European states. The index rises to 32.0% in Egypt, 39.2% in Morocco, 43.4% in Jordan (where 20% of the richest population possesses 50% of the wealth), and to 32.7% for France and 32.5% for Spain (Table 7).

Tab. 4 - Size of the economy in the Mediterranean countries

| Economy                    | Gross national product (GNP) |           |                                     | GNP per capita |           | GNP measured at PPP                 |                          |           |
|----------------------------|------------------------------|-----------|-------------------------------------|----------------|-----------|-------------------------------------|--------------------------|-----------|
|                            | Billions of dollars 1997     | Rank 1997 | Avg. annual growth rate (%) 1996-97 | Dollars 1997   | Rank 1997 | Avg. annual growth rate (%) 1996-97 | Billions of dollars 1997 | Rank 1997 |
|                            |                              |           |                                     |                |           |                                     | Dollars 1997             | Rank 1997 |
| Algeria                    | 43.8                         | 49        | 2.0                                 | 1,490          | 67        | -0.1                                | 134.5                    | 54        |
| Egypt, Arab Rep.           | 71.2                         | 41        | 4.9                                 | 1,180          | 72        | 3.0                                 | 177.3                    | 72        |
| France                     | 1,526.0                      | 4         | 2.3                                 | 26,050         | 11        | 1.9                                 | 1,280.3                  | 11        |
| Greece                     | 126.2                        | 31        | 3.4                                 | 12,010         | 24        | 3.1                                 | 137.5                    | 25        |
| Israel                     | 87.6                         | 37        | -                                   | 15,810         | 22        | -                                   | 99.0                     | 19        |
| Italy                      | 1,155.4                      | 6         | 1.3                                 | 20,120         | 17        | 1.2                                 | 1,152.1                  | 16        |
| Jordan                     | 7.0                          | 82        | 4.4                                 | 1,570          | 64        | 1.5                                 | 15.2                     | 68        |
| Lebanon                    | 13.9                         | 68        | -                                   | 3,350          | 46        | -                                   | 24.9                     | 48        |
| Morocco                    | 34.4                         | 51        | -2.7                                | 1,250          | 70        | -4.4                                | 86.1                     | 70        |
| Spain                      | 570.1                        | 10        | 3.2                                 | 14,510         | 23        | 3.1                                 | 617.6                    | 22        |
| Syrian Arab Republic       | 17.1                         | 65        | 2.0                                 | 1,150          | 73        | -0.6                                | 44.5                     | 71        |
| Tunisia                    | 19.4                         | 61        | 11.5                                | 2,090          | 59        | 9.7                                 | 46.2                     | 51        |
| Turkey                     | 199.5                        | 23        | 8.1                                 | 3,130          | 48        | 6.4                                 | 409.7                    | 43        |
| Middle East & North Africa | 582.7                        |           | -                                   | 2,060          |           | -                                   | 1,297.3                  |           |

Source: WB (1999)

**Tab. 5 - Poverty in the Mediterranean countries**

| Economy          | National poverty lines                |       |          |             |       |          | International poverty lines           |         |          |                               |                             |                               |
|------------------|---------------------------------------|-------|----------|-------------|-------|----------|---------------------------------------|---------|----------|-------------------------------|-----------------------------|-------------------------------|
|                  | Population below the poverty line (%) |       |          | Survey year |       |          | Population below the poverty line (%) |         |          | Survey year                   |                             |                               |
|                  | Rural                                 | Urban | National | Rural       | Urban | National | Rural                                 | Urban   | National | Population below \$ 1 a day % | Poverty gap at \$ 1 a day % | Population below \$ 2 a day % |
| Algeria          | 16.6                                  | 7.3   | 12.2     | 30.3        | 14.7  | 22.6     | 1995                                  | 1995    | <2       | -                             | 17.6                        | 4.                            |
| Egypt, Arab Rep. | -                                     | -     | -        | -           | -     | -        | 1990-91                               | 1990-91 | 7.6      | 1.1                           | 51.9                        | 15.                           |
| France           | -                                     | -     | -        | -           | -     | -        | -                                     | -       | -        | -                             | -                           | -                             |
| Greece           | -                                     | -     | -        | -           | -     | -        | -                                     | -       | -        | -                             | -                           | -                             |
| Israel           | -                                     | -     | -        | -           | -     | -        | -                                     | -       | -        | -                             | -                           | -                             |
| Italy            | -                                     | -     | -        | -           | -     | -        | -                                     | -       | -        | -                             | -                           | -                             |
| Jordan           | -                                     | -     | 15.0     | -           | -     | -        | 1992                                  | 1992    | 2.5      | 0.5                           | 23.5                        | 6.                            |
| Lebanon          | -                                     | -     | -        | -           | -     | -        | 1990-91                               | 1990-91 | -        | -                             | -                           | -                             |
| Morocco          | 32.6                                  | 17.3  | 26.0     | 18.0        | 7.6   | 13.1     | 1990-91                               | 1990-91 | <2       | -                             | 19.6                        | 4.                            |
| Spain            | -                                     | -     | -        | -           | -     | -        | -                                     | -       | -        | -                             | -                           | -                             |
| Syrian Arab Rep. | -                                     | -     | -        | -           | -     | -        | -                                     | -       | -        | -                             | -                           | -                             |
| Tunisia          | 29.2                                  | 12.0  | 19.9     | 21.6        | 8.9   | 14.1     | 1990                                  | 1990    | 3.9      | 0.9                           | 22.7                        | 6.                            |
| Turkey           | -                                     | -     | -        | -           | -     | -        | -                                     | -       | -        | -                             | -                           | -                             |

Source: WB (1999)

**Table 6 - Human Poverty Index – 2 in the Mediterranean countries**

| HDI rank                 | Human Poverty Index (HPI-2) 1997 |           | People not expected to survive to age 60 (as % of total population) 1997 | People who are functionally illiterate (% age 16-65) 1995 | Long term unemployment (as % of labour force) 1997 | Real GDP per capita (PPP \$) |                       | Poorest 20% 1980-1994 | Richest 20% 1980-1994 | Richest 20% to poorest 20% 1980-1994 | 50% of median income 1989-94 | Population below income poverty line (%) |
|--------------------------|----------------------------------|-----------|--|---|--|------------------------------|-----------------------|-----------------------|-----------------------|--------------------------------------|------------------------------|--|
|                          | Rank                             | Value (%) |  |   |  | Poorest 20% 1980-1994        | Richest 20% 1980-1994 |                       |                       |                                      |                              |  |
| 11                       | 7                                | 11.9      | 11.3   | 16.8  | 4.8  | 5,359                        | 40,098                | 7.5                   | 7.5                   | 12.0                                 |                              |  |
| 19                       | 5                                | 11.6      | 9.0  | 16.8  | 8.1  | 6,174                        | 37,228                | 6.0                   | 6.5                   | 2.0                                  |                              |  |
| 21                       | 14                               | 13.0      | 10.1   | 16.8  | 12.5   | 5,669                        | 24,998                | 4.4                   | 10.4                  | 21.1                                 |                              |  |
| 23                       | -                                | -         | 9.3  | -   | -  | 4,539                        | 29,957                | 6.6                   | -                     | -                                    |                              |  |
| 27                       | -                                | -         | 8.9  | -   | 5.6  | -                            | -                     | -                     | -                     | -                                    |                              |  |
| 32                       | -                                | -         | 8.4  | -   | -  | -                            | -                     | -                     | -                     | -                                    |                              |  |
| All developing countries | -                                | -         | 28.1   | -   | -  | -                            | -                     | -                     | -                     | -                                    |                              |  |
| Industrialized countries | -                                | 13.5      | 10.6   | 18.0  | 4.2  | -                            | -                     | -                     | -                     | -                                    |                              |  |

Source: UNDP (1999)

**Tab. 7 - Distribution of income or consumption in the Mediterranean countries**

| Economy              | Survey year            | Gini index | Percentage share of income or consumption |            |            |           |            |             |             |
|----------------------|------------------------|------------|---|------------|------------|-----------|------------|-------------|-------------|
|                      |                        |            | Lowest 10%                                | Lowest 20% | Second 20% | Third 20% | Fourth 20% | Highest 20% | Highest 10% |
| Algeria              | 1995 <sup>a,b</sup>    | 35.3       | 2.8                                       | 7.0        | 11.6       | 16.1      | 22.7       | 42.6        | 26.8        |
| Egypt, Arab Rep.     | 1991 <sup>a,b</sup>    | 32.0       | 3.9                                       | 8.7        | 12.5       | 16.3      | 21.4       | 41.1        | 26.7        |
| France               | 1982 <sup>c,d</sup>    | 32.7       | 2.5                                       | 7.2        | 12.7       | 17.1      | 22.8       | 40.1        | 24.9        |
| Greece               |                        | -          | -   | -          | -          | -         | -          | -           | -           |
| Israel               | 1992 <sup>c,d</sup>    | 35.5       | 2.8                                       | 6.9        | 11.4       | 16.3      | 22.9       | 42.5        | 26.9        |
| Italy                | 1991 <sup>c,d</sup>    | 31.2       | 2.9                                       | 7.6        | 12.9       | 17.3      | 23.2       | 38.9        | 23.7        |
| Jordan               | 1991 <sup>a,b</sup>    | 43.4       | 2.4                                       | 5.9        | 9.8        | 13.9      | 20.3       | 50.1        | 34.7        |
| Lebanon              |                        | -          | -   | -          | -          | -         | -          | -           | -           |
| Morocco              | 1990-91 <sup>a,b</sup> | 39.2       | 2.8                                       | 6.6        | 10.5       | 15.0      | 21.7       | 46.3        | 30.5        |
| Spain                | 1990 <sup>c,d</sup>    | 32.5       | 2.8                                       | 7.5        | 12.6       | 17.0      | 22.6       | 40.3        | 25.2        |
| Syrian Arab Republic |                        | -          | -   | -          | -          | -         | -          | -           | -           |
| Tunisia              | 1990 <sup>a,b</sup>    | 40.2       | 2.3                                       | 5.9        | 10.4       | 15.3      | 22.1       | 46.3        | 30.7        |
| Turkey               |                        | -          | -   | -          | -          | -         | -          | -           | -           |

a. refers to expenditure shares by percentiles of population;

b. ranked by per capita expenditure;

c. refers to income shares by percentiles of population;

d. ranked by income per capita

Source: WB (1999)

The measure referring to *national poverty thresholds* (the methodologies for calculating this measure can vary significantly from one country and the next) presents – when it is available – points to a poverty scenario whereby a part of the population, that varies around 15%, is living in a state of economic destitution: 13.1% in Morocco (which reaches 18% in the rural areas); 14.1% in Tunisia (but as much as 21.6% of the population in the less urbanised areas); 15% in Jordan and 22.6% in Algeria (reaching 30.3% in rural areas) (Table 5).

The national surveys highlight an important point with respect to the incidence of poverty in the different territories: the situation is always more serious in the rural areas of the MENA countries compared to the urban and coastal zones. The national studies carried out in five Mediterranean countries (Italy, Greece, Morocco, Egypt and Jordan), that are presented in the second part of the Report, allow for more in-depth analysis of poverty in each area. We will now anticipate that the different measurement and elaboration procedures adopted at each national level often produces at least partially different scenarios from those that have been presented here.

In an extremely summarised form, in each country it is possible to observe (Table 8):

- a decline in long term poverty, which is most significant particularly among the Arab countries;
- however, this has been followed, in the short term (in recent years) by a new increase in the incidence of poverty;
- a prevailing concentration of hardship in the rural areas, and a consistently relatively lower level of hardship in the urban and coastal zones;
- both in the European and North African and Middle Eastern countries, there are serious conditions of deprivation among large families, in those headed by a woman, and among the illiterate population and those with a low level of education;
- finally, there is greater poverty among unemployed families, people working in the informal sector and in the badly paid work sectors.

**Table 8 – Poverty profile in Italy, Greece, Morocco, Egypt and Jordan**

| Poverty threshold  | Year    | Incidence<br>(% value) | Intensity<br>(% value) | Gini index | Who are the poor?<br>(greater incidence, (% value)   | Trends<br>(incidence, % value)  |
|--------------------|---------|------------------------|------------------------|------------|--|---|
| <i>Italy</i>       |         |                        |                        |            |  |   |
| Relative poverty   | 1998    | 11.8                   | 22.4                   | 0.37       | Families with no income earner: 33.3<br>Families with 3 or more young children: 27.2<br>Numerous families: 22.7<br>No education/elementary school: 18.7<br>65 years old or more: 15.8<br>The South: 23.2 | <u>1980</u><br>8.3<br><u>1988</u><br>14.8<br><u>1994</u><br>10.2<br><u>1998</u><br>11.8   |
| Absolute poverty   | 1998    | 4.4                    |                        |            |  |   |
| <i>Greece</i>      |         |                        |                        |            |  |   |
| Relative poverty   | 1994    | 24.6                   | 25.7                   | 0.33       | Illiterate or semi-illiterate: 40.8<br>Primary education: 28.4<br>Agricultural workers: 36.3<br>Miners: 63.5<br>75 years old or more: 35.0<br>Central Greece: 36.5<br>Western Greece: 37.4               | (% variation)<br><u>1982-1988</u><br>-4.7<br><u>1974-1982</u><br>-13<br><u>1988-1994</u><br>+2.2  |
| <i>Morocco</i>     |         |                        |                        |            |  |   |
| Relative poverty   | 1999    | 19.0                   | 0.39                   | 0.39       | Rural areas: 27.2  | <u>1985</u><br>26.0<br>Urban areas: 7.6<br>Rural areas: 18.0<br><u>1991</u><br>13.1<br>7.6<br>18.0<br><u>1999</u><br>19.0<br>12.0<br>27.2 |
| <i>Egypt</i>       |         |                        |                        |            |  |   |
| Upper poverty line | 1995-96 | 47.6                   | 12.7                   | 0.29       | Rural areas: 50.2 (60% of the poor)<br>Rural Higher Egypt: 63.4 (33.3% of the poor)<br>Illiterate: 71% of the rural poor<br>Informal sector: 48% of the urban poor<br>Large families                     | <u>1981-82</u><br>30.2<br>33.5<br><u>1990-91</u><br>39.1<br>39.0<br><u>1995-96</u><br>47.6<br>45.0  |

cont.

**Table 8 – Cont.**

| Poverty threshold   | Year | Incidence<br>(% value) | Intensity<br>(% value) | Gini index | Who are the poor?<br>(greater incidence, % value)   | Trends<br>(incidence, % value or % variation)                   |
|---------------------|------|------------------------|------------------------|------------|---|---|
| <i>Jordan</i>       |      |                        |                        |            |   |   |
| Absolute poverty    | 1997 | 26.0                   |                        | 0.43       | Aged less than 15: 53<br>Illiterate adults: 42<br>Unemployed<br>Private and informal sectors<br>Large families (approx. 9 children)<br>Urban areas: 2/3 of the poor<br>Mafrag: 30.5 | 1992<br>213<br>33.0<br>16.2<br><br>1997<br>26.0<br>35.0<br>23.8 |
| Abject poverty line | 1997 | 4.5                    |                        |            |   | Families:<br>Individuals:<br>Amman (and<br>Madaba):             |

Source: elaborated by Censis using various sources

## 2.2. The delays of the MENA countries in reducing human poverty

We have seen that the analysis of unequal distribution has led to a preliminary in-depth qualitative study on the nature of poverty. The unequal sharing of the wealth across the various social strata determines a highly unbalanced and variable concentration of the wealth at the extreme poles of the families' disposable income line. In fact, although Gross Domestic Product per capita can be accepted as being an expression of wealth, it is nevertheless not the best parameter for measuring real well being. Improved human life conditions do not depend solely, or very much, of the accumulation of wealth, but more on the way in which it is distributed. Nevertheless, even at this level we are still using a strictly economic – or rather – monetary perspective to calculate deprivation, whereas poverty is a multidimensional phenomenon caused by numerous factors.

The link between the economic wealth of a country and its social development is by no means automatic. Neither is the link between economic growth, reduction of incidence of poverty and improved social indicators. In other terms, a country's progress might not favour the poor, whose state of deprivation in which the weakest part of the population find themselves might remain unchanged, or sometimes even become worse.

In order to evaluate the dimension of socio-economic disequilibria among the Mediterranean countries from a qualitative perspective, which takes into account the different components that determine conditions of deprivation of the populations, we can use the synthetic indexes elaborated by the UNDP Annual Report, which measures the different grades of "human poverty" in the world.

The *Human Poverty Index* calculated for the developing countries (HPI-1) indicates, in aggregate terms, that in 1997, 32.4% of the population of the Arab countries were living in conditions of human poverty. This can be compared with a smaller average portion (27.7%) of the populations in the developing countries in general. In greater detail, the best conditions are recorded in Jordan (9.8%), Lebanon (11.3%), Libya (16.4%) and Turkey (16.6%), while the situations in Egypt and Morocco are less positive (33%

and 39.2% respectively) (Table 9). This means that in the last two countries in particular, a third or more of the population is forced to live in extremely precarious conditions, even though – as we have seen – the percentage of individuals living under the economic poverty threshold is rather low.

The HPI-2 index, which has been calculated for the European industrialised countries, varies between 13% for Spain, 11.9% for France and 11.6% for Italy. It shows that the problem of poverty has still not been solved even if the more economically prosperous countries with high average standards of living (confirmed by the high points on the human development index) (Table 6). The United States is an emblematic case. Although it ranks first in the GDP per capita ranking list, at the same time it is in the lowest position, among the most industrialised countries, on the HPI-2 index (with 16.5% of human poverty incidence).

The *Human Development Index* (HDI) ranking reproduces an obvious classification, on the one hand, with the European countries at the highest levels of human development and the States of the MENA in the lowest positions, while the median positions are held by those countries that are undergoing rapid transition, such as Israel, Cyprus and Malta. On the other hand, it presents extremely differentiated situations within the group of the Arab countries. While Libya, Lebanon, Turkey and Jordan all have indexes above 0.7, the other North African countries always oscillate around lower values. In particular, the new Egypt (0.616) and Morocco (0.582) are placed in the lowest positions (Table 10).

It should be stressed, however, that during the last few decades, the HDI of the above mentioned countries grew visibly, albeit at different speeds. For example between 1975 and today, Morocco has gone from 0.426 to 0.582, while Egypt went from 0.432 to 0.616 over the same period (in the latter case, it reduced the distance from the highest possible value of the HDI Index by 32.5%). (Table 3). These countries have thus moved from the lower to a medium human condition level, and have narrowed their disadvantage with respect to the countries on the Northern part of the Mediterranean basin. Nevertheless, the progress made in the region during the last few decades is not yet sufficient to produce a general increase in the standard of living of its population, and the margins for deterioration of the human conditions in almost the non European Mediterranean countries are still dangerous wide.

Tab. 9 - Human Poverty Index- 1 in the Mediterranean countries

| HDI rank                 | Human Poverty Index (HPI-1) 1997 |           | People not expected to survive to age 40 (as % of total population) 1997 | Adult illiteracy rate (%) 1997 | Population without access   |                                  | Underweight children under age five (%) 1990-1997 | Real GDP per capita (PPP \$) |                       | Population below income poverty line (%) |                       |
|--------------------------|----------------------------------|-----------|--|--------------------------------|-----------------------------|----------------------------------|---|------------------------------|-----------------------|--|-----------------------|
|                          | Rank                             | Value (%) |  |                                | To safe water (%) 1990-1997 | To health services (%) 1981-1992 |   | To sanitation (%) 1990-1997  | Poorest 20% 1980-1994 | Richest 20% 1980-1994                    | Poorest 20% 1989-1994 |
| 26                       | -                                | -         | 3.2  | 4.1                            | 0                           | 0                                | -   | -                            | -                     | -  | -                     |
| 65                       | 22                               | 16.4      | 6.4  | 23.5                           | 3                           | 0                                | 5   | -                            | -                     | -  | -                     |
| 69                       | 14                               | 11.3      | 7.5  | 15.6                           | 6                           | 5                                | 3   | -                            | -                     | -  | -                     |
| 86                       | 24                               | 16.7      | 9.6  | 16.8                           | 51                          | 0                                | 10  | -                            | -                     | -  | -                     |
| 94                       | 9                                | 9.8       | 7.1  | 12.8                           | 2                           | 10                               | 9   | 1,292                        | 10,972                | 8.5                                      | 2.5                   |
| 102                      | 38                               | 23.1      | 7.8  | 33.0                           | 2                           | 10                               | 9   | 1,460                        | 11,459                | 7.8                                      | 3.9                   |
| 109                      | 52                               | 28.8      | 9.1  | 39.7                           | 22                          | -                                | 13  | 1,922                        | 12,839                | 6.7                                      | 1.6                   |
| 111                      | 32                               | 20.1      | 8.5  | 28.4                           | 14                          | 1                                | 13  | -                            | -                     | -  | -                     |
| 120                      | 57                               | 33.0      | 10.3   | 47.3                           | 13                          | 1                                | 15  | 1,653                        | 7,809                 | 4.7                                      | 7.6                   |
| 126                      | 67                               | 39.2      | 11.8   | 54.1                           | 35                          | 38                               | 9   | 1,079                        | 7,570                 | 7.0                                      | 1.1                   |
| All developing countries | -                                | 27.7      | 14.6   | 28.4                           | 28                          | -                                | 31  | -                            | -                     | -  | -                     |
| Arab States              | -                                | 32.4      | 13.1   | 41.3                           | 18                          | -                                | 19  | -                            | -                     | -  | -                     |
| Industrialized countries | -                                | -         | 3.1  | 1.3                            | -                           | -                                | -   | -                            | -                     | -  | -                     |

Source: UNDP (1999)

**Tab. 10 - Human Development Index in the Mediterranean countries**

| HDI rank | Life expectancy at birth (years) 1997 | Adult literacy rate (%) 1997 | Combined first, second and third level gross enrolment ratio (%) 1997 | Real GDP per capita (PPP \$) 1997 | Life expectancy index | Education index | GDP index | Human Development Index (HDI) value 1997 | Real GDP per capita (PPP\$) rank minus HDI rank |     |
|----------|---------------------------------------|------------------------------|---|-----------------------------------|-----------------------|-----------------|-----------|--|---|-----|
| 11       | France                                | 78.1                         | 99.0  | 92                                | 22,030                | 0.89            | 0.97      | 0.90                                     | 0.918   | 4   |
| 19       | Italy                                 | 78.2                         | 98.3  | 82                                | 20,290                | 0.89            | 0.93      | 0.89                                     | 0.900   | 2   |
| 21       | Spain                                 | 78.0                         | 97.2  | 92                                | 15,930                | 0.88            | 0.95      | 0.85                                     | 0.894   | 9   |
| 23       | Israel                                | 77.8                         | 95.4  | 80                                | 18,150                | 0.88            | 0.90      | 0.87                                     | 0.883   |     |
| 26       | Cyprus                                | 77.8                         | 95.9  | 89                                | 14,201                | 0.88            | 0.90      | 0.83                                     | 0.870   | 6   |
| 27       | Greece                                | 78.1                         | 96.6  | 79                                | 12,769                | 0.89            | 0.91      | 0.81                                     | 0.867   | 8   |
| 32       | Malta                                 | 77.2                         | 91.1  | 78                                | 13,180                | 0.87            | 0.87      | 0.81                                     | 0.850   |     |
| 65       | Libyan Arab Jamahiriya                | 80.0                         | 76.5  | 92                                | 6,697                 | 0.75            | 0.82      | 0.70                                     | 0.756   | -6  |
| 69       | Lebanon                               | 69.9                         | 84.4  | 76                                | 5,940                 | 0.75            | 0.82      | 0.68                                     | 0.749   | -4  |
| 86       | Turkey                                | 69.0                         | 83.2  | 61                                | 6,350                 | 0.73            | 0.76      | 0.69                                     | 0.728   | -22 |
| 94       | Jordan                                | 70.1                         | 87.2  | 66                                | 3,450                 | 0.75            | 0.80      | 0.59                                     | 0.715   | 2   |
| 102      | Tunisia                               | 69.5                         | 67.0  | 70                                | 5,300                 | 0.74            | 0.68      | 0.66                                     | 0.695   | -34 |
| 109      | Algeria                               | 68.9                         | 60.3  | 68                                | 4,460                 | 0.73            | 0.63      | 0.63                                     | 0.665   | -31 |
| 111      | Syrian Arab Republic                  | 68.9                         | 71.6  | 60                                | 3,250                 | 0.73            | 0.68      | 0.58                                     | 0.663   | -11 |
| 120      | Egypt                                 | 66.3                         | 52.7  | 72                                | 3,050                 | 0.69            | 0.59      | 0.57                                     | 0.616   | -14 |
| 126      | Morocco                               | 66.6                         | 45.9  | 49                                | 3,310                 | 0.69            | 0.47      | 0.58                                     | 0.582   | -27 |
|          | All developing countries              | 64.4                         | 71.4  | 59                                | 3,240                 | 0.66            | 0.67      | 0.58                                     | 0.637   | -   |
|          | Arab States                           | 65.1                         | 58.6  | 59                                | 4,094                 | 0.67            | 0.59      | 0.62                                     | 0.626   | -   |
|          | Industrialized countries              | 77.7                         | 98.7  | 92                                | 23,741                | 0.88            | 0.96      | 0.91                                     | 0.919   | -   |

Source: UNDP (1999)

The fact that Jordan presents a better trend regarding social indicators compared to the region in general is confirmed by the measure that correlates the average income of the population with the level of human development reached (the range of real GDP per capita minus the range of the HDI). In fact, if a country's position on the HDI is better than its range on the GDP per capita ranking, this means that it has made greater progress in orienting the acquired economic wealth towards improving the overall condition of its people. It has done this by using its investments towards reducing the deprived conditions of its people, by extending their access to social protection services and the instruments that are able to strengthen human resources, thus enhancing individual opportunity. This is, then, the case of Jordan which is the only country in the southern and eastern Mediterranean region that presents a positive coefficient (+2), compared – for example – with Morocco (-27), Algeria (-31), and Tunisia (-34), and compared also with the positive values obtained by each country on the northern shore, such as Israel, Malta and Cyprus (Table 10).

Notwithstanding the social progress achieved in the entire MENA region, marked by huge forward steps followed by sudden blocks, as well as by obstacles and opportunities, with the exception of Jordan, the percentage of individuals who are in conditions of human poverty exceeds the percentage of the economically poor. The Arab countries, more than the other countries of the rest of the world, presents this marked *paradoxical contrast*. Its economic growth and successful reduction of income poverty incidence (limited to approximately 4% of the whole population of the region, i.e. some 11 million persons), has not been translated into higher living standards for the entire population. Nor has it reduced human poverty, which still affects a third of the entire population. It can be observed that a different Latin America, for example, presents a different scenario. Here, human poverty has been reduced to approximately 14.5% of the population, while income poverty still touches some 24%. In Egypt, in particular, with 7.6% of income poor, 33% of the population is afflicted by human poverty. This is one of the highest figures among the transitional countries. Similar figures can be found for Sudan (36.8%), Nigeria (38.2%), Southern Asia (38.6%). In Morocco the percentage even reaches more than 39%, compared to hardly 1.1% of individuals underneath the international poverty threshold.

These findings throw light not only on the need to provide for a more equal distribution of the benefits produced by economic growth. They also point

to the need to invest part of these resources towards empowering the men and women living in the region.

In fact, although only 4% of the population of the Arab countries live under the material poverty threshold, some 29 million persons still do not have access to the health services, some 54 million do not have access to drinking water, 5 million children aged less than five are undernourished, almost 26 million persons have a life expectancy of less than 40 years, 4 out of 10 persons are unable to read or write, and 10 million children do not attend a primary school.

In fact, the synthesised social indicators of the two indexes elaborated by the UNDP point to the fact that a vast part of the society is still living in extremely critical life conditions, while the other cases have living standards that are greatly inferior to those of the European Mediterranean countries (Table 10).

From the point of view of *disposable economic resources*, as we have already seen, the situations in the Mediterranean basin are highly differentiated. In 1997, the real GDP (PPP\$) varied between 22,030 dollars in France and 12,769 in Greece, to a much lower figure of 6,350 in Turkey and 3,050 in Egypt.

Most of the Arab countries have an average *life expectancy at birth* of 65.1 years. This is slightly higher than the average for the developing countries (64.4 years) but it is still far away from those of the industrialised countries (with an average of 77.7 years). In particular, Libya (70 years) and Jordan (70.1) are those that, more than the others, have life expectancies that are close to that of the European populations.

However, more than life expectancy at birth, it is the *illiteracy rate* among the adult population that reflects a deep rift between the northern and southern Mediterranean countries. Overall, 41.3% of the adult population of the Arab countries are still illiterate. This percentage is much higher than average value not only of the industrialised countries (1.3%), which would be obvious, but also compared to the average for all the developing countries (28.4%). The situation appears even more dramatic in Morocco (where 54.1% of the adult population has not received basic education) and in Egypt (47.3%) while Lebanon and Jordan present less dramatic figures (15.6% and 12.8% respectively) (Table 9).

Jordan, in particular, has undergone the most rapid process in reducing its illiteracy rate which has dropped between 1970 and 1995 by 75% (from 53% to 13% of the total adult population). Rapid progress has also been made in Algeria (the literacy rate among the adult population grew from 25% to 62% over the same period), while it was much slower in Egypt (the educated population increased from 32% to 51% between 1970 and 1995). These analyses also show that those with a lower level of education are always over represented in all the situations of economic poverty and social exclusion. They experience the most difficulties in gaining access to the work market and thus more favourable social security schemes. They live in inadequate housing conditions, have greater health risks, and are excluded from the country's politics. In Tunisia, for example, 90% of the heads of poor families have not completed the first grade of education (Van Eeghen 1998).

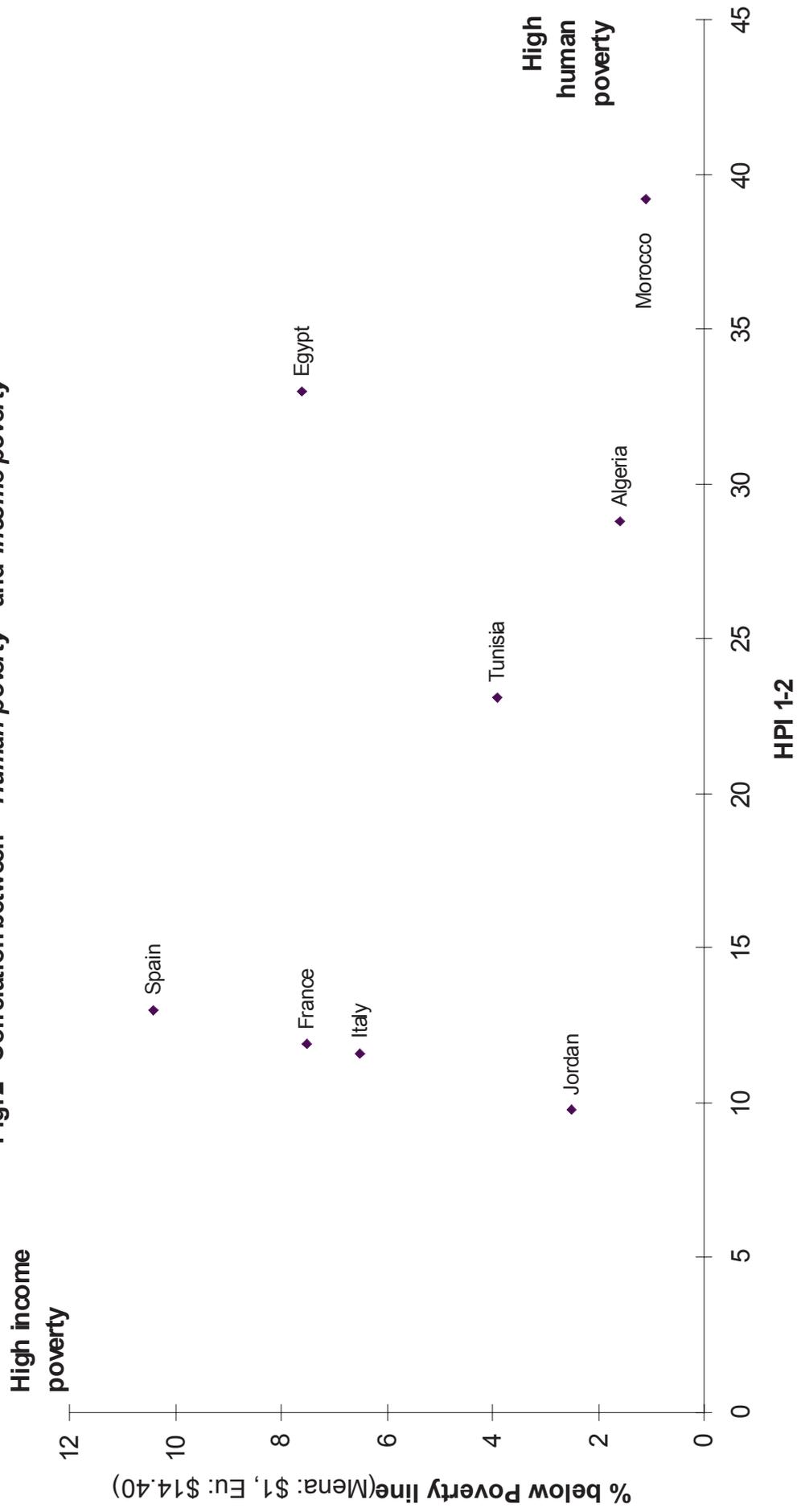
Alongside the lack of primary education, other *basic capabilities* needed to maintain adequate living standards are, in many cases, comprised. On average, 18% of the populations of the Arab countries still do not have access to drinking water (51% in Turkey, 35% in Morocco against 2% in Jordan and Tunisia). Again, as an example, 38% of Morocco's resident population does not have access to social services, while 37% of Lebanon's population and 42% of Morocco people do not receive the necessary medical care. Furthermore, 15% of Egypt's children aged less than five, and 13% in Syria and Algeria, are undernourished (Table 9).

### **2.3. The paradoxical correlation between economic growth and social development**

A series of simple correlations present, in a more synthetic forms, how economic growth and increased wealth of a country, on the one hand, do not directly correspond with a proportional reduction in poverty and increased social development, on the other.

Figure 2 compares human poverty (HPI) and income poverty (percentage of the population living under the poverty threshold of 1 dollar per capita per day, for the developing countries; and 14.4 dollars for the European countries). No significant correlation appears to emerge between these two phenomena. Spain, France and Italy have similar human poverty levels, but

Fig. 2 - Correlation between Human poverty and Income poverty



different economic poverty incidences (these are obviously measured using different criteria to those adopted for the southern Mediterranean region). Among the Arab states, Egypt is the only country in which a high level of economic poverty is matched also by a high level of human poverty. The other countries present an unclear relationship between the two material and immaterial aspects of deprivation. Morocco, for example, presents a low level of economic poverty but the highest HPI index level. Therefore, there are countries that have reduced the diffusion of economic deprivation but still have a high incidence of human poverty. Vice versa, other states have improved the social conditions of the population, but not the availability of economic resources. The two types of poverty are not always correlated, nor they always manifest themselves at the same time.

Nevertheless, while the correlation between a country's wealth (based on GDP per capita) and economic poverty (based on the international poverty threshold) (Figure 3) appear to be directly proportional in the case of the countries that look over the Mediterranean – something quite obvious given the pressure of the richer European countries in which the incidence of material poverty in some social strata still seems to exist - if we concentrate on the MENA countries alone (Figure 4) a scarcely significant co-variation relationship can be found between the two variables. This means that countries with average richer populations have not necessarily witnessed a proportional reduction in economic poverty. This result points to an unequal distribution of wealth as being responsible for maintaining poverty in the Mediterranean countries.

At a first glance, the correlation between GDP per capita and HPI (Figure 5) seems to be less contradictory. This is because as the average disposable income grows, so does the reduction of human poverty. However, this relationship is not a strictly direct one. In fact, in the European countries with different wealth, France, Italy and Spain have very similar HPI indexes. Evidently, Spain, which has a lower average individual wealth than the other two countries, was the most successful in reaching higher life conditions. A similar observation can be made for the MENA countries. They all have more or less similar GDP per capital values, but occupy various positions on the HPI axis. This means that although they have similar national wealth, they also have different human poverty conditions. It signifies that in some countries, the overall wealth has been effectively be utilised to improve the overall social conditions (thus producing a reduction in human poverty), while the others still lag behind from this point of view.

**Fig. 3 - Correlation between *Income per capita* and *Income poverty***

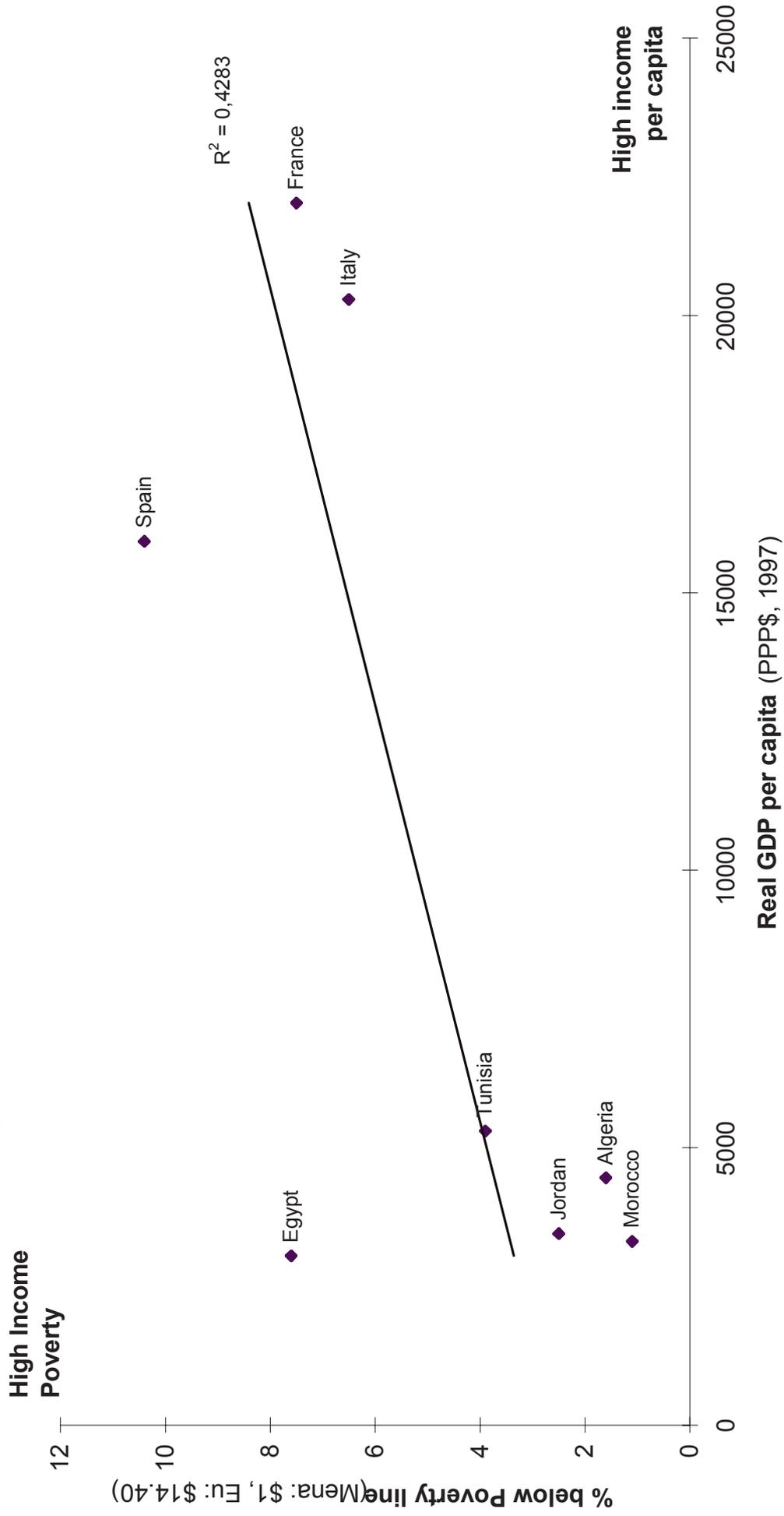
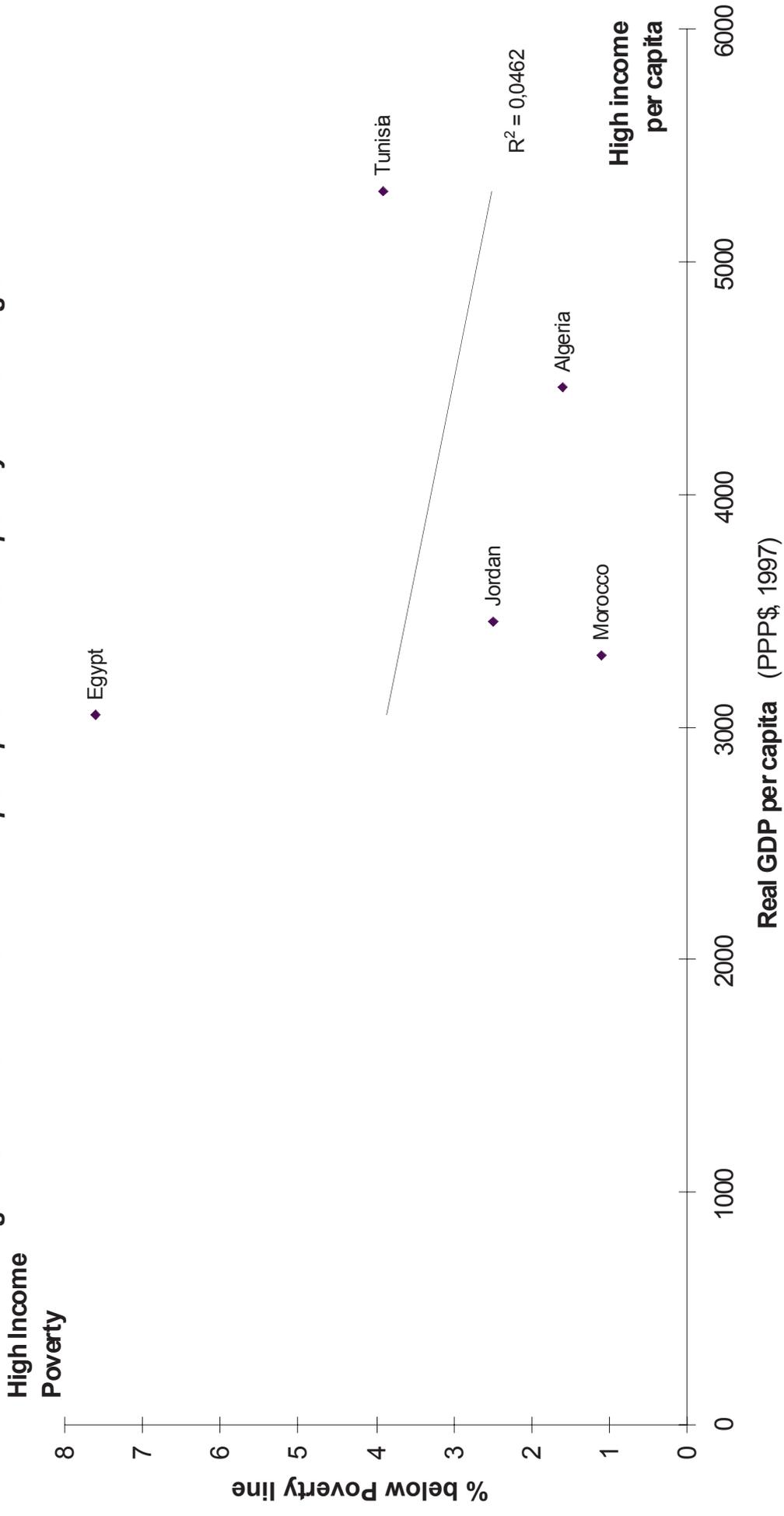
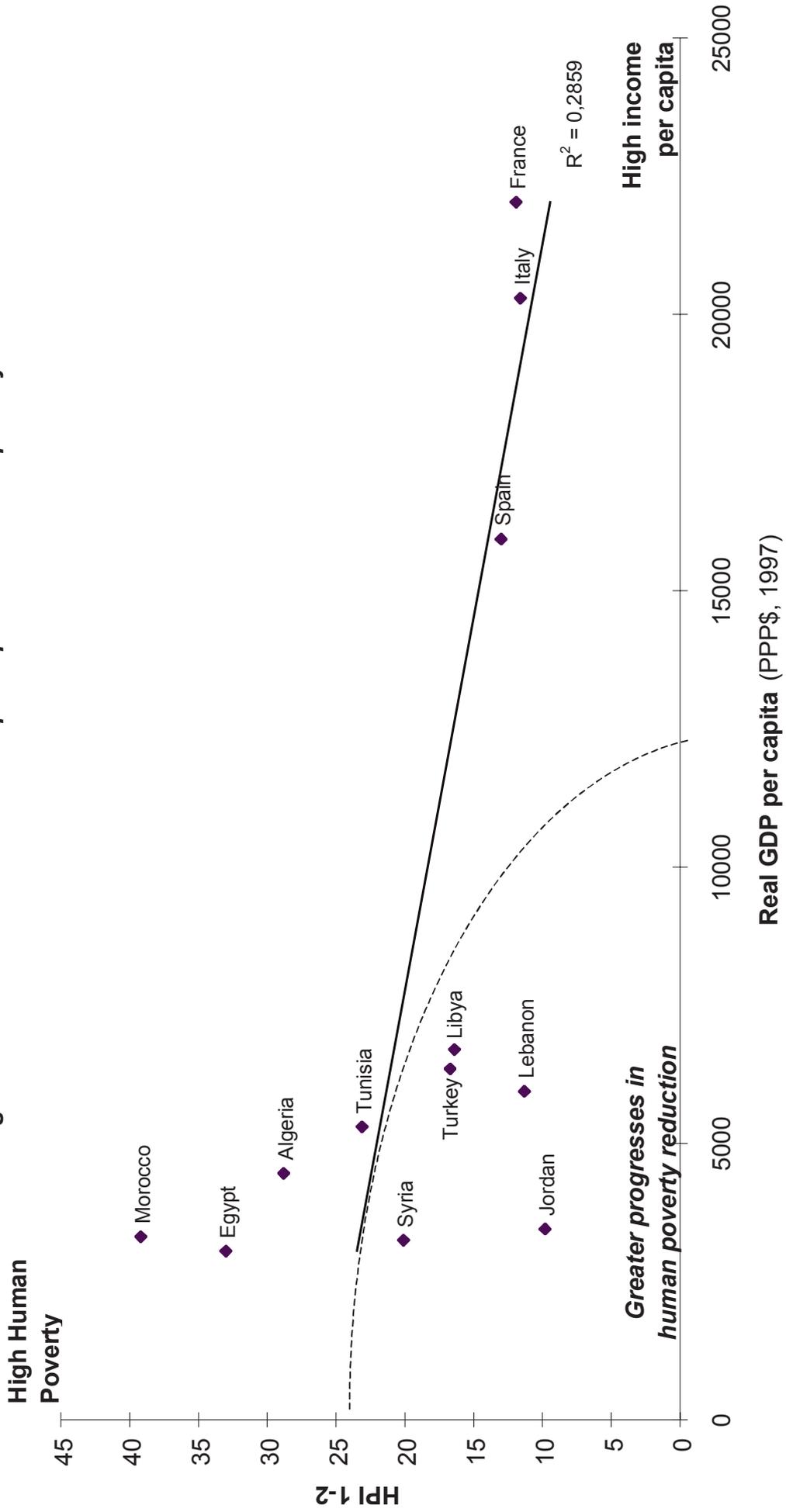


Fig. 4 - Correlation between *Income per capita* and *Income poverty* in Mena region



**Fig. 5 - Correlation between *Income per capita* and *Human poverty***



Finally, Figure 6 presents the relationship, in the Mediterranean, between GDP per capita (abscissa) and HDI (ordinate), in other words, the human and economic development of the Mediterranean societies. It is possible to see a strong direct correlation between the two variables (also because the real GDP per capita is used as an indicator for the HDI index), but at the same time an evident polarisation between the MENA countries at the extreme poverty pole of the axis. As the GDP per capita increases, there is also a growth in the development index, i.e. a progressive improvement in the quality of life of the interested populations. This linear trend can only be seen, however, for the more developed countries while the MENA countries present a very irregular correlation.

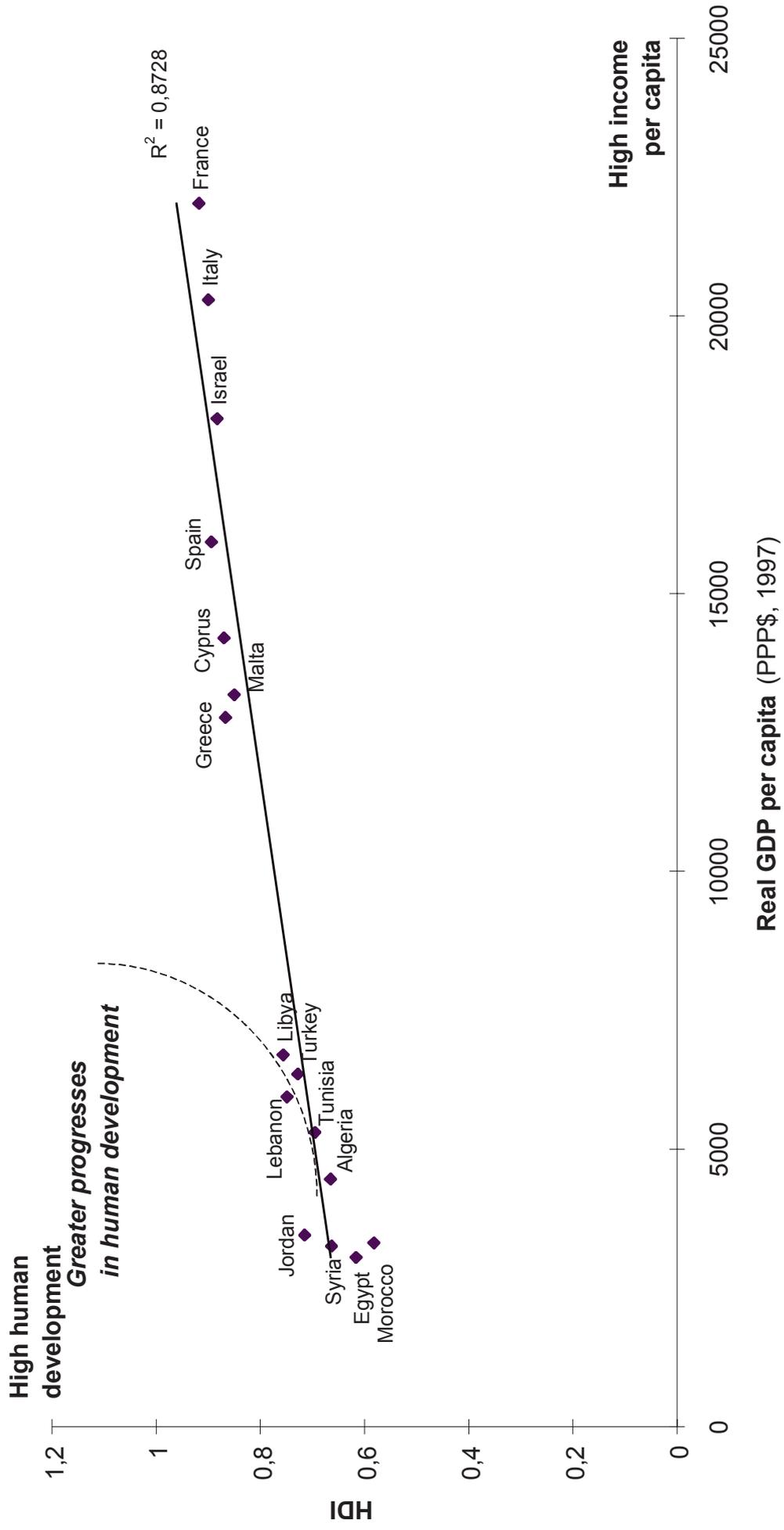
Once again, if we limit our observation to the more developed countries, it is easy to note that Greece, Malta, Cyprus and Spain have reached a level of development very similar to those of Italy and France, despite the fact that they have a much lower wealth.

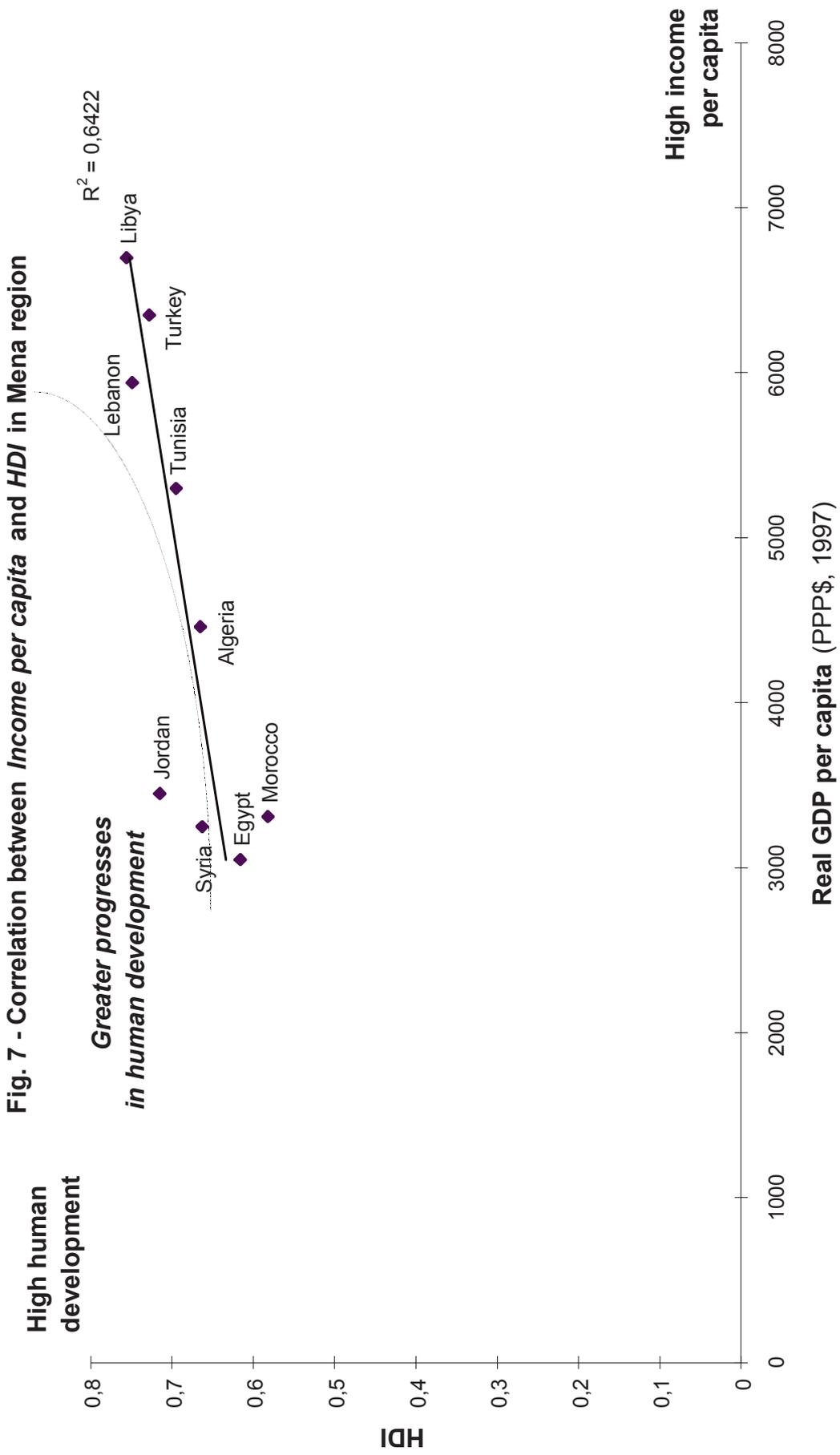
Although the MENA countries all have much lower GDP values than the European values, there are significant differences within the MENA group with respect to human development conditions (Figure 7). Jordan and Syria, and in part Algeria and Tunisia have lower per capita incomes than Lebanon, Turkey and Libya. Therefore, since they have similar HDI values, they have made greater progress in transforming their economic wealth into general human development. Finally, Egypt and Morocco have, at the same time, the lowest human development and the lowest GDP per capita indexes. These countries are the most backward in the region as far as their transitional process is concerned.

The European area therefore appears to be marked by deep disequilibria, not only between the industrialised and the developing countries, but also within the Arab region itself. This does not only refer to the cultural non homogeneity and different social behaviours, but also to conditions of malaise and deprivation.

It cannot be denied that convergence process being undertaken by the MENA countries has been marked by important growth processes during the last two decades. These processes have allowed the region to improve its level of development, but it has also produced an unclear, if not *paradoxical situation*:

Fig. 6 - Correlation between *Income per capita* and *HDI*





- on the one hand, there has been a *drastic reduction in economic poverty* with an incidence of 4% of the overall population and declining poverty indexes, that are lower than the other developing areas;
- on the other hand, *unequal distribution has remained relatively limited* compared with the other countries at the same stage of development (Page 1998, Van Eeghen 1998);
- nevertheless, the MENA countries *have not achieved similar positive results in reducing human poverty and in improving the social indicators* (Shafik 1994, UNDP 1997, Van Eeghen 1998).

Several people have observed that the results achieved in terms of poverty reduction appear to be linked with the expansive cycle of the economic system that has interested the whole of the MENA region. This leads to the conclusion that “rapid economic growth is the strongest means for reducing poverty”, since a “strong relation exists between poverty and economic growth”. However, other different types of instruments appear to play a secondary role in eradicating poverty. These instruments include: “an improved system to monitor poverty”, a more flexible social protection network, flexible work models, investments in education and health, selective and focused assistance programmes (Van Eeghen 1998).

Two types of objections can be made to the above conclusion. On the one hand, it appears to be a mere tautology: it is obvious that a strong impulse of the national economy will produce general wealth for the society, or rather an increase in GDP per capita. This, as we have seen, represents the average value of the wealth produced, but is not an efficient indicator of the *real* conditions of the vulnerable parts of society, and therefore of the dimension of poverty.<sup>4</sup> On the other hand, those that simply sustain that economic growth produces a reduction in poverty, are looking at the correlation from a material perspective only. All that can be deduced from an increase in the GDP per capita is an aggregate economic-monetary type of information. Poverty, instead, is a more complex, multidimensional, relational and

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<sup>4</sup> Some authors have noted that increases in GDP seem linked with poverty reduction, and there is consensus on the fact that there is a negative statistical correlation between growth in GDP per capita and real consumption, and poverty. However, they also claim that this explains approximately 50% of the variation. Therefore, the correlation is not an effective cause (Lipton 1996).

“immaterial” phenomenon and is the result of various interrelated factors and economics is only one of them. These factors determine the marginalisation and exclusion of an individual from actively participating in the society to which he/she belongs. Therefore, to express poverty by referring to a single indicator alone is highly reductive. If we use this conceptual and operational approach, it will be inevitable to note the success achieved by the MENA countries in reducing income poverty. However it will hide the strong social disequilibria that still exist.

On the other hand, the above presented correlations show how a growth in GDP per capita are not automatically accompanied by a reduction even of income poverty (measured on the basis of the average consumption threshold, which is equal to 1 dollar per capita per day). This is due to the influence of the unequal distribution of the wealth created across the social groups. Nor, considering some indicators of the social conditions of the population, does greater economic wealth automatically produce improved human development.

The above observations forces the debate on those deprivations that force vast strata of the Mediterranean societies to focus on the impact of economic growth on social development and on the alleviation of poverty and exclusion from active participation in socio-economic processes. It is possible, from the observations, to reach three conclusions:

- *economic growth alone does not automatically reduce all forms of poverty;*
- *the transitional Mediterranean countries have achieved great success in reducing income poverty by strengthening their economic growth, but they have not yet managed to prevent multidimensional poverty and social exclusion;*
- *the economic growth that will probably be produced by the effects of the Euro-Mediterranean Partnership and by the resulting increase in trade, might create further social disequilibria in the region. This is because there is no guarantee the wealth will be equally distributed, nor that the general social conditions will improve;*
- *these possible disequilibria could be prevented by accompanying the transitional process with policies that promote social inclusion and by investing in the development of those human factors that will increase*

personal opportunities and be able to guarantee the material and immaterial well being of wider sectors of the population.

## 2.4. A Principal Component Analysis on poverty

In order to obtain qualitative indications of the interactive components that determine conditions of poverty and malaise, a more sophisticated statistical analysis technique was used. This allows, at the same time, to evaluate the influence of the numerous variables and to make an international comparison within the whole Euro-Mediterranean Area. From among the different analysis methodologies that could be adopted to study poverty (Figure 8), a multi-variate elaboration technique was selected: *Principal Component Analysis (PCA)*.

This statistical technique was used by Censis in a previous study about poverty incidence and causes in Sardinia, to understand poverty profile at the local level (Censis 1998, see volume II). Poverty in Sardinia was explored by monitoring of 74 indicators (income, consumption, family typology, etc.), a segmentation of 371 towns along 3 factorial axes and a *town by town map of poverty*. The 3 factors was:

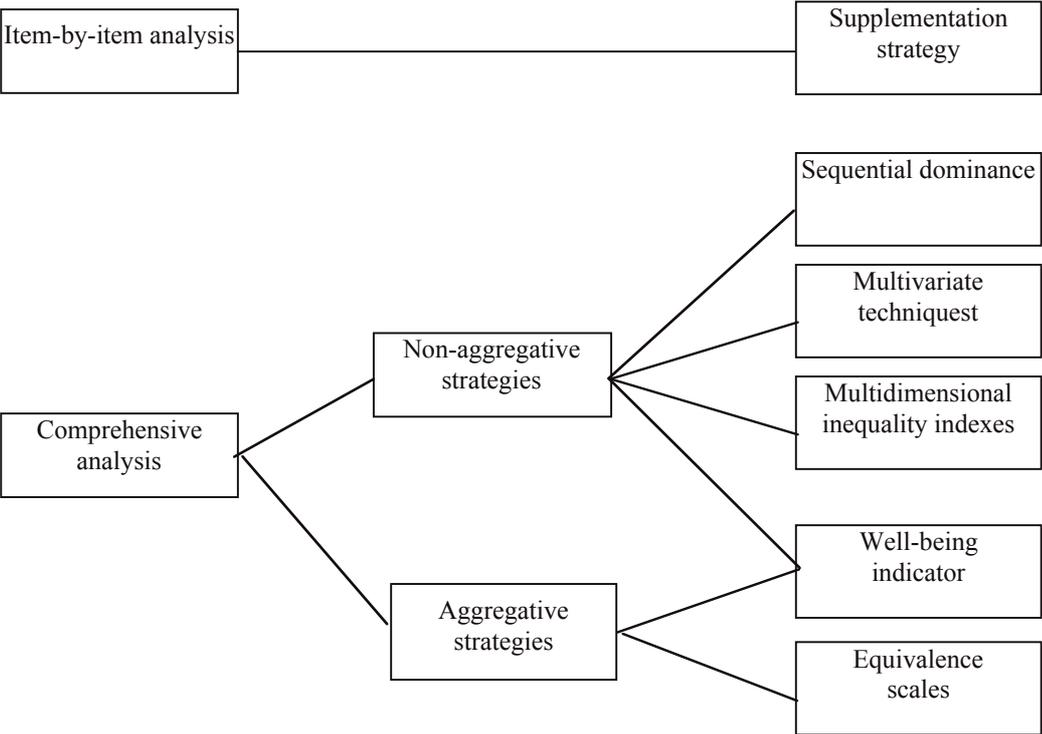
- Social marginality (age, housing problems, etc.);
- Poverty in the strictest sense (inadequate pensions and income, etc.);
- Work (unemployment, young families, etc.).

Here the same methodology was applied to the MENA countries.

### 2.4.1. The methodology adopted

As mentioned earlier, the evaluation of the conditions of poverty in heterogeneous areas – as is the case with the countries on the north and south coasts of the Mediterranean – presents significant methodological problems.

**Fig 8. Strategies for the application of the multidimensional approach**



Source: Brandolini & D'Alessio (1998)

The aim of carrying out an international comparison limited the way in which the present study could be conducted, starting with the concept of poverty itself, which had to be considered from a multidimensional perspective. As we have already explained, this approach focuses not only on the economic-monetary income and/or consumption variables, but studies above all the aspects linked with deprivation and socio-economic marginalisation among the populations being studied, as well as allowing to define the indicators linked with the overall standard of living. This approach has been adopted at the international level by many of those bodies that have been studying this problem for some time. It is also indicated in the literature as the best approach for obtaining reliable results at the international comparative level, as well as for monitoring the effectiveness of intervention policies.

From this point of view, the selection of the indicators to be utilised and the choice of the method to be adopted to synthesise them, are extremely important.

As far as the first point is concerned, a set of variables was identified (Table 11) that is able to describe the socio-economic and other characteristics of the countries under study. These are: income, level of education, infant mortality rate, life expectancy, gender inequality, access to basic services, etc. This choice was largely determined by the availability of data on the part of official international sources, since these guarantee the homogeneity and comparability of the data. In fact, in addition to the problem regarding the lack of information, it should be added that available data do not always allow to carry out reliable international comparisons, due both to distortions during the collection phase, and to problems regarding the definitions adopted. Consequently, even the choice of the country to be studied is constrained. A particular effort was thus made to mediate between access to information and the need to obtain a consistent number of observation points, so as to guarantee a significant territorial variations.

Once the preliminary control of the statistical sources was completed, in addition to the five countries being studied (Egypt, Morocco, Jordan, Italy and Greece) the following countries were added: Algeria, France, Israel, Lebanon, Libya, Syria, Spain, Turkey and Tunisia.

**Table 11 – The indicators initially studied in the PCA**

| Source     | Year      | Variable   |
|------------|-----------|--|
| UNDP       | 1997      | Infant mortality rate  |
| UNDP       | 1997      | Life expectancy at birth   |
| UNDP       | 1997      | Life expectancy at birth, males                                    |
| UNDP       | 1997      | Life expectancy at birth, females                                  |
| UNDP       | 1997      | Literacy rate among adults   |
| UNDP       | 1997      | Literacy rate, males   |
| UNDP       | 1997      | Literacy rate, females   |
| UNDP       | 1997      | GDP per capita (PPP\$)   |
| UNDP       | 1993-96   | Public expenditure for education (% of GNP)                        |
| UNDP       | 1990/1997 | Population without access to drinking water                        |
| UNDP       | 1996      | Population without access to health services                       |
| UNDP       | 1997      | Population without access to sanitary services                     |
| UNDP       | 1990/1997 | Underweight new born children at birth (%)                         |
| UNDP       | 1995/97   | Children aged less than 1 year fully immunised against measles (%) |
| World Bank | 1990/1996 | Malnourished children aged under five (%)                          |
| World Bank | 1996      | Gini Index (unequal distribution)                                  |
| World Bank | 1997      | GDP growth rate, 1990-1997   |
| World Bank | 1997      | Presence of women in the work place (% of total work force)        |
| World Bank | 1980-96   | Average annual growth rate of private consumption                  |
| World Bank | 1996      | Mortality rate for children aged less than five                    |

Source: Censis, 2000

The indicators were then synthesised by means of the *factorial analysis* using the *Principal Component Analysis* (PCA) which had already been adopted by Ram in 1982 to carry out a study on poverty. The latter – using an approach theorised by Amartya Sen regarding “functioning” and “capabilities” – obtained a development index starting with a series of indicators relating to the primary needs and quality of life. Maasoumi and Nickelsburg (1988) used the same method for data taken from the *Michigan Panel Survey of Income Dynamics*.

In the survey under study, the principle components analysis had two objectives: to reduce the available information into a synthesised indicator; and to collect the different dimensions that concur in determining the level of poverty or well being of the countries being studied, thus highlighting any existing territorial differences. In fact, the PCA is a multivariate analysis technique that is normally used to reduce the number of variables considered by extracting the new variables (factors) that express, in a synthetic form, the information contained in the original data base. In fact, the extracted factors are directly linked with the original variables and explain the decrease in the overall level of variability. In substance, these variables are completely new and independent from one another. Each one summarises a particular aspect of the surveyed phenomenon – and therefore of the original set of simple indicators – by providing an autonomous piece of information. It is possible to identify these aspects by revealing each original variable responsible for determining the factor (factor score). The specific contribution can be identified by analysing the correlations between the extracted factor and the original variables.

When complex macro phenomena are present, the particular feature of PCA lies in the fact that it can identify the principle dimensions of the *latent sense model* which identifies the relationships between the variables. In the case in hand, a preliminary analysis of the data regarding the structure of this model points to an evident strong dualism among the developed countries (France, Italy, Spain, Greece and Israel) and the developing countries (Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, Syria, Tunisia and Turkey). It was necessary to carry out this complex analysis in order to attempt to provide appreciable results in addition to the obvious empirical evidence. However, the approach used depends entirely on the data base that it has proved possible to create, as do the results achieved.

### 2.4.2. The main results

A preliminary analysis of the correlation matrix allowed to identify, from among the variables used, those with a high level of interdependence (which therefore provide an abundance of information). In particular, a large part of the variables was concentrated in a sub group of indicators regarding aspects related to mortality and birth rate. They gave an almost absolute weight to the first factor in explaining the phenomenon. Therefore, they were considered separately and synthesised in a *single indicator* by first applying the analysis according to the main indicators (in this case, the use of the technique had the sole function of synthesising the distinct variables into a synthetic indicator).

These variables are:

- growth rate of a population, 1990-1997;
- infant mortality rate;
- life expectancy at birth;
- percentage of underweight children;
- percentage of children fully immunised against measles;
- mortality rate among children aged less than five years;
- percentage variation in life expectancy, 1970-1997.

The PCA that was carried out confirmed the hypothesis that the variables under study were absolutely homogeneous and thus allowed to extrapolate the first factor (the only one with an associated eigenvalue that was greater than the unit), which explains almost 70% of the overall variability. This factor will from now on be called *indicator of state of health and life conditions*.

Other variables of the original set were eliminated because they did not provide appreciable information and only caused a dispersion of the overall variability.

The main component analysis was thus applied to the following variables:

- indicator of the state of health and life conditions;
- literacy rate;
- GDP per capita;
- public expenditure for education (as % of GNP);
- rate of growth of GDP, 1990-1997;
- presence of women in the work place (as percentage of the work force);
- percentage of population without access to sanitary services;
- percentage difference between genders with respect to literacy rate.

*The first factor* – which is the most important for explaining variability, with a quota of 60.6% - presents the highest correlations with those indicators that significantly determine the socio-economic level of a country. These are: GDP per capita (expressed by using the unit measure that allows for its comparison in different international spheres); indicator of the state of health and life conditions; literacy rate; presence of women in the work place; percentage differences between genders with respect to literacy rate. There was a net axis polarisation (Figure 9): those countries positioned at the far negative extreme (left) present characteristics of *contexts of strong economic and social marginalisation*, while those positioned in the extreme opposite direction are characterised *by conditions of development*. In substance, this axis presents the obvious contrasts between the North and South Mediterranean countries.

The other factors, instead, identify the territorial differences that exist above all within the developing countries, since the variables that characterise them have a greater explaining power in these areas.

The *second factor* (17.3% of explained variability) identifies the *dynamic dimension of the process of transition*, synthesised in the value of the GDP growth rate between 1990 and 1997, and by the presence of women in the work places. Those countries that performed better in terms of increased income are positioned along the positive semi axis, in decreasing order from

top to bottom. Jordan and Lebanon performed best followed by Syria and Tunisia (Figure 9). The situation at the opposite pole is more confused, because different variables concur in determining the positions occupied by the countries. For example, Morocco (which appears at the end) has a medium low income growth (2%) but also the highest rate of women presence in the work place (35%) among the developing countries. So, this factor shows a certain relevance in the poverty profile, but it is unclear the direction of this influence.

*The third factor* (14.6% of the associated variance) identifies an *entirely institutional and socio political dimension* because it is strongly related – by its positive semi axis – with the percentage of the GDP spend on education (Figure 10). This variable is strategically important in the sphere of national intervention policies against poverty, in that it is a development instrument based on enhancing human resources. Lebanon, Turkey and Syria are those countries that have invested less in providing their young generation with training, while Jordan, Libya and Tunisia, followed by Egypt, Morocco and Algeria, have registered high and medium-high indicator values, respectively.

### 2.4.3. A proposal for further study

As already pointed out, ideally, in order to carry out a more detailed analysis and to obtain the most reliable results, a large quantity of data should be available for each country of the southern and eastern Mediterranean area.

In order to perfect the methods used to monitor conditions of poverty, it would therefore be a good thing to dispose, in the medium term, of more complete data relating both to the economic and social structures of the countries considered and to the qualitative aspects, which have so far been practically ignored. In particular, an effective system for monitoring disadvantaged conditions and development trends in the Mediterranean region must utilise:

- firstly, a *wider set of indicators* than those used for the present study; they must still be comparable at a transnational level and must be such as to explore the many aspects which, singly or in combination, lead to imbalances in social development;

**Fig. 9 - I and II factors of the PCA**

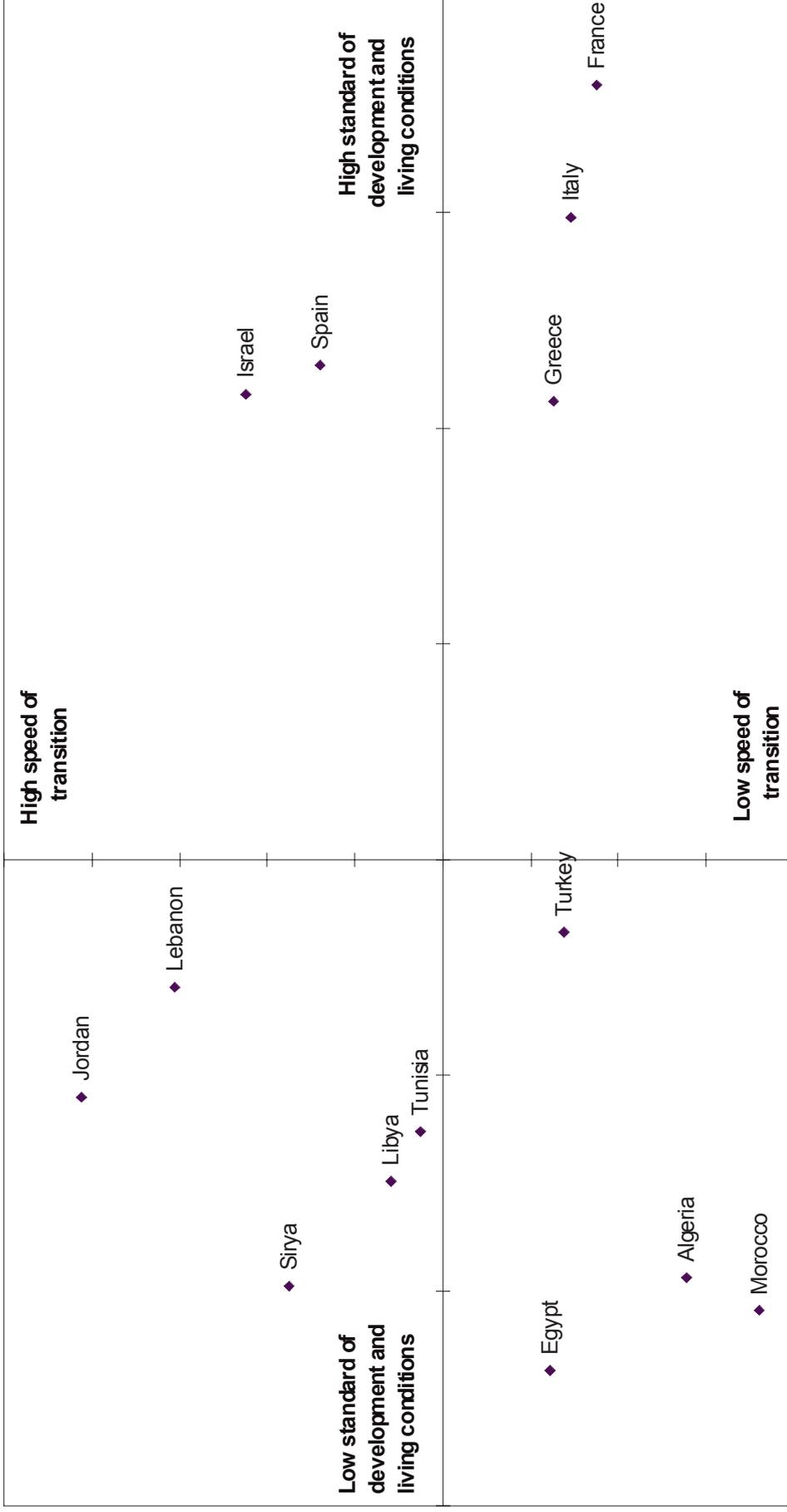
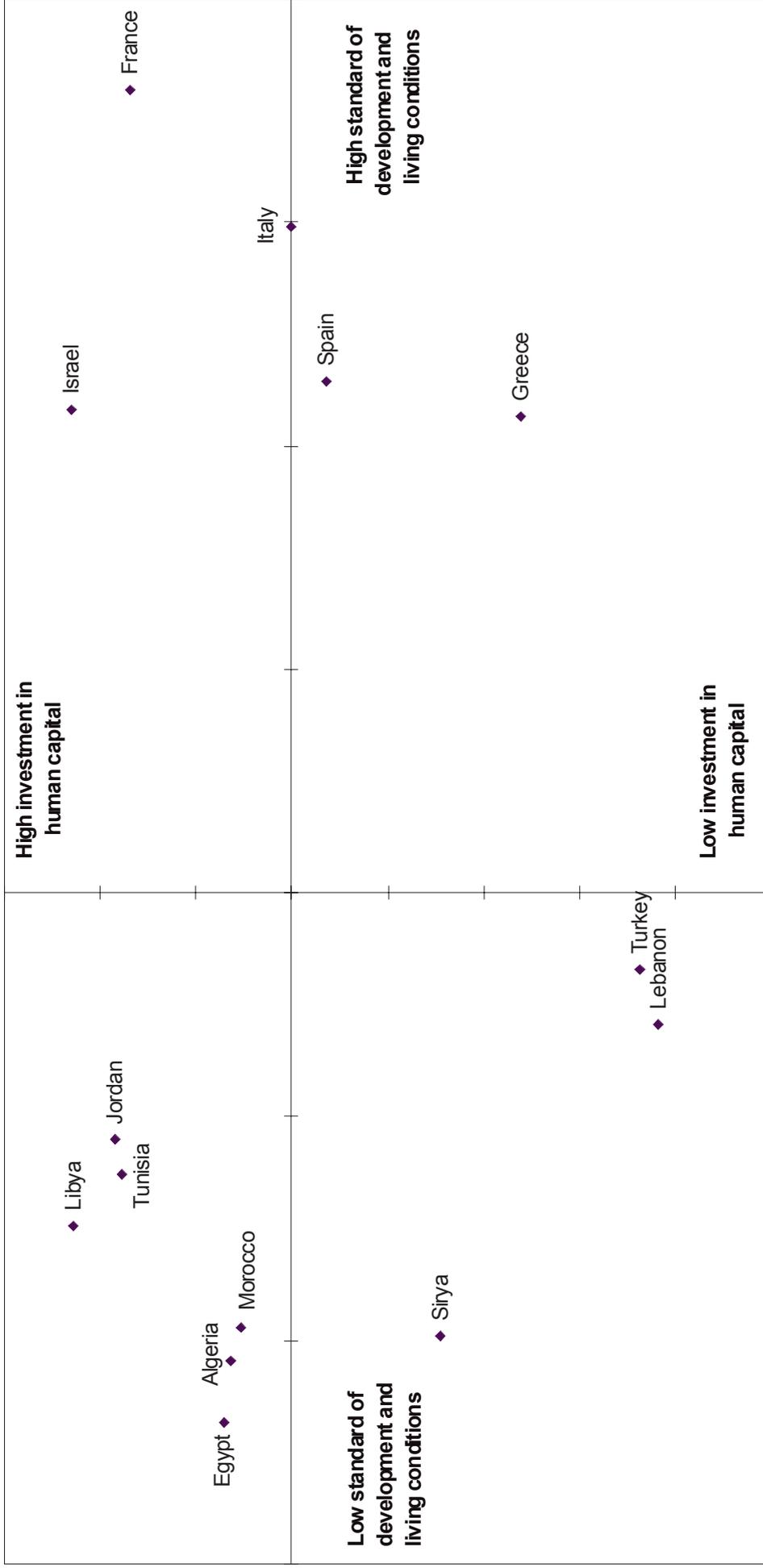


Fig. 10 - I and III factors of the PCA



- secondly, a *database structured at a subnational level*, which allows the territory to be divided into segments, making it possible to compare the situations encountered under different geographical and socio-economic conditions at a local level and to extend the comparison transversally across the regions of the different countries studied;
- finally, *qualitative surveys* carried out in the various countries in a co-ordinated and complementary fashion, to ascertain opinions, attitudes and behaviour patterns in the societies of the Mediterranean with relation to various predefined questions of great importance for the integration of the area, with the ultimate end of painting a complete picture, which is at the same time comparative, of conditions and trends among the populations dwelling in the Euro-Mediterranean area.

A task of this magnitude would undoubtedly require a great combined and co-ordinated effort on the part of national statistics institutes, universities and research centres located in the various countries considered, along the lines of what has been accomplished in Europe with Eurostat or with the surveys carried out periodically under the Eurobarometer project. However, the foreseeable results would be of enormous importance for the scientific community engaged in studying and interpreting the economic and social trends in progress in the Mediterranean and would also provide more detailed information and data which would be of use for political planning with regard to the forms of intervention required.

## 2.5. Accompanying Mediterranean transition

It is obvious, for these reasons, that an evaluation of the impact that the Euro-Mediterranean Partnership will produce on the social conditions of the transitional countries, and on the vulnerable segments of these societies, makes it essential to take into consideration not only the consequences in trade and more general economic terms,<sup>5</sup> but also the dimension of any

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<sup>5</sup> Rodriguez and Rodrik (1999) while studying the existing report on free exchange of trade and economic growth in various areas of the globe, highlighted how many economic analyses carried out on the relationships between opened up borders, economic impulse and converged incomes, do not all present the same results. These depend on numerous other factors (investments, economic and fiscal reform, social policies, productive resources of the areas under study).

negative effects on the standard of living of the populations involved and on human development in the region.

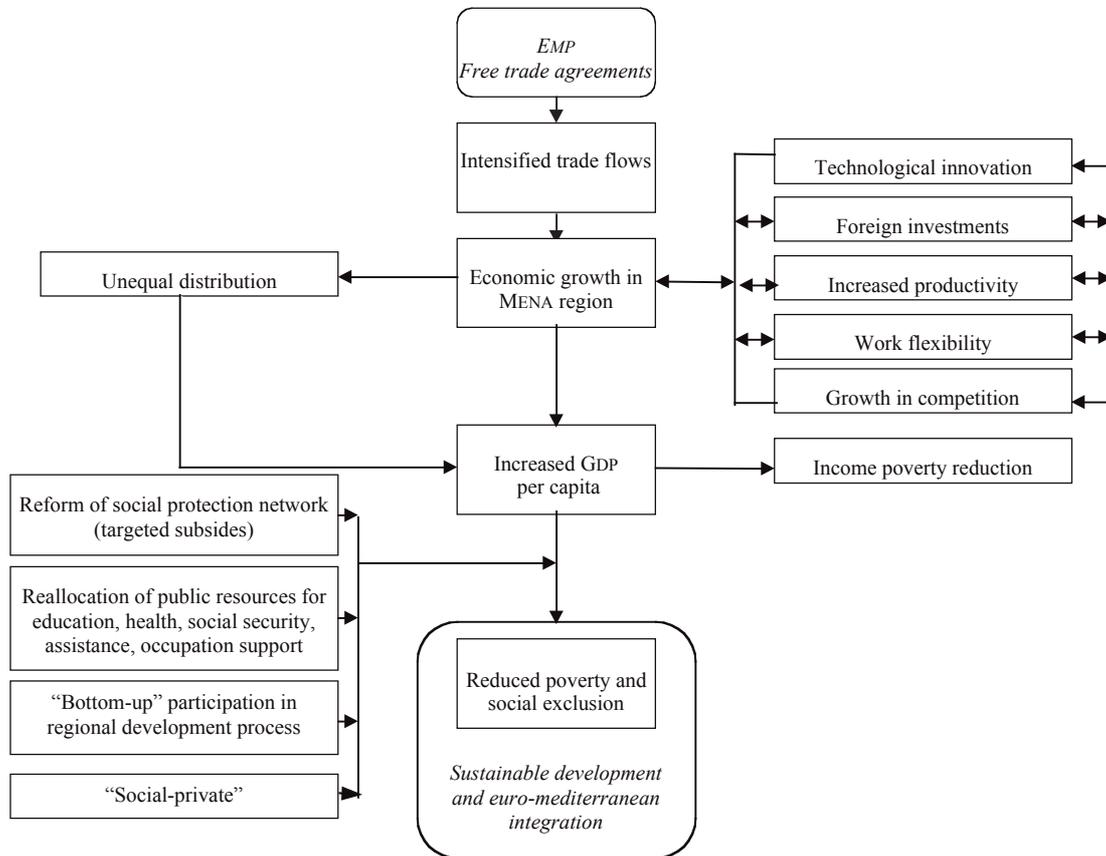
The foreseeable impacts of trade liberalisation and the *accompanying interventions* that are needed in order to set off a positive chain effect that will produce concrete and sustainable development in the entire Mediterranean region are presented in a summarised form in Figure 11.

The economic growth that should result from European Mediterranean cooperation, by the opening up of markets and by free trade agreements, will first produce improved income poverty indexes. In fact, this happened in the past as the result of an expansive economic cycle. However, it will also leave large “loops” in the social backcloth, and there is a risk that it might feed inequality and marginalisation of wide strata of the population, as well as worsening tensions and areas of unrest in the area.

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Therefore, the relation between economic growth and income convergence is “spurious”. Bechri’s study (1999) on economic cooperation between Tunisia and the European Union (in 1995, Tunisia was the first country of the MENA region to sign a Free Trade Agreement (FTA) with the EU, and in 1990 it became a member of GATT and then of the WTO in 1994) underlines how the relationship between FTA and economic benefits might not be linear. They are influenced by numerous other aspects and in particular by institutional aspects.

**Fig. 11 The virtuous chain for concrete development in the Euro-Mediterranean Area**



Source: Censis, 2000

In fact, the impulse of increased economic activity by the Arab states resulting from the integration of the European Mediterranean markets, may generate disequilibria in the distribution of the increased wealth and, consequently, exclude large parts of the population from enjoying the benefits of the development process<sup>6</sup>.

The expected increase in trade flows between the north and the south, that will result from the tariff reduction on products traded between the EU and the Maghreb and the Middle East, could favour trade cooperation relationships and set off a new economic growth cycle in the MENA countries. This would encourage the penetration of new technology in the more backward productive systems, foreign investments, and an overall increase in productivity in the economic systems on the southern and eastern shores of the Mediterranean. It might also cause these countries to adopt more flexible work models, in an attempt by the Arab enterprises to become more competitive.

It is likely that the region's income per capita will increase. Although this will alleviate income poverty, it does not necessarily mean that it will lead to a reduction in poverty or social exclusion. It may produce tangible improvements in the overall conditions of the involve populations, on two conditions:

- that the unequal distribution that accompanies economic growth is kept within acceptable limits;
- that part of the wealth produced is invested to enhance human capital and to widen personal opportunity,

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<sup>6</sup> Although there is no overall consensus in the literature regarding the existence of a direct dependance relation between economic growth and unequal distribution in the MENA region, numerous economic and sociological analyses reach the following conclusions. "As the performance of the so-called NICs (newly industrialised countries) have shown, the emerging countries can, in any case, reap great immediate benefits from trade openings in that they facilitate technology transfer from the industrialised to the newly industrialised countries. In fact, the effects on research and development produced by commerce and international investment produce important spillover effects which have brought about and favoured rapid increase in production in the NICs. But they also produce distorsions and transitional phases marked by enormous social costs" (Arcelli 1997). To focus only on relaunching economic growth as an important factor for automatically reducing inequality and poverty will not, in case, produced the desired effects. Tronti and Cucchiarelli (1990), among others, have shown how increased GDP is not able, in Italy for example, to directly influence equal distribution of incomes, and how, on the contrary, it is neutral from this point of view.

In effect, the new impulse produced on the region's economic system will only be translated into a solid overall growth process if it is accompanied by other policies. These will have to be implemented as soon as possible by the governments of the countries in transition with the aim of *including the fight against poverty in their development strategies*. Then again, it will not be able to achieve a complete transition, a stable growth process, a convergence of incomes between the countries of both sides of the Mediterranean, and a diminished migratory flow from North African toward the EU, without a clear multilateral agreement that favours a new balanced relationship between North and South, also within the Partnership framework.

If we adopt this perspective that focuses particularly on the question of poverty, accompanying policies are essential to contain the negative effects that will be produced in the MENA countries resulting from the trade integration agreements. These are: loss of fiscal introits produced from the import taxes, increased unemployment which will worsen as the population grows, reduced state involvement in providing social subsidiaries and in creating employment (as is foreseeable if we adopt the liberal and macroeconomic theories), etc.

More in general, the transitional economies' adoption of European and Western economic paradigms will have to be matched by a strengthened productive apparatus and by research on international competition. So far, these objectives have been followed by the more competitive industrialised societies, mainly by making social relationships more flexible (contained salary increases, deregulation of the work market and reduced social security). In this way, economic dynamics and social cohesion have not moved forward on an equal basis. On the contrary, in the majority of cases, it has led to increased unemployment and worsened conditions of distribution.

## 2.6. Mediterranean 2000

Within this general framework, with its positive and negative elements, the prospects for development in the Mediterranean area appear rather limited. The region is still blocked by scarce work and material resources that are unable to fully satisfy the needs of a large population that is continuing to grow, and by its relatively backward industrial resources. The prospects

appear limited both within the macro European Mediterranean region which is dominated by the heavily industrialised northern part, and within the highly competitive global market in which consolidated economic poles have affirmed their more or less undeniable hegemony.

“Poverty has declined more during the last 50 years than over the 500 preceding years. (...) The progress made by the developing countries during the last decades is unprecedented, and they have made the same progress in 30 years than the industrialised countries has made in more than a century”. Nevertheless, the disparity between the rich and the poor in the world is still dramatic. “In 1994, the ratio between the income of the richest 20% of the global population and the poorest 20%, was 78 to 1. This is 30 times greater than in 1960” (UNDP 1997).

Although the eradication of poverty is a political objective, not enough moral pressure to deal with the problem has been exerted on the political actors, or on the central and peripheral institutions responsible for guaranteeing sound social development among the *leading* societies. These, on the contrary, are more interested in furthering their economic development, while the managerial classes are more interested in maintaining balances of power and favourable geographical strategies, than dealing with the great social problems.

In fact, there is a real risk that social integration may become ungovernable. This would lead to a process that focuses on economic development in the Euro-Mediterranean Area without taking into account social development or the principles of cultural poly-centralism in the region. This would result in marginalisation from the productive sector, the exclusion of the weaker parts of the Mediterranean basin from the development process, forms of dependence, and permanent deep rifts between the North and South with respect to growth, incomes, work opportunities and dignified life conditions. Finally, it might generate new forms of conflict which would block the development mechanisms of the whole region's system.

It is therefore essential to remove the mechanisms that tend to consolidate this unbalanced development model. This extremely complicated operation must be carried out as soon as possible, and it must be managed efficiently and with a sense of responsibility by the policy makers, both at the national institutional level and in the supranational decision making centres.

We do not want to enter here into the debates between the apologists and detractors of the structural adjustment programmes that dominated the reforms of the 80s in the MENA region. While these reforms produced important results with respect to macro economic stability, they also produced negative effects on employment and poverty (Hamdouch 1998, Handoussa and Kheir-El-Din 1998, Holland 1998), by generating “new powers” in various social groups, as well as the direct victims of the structural adjustment measures (Golbert and Kessler 1996, Samad 1996). Now that this structural adjustment season is over, we can claim that the process of convergence in the Euro-Mediterranean Area is still marked by opposing forces, and the basin has become the theatre of highly unclear development directions (Table 12).

While, in all the countries looking over the Mediterranean, it is possible to see a return to centralised national policies regarding developing and maintaining human capital, nevertheless numerous diverging elements still exist. The Mediterranean is a kaleidoscope of cultures and lifestyles, an area with numerous centres and varying economic and social resources. It is a region marked by profound dualisms. These dualisms exist between males and females, between different lifestyles, between the urban and rural areas, between productive structures, between the available infrastructures, between professed liberalism and the continued existence of central administrations that are still strongly influenced by managerial criteria, and between the way social services are organised over the territory. And these dualisms cross, superimpose and empower one another.

Priority should be given, above all, to enhancing demographic stability, gender equality, peace and security, and widespread political pluralism. Successful negotiations between the protagonists of the Arab-Israeli tensions, and a complete peace and normalisation policy in the Middle East are the main preconditions for putting in place the institutional and economic reforms needed for a new era of growth and in order to strengthen multilateral economic and political cooperation.

In order to reduce poverty and to strengthen human development, which are the main objectives of the Mediterranean countries, top priority should be given to those initiatives that speed up demographic transition. Above all, priority should be given to initiatives aimed at reforming the social security network (by programming focused and selective public transfer systems that satisfy the real needs of the poor), to guaranteeing health assistance and

**Table 12 – Processes of convergence (+) and divergence (-) in the Euro-Mediterranean Area**

|                               | Recentralised national policies on the populations' human development                               | Demographic stability   | Economic growth  | Opening up of national economy   | Gender equality                            | Peace, security, justice, political participation  | Reduction of economic poverty and Unequal distribution  | Speed of convergence   |
|-------------------------------|---|---|--|--|--|--|---|--|
| <i>European Mediterranean</i> |   |   |  |  |  |  |   |  |
| Spain                         | +   | +   | +  | +  | +  | +  | ±   | High   |
| France                        | +   | +   | +  | +  | +  | +  | ±   | High   |
| Italy                         | +   | +   | +  | +  | +  | +  | ±   | High   |
| Greece                        | +   | +   | +  | +  | +  | +  | ±   | High   |
| <i>Arab Mediterranean</i>     |   |   |  |  |  |  |   |  |
| Morocco                       | +   | -   | +  | ±  | -  | ±  | ±   | Medium-low   |
| Tunisia                       | ±   | +   | ±  | +  | -  | +  | -   | Medium   |
| Algeria                       | +   | +   | +  | +  | -  | +  | ±   | Medium   |
| Egypt                         | +   | -   | ±  | ±  | -  | -  | -   | Low  |
| Jordan                        | ±   | -   | +  | ±  | -  | ±  | ±   | Medium   |
| Lebanon                       | +   | -   | +  | +  | -  | -  | -   | Low  |
| Turkey                        | +   | +   | +  | +  | +  | -  | +   | High   |
|                               |   |   |  |  |  |  |   | Medium   |
| Criteria                      | Increase in HDI > 0.7 (90-99)<br>Reduction in HPI (97-99)<br>Public spending for education > 6% GDP | Reduced growth rate < 1.5% (95-15)<br>Contraception > 50% (90-95) | Increased GNP (96-97)<br>Increased exports (90-97)<br>Increased trade energy consumption (80-95) | State downsizing<br>Privatisation<br>Private and foreign investments<br>Bilateral trade agreements | Increased GDI > 0.7<br>Increased GEM > 0.4 | International human rights instruments adopted<br>Voter turnout at last elections > 50%<br>Number of women in the government (1995)<br>Conflicts in course | Increased GDP per capita (96-97)<br>Reduced population under 1\$ threshold (headcount ratio in Europe < 18%) (90-94)<br>Reduced Gini index < 0.35 | GDP per capita rank – HDI rank > 1 (99)<br>Reduction (1-HDI) > 20% (80-92) |

Source: Censis, 2000

primary education for all (with the aim of completely eradicating illiteracy), and to favouring flexible work (Table 13). This will make it possible to fight the main individual factors that cause poverty.

But to activate a permanent development cycle, it is also important to set in motion processes of democracy and processes that allow wider strata of the population to actively participate in collective activities. In addition to social inclusion, the development processes must promote the participation of the lower population in economic development which is activated by a civil society and by a strengthened entrepreneurial class, according to a concerted and “network” logic. This convergence and integration challenge will depend on the role that the key subjects of transition will play and on the self promotion and inclusion mechanisms that they will manage to activate.

## **2.7. A perspective: remodelling strategies to fight poverty in the new social composition**

As we have seen, the paradigms used to interpret poverty by following the process of economic and social change, have undergone important changes during the last half of the century. Table 14 summarises the most significant changes and highlights how, in each cycle, debates regarding individual and collective needs and social hardship have become increasingly sophisticated and looked at non material elements, both in the northern part of the Mediterranean countries and in the MENA region.

Three factors should be taken into consideration when designing policies to fight poverty. They are:

- first of all, the past policies to fight poverty and to promote social exclusion have been limited and inadequate in the whole area;
- second, the structural changes that have come about at the institutional, productive and work market level call for new social protection models in both the north and the south of the Mediterranean, that should take account of the new social composition;

**Table 13 - Priority, subjects and resources for fighting poverty, promoting social cohesion and sustainable development in the Euro-Mediterranean Area**

| Needs   | Subjects and resources of transition  |
|---|---|
| <i>High priority</i>  | <p>Governments<br/>Private subjects (investment and management) and “social market”<br/>Concerted social subjects</p>   |
| <p>Demographic transition<br/>Reform of social security network and subsidiaries (selective transfer system)<br/>Primary education (eradication of illiteracy)<br/>Basic health services<br/>Flexible employment</p>  | <p>Governments and political parties<br/>Local authorities and local economic and social subjects<br/>Associations<br/>Subjects of “down-up” development<br/>Small and medium enterprises<br/>Informal sector entrepreneurs and workers<br/>Credit system</p> |
| <i>Medium priority</i>  | <p>National governments and policy makers<br/><i>Policy makers in the supranational integration process</i><br/>Regional cooperation<br/>Foreign investors</p>  |
| <p>Democratisation<br/>Decentralisation and simplified administration<br/>Collective participation in change processes (social inclusion)<br/>University education<br/>Promotion of economic districts<br/>Capitalisation of the informal economy<br/>Gender equality and women’s empowerment<br/>EU agreements and partnership</p> |   |
| <i>Normal priority</i>  |   |
| <p>Speed up economic growth in the weak sectors<br/>Fight social and regional inequality<br/>Expand education and health services</p>   |   |

Source: Censis, 2000

**Table 14 – Cycles of development in the Mediterranean region**

| Cycle                                  | Society and economy   | Needs and social hardship   | Social intervention model   | Players of the transition   |
|--|---|---|---|---|
| <i>European Mediterranean</i><br>1950s | Economic growth<br>Taylor-Ford production model<br>Homogeneous society  | Minimum needs<br>Hardship as “material lack”<br>Economic poverty  | Welfare state<br>Centralised bureaucracy  | Central government<br>Large enterprises   |
| 1960s                                  | Economic growth and dynamism<br>Urbanisation<br>Mass society<br>Dominance of great actors   | Increased incomes<br>Mass consumption<br>“simple” needs<br>Hardship as “need for well being”<br>Economic poverty  | Social protection network (national health service logic)<br>Institutionalisation<br>Infrastructures<br>Higher levels of education<br>Social mobility   | Central government<br>National bodies<br>Great entrepreneurial and representative actors  |
| 1970s                                  | Contracted economic cycle<br>Growth of the tertiary sector<br>Increased social stratification<br>Social conflict<br>Creation of local economies (down-up, endogenic growth) | Integration and combination of needs<br>Hardship as “deviance” and “marginalisation”<br>Emergence of “hidden” hardship (handicaps, mental disorders, drug addiction, etc.)                | Widened social services (social assistance and health)<br>Administrative decentralisation and participation<br>Social reintegration<br>Universal performance<br>Programmed development<br>Universal and restorative interventions<br>Distribution of indiscriminate subsidies | Central government<br>Local administrations (regions, local authorities)<br>“network” actors<br>Civil society<br>Solidarity actors  |
| 1980s                                  | Complex society<br>Polycentrism<br>Economic reorganisation<br>Dismantling of great social actors  | Sophistication and personalised needs (non material, subjective, combined)<br>Complex explanations for hardship<br>Social exclusion<br>Fragile intermediate backcloth<br>Relative poverty | Intermediate firms<br>Local administrations (regions, local authorities)<br>Non-profit and voluntary actors   | Intermediate firms<br>Local administrations (regions, local authorities)<br>Non-profit and voluntary actors   |
| 1990s                                  | European Economic and Monetary Union<br>Internationalisation<br>Re-territorialisation   | Citizen consumption<br>Citizens’ rights<br>Mixed causes for hardship<br>Sticky mobility<br>Marginalisation, exclusion and “new poverty” (post materialistic)<br>Extra community migration | Rationalised social expenditure<br>Privatisation<br>De-institutionalisation<br>Concerted development<br>Integrated social offer (promotional and proactive logic)<br>Private and collective self protection<br>Private-public mix<br>Managerialism                            | Functional autonomy<br>Simple actors (families, small enterprises)<br>Intermediary firms<br>Entrepreneurship<br>“down up” and “network” processes<br>National and supranational networks<br>Formation of associations |

Cont.

**Table 14 – Cont.**

| Cycle                              | Society and economy   | Needs and social hardship  | Social intervention model   | Actors of the transitorio   |
|------------------------------------|---|--|---|---|
| <i>Arab Mediterranean</i><br>1950s | National independence<br>Concentration of the poor<br>Vertical institutions<br>Under development<br>Armed conflicts                                       | Human under development<br>Endemic human poverty<br>Ethnic and religious tension         | Institutionalisation  | Central government<br>Foreign “protectorates”   |
| 1960s                              | Economic protectionism<br>Matured institutions  | Demographic explosion<br>Primary material needs<br>Generalised illiteracy                | Public sector employment<br>Access to basic resources and services  | Central government  |
| 1970s                              | Economic growth<br>Autonomy<br>Democracy and participation<br>Informal economy  | Reduced economic poverty<br>Improved social indicators                                   | Social protection network<br>Widened access to basic resources, health and education  | Central government<br>Supranational political coordination (Arab macro region)<br>Development cooperation |
| 1980s                              | Infrastructures<br>Structural adjustment<br>Macro economic stabilisation  | New forms of poverty<br>Unemployment<br>High human poverty level                         | Structural adjustment programmes<br>Economic and institutional reform<br>International financial aid<br>Public social subsidies<br>Reduced illiteracy | Central government<br>International bodies  |
| 1990s                              | Opening up of economies (liberalisation and privatisation)<br>Bilateral trade agreements<br>Foreign debt<br>Arab-Israeli Peace Process<br>Armed conflicts | Human development<br>Reduced economic poverty and inequality<br>High human poverty level | Selective social programmes<br>Strengthening of human capital   | Central government<br>International bodies<br>Supranational coordination of the Mediterranean area (EMP)  |

Source: Censis, 2000

- third, the new opening up of the economy logic adopted by the MENA countries has been accompanied by reduced state involvement in the social security system, as required by the structural reform process. (This has already taken place – and will continue to do so – in Europe with respect to public expenditure for social security, assistance and health). On the other hand, the demographic increase in the next few years will produce an increased demand for social services, as well as for work.

Therefore, the impact of the Partnership agreements on poverty in the Mediterranean region will require some *fundamental forms of mediation*. These are:

- first of all, the need for institutional reforms, and in particular a reform of the *public social protection network* in the countries of the Mediterranean basin;
- a more efficient and focused allocation of public resources for social services (assistance, social security, training, occupational support, etc.);
- special public support programmes based on selective criteria, and aimed at satisfying territorial needs. The strong local differences between different regions, and between urban, rural and coastal zones, should not be ignored when defining the requirements for gaining access to these programmes and the means for distributing the subsidies;
- a “regulated” definition of the role of the private and social markets when reforming the overall social protection system. In particular, this should keep in mind the progressive growth in public expenditure and demographic growth in the south;
- the creation of “down up” participation in the management of regional cooperation which involves self-governing authorities and local economic and civil society actors.

To summarise, all these common efforts should produce a virtuous development circle based on increased trade in the Euro-Mediterranean Area, and institutional and economic reform in the MENA countries. It should result in increased democracy and liberalisation, social policies that ease the economic impact on the poor, and reallocation of the wealth produced for investment in enhancing human development (education,

health services, guaranteed access to material and other non material resources).

It is therefore possible to use the same paradigms adopted for modern societies to evaluate the entire Mediterranean region, which take into account the numerous causes for the new forms of poverty. Nevertheless, we must be aware that an *integrated approach to the problem of poverty* should consider the qualitative changes in the social structure, and in the organisation of economic activity with respect to both the work market and production models. These factors must be kept in mind when drawing up effective social policies.

In fact, the European Mediterranean chess board is undergoing profound economic and social transformations, and these should be taken into account when restructuring the social security systems.

The profound break with the past has brought about greater flexibility in the work market. New types of atypical and precarious jobs are increasingly appearing, such as part-time and temporary jobs, changes in careers, etc.

Between the 80s and 90s, there was a progressive decline in the traditional forms of labour. The large enterprises ceased to be the great reservoirs for national labour. We passed from a structure based mainly on the permanent and full-time subordinated work model, which was more or less concentrated in the agricultural and industrial sector, to new forms and models of jobs being offered in the tertiary sector. The large Ford type factories were gradually replaced by small factories. New professions emerged as well as different, more autonomous and flexible forms of employment.

These innovative mechanisms have also been introduced in the countries on the southern and eastern shores of the Mediterranean. For example, in Morocco the changes in the organisational models have contributed towards the relative decline in poverty. This is because both the productive sectors oriented towards the internal market, and those that export their products, use temporary workers in response to the needs of the enterprises to adapt to new economic and market conditions (Van Eeghen 1998).

As we have seen, it is expected that this process of change with respect to work models will be speeded up in the MENA region, as a result of the Partnership. It will provide a response, above all, to the needs of the

enterprises in the south of the Mediterranean to become more competitive in an area that has become integrated with the North. It will also be a result of the growth of numerous small and medium sized enterprises that have replaced the traditional larger enterprises, and of the reduced role of the state as a provider of employment.

Although the increased growth of semi-subordinated and atypical jobs will provide a better response to the needs of the current work market and enterprises, it will also produce *new harmful effects with respect to social equality*, and might result in creating new sacks of poverty.

In the Mediterranean countries, the existing social security structures tend mostly to protect traditional market workers. Workers in Algeria and Morocco are not provided with social security while a small unemployment pay system exists in Egypt. This means that unemployment will be accompanied by new forms of social exclusion, which will mostly affect those employed according to the new work models, i.e. the weaker categories such as women and – above all - young people.

All the people at the margin of the work market, with precarious, irregular and badly paid jobs, and temporary or atypical work contracts, and who are without the *traditional worker status*, receive no protection at all against the risk of falling into poverty.

The social assistance systems in the Mediterranean countries are often full of loopholes and difficult to access. They are therefore not very effective in fighting poverty. In order to obtain a more efficient reallocation of resources across the entire population, the contractual and operational structures of these measures should therefore be reformed. The current preventive measures are totally inadequate for providing effective responses to the new social protection needs that have emerged alongside the transformation of the work market.

For this reason, the social intervention paradigm based on past models must be revised. The new social system should take account of the new socio-economic transitional phase, and learn from the experience of the European countries in this field. For example, during the last 20 years the increase in the number of working women in Italy has been partially responsible for increasing family incomes, and therefore in reducing poverty. The new system should adapt itself to the new social actors and therefore be in a better position to respond with greater coherence to the new profile and

needs of a society undergoing a process of transformation. This means that not only the traditional workers, but also the atypical workers and those without employment, should receive citizens' social rights and protection.

On the other hand, since public intervention and the role of the state are declining, the private economic actors must play at least an auxiliary role in the social sphere, by offering pension and insurance schemes that guarantee a pension and health coverage. Thus, in Algeria, one and a half million people are offered complementary services through these schemes. In Tunisia, 240,000 persons were already covered by private insurance schemes in 1989, etc. (FEMISE). The decline of the public role in this sphere will probably be compensated by the introduction of "governed" semi market social schemes.

However, it is not enough to merely integrate salaries and provide job protection. This must be accompanied by training programmes to help people to adapt to the new conditions of international competition with its new work structures and productive processes, and thus enable them to find employment. These programmes would thus allow the people to participate in the economic processes of each country.

In addition to these measures to reduce poverty, carefully designed development strategies should be produced that respond to a scenario marked – also in the Mediterranean area – by increased transformation at the international level and by a passage from a society based on the Ford model to one based on the post-Ford model. The following considerations should therefore be kept in mind:

- first of all, the *power of development of small and medium sized enterprises* at the local level. In the past, this development model was only adopted in part of Italy (the North East area and the Adriatic coast). It is now presented as an alternative to the large entrepreneurial and traditional public investment (infrastructure and industrial) models that were managed "from the top". This new model, which is based on the creation of local enterprises and cooperative network systems, is now diffused all over the national territory and has contributed towards regenerating not only the Italian economy. It seems to provide a more dynamic and effective response to the new organisational needs of production;

- second, the *resources of functional forms of self-government*, i.e. the numerous “intermediary” actors. These different actors, of various size and nature, are able to coordinate the promotion of concrete forms of development at the local level, and include decentralised administrative bodies, economic representative bodies, socio-cultural structures, local authorities, associations, civil society, etc. These protagonists, which have regenerated development in some European regions, could also emerge in the Mediterranean and guarantee a balanced growth in well being over the entire territory;
- the third innovative resource is the potential of *development agreements* and of *networks between the development actors*. If all the productive, economic, political and social actors could get together in favourable conditions, by means of a transnational network, they would provide great impulse towards enhancing development and growth, as well as strengthening development in the poorest and most marginalized territories and sectors of society;
- the welfare logic that has prevailed both in the northern and southern parts of the Mediterranean basin and on which the social security and public intervention systems were based in the past, must be abandoned. Instead, a *promotional protection and proactive human capital support system* must be sustained. In other words, a policy should be promoted that does not oppress innovative forces coming from the bottom (local enterprises, youths, women, self-managed and representative bodies, etc.), and that favours a multi-centre model that enhances increased participation and social cohesion.

As we have seen, this type of development is based on *the principle of localised decision making processes and decentralised management of the fight against poverty*. It aims at providing a more effective type of intervention by taking into consideration both the forces and needs of a territory, in order to launch decentralised local cooperation initiatives that are strengthened by the entrepreneurial and civil society forces that have remained hidden in the “intermediate dimension” of development.

In fact, it is likely that problems regarding development and the contradictions produced by national and supranational policies will produce a great impact at the local level. Therefore, appropriate responses with respect to job management, training, solidarity, etc. should also be provided

at the local level. *It is therefore necessary to test the validity of the “economic growth-social development” model promoted by the Euro-Mediterranean Partnership at the local level.* This could be done by setting up permanent systems to monitor the social impact of North-South integration and to provide adequate diagnoses and strategies. It goes without saying that this must be accompanied by strategies to identify and measure poverty at the local level.

To conclude, it is essential, in order to *concretely manage both economic and social factors*, to adopt the following strategies:

- adopt a common definition of poverty for the analysis of all the countries belonging to the Euro-Mediterranean Partnership;
- provide a definition for *minimum common standards for European Mediterranean citizenship*, i.e. the inalienable rights of all the citizens of the region. These should be guaranteed in all the decisions and initiatives taken within the framework of government policies and multilateral agreements;
- set up a *permanent monitoring system* to evaluate the impact of the Partnership on poverty within those countries around the Mediterranean basin;
- at the same time, set up a *Special Mediterranean Forum* to design common policies that reduce social exclusion in the Mediterranean countries. This Forum should comprise not only the political and economic actors, but also the social actors and associations in the Euro-Mediterranean Area.

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### 3. THE INTERNATIONAL BODIES

The objective of this part of the report is to assess the international organizations' compliance with their commitment in the field of poverty reduction and their projects' effectiveness in reducing poverty in the MENA region (Tables 15-17). This has been done, where possible, by confronting strategic development policies as indicated in country reports, country assessment reports, etc., with the implemented projects and their final assessment. We also intend to evaluate the role the EU and the AAEU can have in this region's fight against poverty (Table 18). In the first part of the report a brief description of the chosen organizations is given. This is followed by a brief description of these organizations' approach to development and poverty reduction.

#### 3.1. The International organizations' aims<sup>7</sup>

Among the several international organizations active in the field of poverty eradication, we have decided to focus on the IMF, the World Bank, and UNDP. The main reason behind such a choice is that while these organizations are concerned with development and poverty as a whole and in a certain sense "lead" the international community in the theoretical and practical fields of development and poverty eradication, the other international organizations pursue specific development and poverty eradication actions.

The International Monetary Fund's stated purpose is to "promote international monetary cooperation, exchange stability, and orderly exchange arrangements, to foster economic growth and high levels of employment, and to provide temporary financial assistance to the countries under adequate safeguards to help ease balance of payments adjust"; the World Bank's stated mission is to "help each developing country onto a path of stable, sustainable, and equitable growth. The main focus is on helping

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<sup>7</sup> All quoted material was found at the following Internet addresses: <http://www.undp.org>; <http://www.worldbank.org>; <http://www.imf.org>; <http://www.europa.eu.int>; <http://www.info.usaid.gov>.

the poorest people and the poorest countries”. The Bank emphasizes, among other things, the need to focus on social development, inclusion, governance, and institution-building as key elements of poverty reduction. UNDP’s (United Nation Development Program) stated mission is “to help countries in their effort to achieve sustainable human development by assisting 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 of and regeneration of the environment giving first priority to poverty eradication”. “Its fundamental objective is to help client countries reduce poverty and improve living standards through a strategy of inclusive development”.

### **3.2. Definitions of poverty, and poverty eradication measures**

Until very recently, poverty was thought to depend on underdevelopment, and economic growth was believed to be the primary factor in poverty alleviation. Poverty was then somehow identified with poverty of income. It became clear, however, that *income poverty* was not sufficient to describe the multiple facets of the human condition, hence the development of the definition of poverty to include elements such as the lack of opportunities, the lack of access to safe water and health care, unemployment, the lack human dignity, etc. Consensus also developed around the fact that the simple promotion of economic growth is not enough to bring about structural changes in poverty and its causes. In other words, it is now widely accepted that the alleviation of poverty must include social, economic, and political aspects and that it can only be achieved through *ad hoc* macroeconomic and social policies.

Once it was recognized that economic growth does not necessarily go hand in hand with poverty reduction, distribution and inequality were identified as the main obstacles to poverty-alleviation efforts. In other words, economic growth is not synonymous of equal distribution and while a country experiencing economic growth may see an increase in its GDP and per-capita GDP, specific portions of the population, usually the most vulnerable ones - women, the unemployed, women-led households, young people - may suffer from increased poverty. It is now recognized, in fact, that per-capita GDP growth brings about the decline in income poverty only if inequality does not increase, that is, if the poor benefit from growth as

much as the better off. This means that to be effective the fight against poverty requires specific poor-oriented and poor-concerned policies. In turn, this compels a shift from an almost exclusive attention to macroeconomic policies to more poor-specific economic and social policies. That is, policies that while pursuing economic growth reduce unemployment, increase the literacy rate, promote access to health care and sanitation, foster good governance, etc.

Mr. El-Gammal, of the *Egypt Social Funds for Development*, suggests that the World Summit on Social Development, held in Copenhagen in 1995, produced an extraordinary outcome as for the first time the different dimensions of social development endorsed by previous world conferences were brought together into a coherent and integrated framework that recognized the multi-dimensional nature of poverty, and called for an integrated approach to people-centered sustainable development.

Mr. Camdessus, former managing director of the IMF, has underlined the importance of the “triangular relationship between monetary soundness, high-quality growth, and poverty reduction”: “Sound monetary policy and macroeconomic policies - price stability and low fiscal deficits among others - promote economic growth that, in turn, is essential in poverty reduction”. He also recognized, however, and this is probably the most important point, that it is unclear whether the effects of the monetary and macroeconomic policies also run contrary to poverty alleviation. He therefore suggests that strong monetary policy be implemented in a more general context in which Governments adopt policies that are explicitly oriented toward poverty reduction by, for example, adopting appropriate social safety-nets, and reducing severe inequalities in income distribution. These social policies provide broad-based support and, thus, legitimate the sound monetary policies necessary for more structural development to come about. In this context, the Fund’s goal is to assist the countries concerned by helping them – as they receive international assistance, undertake reform, stabilize their economies, etc. – channel the benefits to where they are mostly needed.

The evolution in the IMF’s approach to development is clearly explained when it is stated that in the past the interrelationship between growth and social development has been too loosely defined and that the Fund has now elaborated a major agenda for implementation which departs from the transformation of the *Enhanced Structural Adjustment Facility* (ESAF) into

the *Poverty Reduction and Growth Facility*, paralleled by new steps in favor of debt reduction, an explicit link with poverty reduction, and a new level of cooperation with the World Bank. According to Mr. Camdessus, the link with the World Bank is essential in that it is the Bank, not the IMF, that has the expertise to help countries develop their social services. The poverty reduction strategies, central to the new facility, will allow coordinated input from both international agencies and the civil societies of the interested countries for the implementation of the broad social objectives, while allowing the IMF to exploit at best its monetary and financial expertise. The IMF's new approach to poverty is centered on the inclusion of monetary policy in the more complex context of social and economic development.

The World Bank focuses on the fact that the most significant problem in the world of poverty stems from major disparities in income and access to education and health care, sometimes associated with broader social exclusion. The World Bank has made the minimization of these social disparities its major objective in its efforts to help developing countries reduce poverty and improve living standards. *Inclusion* – promoting equitable access to economic and social benefits of development regardless of nationality, race, or gender - has thus been identified as the main challenge in the progress toward development. The World Bank stresses the importance of strengthening the link between analysis and country strategy and between poverty analysis and action. According to the *Poverty Reduction Board* within the *Poverty Reduction and Economic Management*, in order for the Bank to contribute as much as possible to poverty reduction, it is important it shifts from *describing* poverty to *formulating* strategies for reducing poverty and from *counting* poverty-focused projects to *assessing* their impact on the poor. In the 1999 WB Annual Report, it is stated that over the past decade the Bank has learned that assistance at the project level alone is not enough to ensure success as projects can lead to development only when conceived and designed against broader sectoral country, regional, and thematic perspectives.

Despite recent progress, much remains to be done to establish effective and sustainable poverty monitoring systems. In particular, the World Bank is to move toward better evaluations of the impact of lending and developing and poverty reduction projects. The *Poverty Reduction Board* is initiating several actions to strengthen attention to poverty reduction in country assistance strategies: The principal objective is to develop country assistance strategies that are firmly grounded in analyses of the determinants

of poverty, with the participation of the poor. At present the Bank's biggest challenge relates to the measurement - and achievement - of results of not only the Bank's projects but of overall assistance. This will involve strengthening country capacity to monitor progress and outcomes. This will involve ensuring that the statistical infrastructure in key countries is adequate to mounting period surveys and analyze the data, and that there is capacity to conduct participatory studies and hear the voices of the poor. Project-level indicators indicate whether a project has worked or not and knowledge about what works in reducing poverty must inform, first and foremost, a country's policies and programs. That is why it is essential that each country develops capacity to monitor poverty and analyze the impact of policies and projects.

The World Bank relies on a multidimensional approach for monitoring its poverty reduction effort. It focuses on factors influencing consumption and on social indicators of poor households, and makes growing use of both traditional and participatory techniques for analyzing and monitoring outcomes. Since the early 1990s, poverty assessments and the *Program of Targeted Interventions* (PTI) have been two key elements in this approach. Poverty assessment provides a profile and analysis of poverty in member countries, while PTI is used to track the Bank's poverty-targeted lending. In parallel with its own poverty monitoring, the Bank also emphasizes the strengthening of each country's own capacity to generate and use data for monitoring and diagnosing poverty. Participatory methodologies involving interviews at the household and community levels have improved policy analyses and prescriptions by capturing the poor's perceptions about poverty. The impact of economy-wide policies on the poor, the design of effective poverty monitoring systems, and the gender dimension of poverty, however, require further attention in poverty assessment.

Furthermore, a recent internal study of safety-net programs confirms that appropriate program choice, program design, and delivery are fundamental to reaching the poor successfully and efficiently. Some problems experienced in cases of targeting in safety-net creation can be seen as general problems related to targeting: in particular, targeting may raise the costs of administering the program for governments, and increase the transactions costs for the recipients; and may reduce political support for the program. Therefore, as targeting and monitoring are seen as essential tools of an effective poverty reduction strategy, it is important that their extent and methods are carefully chosen.

UNDP sees poverty as a complex and multidimensional phenomenon, involving people's lack of empowerment, as well as their lack of income and basic services. It supports programs that assist governments and organizations of civil society in developing economic and social policies and programs to address the whole range of factors that contribute to poverty. Among other things, these programs seek to increase food security, improve the availability and quality of shelter and basic services, generate opportunities for employment and sustainable livelihoods, empower women and men through access to assets and productive resources such as land, credit, technology, training, and markets; and enable people to participate in the political forces that shape their lives.

### **3.3. Programs in the MENA region**

In a speech given in 1997, Mr. Camdessus underlined that the traditional sources of growth of the Arab countries will not provide the necessary basis for sustained economic expansion. He also added that, although these countries have responded in different ways to the challenges of globalization, they do not seem ready to take full advantage of the opportunities offered by the world economy. Better economic performance and greater integration into the global economy will require a fundamental reassessment of the role of the state. As it is now universally accepted that the most effective economic strategies are private sector-led and outward-oriented, it is important that Governments ensure the domestic conditions necessary for the private sector to save, invest, and produce safely. Governments must pursue disciplined and predictable fiscal and monetary policies. They must strengthen the tax-base – by reducing import duty exemptions, by replacing high trade taxes with broad-based consumption taxes, and by improving tax administration. They must reduce expenditures – by curbing the growth of the Government wage bill, and by cutting unproductive expenditures such as subsidies and defense spending. They must also pursue privatizations, and improve the quality of expenditure – by redirecting spending toward education, health, and well-targeted social safety-nets. The MENA countries, which are characterized by a rapidly growing labor forces, must also concentrate their efforts on the creation of more – and productive - jobs. Hence, to be an effective instrument of

poverty eradication, growth in the MENA countries must be labor-intensive and lead to the expansion of employment.

Major improvements in health and education are also fundamental as they are a pre-condition of long-term growth, without which poverty eradication is virtually impossible. In the health sector, the MENA countries should work on the provision of adequate water and sanitation infrastructure, ensure adequate nutrition for vulnerable groups through supplementary feeding programs in schools and community health centers; provide basic public health measure such as universal child immunization, reproductive health care, family planning, basic mother and child care, and control of TBC and STDs. It is also essential that appropriate safety-nets are created so that basic living standards are guaranteed for the vulnerable portions of the population. Furthermore, in the MENA region, targeting should translate in the “ruralization” and “engenderment” of poverty.

In other words, poverty eradication in the MENA countries requires that economic growth be pursued - faster growth will require policies that encourage macroeconomic stability, shift resources to more efficient sectors and integrate the local economy with the global economy -; that the improvement in the distribution of income and wealth be ensured; that female education be promoted; that access to health care, safe water and sanitation be guaranteed; and that safety-nets to protect the most vulnerable be created.

Mr. El-Gammal supports the idea that social problems in the MENA countries do not depend on the scale of social investment but on the effectiveness and the quality of the spending in the social sector. This, he insists, requires that a social contract - a new set of relationships between the state, the market, and civil society – be signed and that these different entities operate on a complementary basis rather than on a competitive one.

The IMF has policy consultation with most MENA countries and is extending technical assistance in such areas as fiscal and monetary policy and exchange rate arrangements throughout the region. The Fund is also helping to finance stabilization and reform programs in countries with balance of payments needs and is active in this region through financial arrangements that support in-country generated reform programs. It also plays an advisory role in the region and its audience is not limited to governments. Thanks to the collaboration of the various governments and

through seminars, publications, and special briefings for journalists, academics, parliamentarians, and regional institutions, the Fund is reaching out different sectors of society, thus confirming that the economic development of this region calls for the participation of all segments of society.

The World Bank too stresses the link between poverty reduction and economic growth in the MENA region. It also highlights the fact that while in the past there was a strong correlation between growth and poverty, recent data from Tunisia seem to suggest that the elasticity of poverty reduction to growth may be declining. This, concludes the Bank, may imply that faster growth will be needed to achieve similar reductions in poverty as in the past.

The Bank highlights that the greatest problems facing the MENA countries stem from the growing unemployment against a background of rapid labor force growth, the important rural-urban disparities in income and social and physical infrastructure, and the important disparities in socio-economic welfare and opportunities. In practical terms, the Bank has worked with regional partners to promote the policy reforms and private sector developments needed for productive job creation; equitable growth based on human development and poverty reduction, notably through targeted efforts to help the region's poorest and most vulnerable people; and to protect the region's natural resources and unique cultural heritage. In 1998 a significant proportion of operational work was devoted to supporting the MENA countries' governments' strategies to address the impoverishing effects of inadequate or insufficiently accessible health care and to respond creatively to the special needs of poor communities, including rural populations. In the health sector there is an urgent need to improve the efficiency with which health care resources are deployed and to expand basic preventive and curative services. From the data and information regarding the MENA region, it appears that issues of growth, employment, access to health care, public expenditure, community and private sector participation, monitoring, and targeting will be the key issues to tackle when designing a poverty alleviation strategy.

The World Bank emphasizes the need for job creation, equitable growth based on human development, and actions aimed at protecting the region's natural resources and unique cultural heritage. It also focused on health care – the efficiency with which health care resources are deployed and to

expand basic preventive and curative services. Special attention for the poor. Need to strengthen country capacity to monitor progress and outcomes – creation of adequate statistical infrastructures and ensure there is the capacity to conduct participatory studies and hear the voices of the poor. Each country must have the capacity to monitor poverty and analyze the impact of policies and projects. Particularly, in Egypt, it underlines the need to upgrade health services, to foster growth, to reduce unemployment, to increase spending on health and education, to strengthen and refocus the social safety-net; in Morocco, to pursue rural water supply and sanitation project, to foster education, reduction of unemployment, to restructure agriculture and to provide better targeted assistance to the most disadvantaged segments of the population, this means focusing on health and education services, and on rural women.

### **3.3.1. Jordan**

In 1996 UNDP identified Jordan's biggest problems in:

- the growth of its population, which imposes great strains on the carrying capacity of the county both in terms of natural resources and in terms of social infrastructure;
- the increasing deterioration in the quality and quantity of its water resources due to the growing demand for irrigation and urban water supply;
- the very high dependency ratio due to the high proportion of minors in the population and alarmingly high costs of providing adequate social services;
- the increasing inequality due to the fact that the wealth augmentation of the last years has not benefited the poorest 20-30% of the population;
- the fact that the sectors where growth was more felt, were shielded from international competition – this means that both joining the EU and the AAEUs will require deep structural changes which may cause severe disruption of the economy if not handled properly.

UNDP's assistance activities in Jordan for 1997-2002 (Table 19) will focus on governance – especially capacity-building; poverty reduction – especially

social integration; and protection of the environment – conservation of natural resources. These programs see UNDP collaborate with UNFPA, UNICEF, and WFP. UNFPA will make a central contribution to the implementation of Jordan's comprehensive population strategy; UNICEF will carry out a range of poverty-oriented and gender-related activities; WFP will implement a large-scale program entitled "Support to participatory land improvement" addressing environmental degradation and rural poverty. Particularly, in regard to poverty reduction and social integration it is highlighted that Jordan lacks a national strategy and policy framework for poverty reduction, does not have a system of systematic monitoring of poverty, assistance programs are characterized by inadequate targeting, existing resources are insufficient to meet important needs, and there is limited public awareness of the severity of the poverty problem in the country. Any of these problems have been addressed by the *Social Productivity Program* (SPP) supported by the World Bank and UNDP. UNDP plans to contribute, within the SPP, to the expansion of the social safety-net's coverage; the provision of job-related skills training for the unemployed; and micro-credit schemes for income-generation among low-income population groups. Within its *Poverty Strategy Initiative* UNDP plans to intervene in the establishment of a Social Survey Unit whose purpose would be the monitoring and measurement of poverty and hardship levels; the elaboration of anti-poverty strategies as follow-up to the Copenhagen Social Summit; and the launch of a public awareness initiative designed to deepen the awareness within Jordan of the pressing need to integrate the poor into the social fabric of the country.

The World Bank is actively involved in Jordan through its support to the *Community Infrastructure Project* aimed at providing physical and social infrastructure for up to 1.6 million people living in the country's poorest municipal areas and villages. The project, which represents the pilot phase of the wider government SPP, will also test the potential for supporting income-generating activities and, possibly, microenterprises development in Jordan's poorest communities. A central feature of the project's design and implementation arrangements is the strong participation of the potential beneficiaries.

From the letter of intent presented by the Jordanian Government to the IMF in August 1999 emerge some of the features of the relation between Jordan and the Fund. In particular, the Jordanian authorities underline their country's compliance with the IMF's request for GDP growth increase,

lower inflation, reduction in the budget deficit, improvement of income tax, customs and GST collection, control of expenditures and the fiscal deficit, ease interest rates, reduction of the current account deficit, implementation of structural policies which emphasize tax and financial sector reforms, improvement of the tax administration and expenditure control, fostering of trade liberalization, and privatizations. The IMF, among other things, has responded to the Jordanian Government's request for technical assistance on civil service pension reform. The Government is also making determined efforts to ensure significant improvements in statistics and fiscal monitoring. A Fiscal Monitoring Unit has been created and the Department of Statistics is making progresses in a number of areas, such as the estimation of a producer price index.

The World Bank's *Country Assistance Strategy* for Jordan for 2000-2002 underlines that since the early 1990s, Jordan has undertaken considerable stabilization and adjustment efforts, that have been supported by the Fund, the Bank Group, the EU, and several bilateral donors. The economy's initial response to the Government's reform program was strong. Economic fundamentals for the first half of this decade were quite satisfactory: a high average growth rate of 7.6% per annum (until 1996 when it began to deteriorate), a reduction in the fiscal deficit, low inflation, and sound monetary management, which helped the build-up of foreign exchange reserves to a healthy level. The economic growth began to deteriorate in 1996, with growth falling below the population growth rate resulting in approximately a 2% decline in per-capita income per annum during 1996-1998. Based on detailed discussions with the Government and other stakeholders in the country, the Bank's assistance for 2000-2002 will focus on economic growth, emphasizing higher levels of private investment, export development, and tourism; promoting human development, including social protection, and improving water resources management and the environment. The Bank group expects to lend for projects in higher education, agricultural exports, vocational education, tourism, social protection, water and public sector reforms. To improve macroeconomic management, the Bank works closely with the IMF.

The World Bank has some projects going on in Jordan focusing on the introduction of an efficient and effective linkage between public expenditures for the short-term training, and the business community skill requirements; the improvement of the living conditions of the poor by providing essential physical and social infrastructure services; improvement

of the capacity of selected institutions to deliver infrastructure services to the poor in an effective, efficient, and targeted way; the design and implementation of growth-oriented economic reforms with focus on the immediate problems of poverty and unemployment. The reform programs are expected to increase investment, contain the size of the public sector and boost the activities of the private sector. The *Social Productivity Program*, initiated in 1996 addresses social assistance; physical infrastructure; micro-finance to support self-employment; and training for wage employment.

The World Bank project *Training and Employment Support Project (TESP)* is part of the SPP and would finance short-term training and related employment services; its objective is to enhance social productivity by increasing the amount and relevance of training, especially poorer Jordanians. The social part of the job aims at funding job training for poor job-seekers.

Poverty in Jordan is both recent (a product of economic downturn in the late 1980s and the Gulf War) and shallow (the average poor household would not have to increase its income much to rise above the poverty line); most of the poor are concentrated in low-income settlements (economically depressed municipalities and villages all over Jordan; squatter settlements and Refugee Camps) where infrastructure and services are below generally acceptable standards. The main development objective of the *Jordan Community Infrastructure Project* is to improve the living conditions of the poor through the provision of essential physical and social infrastructure services. A secondary objective is to improve institutional capacity of central and local government agencies responsible for Project implementation.

### 3.3.2. Egypt

UNDP states that its fundamental mission in Egypt is to support anti-poverty initiatives, particularly by advocating the adoption of sustainable human development, and support to operational activities which demonstrate ways to create jobs, protect the environment, and promote good governance – with special attention to the needs of women.

In line with the IMF's suggestions, Egypt has embarked on a new and decisive phase of adjustment and economic reform. In the early 1990s the

country faced severe financial imbalances evidenced by high inflation and large external deficits. With the support of two successive IMF financial arrangements (1991 and 1993), however, the country made important progresses in reducing these imbalances although the economic performance remained below potential.

Egypt then adopted an ambitious reform program in support of which the IMF approved a two-year stand-by arrangement in October 1996. This medium-term program sought to achieve a sustained higher rate of growth and a gradual reduction in unemployment, while further lowering inflation and maintaining a strong external reserve position. To these ends, the program focused on consolidating the gains on macro-economic stabilization and broadening and intensifying the structural reform agenda through privatization, deregulation, trade liberalization, and a revamping of the financial sector. Non-oil exports and Foreign Direct Investments (FDI) in Egypt will need to grow sharply. Likewise the authorities will have to consolidate their efforts to strengthen Egypt's performance on the socio-economic front. In this regard the authorities have appropriately emphasized increasing spending on health and education, improving the quality of these services, and strengthening and refocusing the social safety-net. The *Egypt Social Development Funds*, implemented in collaboration with the World Bank, the European Union, UNDP, and the Arab Development Bank are a first-rate example of external-supported national efforts aimed at poverty reduction.

The 1998 World Bank's involvement in Egypt had the shape of a \$90 million IDA credit aimed at supporting the first phase of the government's plans to comprehensively upgrade health services over the next two decades. It will gradually phase in universal basic coverage, focusing initially on especially vulnerable and impoverished groups and geographical areas. Its projects in Egypt (Table 20):

A) *Second Social Fund for Development*. After 1991 Egypt embarked on a broad economic adjustment program with the support of the IMF and the WB. Major structural issues need to be addressed: between 20-30% of the population is poor and the country's main challenges are creating jobs for a rapidly growing workforce; integrating Egypt into the global economy; reducing poverty; protecting the environment while increasing the efficiency of use of Egypt's limited natural resources. The project objectives are to help reduce poverty and raise incomes through support

for demand-driven interventions ranging from public works to micro and small enterprises development.

B) *Third Social Fund for Development*. Economic growth has resumed but the country needs to spread the benefits of growth through job-creation and poverty reduction. Despite improvements in economic growth, unemployment remains high (estimates vary from 10% to 21%). The age structure of the unemployed is also cause for concern, with 70% of the unemployed being 35 and less, but not necessarily poor. The Government considers employment generation through job created by the private sector as its top priority.

Egypt's poverty is relatively shallow and can be eliminated by moderate growth. However there is a special problem of how to help the poorest of the poor where women and children feature disproportionately these groups may benefit less from growth and need direct targeting. While the government offers a broad range of services in Egypt, it has tended to be centralized in approach, and inefficient and ineffective in delivery. Decentralization and diversification of social service delivery systems continue to be needed. The Social Fund for Development has proven itself to be a successful and efficient organization to reach poor and under-served populations and to create employment opportunities.

### 3.3.3. Morocco

In the context of UNDP's involvement in Morocco, a Program to fight poverty has been elaborated. It aims at reinforcing the national capacities to promote a favorable environment for the fight against poverty and the creation of durable subsistence means. This Program's aim is to reinforce the synergies between the elaborated and/or implemented strategies and policies in the sectors of employment, basic health care, education for girls, etc. Are part in this plan, the elaboration of a National Plan of action against poverty and an annual *National Report on Human Development*. These plans will be accompanied by decentralization and reinforcement of national capacity at local administrations, NGOs, and other potential partners.

The World Bank has assured Morocco a \$10 million loan for the *Rural Water Supply and Sanitation Project* whose aim is to provide safe and accessible water and basic sanitation to about 1.3 million rural inhabitants in

the country's poorest provinces (Table 21). In addition to its health benefits, the project is expected to have an especially positive impact on girl's school attendance, which is often curtailed by domestic duties, including having to fetch water from distant locations.

According to the IMF, in recent years the structural reforms have concentrated on improving the environment for stronger private sector-led growth, and addressing weaknesses in the social sectors. Particular emphasis has been put on upgrading the judicial system, restructuring the financial sector, reorienting education toward basic instruction and higher enrollment, and simplifying the regulatory environment. The legal basis for private sector development was further strengthened by amendments to the corporate laws and bankruptcy procedures. In 1998 unemployment was still a big problem with a 19% rate in urban areas. The deficit target was achieved through exceptional revenue measures, including a tax-amnesty and higher dividend payments obtained from a few state enterprises. Low inflation allowed for a further reduction of interest rates. The banking system is being further strengthened by a number of actions aimed at restructuring the agriculture and real estate/tourism banks.

The IMF supported the authorities' effort to improve social conditions and the decision to establish a new social development agency, which should provide better targeted assistance to the most disadvantaged segments of the population. The rapid dismantle of the generalized subsidy system would be an effective way to free additional resources to finance those programs. A concerted effort on developing rural infrastructure, as well as expending health and education services accessible to the poor, particularly rural women, would help to raise social indicators to levels prevailing in other middle-income countries.

The World Bank highlights that in 1997 Morocco had a per-capita income estimated at around US\$1,250. Of the country's labor force of 7.4 million persons, 50% are employed in agriculture, 15% in industry, and the rest in services. The rate of unemployment was estimated, in 1997, at 16.6% (with peaks of 25% among the educated youth). Foreign trade is important to this economy, with exports equivalent to 35% of GDP and imports 33.9% of GDP. Poverty is mainly concentrated in rural areas and it is influenced by weather fluctuations. Finding resources to redress social disparities – substantially driven by large urban-rural disparities in incomes, opportunity, and basic human and infrastructure services – is complicated by budgetary

rigidity, reflecting in particular the substantial cost of the civil service wage bill. Robust and sustainable growth in the medium term would ultimately come from deep integration with the world economy. The AAEU signals Morocco's commitment to further integration and liberalization, and provides a solid anchor for the further upgrading of the country's economic and social institutions. The challenge is for the private investment to react positively to this opportunity by increasing its competitiveness and dynamism, which have been stagnant in recent years.

Historically growth centered along the coastal corridor and budget allocations favored urban centers' with the result that urban-rural disparities remain large. Though poverty has declined substantially since the mid-1980s, 13% of the population is still poor, many more are near poor and 80% of the poor are in rural areas. Indicators different from income, such as literacy and health show similar imbalances. Education levels are low in relation to the public resources provided – about 5% of GDP. Public resources spent on health amount to less than 1% of GDP, which is below the norm for similar countries and the have been concentrated on the development of large urban hospitals rather than on small rural dispensaries. Infant mortality is high (22% of all deaths in the country), and life expectancy is low compared to other lower middle income countries. Despite significant increases (from around 14% in the early 1990s) more than 65% of the rural population presently remains without access to safe water, compared to 20% in urban areas. The Government is committed to reducing poverty and social disparities through better use of its resources, principally by allocating public resources to investments away from current expenditures. It is focusing on elementary and secondary education with the objective of increasing girl primary enrollment to 50% (compared to 26% in 1996) and facilitating the access of rural inhabitants to primary health care. It also concentrates on providing basic infrastructure by extending networks of potable water, roads, and electricity to rural areas. Morocco stands as the Bank's ninth largest borrower with a disbursed loan portfolio of US\$3.2 billion. The key focus of the CAS is to place greater emphasis on social and rural development, while continuing to support the private sector-led growth agenda.

World Bank's projects in Morocco:

A) The Government of Morocco has prepared a *National Rural Water Supply Program* with UNDP assistance aimed at supplying 11 million

people in 31,000 villages with safe potable water, improve their living conditions, and thereby help reduce social inequities *vis-à-vis* the urban population. Only 20% of the urban population, in fact, has access to safe water. The project would introduce the latest ideas and practices for participatory techniques which would also help ensure sustainability;

- B) *Policy Reform Support Local Project (PRSL)* which pursues sound macroeconomic management (including the consolidation of fiscal balances), the implementation of public sector reforms (covering budgetary institutions, the civil service, and the judiciary), pursues the agenda for private sector development (covering privatization, private provision of infrastructure, the business environment, and access to finance), and promotes human and social development, particularly poverty reduction (notably through measures to increase rural access to basic social and infrastructure services). The benefits of the reform program supported by the PRSL would be considerable: They would include enhancing Morocco's competitiveness and achieving strong sustainable growth while advancing on the country's substantial human and social development agenda. Social problems may result from expenditure constraints, from employment consequences of the privatization program and/or from poor implementation of social reform measures envisioned under the program. These risks will be mitigated through close monitoring of reform implementation.
- C) *Basic Health Project* aimed at dealing with the problems of maternal mortality and access to health facilities, evacuation procedures and medical referral caused by inequity and inefficiency of the health system; insufficient coverage for the rural population; poor quality within the basic health system; insufficient financing and rising cost of health care; centralization management.

The proposed project would be part of the *Social Priorities Program I (SPP I)*, initiated to assist the Government in the implementation of its strategy to increase the poor's access to basic social services, enhance basic rural infrastructure, and provide employment opportunities to the most vulnerable groups, while bolstering Government awareness of poverty-related issues. 41% of the total population lives in the rural areas. Specific objectives of the proposed project are:

- to provide better access to essential preventive and curative care for 45% (from 14%) of the targeted population, including equitable access to essential drugs;
- to reduce maternal and neonatal mortality in the targeted areas by increasing the coverage of prenatal visits and assisted deliveries in a medical setting from 14 to 40% and by making available modern family planning methods;
- to maintain the performance of priority public health programs at the national level.

### 3.4. The European Union and the Association Agreements

Once agreed that inclusive growth is the key to development and poverty reduction, it is important to see what policies and what interventions are best suited to reach this goal. At the national level, rapid and equitable growth requires institutions and policies that encourage high levels of private and public investment to create jobs, services, and the infrastructure necessary to expand opportunities for the poor and lead to gains in their human and physical assets. Examples are policies that reduce disparities in growth rates between urban and rural areas by fostering the development of the rural non-farm sector, policies that ensure access to good quality education and an equitable distribution of productive assets such as land for the poor and for women; measures that tackle the economic and the physical insecurities of the poor, and policies that enhance the poor's visibility at the local level and ensure that formal institutions respond effectively to their demands. At the international level, one of the essential conditions for steady growth in the developing countries is demand for products produced by these countries.

The Association Agreements with the European Union (AAEU) can be seen in this context of development and poverty eradication. For the European Union, the Association Agreements serve the need to deepen relations with the countries of the South and East of the Mediterranean Sea. Enhanced prosperity and security on both sides of the Mediterranean is the ultimate objective the EU seeks. As far as the MENA countries are concerned, the agreements provide a major impetus toward an open trade regime over the next decade and constitute a powerful catalyst for overall economic reform. In other words, the AAEU represented for the MENA countries the chance for entering as main actors in the globalized world.

According to an IMF working paper on the AAEU<sup>8</sup>, these can bring substantial benefits to the countries concerned. However, the authors suggest, in order for the AAEU to bring about structural and durable benefits to the MENA countries, they must be accompanied by deep supplementary reforms - which require thorough assistance from the EU - that must include the extension of trade liberalization to services and agriculture on a multilateral basis, the improvement of the environment for

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<sup>8</sup> Ghesquiere H., "Impact of the European Union Association Agreements on Mediterranean countries", *Working Paper of the International Monetary Fund*, 1998.

Foreign Direct Investment (FDI), and the creation of an adequate fiscal and exchange rate policy response. Using growth as the measurement unit, the MENA countries would benefit from the AAEU both for higher total factor productivity and increased levels of investment. The AAEU are expected to promote a business environment that stimulates domestic and foreign investment, thereby increasing capacity growth (in addition to accelerating the transfer of technology).

As the experience in South America seems to suggest, however, domestic reforms are the precondition of successful regional trade initiatives and not their outcome. On the cost side, two aspects have been highlighted: the adverse fiscal revenue impact and the cost of transitional unemployment and idle capacity. Both can be mitigated through additional financial assistance from the EU.

Morocco's static welfare gains, for example, have been estimated between 1.5-2.0% (Rutherford et al, "The free trade agreement between Tunisia and the European Union" unpublished mimeo, World Bank, Washington, 1993), while the adverse budgetary revenue impact was projected at 2.0% of GDP after 12 years. The main issue of the agreement with Morocco was the access of its agricultural exports to the EU. Although Morocco's preferential access for agricultural products has been widened, restrictions still remain, and also Morocco's protection of its own agricultural sector has not been reduced significantly.

In the case of Egypt and Jordan, on the other hand, the attention focuses on the costs of trade diversion, which is substantial in the case of these two countries mainly because the EU accounts for only 45% and 32% respectively, of imports. It has been calculated that free trade between Egypt and the EU – the elimination of tariffs on EU imports in parallel with an assumed 1% increase in the prices of Egyptian exports due to the reduced incidence of testing and certification costs in the EU, as well as an 8% increase in export prices of agricultural produce and clothing, owing to increased access – would result in a welfare gain of only 0.2% of GDP. (Konan and Maskus, "A computable general equilibrium analysis of Egyptian Trade Liberalization Scenarios" in Galal A. Hoekman B (eds.) *Regional Partners in global markets: limits and possibilities for the Euro-Med Agreements*, Center for Economic Policy research, London, 1997). Accordingly, in order to significantly raise welfare the AAEUs need to bring

about considerable improvements in the cost structure of doing business, thereby indirectly enhancing prospects for inward FDI.

It can be expected that growth and investments will benefit from the lowering of protection, the reduced costs of trading, the harmonization of standards, customs, and services as well as the greater credibility of economic policy reforms brought about by increased cooperation with the EU. Nonetheless it is important to emphasize that the AAEU should be implemented in a manner that secures their full benefits while limiting the costs. As European aid under the AAEUs is conditional on the implementation of programs of structural reform agreed between the authorities and the EU in close cooperation with the World Bank, national government should advance some of the more difficult supporting measures like financial services reforms, social-net provisions, increased labor-market flexibility, and regulatory framework to attract FDIs. The MENA countries' governments have committed to a course that can be completed successfully only by adopting far-reaching reforms. The benefits of the agreements could be substantial, but they are uncertain, will come relatively late, and will be forthcoming only if major supplementary reforms are implemented. In other words, the authorities are to ensure continued macroeconomic stability while leading a socially acceptable transformation of the productive structure of their economies.

The most sensible course of action for the MENA countries would be to integrate the EU agreements in a comprehensive development strategy. The success of the agreements, in fact, depends on the creation of substantial foreign investment in labor-intensive export-oriented sectors. This will require dramatic transformations of these societies. Trade in services, the right of establishment, privatization, a newly defined role for the government, and deep changes in judicial and administrative practices will all be needed. The macroeconomic policy response will need to combine firm fiscal discipline with high quality social safety-net provisions, thus allowing room for exchange rate flexibility while maintaining financial stability.

The European Union stresses the importance that the Mediterranean partners in the Euro-Mediterranean Partnership reduce the risk associated with investment in the region. This should be done in order to favor FDI. It is also important that the MENA countries press for the increase of intra-regional trade, manage regional debt, and avoid the emergence of unequally

spread development. The amelioration in terms of increase of free-trade is believed to influence the low levels of FDI, while strong intervention in the latter sectors would free farther budget resources. The European Union also stresses the importance of concentrating on “South-South cooperation”. It is also highlighted the need to ensure that economic change and development is legitimated by public support and is pursued within the limits of public tolerance.

The European Union recognizes that the negative effects of the Free Trade area will be mostly felt by the small and medium-sized enterprises, which will have to be adequately assisted and protected. Effective technology transfers and training programs are necessary to enable the local enterprises first to survive and then to penetrate into new, foreign markets<sup>9</sup>.

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<sup>9</sup> <http://www.euromed.net>

**Table 15 – Stated mission and role of the International Organizations**

| INTERNATIONAL ORGANIZATIONS               | Stated mission  | Role in the MENA region   |
|---|---|---|
| <p>▶<br/>INTERNATIONAL MONETARY FUND</p>  | <ul style="list-style-type: none"> <li>▪ International monetary cooperation,</li> <li>▪ Exchange stability,</li> <li>▪ Orderly exchange arrangements,</li> <li>▪ Economic growth and high levels of employment;</li> <li>▪ Provide financial assistance under adequate safeguards to help ease balance of payments adjust.</li> </ul> | <ul style="list-style-type: none"> <li>▪ Policy consultation</li> <li>▪ Technical assistance</li> </ul> <p>Fiscal and monetary exchange rate arrangements</p> <p>Policies</p> <ul style="list-style-type: none"> <li>▪ Finance stabilization and reform programs</li> <li>▪ Support of in-country generated reform programs</li> <li>▪ Advisory role</li> </ul> |
| <p>WORLD BANK</p>                         | <ul style="list-style-type: none"> <li>▪ Stable, sustainable, and equitable growth.</li> <li>▪ Social development, inclusion, governance, and institution-building.</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Promote the policy reforms and private sectors developments needed for productive job creation</li> <li>▪ Promote equitable growth based on human development</li> <li>▪ Promote poverty reduction through targeted efforts</li> </ul>   |
| <p>United Nations Development Program</p> | <ul style="list-style-type: none"> <li>▪ Sustainable human development;</li> <li>▪ Building capacity in designing and implementing development programs in poverty eradication, employment creation, and sustainable livelihoods, and the empowerment of women.</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Support anti-poverty initiatives</li> <li>▪ Advocating the adoption of sustainable human development policies supporting operational activities which demonstrate ways to create jobs, protect the environment, and promote good governance – with a special emphasis on the needs of women.</li> </ul>                |

Source: Censis, 2000

Table 16 – Definitions of poverty and cures by International Organizations

| POVERTY   | DEFINITION  | Causes and cures  | Implications   |  |  |
|---|---|---|--|--|--|
|   | <p>Poverty of income (IMF)</p>  | <ul style="list-style-type: none"> <li>▪ Caused by <i>underdevelopment</i></li> <li>▪ Cured by economic growth</li> </ul>   | <ul style="list-style-type: none"> <li>▪ In order to foster growth, sound monetary and macroeconomic policies are needed.</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Sound monetary and macroeconomic policies, however, may have effects contrary to poverty alleviation</li> <li>▪ Hence, need to include sound monetary and macroeconomic policies in a poor-concerned context</li> </ul> | <ul style="list-style-type: none"> <li>▪ Transformation of the <i>Enhanced Structural Adjustment Facility (ESAF)</i> into the <i>Poverty Reduction and Growth Facility (IMF)</i></li> <li>▪ Greater collaboration with other international organizations, particularly the World Bank</li> </ul> |
| <ul style="list-style-type: none"> <li>▪ Lack of opportunities,</li> <li>▪ Lack of access to safe water and health care,</li> <li>▪ Unemployment,</li> <li>▪ Lack of human dignity</li> <li>▪ Social exclusion</li> </ul> | <ul style="list-style-type: none"> <li>▪ Poverty is determined by impossibility to access basic and more refined social services. (non è molto chiaro quali siano le cause della povertà)</li> <li>▪ Economic growth is a variable of poverty alleviation.</li> <li>▪ Shift from a mere economic perspective to an economic and social perspective</li> </ul> | <ul style="list-style-type: none"> <li>▪ <i>Inequality</i></li> <li>▪ <i>Inclusion</i>: promoting equitable access to economic and social benefits of development regardless of race, gender, nationality, etc</li> <li>▪ Need for <i>ad-hoc</i> poor-oriented social and macroeconomic policies</li> </ul> | <ul style="list-style-type: none"> <li>▪ Identification of specific groups and subgroups</li> <li>▪ Elaboration of specific poor-oriented policies</li> <li>▪ Targeting</li> <li>▪ Monitoring</li> <li>▪ Active role of the targeted groups in the elaboration and implementation of policies that regard them.</li> </ul> | <ul style="list-style-type: none"> <li>▪ <i>Program of Targeted Interventions (PTI)</i> of the World Bank</li> <li>▪ Strengthening each country's own capacity to diagnose and monitor poverty.</li> </ul>   |  |

Source: Censis, 2000

**Table 17 – Poverty assessment and cures in the MENA region by International Organizations**

|                                     |  |  |   |  |
|-------------------------------------|--|--|---|--|
| <p>Relatively high poverty line</p> | <p>Underdeveloped in regard to social indicators, in particular:</p> <ul style="list-style-type: none"> <li>▪ unemployment,</li> <li>▪ access to health care,</li> <li>▪ education</li> <li>▪ great urban-rural disparities in socio-economic welfare and opportunities</li> </ul> | <ul style="list-style-type: none"> <li>▪ Reassessment of the role of the state</li> <li>▪ Governments must ensure that the conditions for the blossoming of the private sector are created.</li> <li>▪ Pursue labor-intensive growth that leads to the expansion of employment</li> <li>▪ Policies that encourage macroeconomic stability</li> <li>▪ Shift resources to more efficient sectors</li> <li>▪ Integrate the local economies with the global economy</li> </ul> | <ul style="list-style-type: none"> <li>▪ Create appropriate safety-nets for the safeguard of the most vulnerable groups</li> <li>▪ Implement health and education policies</li> </ul> | <ul style="list-style-type: none"> <li>▪ Need to improve the <i>effectiveness</i> and <i>quality</i> of social spending.</li> <li>▪ A project's success requires clear commitment from the beneficiary populations.</li> <li>▪ Reforms in the social sectors should not be too ambitious because of their impact on large groups;</li> <li>▪ Need for a good management information system and disbursement procedures;</li> <li>▪ Seek early involvement of those who will play a role during project implementation</li> </ul> |
|-------------------------------------|--|--|---|--|

Source: Censis, 2000

Table 18 – AAEU and the MENA countries

| Goals  | At the national level  | Means at the international level   | The AAEUs   | EU   |
|--|--|--|---|--|
| <ul style="list-style-type: none"> <li>▪ Rapid and inclusive growth</li> </ul> | <ul style="list-style-type: none"> <li>▪ high levels of private and public investment</li> <li>▪ creation of jobs, services and the infrastructure to expand opportunities for the poor</li> <li>▪ reduction of disparities between urban and rural areas – fostering the development of the rural non-farm sector</li> <li>▪ access to good quality education</li> <li>▪ Equitable distribution of productive assets such as land for the poor and for women</li> <li>▪ Enhancement of the poor's visibility at the local level</li> <li>▪ Ensure that formal institutions respond effectively to their demands.</li> </ul> | <ul style="list-style-type: none"> <li>▪ Demand for products originated in these countries.</li> </ul> | <ul style="list-style-type: none"> <li>▪ open trade regime</li> <li>▪ higher total factor productivity</li> <li>▪ higher levels of investment.</li> <li>▪ Higher capacity growth</li> <li>▪ Opportunity to enter the globalized world as main actors.</li> <li>▪ Benefits conditional to supplementary structural reforms:                             <ul style="list-style-type: none"> <li>- favor FDI's</li> <li>- extend trade liberalization to services and agriculture on a multilateral basis</li> <li>- favor adequate fiscal and exchange rate policy</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>▪ provide economic aid and technical assistance for the structural reforms</li> <li>▪ need to improve the countries' capacity to elaborate and implement poverty reduction strategies</li> <li>▪ need to think in national, regional, and sub-regional terms</li> <li>▪ need to "molecularize" poverty and poor groups</li> </ul> |

Source: Censis, 2000

**Table 19 – The project of the International Organizations in Jordan**

| Country | Year      | Project's name  | Total amount (US\$, Million) | Donor                              | Amount per donor (US\$, Million) |
|---------|-----------|---|------------------------------|------------------------------------|----------------------------------|
| Jordan  | 1997-2000 | Investment promotion: support for strategy promotion and Institution building | 362,000                      | UNDP                               | 150,000                          |
|         |           |   |                              | Government                         | 212,000                          |
|         | 1998-1999 | Support for Jordan's integration into the global economy                      | 300,00                       | Financial institution              | 250,000                          |
|         |           |   |                              | Government                         | 50,000                           |
|         | 1998      | Sustainable development network   |                              | UNDP                               | 210,000                          |
|         |           |   |                              | Government inputs (local currency) | 470,000                          |
|         | 1997-2000 | Human development profiles and strategy for Jordan                            | 225,000                      | UNDP                               | 20,000                           |
|         |           |   |                              | Regional                           | 35,000                           |
|         |           |   |                              | SPR                                | 50,000                           |
|         |           |   |                              | DFID                               | 120,000                          |

Source: Censis elaboration on UNDP, IMF, and WB data

**Table 20 – The projects of the International Organizations in Egypt**

| Country               | Year                            | Project's name                     | Total amount (US\$) | Donor  | Amount per donor (US\$) |
|-----------------------|---------------------------------|------------------------------------|---------------------|--|-------------------------|
| Egypt                 | 1995                            | Second Social Fund for development | 580 Million         | IDA  | 120 Million             |
|                       |                                 |                                    |                     | European Union                                       | 150 Million             |
|                       |                                 |                                    |                     | Various Arab Funds                                   | 100 Million             |
|                       |                                 |                                    |                     | Other donors (CH, F, D, India, China, OPEC Fund, DK) | 160 Million             |
|                       | 1999                            | Third social Fund for development  | 65 Million          | Egyptian Government and beneficiary communities      | 50 Million              |
|                       |                                 |                                    |                     | Government   | 10 Million              |
|                       |                                 |                                    |                     | Beneficiaries and NGOs                               | 5 Million               |
|                       | 1998                            | Health sector Reform Program       | Undetermined        | IDA  | 50 Million              |
|                       |                                 |                                    |                     | IDA  | 90 Million              |
|                       |                                 |                                    |                     | Other parallel financiers                            | To be determined        |
| 1996-1999 (estimated) | Economic reform monitoring unit | 1,910,000                          | USAID               | Unknown  |                         |
|                       |                                 |                                    | European Union      | Unknown  |                         |
|                       |                                 |                                    | European Commission | 810,000  |                         |
|                       |                                 |                                    |                     | UNDP (IPF)   | 600,000                 |
|                       |                                 |                                    |                     | ADB  | 500,000                 |

Source: Censis elaboration on WB, IMF, UNDP data

**Table 21 – The projects of the International Organizations in Morocco**

| Country | Year                    | Project's name                                      | Total amount (US\$)                       | Donor   | Amount per donor (US\$)                    |
|---------|-------------------------|---|---|---|--|
| Morocco | 1997                    | Rural water supply and sanitation                   | (estimated)                               | World Bank  | 40 Million                                 |
|         |                         |   | 150 Million                               | Other donors  | 80 Million                                 |
|         | 1998 (tentative)        | Policy reform support loan (PRSL)                   | Balance of payment support of 250 Million | The money is to be disbursed upon effectiveness of the project. |  |
|         | 1996                    | Basic health  | (estimated) 175 Million                   | World Bank  | (estimated) 65 Million                     |
|         | 1996-2001 (approximate) | Durable human development and fight against poverty | 3.350.000                                 | World Bank<br>UNDP<br>CIP<br>SAO<br>ISP<br>Government           | 900.000<br>600.000<br>150.000<br>1.700.000 |

Source: Censis elaboration on UNDP, IMF, and WB data

**POVERTY IN TRANSFORMATION:  
DEFINITION, INDICATORS, AND KEY PLAYERS  
AT THE NATIONAL AND MEDITERRANEAN LEVEL**

**Volume II**

**Rome, March 2000**

**PART II**

**THE COUNTRY-STUDIES**

**ITALY**

## **1. CINQUANT'ANNI DI INCHIESTE SULLA POVERTÀ IN ITALIA: DA UN APPROCCIO ECONOMICISTICO A UNO MULTIDIMENSIONALE**

Nella letteratura italiana non si conoscono indagini sociali sulla povertà che a partire dal secondo dopoguerra (Martinelli 1999). Ma nel corso degli ultimi cinquant'anni sono state eseguite numerose stime sull'estensione e l'incidenza della povertà, nel tentativo di identificarne dimensione e aspetti qualitativi: le forme attraverso le quali il fenomeno si manifesta, le tipologie familiari maggiormente colpite, le cause all'origine delle deprivazioni, l'evoluzione storica e le dinamiche in relazione al livello di gravità nelle diverse aree geografiche del Paese.

Dalle indagini che si sono susseguite nel corso di mezzo secolo derivano differenti rappresentazioni del disagio sociale connesso alla indisponibilità economica di ampi strati della popolazione, spesso riconducibili però ai diversi approcci concettuali adottati e a metodologie di misurazione ispirate a criteri non sempre omogenei.

La prima iniziativa istituzionale volta all'accertamento delle condizioni di povertà in Italia è stata l'Inchiesta parlamentare sulla miseria e sui mezzi per combatterla coordinata da una Commissione interpartitica presieduta dall'onorevole Ezio Vigorelli e istituita con delibera della Camera dei Deputati (1953) nell'ottobre del 1951. La misura della povertà era basata sul calcolo della diffusione della povertà assoluta: in altri termini, l'inchiesta faceva riferimento alle carenze in senso assoluto (alimentari, abitative e rispetto ad altri bisogni essenziali) riscontrate in seno alle famiglie. Su un complesso di 11.592.000 famiglie italiane, la relazione finale stimava 6.200.000 individui in stato di miseria e oltre 5.900.000 persone in condizione disagiata.

L'elemento saliente posto in evidenza dall'indagine era però una significativa disparità territoriale delle condizioni di disagio, ossia il maggior livello relativo di depressione delle regioni del Mezzogiorno rispetto alla circoscrizione settentrionale del Paese. Tale risultato – che costituirà un carattere distintivo costante della situazione italiana, protrattosi fino ai nostri giorni – emergeva chiaramente dall'osservazione dei tassi di incidenza della povertà, ossia delle quote percentuali di famiglie indigenti

rispetto al numero complessivo dei nuclei familiari residenti sul territorio. Nel 1952 l'incidenza della povertà a livello nazionale era pari all'11,8% delle famiglie, e in particolare erano in condizione di povertà l'1,5% di quelle presenti in Italia settentrionale, il 5,9% di quelle che vivevano al Centro, quasi un quarto (il 24,8%) dei nuclei residenti in Sicilia e Sardegna, e il 28,3% nel Sud continentale (con una punta particolarmente critica in Calabria, dove le famiglie svantaggiate risultavano pari al 63% del totale).

Dopo una fase di relativo silenzio, la "riscoperta della povertà" (Sarpellon 1977) avveniva alla fine degli anni 70 ad opera di un folto gruppo di sociologi (Cavallaro 1974, Padiglione 1975, Stagni 1975, Braghin 1978, Carbonaro 1979) in concomitanza con il ciclo di recessione economica - segnata da un tasso di inflazione salito fino al 20% annuo - seguito al periodo di crescita sostenuta che aveva caratterizzato il decennio precedente. Con il passare del tempo, via via che l'eccezionale processo di sviluppo economico e sociale del Paese determinava una rilevante complessificazione della società italiana, all'interno del rinnovato dibattito aperto intorno alla questione povertà si introduceva il concetto di "emarginazione sociale" e maturavano due innovativi punti di vista:

- l'intuizione che, accanto alla persistenza di una povertà tradizionale, di tipo materiale e riguardante bisogni primari di sussistenza, soprattutto nelle grandi città stavano emergendo sempre di più "nuove povertà" postmaterialistiche dipendenti, per un verso, dalla scarsità di relazioni sociali e, per un altro verso, dalla deprivazione di nuovi consumi indotti da bisogni "immateriali", più sofisticati (Censis 1979, 1980);
- la consapevolezza della necessità di un maggior riguardo per la verifica delle disuguaglianze esistenti in termini relativi tra le fasce sociali del Paese.

Così, all'approccio in termini assolutistici adottato nel passato faceva seguito un criterio relativistico della misura del fenomeno della povertà. Nel *Rapporto sulla povertà in Italia* di Sarpellon (1983), predisposto nell'ambito di una più ampia indagine promossa dalla Comunità economica europea, l'estensione della povertà economica della popolazione veniva stimata in base alla differenziazione della spesa familiare per consumi, secondo la base dati fornita dall'indagine campionaria dell'Istituto Nazionale di Statistica (ISTAT) sui consumi delle famiglie nell'anno 1978, e

fissando una soglia di discriminazione delle famiglie povere o non povere secondo il metodo dell'*international standard of poverty line* (ISPL).

L'analisi di Sarpellon permetteva di stabilire che le famiglie povere in Italia erano nel 1978 2.590.000, pari al 15% del totale delle famiglie italiane, e giungeva ad individuare la causa della povertà nell'intreccio di un insieme di fattori:

- l'inadeguatezza dei redditi da lavoro, nel caso in cui fossero insufficienti a sostenere un livello minimo di consumo e dunque la soddisfazione delle primarie esigenze di vita delle famiglie;
- la disoccupazione, in riferimento alle componenti in cerca di occupazione o prive di redditi da lavoro;
- il basso ammontare delle pensioni.

Nell'indagine veniva riscontrato come le cause strutturali della povertà – inadeguatezza dei redditi da lavoro e disoccupazione – fossero maggiormente influenti nel Mezzogiorno – in cui la quota maggioritaria delle famiglie con reddito da lavoro (71%) poteva contare su un'unica entrata –, mentre i fattori redistributivi – l'entità delle pensioni – avessero un peso più rilevante nelle regioni centro-settentrionali.

Lo stesso criterio di misurazione adottato in questa rilevazione è stato riproposto nei lavori annuali della Commissione d'inchiesta sulla povertà e sull'emarginazione istituita presso la Presidenza del Consiglio dei ministri nel 1984 con il compito di contribuire alla valutazione quali-quantitativa del fenomeno e di fare chiarezza sulle sue cause. Anche i rapporti sulla povertà della Commissione si basano sui dati dell'indagine sui consumi delle famiglie effettuata dall'ISTAT e sul criterio dell'ISPL, cioè sulla definizione delle disuguaglianze esistenti tra le componenti sociali in relazione allo standard di vita medio della società.

Nel corso degli anni le conclusioni delle indagini svolte hanno posto in rilievo, da un lato, il maggior rischio di povertà per le famiglie numerose e, dall'altro, lo stretto legame esistente tra disoccupazione e povertà, nonché tra il basso livello di istruzione e le condizioni di disagio. È apparso evidente, infatti, il ruolo della scolarizzazione come elemento di contrasto della povertà: un minor grado di istruzione è connesso ad una maggiore

probabilità di disoccupazione e, in ogni caso, vieta l'accesso a condizioni occupazionali a più alta remunerazione.

Dal 1997 la Commissione, in collaborazione con l'ISTAT, ha messo a punto una misurazione del disagio economico calcolato in base ad una soglia di povertà assoluta correlata al valore monetario di un paniere minimo costituito da beni essenziali. Il paniere è stato costruito individuando prima le aree di consumo relative ai bisogni primari, identificando quindi le voci di spesa relative a tali aree, e poi quantificando in termini monetari la disponibilità economica richiesta per il loro soddisfacimento. Un'analisi basata su un simile riferimento fisso ed "assoluto", aggiornato nel corso del tempo in base alle variazioni del sistema dei prezzi, consente di identificare l'incidenza della povertà secondo analisi intertemporali e di tipo comparativo tra aree disomogenee senza dipendere dai differenti stili di consumo. Si possono identificare così i sotto-sistemi sociali colpiti da maggiore deprivazione economica.

Un osservatorio per il monitoraggio della distribuzione funzionale, personale e familiare, delle risorse in Italia, nonché delle forme e dell'impatto della redistribuzione attuata mediante le politiche economiche e sociali adottate dal Paese, è stato avviato con le pubblicazioni biennali del *Rapporto sulla distribuzione e sulla redistribuzione* del CNEL (Consiglio Nazionale dell'Economia e del Lavoro), che hanno introdotto alcuni elementi di novità rispetto alle indagini della Commissione d'inchiesta sulla povertà, a cominciare dalle fonti statistiche utilizzate (non solo ISTAT e Banca d'Italia, ma anche i dati fiscali forniti dal Ministero delle Finanze, o altre basi documentarie le cui applicazioni erano rimaste ancora in larga misura inesplorate).

Le principali conclusioni sulla povertà emerse dai rapporti finora pubblicati (Rossi 1992, 1994, 1996, 1998) delineano il quadro di un fenomeno che durante i primi anni '90 ha segnato una progressiva riduzione della disuguaglianza tra i ceti sociali (povertà relativa), regresso a cui però si è andata accompagnando una generale compressione del tenore di vita medio. In altri termini, ad un ciclo economico in flessione corrisponderebbe una diminuzione della povertà, e ciò non tanto perché migliorino le condizioni della popolazione, quanto perché si riducono le distanze in termini relativi tra le famiglie abbienti (meno propense a mantenere standard di consumo elevati) e quelle meno agiate o povere (il cui tenore di vita, essendo essenziale, non va soggetto ad ulteriori compressioni).

Per quanto riguarda la composizione dell'area della povertà, disaggregando i dati rilevati è stata confermata la più elevata incidenza tra le famiglie numerose e il carattere prevalentemente "meridionalista" del fenomeno. Infatti, il disagio economico è ridotto, seppure non in via di estinzione, nell'Italia nord-orientale e raggiunge livelli tipicamente centro-europei al Nord Ovest e al Centro. È stata rafforzata, inoltre, l'ipotesi di correlazione tra percezione di redditi da lavoro, disoccupazione e marginalità sociale, dal momento che i nuclei familiari con capofamiglia in condizione non professionale (pensionato o disoccupato) sono i più colpiti dal disagio. Infine, una valutazione significativa riguarda l'area dell'opulenza, che nel 1993 ha riguardato poco meno dell'11% delle famiglie: un nucleo familiare su dieci e non più, come nella seconda metà degli anni '80, uno su sei, riportando così i valori della disuguaglianza economica ai livelli osservati nei primi anni '70.

Un approccio sostanzialmente diverso, che rispetto agli studi di statica comparata fin qui menzionati ripone maggiore attenzione sugli aspetti dinamici ed evolutivi del fenomeno povertà, si concentra sulle dimensioni dei processi di mobilità delle risorse, cioè sull'ampiezza delle oscillazioni rispetto alla soglia di povertà che determinano di volta in volta l'espansione o la contrazione dell'area al di sotto della soglia stessa.

Lo studio di Pattarin (1996) utilizza i dati dell'indagine sui bilanci delle famiglie condotta dalla Banca d'Italia tra il 1989 e il 1993. Lo stato di povertà viene definito in base al reddito familiare disponibile calcolato come somma dei redditi da lavoro, da trasferimenti e da capitale, al netto di imposte e contributi. La linea di povertà relativa per una famiglia composta da due persone viene fissata al valore mediano della distribuzione dei redditi individuali. La soglia di riferimento per famiglie di ampiezza diversa si ricava applicando la scala di equivalenza adottata dalla Commissione d'indagine sulla povertà. La linea di povertà assoluta, invece, viene fatta coincidere con quella fissata per il 1989, accresciuta per il 1991 e il 1993 in base alla variazione dell'indice ISTAT dei prezzi al consumo. I flussi di mobilità di una famiglia in entrata o in uscita rispetto all'area della povertà dipendono dall'andamento del reddito, che può essere inferiore alla linea di povertà in un anno e superiore in quello successivo (transizione verso lo stato di non povertà) o, inversamente, il reddito della famiglia può ridursi al di sotto della soglia passando da un anno all'altro (impoverimento).

Lo studio giunge alla conclusione che in Italia il rischio di impoverimento è aumentato e che vi è stato di fatto un incremento progressivo della povertà assoluta delle famiglie a cominciare dagli inizi degli anni '90. Tra il 1991 e il 1993 circa il 10% delle famiglie era diventato povero, mentre nel triennio precedente un peggioramento delle condizioni economiche aveva riguardato solo il 4,8% dei nuclei familiari, mentre la quota delle famiglie in transizione dalla condizione di povertà a quella di non povertà era rimasta stabile.

Inoltre, l'analisi dei periodi di deprivazione e dei fenomeni di transizione illustrati evidenzia le tipologie socio-anagrafiche caratterizzate da un rischio maggiore di cadere in povertà. Viene confermato così che il rischio di impoverimento maggiore riguarda le famiglie residenti nel Mezzogiorno, quelle di più recente costituzione (con un capofamiglia giovane), quelle in cui la persona di riferimento è di sesso femminile, o in condizione di disoccupazione. Inoltre, più alto è il livello di istruzione del capofamiglia, minore è la probabilità di divenire poveri. D'altro canto, il rischio si intensifica tra le famiglie con a capo un lavoratore autonomo. Le transizioni di stato evidenziano, in ultimo, che i gruppi sociali caratterizzati da una maggiore diffusione della povertà sono anche quelli che si distinguono per flussi di mobilità in uscita più contenuti. Come dire che le classi più diffusamente sfavorite sono anche quelle che con minore probabilità potranno migliorare le loro condizioni.

Tale probabilità è diminuita in Italia in conseguenza degli effetti della recessione economica dei primi anni '90, concretizzatisi sia in una rigorosa politica pubblica di bilancio, sia nei processi di ristrutturazione delle aziende, di espulsione della forza lavoro e del blocco dei contratti collettivi dei lavoratori dipendenti. Simili effetti hanno pesato in prevalenza sulle fasce economicamente più deboli della popolazione, che hanno visto aggravarsi le loro condizioni sia in termini di incidenza che di intensità della povertà, ed hanno quindi conosciuto un prolungamento dello stato di disagio.

## 2. LA MAPPA ITALIANA DEL DISAGIO

### 2.1. La povertà relativa: definizione, misurazione e fenomenologia

La misurazione ufficiale della povertà in Italia si basa su una definizione del fenomeno inteso come privazione relativa. In accordo con questa rappresentazione, si considerano povere quelle famiglie che, ancorché siano dotate di mezzi di sussistenza fondamentali, non sono in condizione di disporre di risorse economiche idonee a mantenere un tenore di vita al livello del tenore medio della società in cui vivono. È del tutto ovvio che in un Paese sviluppato, che ha raggiunto livelli di industrializzazione e di crescita economica avanzati come quelli italiani e in generale occidentali, essere poveri non comporta di dover rinunciare a beni e consumi essenziali. La povertà, in questo caso, è associata a deprivazioni di diversa natura, direttamente inerenti i livelli di uguaglianza e di coesione sociale, e pertanto essa è associata di necessità al confronto con la situazione media del resto della popolazione.

L'estensione della povertà è calcolata dall'ISTAT secondo una metodologia condivisa e consolidata anche a livello internazionale. Il criterio utilizzato è quello dell'*international standard of poverty line* (ISPL) e l'approccio adottato è unidimensionale, ossia prende a riferimento un solo indicatore: la spesa per i consumi delle famiglie. In effetti, i consumi forniscono indicazioni che mettono al riparo dai vizi in cui incorre una analisi condotta sui dati del reddito disponibile, irrimediabilmente viziata dai notevoli limiti derivanti dalle note difficoltà di pervenire ad una stima verosimile delle risorse economiche realmente a disposizione delle famiglie<sup>10</sup>. La

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<sup>10</sup> Vi sono anzitutto difficoltà di rilevazione dei redditi effettivi. Un indicatore del reddito utilizzabile per la misurazione della povertà dovrebbe comprendere tutte le tipologie di entrate: reddito da lavoro, da capitale, i trasferimenti pubblici e privati, i redditi in natura e quelli imputati delle abitazioni. Tali risorse dovrebbero essere computate al netto delle imposte e dei contributi sociali. Ma ancora più problematica risulta la rilevazione dei redditi effettivi maturati nelle aree di lavoro "sommerso", per i quali sono disponibili solo stime aggregate. Le fonti istituzionali confermano, del resto, la dimensione non

misurazione avviene sulla base informativa costituita dalla periodica indagine sui consumi delle famiglie condotta dall'ISTAT.

La valutazione della condizione di *povertà relativa* è ottenuta per confronto con la *soglia di povertà standard*, in base alla quale si definisce povera una famiglia di due componenti la cui spesa mensile per consumi è uguale o inferiore a quella media *pro capite*, nonché i nuclei familiari di ampiezza diversa che si trovano in una situazione equivalente.

Per misurare la povertà in famiglie di dimensione diversa si fa ricorso ad una *scala di equivalenza* – stabilita nel 1985 dalla Commissione d'indagine sulla povertà e sull'emarginazione –, la quale tiene conto delle economie di scala che è possibile realizzare con l'aumento del numero di componenti del nucleo familiare, e consente così di correggere i valori della spesa per consumi delle diverse tipologie familiari in base ad appropriati coefficienti di equivalenza con la famiglia di due componenti assunta a termine di riferimento (tab. 1).

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trascurabile dell'evasione fiscale relativa a redditi non dichiarati nel settore del lavoro autonomo.

**Tab. 1 - Scala di equivalenza della povertà relativa, anno 1998**

| Numero dei componenti<br>del nucleo familiare | Coefficienti | Soglie di povertà nel<br>1998 (lire correnti) |
|---|--------------|---|
| 1   | 0,599        | 884.000                                       |
| 2 (linea di povertà standard)                 | 1,000        | 1.476.000                                     |
| 3   | 1,335        | 1.971.000                                     |
| 4   | 1,632        | 2.409.000                                     |
| 5   | 1,905        | 2.812.000                                     |
| 6   | 2,150        | 3.173.000                                     |
| 7 o più                                       | 2,401        | 3.544.000                                     |

Fonte: Commissione d'indagine sulla povertà, 1985, e ISTAT, 1999

Secondo questo punto di vista, sono povere quelle famiglie che vivono in uno stato talmente al di sotto della condizione economica media da impersonare un livello di *disuguaglianza sociale* inaccettabile. Ad una analisi più attenta non sfugge che una condizione di povertà così definita e misurata può ricomprendere al suo interno anche realtà fortemente disomogenee. Secondo questa accezione, si considerano povere non solo quelle persone prive di un reddito sufficiente a soddisfare i bisogni più elementari, ma anche quelle che, pur avendo assicurato il soddisfacimento delle necessità di base, mostrano un disagio economico di grado variabile rispetto al tenore di vita medio della società. Andando oltre i riferimenti puramente terminologici, appare evidente che la misurazione della diffusione della povertà in termini relativi è essenzialmente una verifica dell'*estensione della disuguaglianza* esistente in seno alla società (Censis 1996), in cui povertà e opulenza rappresentano le situazioni maggiormente polarizzate.

In base ai dati disponibili, ci si può inoltrare in una analisi della diffusione della povertà registrata in Italia nell'ultimo ventennio. Occorre precisare che la serie storica di cui si dispone può risentire di qualche limite di comparabilità dei diversi anni, dal momento che i dati sono desunti da indagini che nel corso del tempo hanno talvolta subito modifiche metodologiche o concettuali, comunque mai al punto da rendere i dati completamente disomogenei tra di loro<sup>11</sup>. Pertanto, essendo rimasti costanti i principali parametri di calcolo, sono consentite comparazioni nel tempo. Ma, più in generale, le interpretazioni delle statistiche sui poveri richiedono sempre una certa cautela. La prudenza consigliata trova giustificazione nel fatto che misurare statisticamente la povertà non risulta né facile, né esente

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<sup>11</sup> Va specificato che l'indagine sui consumi delle famiglie, che costituisce la base dati utilizzata per misurare la diffusione della povertà nel Paese, nel 1997 è stata significativamente innovata dall'ISTAT, sia nella metodologia sia nei contenuti informativi. La serie storica dei dati comparabili riguarda quindi l'arco di tempo che va dal 1980 (primo rapporto della Commissione d'indagine sulla povertà) al 1997. Per quest'ultimo anno di riferimento sono stati forniti sia i dati derivanti dall'indagine suppletiva condotta dall'ISTAT secondo la metodologia in uso negli anni precedenti (anche se su un campione ridotto di famiglie), per garantire un confronto corretto con il periodo precedente, e, parallelamente, i dati risultati dalla nuova indagine principale.

dal rischio di cadere in una qualche distorsione della rappresentazione del fenomeno<sup>12</sup>.

### **Riquadro 1. La metodologia di rilevazione dei dati sui consumi**

Oggetto dell'indagine sono le spese per consumi e servizi (oltre gli eventuali autoconsumi) effettuati dalle famiglie. Le informazioni vengono raccolte sia mediante intervista diretta (per quanto riguarda le notizie socio-demografiche, sulla casa, sul possesso di beni durevoli, sul reddito, su alcune spese effettuate nel mese di riferimento), sia mediante autocompilazione di un libretto di acquisti effettuati nella decade di rilevazione. Le famiglie campione vengono selezionate dalle anagrafi comunali e, quindi, per definizione, sono esclusi dalla rilevazione gli individui che vivono in convivenze (caserme, ospedali, case di ricovero per anziani, ecc.), i senza tetto e i non residenti (ad esempio gli stranieri non iscritti).

Fonte: Commissione d'indagine sulla povertà e sull'emarginazione, 1998

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<sup>12</sup> Anche limitandosi alla sola povertà economica, è giusto osservare che le stime sul numero dei poveri sono suscettibili di variazioni, talvolta anche significative, a seconda dell'indicatore utilizzato (redditi o consumi), delle fonti statistiche cui si fa ricorso (ISTAT, Banca d'Italia, ecc.), dei criteri adottati per l'individuazione della linea di povertà (quota del reddito o della spesa per consumi media *pro capite*, costo del paniere di beni definiti essenziali, ecc.), ed infine delle scale di equivalenza utilizzate per uguagliare tra di loro i redditi o i consumi delle famiglie di ampiezza diversa (costruite tenendo conto di differenti variabili: numero dei componenti il nucleo familiare, classi di età, ecc.).

Il principale indicatore della diffusione del fenomeno è l'indice di *incidenza della povertà (headcount ratio)*, corrispondente al rapporto percentuale tra il numero di famiglie povere e il totale delle famiglie residenti nel Paese.

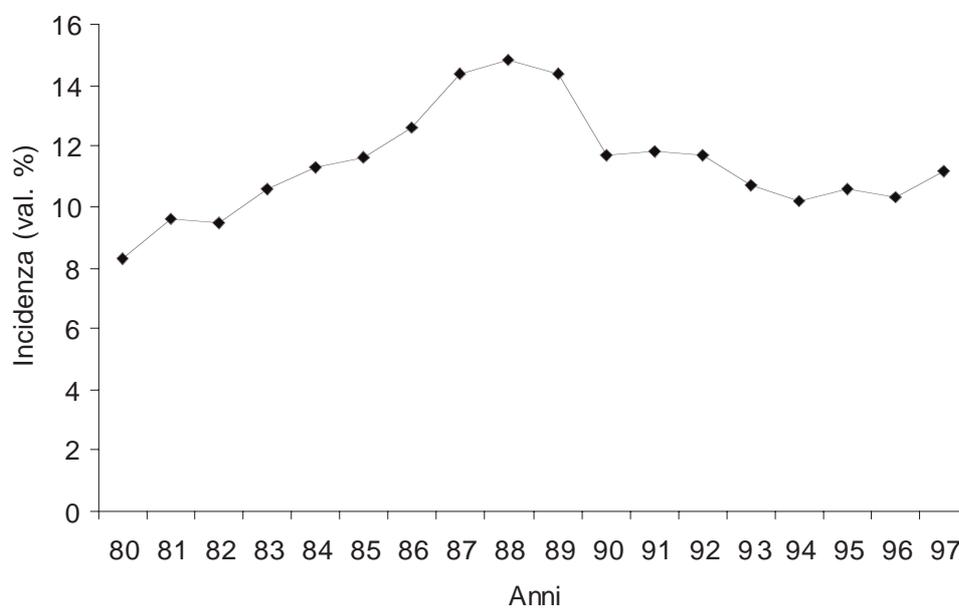
L'indice di incidenza della povertà mostra nel corso del ventennio (1980-1997) un andamento a parabola, con qualche significativa oscillazione a fasi alterne nel ramo decrescente della curva a partire dagli inizi degli anni 90 (fig. 1). In particolare, si può osservare:

- una fase costantemente crescente lungo gli anni 80, in cui l'indice è passato dall'8,3% del 1980 al picco massimo raggiunto nel 1988 (14,8%);
- alla prima fase ha fatto seguito negli anni successivi una inversione di tendenza, che dal 1993 ha mostrato però riduzioni e aumenti succedutisi di anno in anno, comunque senza che l'indice scendesse mai al di sotto del 10%;
- così, nel periodo più recente, dopo che la fase di regressione dell'incidenza complessiva della povertà ha toccato un minimo storico nel 1994 (10,2%), la povertà è tornata prossima ai livelli degli anni precedenti<sup>13</sup>.

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<sup>13</sup> Alle stesse conclusioni, circa l'andamento della curva della povertà relativa nel periodo considerato, ma con metodi di calcolo almeno in parte diversi, giunge anche il rapporto del CNEL (Rossi 1998).

**Fig. 1 - Incidenza della povertà relativa delle famiglie, anni 1980-1997 (val %)**



Fonte: elaborazione Censis su dati Commissione d'indagine sulla povertà e sull'emarginazione, 1996 e 1998

Dall'analisi risalta come l'incidenza della povertà relativa, ossia la percentuale di famiglie che si collocano al di sotto della soglia di disagio economico, abbia un andamento tendenzialmente correlato con l'evoluzione della congiuntura economica, aumentando nei periodi di espansione e invece diminuendo in quelli di recessione. Ciò spiega l'andamento temporale dell'incidenza della povertà osservato in corrispondenza della fase d'espansione più lunga conosciuta dall'economia italiana dal 1945 ad oggi, che è iniziata nel secondo semestre del 1983, ha toccato il massimo nel maggio del 1992 e si è protratta fino all'inizio del 1994 (minimo finale).

Volendo valutare le oscillazioni osservate anche alla luce di altri indicatori della situazione socio-economica complessiva del Paese, va ricordato che nel 1993, alle viste della crisi economica, si è verificata una rimarchevole riduzione del tenore di vita degli italiani e una perdita del potere di acquisto delle famiglie. Secondo l'ISTAT, la spesa media *pro capite* per i consumi si è ridotta in quell'anno dell'1,6% a prezzi correnti e di circa 6 punti percentuali a prezzi costanti. Un ruolo determinante ha giocato anche la cosiddetta "manovra Amato" dell'autunno del 1992, ossia la manovra di bilancio del governo. La svalutazione della lira, la tassa straordinaria sulla casa, il prelievo anomalo sui conti correnti bancari e, soprattutto, le restrizioni introdotte con la Legge finanziaria per il 1993 hanno ripercosso i loro effetti sui bilanci delle famiglie. Per l'effetto conseguente della diminuzione del livello medio dei consumi, la soglia di povertà del 1993 risultava più bassa di quella fissata nell'anno precedente, generando come risultato una riduzione della disuguaglianza tra le famiglie, e quindi il calo della povertà relativa (come si desume chiaramente dalla figura 1).

L'andamento dell'incidenza della povertà osservato è quindi la sintesi di dinamiche molto differenziate. Senza dubbio, la povertà presenta caratteri strutturali di tendenza su cui incidono le variabili dell'assetto demografico, economico e sociale del Paese. Ma, dalla sommaria periodizzazione tracciata, sembra altrettanto evidente un effetto di ciclo rilevante, il quale va messo in conto nello studio dell'andamento per niente lineare e uniforme dell'evoluzione della povertà in Italia negli ultimi due decenni.

Se la misura della povertà relativa incorpora nella sua tendenza la crescita del sistema economico, e quindi si sposta insieme all'andamento del tenore di vita medio della società, si può assistere a delle conseguenze paradossali,

già discusse in letteratura<sup>14</sup>. Per questa via si giunge al paradosso maggiore, secondo il quale, se l'intera popolazione fosse ridotta a condizioni di mera sussistenza, in corrispondenza di una fase di pesante recessione del sistema economico del Paese, la povertà in senso relativo scomparirebbe. Analogamente, in un Paese sottosviluppato, in cui una fetta di popolazione molto consistente versa in condizione di povertà – in senso assoluto –, la misura relativa del disagio sarebbe ridotta a valori prossimi allo zero, in ragione dell'ipotesi statistica sottesa al concetto di povertà relativa descritta sopra.

In presenza di una diminuzione del livello complessivo dei redditi, la tendenza principale sarebbe nei fatti quella propria delle famiglie più agiate che, di fronte ad ampi margini di compressione dei consumi rispetto alle precedenti stagioni (poiché la quota di spesa per beni non legati alla sussistenza materiale è maggiore nelle famiglie più benestanti), ridurrebbero proporzionalmente i propri livelli di spesa, generando così un drastico aggiustamento verso il basso del tenore di vita medio e parimenti una caduta della soglia di povertà. Al contrario, le famiglie disagiate potrebbero dare luogo solo a modesti effetti di compressione dei consumi, in quanto la quota di spesa per i beni necessari è più alta nelle famiglie povere che non in quelle benestanti. Il risultato consisterebbe in un avvicinamento delle classi sociali verso un'area intermedia, ossia si avrebbe l'effetto di un addensamento della società attorno alla zona centrale dell'asse del benessere, lontano dal polo estremo dell'opulenza. In altri termini, si verrebbe così a determinare un assottigliamento dell'estensione della disuguaglianza tra gli strati sociali e un ricompattamento dei ceti verso il basso.

Di contro, è prevedibile che in presenza di un andamento congiunturale favorevole dell'economia si registri una ripresa della spesa per i consumi delle famiglie, ma allo stesso tempo un inasprirsi dell'incidenza della

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<sup>14</sup> Relativamente alla riduzione di un punto percentuale del tasso di incidenza della povertà relativa tra il 1992 e il 1993, Negri e Saraceno (1996) commentano: "Vi erano meno poveri in quell'anno perché essi, non potendo contrarre i consumi già ridotti all'essenziale, finivano di collocarsi meno lontano dalla spesa media, diminuita rispetto all'anno precedente a causa di una recessione generale. Si tratta però di un effetto statistico «paradossale» in quanto induce a credere che vi siano meno poveri, non già perché le fasce più indigenti della popolazione stanno economicamente meglio, ma perché le fasce più ricche stanno peggio".

povertà. Ciò è spiegabile con il fatto che la dinamica della spesa delle classi meno abbienti in questo caso è meno sostenuta rispetto a quella del resto della popolazione, piuttosto che con un peggioramento in assoluto delle loro condizioni di vita.

Per cui, in presenza di fasi congiunturali sfavorevoli e di recessione economica, l'incidenza della povertà (la disuguaglianza) solitamente diminuisce, mentre avviene il contrario in periodi di crescita economica. Ciò costituisce una chiave di lettura dei paradossi delle società opulente, in cui la povertà aumenta proprio quando il benessere complessivo della società cresce. E ciò vale anche come chiave interpretativa della crescente povertà e delle nuove forme di disagio diffuse nella moderna società italiana, in cui si mostra, al posto di una generalizzazione delle condizioni di benessere a tutti i livelli, piuttosto uno squilibrio redistributivo della ricchezza e l'espandersi di ampie risacche di marginalizzazione ed esclusione sociale.

In realtà, come si è potuto apprezzare, il paradosso è più di natura concettuale che sostanziale, dipendendo dalla definizione medesima di povertà relativa e dal metodo di misurazione di essa, e si risolve ammettendo che qui si tratta più propriamente di misura della disuguaglianza, cioè del divario tra i redditi della porzione più ricca della società e quelli della fetta più svantaggiata. Ma, contrariamente a quanto in prima battuta si potrebbe essere indotti a pensare, la riappropriazione concettuale che qui si propone non rappresenta il fallimento degli sforzi compiuti per valutare un fenomeno complesso come quello della povertà. A ben vedere, piuttosto che di un limite, la misurazione della povertà come misurazione della estensione della disuguaglianza getta luce sulle condizioni di disparità più o meno manifeste presenti nella società, richiamando implicitamente l'attenzione degli studiosi e dei *policy maker* sulla necessità di un esercizio di ripensamento delle politiche sociali da mettere in campo con l'obiettivo di ridurre gli eccessi più penalizzanti della disuguaglianza sociale. Nella misura stessa della povertà è già contenuta la spiegazione del fenomeno e vi sono racchiuse implicite indicazioni che servono da monito per gli indirizzi delle politiche di lotta alla marginalità, individuabili innanzitutto nel riequilibrio dei dislivelli più macroscopici attraverso ponderati meccanismi di redistribuzione delle risorse.

Iniziative di tal genere acquistano una considerevole importanza dal momento che secondo lo studio del periodo più recente lo stato di povertà in Italia continua ad interessare un numero ragguardevole di persone. L'analisi

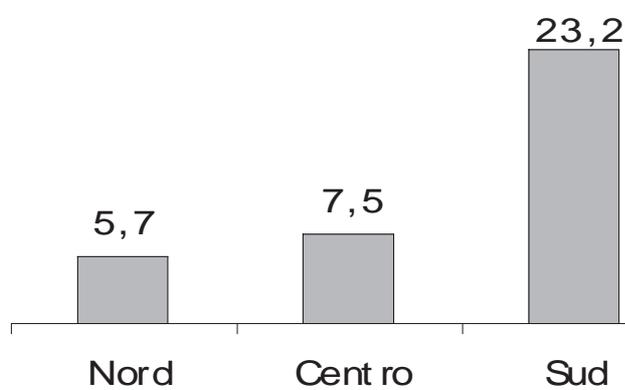
che segue si concentra sulla definizione dei caratteri quantitativi e qualitativi del fenomeno in base ai dati rilevati nell'ultimo anno.

Nel 1998 il *valore della linea di povertà* è risultato pari a 1.476.000 lire mensili (762,29 euro), leggermente superiore a quella dell'anno precedente (pari a 1.430.600 lire correnti nel 1997). In base a questa soglia, nel 1998 in Italia vivevano in condizione di povertà relativa 2.558.000 famiglie, pari all'11,8% del totale (tab. 2 e fig. 2). Il numero di individui poveri ammontava a 7.423.000, il 13% della popolazione italiana complessiva. La diffusione della povertà è risultata pertanto stabile rispetto al 1997 (12% delle famiglie e 13% degli individui). Ciò nonostante, è corretto affermare che in Italia un numero di persone e di famiglie consistente e crescente nel medio-lungo periodo vive in condizione di povertà.

A rigore, sarebbe arbitrario sostenere che oggi in Italia oltre 2 milioni e mezzo di famiglie giacciono in stato di povertà, senza tenere conto del fatto che lo standard di vita nella nostra società è aumentato progressivamente nel corso degli anni. È così più corretto affermare che quasi 7 milioni e mezzo di persone consumano meno della metà di quanto consuma il cittadino italiano medio, e che pertanto vivono in condizione di disuguaglianza.

L'indice di incidenza della povertà, benché esprima indicazioni importanti in merito alle dimensioni della condizione di indigenza della popolazione, ci fornisce tuttavia una misura del fenomeno che si arresta alla quantificazione del numero dei poveri, seppure chiarendo – come si vedrà oltre – le considerevoli differenze in relazione ai caratteri socio-anagrafici degli individui e alla struttura familiare. Nondimeno, nulla vieta che tassi di diffusione della povertà molto simili possano celare situazioni al contrario molto differenziate, in quanto l'indice non precisa aspetti qualitativi di primaria importanza come il livello di gravità effettiva della situazione in cui versano i diversi poveri considerati. Secondo la stessa logica, dati indicativi di una minore frequenza relativa di poveri dovrebbero essere interpretati in maniera meno positiva qualora fossero peggiorate le condizioni di chi invece è rimasto povero.

**Fig. 2 - Incidenza della povertà relativa delle famiglie per ripartizione geografica, anno 1998 (val %)**



Fonte: Istat, 1999

**Tab. 2 - Povertà relativa in Italia per ripartizione geografica, anni 1997-1998** (v.a. in migliaia di unità e val. %)

|   | Nord   |        | Centro |        | Sud e Isole |        | Italia |        |
|---|--------|--------|--------|--------|-------------|--------|--------|--------|
|   | 1997   | 1998   | 1997   | 1998   | 1997        | 1998   | 1997   | 1998   |
| <i>Migliaia di unità</i>                |        |        |        |        |             |        |        |        |
| Famiglie povere                         | 610    | 588    | 251    | 314    | 1.715       | 1.656  | 2.575  | 2.558  |
| Famiglie residenti                      | 10.204 | 10.300 | 4.158  | 4.195  | 7.097       | 7.145  | 21.455 | 21.644 |
| Persone povere                          | 1.458  | 1.441  | 716    | 870    | 5.253       | 5.112  | 7.427  | 7.423  |
| Persone residenti                       | 25.274 | 25.327 | 10.925 | 10.950 | 20.833      | 20.833 | 57.031 | 57.111 |
| <i>Composizione percentuale</i>         |        |        |        |        |             |        |        |        |
| Famiglie povere                         | 23,7   | 23,0   | 9,7    | 12,3   | 66,6        | 64,7   | 100,0  | 100,0  |
| Famiglie residenti                      | 47,5   | 47,6   | 19,4   | 19,4   | 33,1        | 33,0   | 100,0  | 100,0  |
| Persone povere                          | 19,6   | 19,4   | 9,6    | 11,7   | 70,7        | 68,9   | 100,0  | 100,0  |
| Persone residenti                       | 44,3   | 44,3   | 19,2   | 19,2   | 36,5        | 36,5   | 100,0  | 100,0  |
| <i>Incidenza della povertà (val. %)</i> |        |        |        |        |             |        |        |        |
| Famiglie                                | 6,0    | 5,7    | 6,0    | 7,5    | 24,2        | 23,2   | 12,0   | 11,8   |
| Persone                                 | 5,8    | 5,7    | 6,6    | 7,9    | 25,2        | 24,5   | 13,0   | 13,0   |
| <i>Intensità della povertà (val. %)</i> |        |        |        |        |             |        |        |        |
| Famiglie                                | 18,6   | 18,9   | 18,5   | 19,0   | 23,0        | 24,2   | 21,5   | 22,4   |

Fonte: Istat, 1999

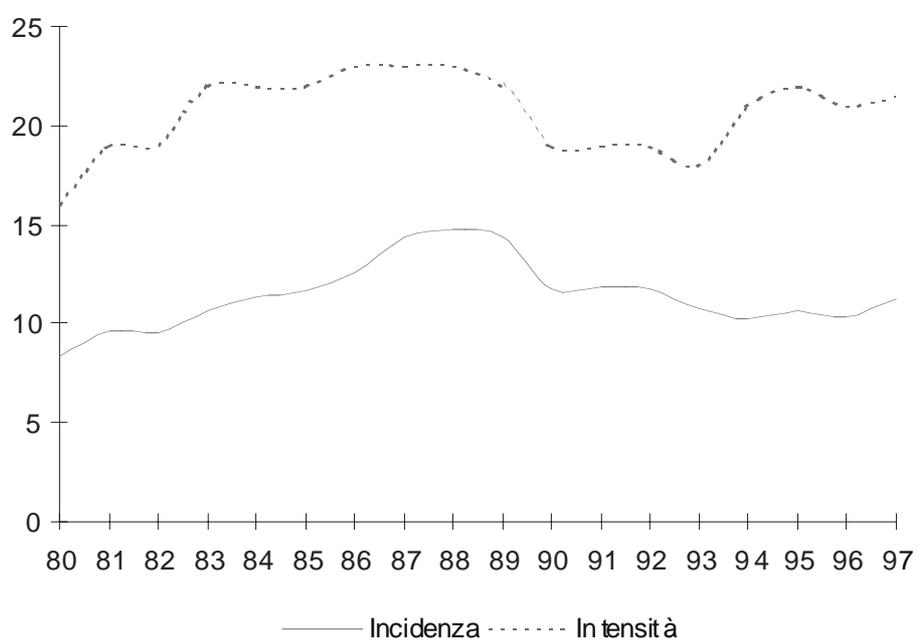
Un indicatore utile per fare chiarezza sull'eventuale dubbio, e per evitare sopravvalutazioni di segno ottimistico o pessimistico di volta in volta che si riscontrano oscillazioni in alto o in basso dell'incidenza della povertà, è l'indice di *intensità della povertà* (*poverty gap ratio*), che misura il rapporto percentuale tra la distanza media della spesa per consumi equivalenti delle famiglie povere dalla linea della povertà e quest'ultima. In altri termini, esso esprime il grado di povertà, ossia "quanto poveri sono i poveri".

Nel lungo periodo, tale indice ha mostrato in Italia oscillazioni analoghe all'indice di incidenza della povertà, aumentando negli anni '80, segnando livelli massimi nel triennio 1986-1988 (23% circa), per poi scendere dal 1990 in poi (fig. 3). In contro tendenza rispetto all'incidenza della povertà, nel 1994 l'intensità della povertà è aumentata al 20,7%, indicando un netto ampliamento del divario tra il livello medio dei consumi delle famiglie povere e la soglia di povertà. L'ampliarsi della forbice tra i due indicatori significa che in quel periodo sono diminuiti i poveri, ma quelli rimasti tali hanno conosciuto un peggioramento delle loro condizioni di vita.

Infine, nel 1998 l'indice di intensità si è attestato su un valore pari al 22,4% a livello nazionale, mostrando un lieve aggravamento delle condizioni di disagio rispetto al 1997 (21,5%) (tab. 2 e fig. 4).

Dal punto di vista della *distribuzione territoriale della povertà* (tab. 2), si osserva una diffusione fortemente asimmetrica delle condizioni di disagio tra le diverse aree geografiche del Paese. È la circoscrizione meridionale (il Mezzogiorno) la superficie geografica più svantaggiata, dal momento che nelle regioni del Sud e nelle due isole maggiori la quota di famiglie in condizione di povertà relativa raggiunge nel 1998 il 23,2% del totale, corrispondente a 5.112.000 individui. Posto pari a 100 il numero complessivo delle famiglie povere in Italia, ben 65 risiedono nel Sud e Isole. In effetti, l'incidenza della povertà nel Mezzogiorno risulta nel tempo

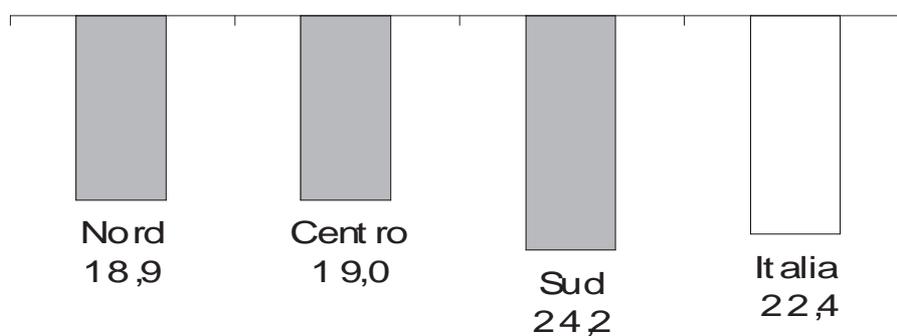
**Fig. 3 - Incidenza e intensità della povertà relativa delle famiglie, anni 1980-1997**  
(val %)



Fonte: elaborazione Censis su dati Commissione d'indagine sulla povertà e sull'emarginazione, 1996, 1998

Linea di povertà standard

**Fig. 4 - Intensità della povertà relativa delle famiglie per ripartizione geografica, anno 1998 (val %)**



Fonte: Istat, 1999

permanentemente più alta che nei distretti centrale e settentrionale. Il divario si è mantenuto nel corso degli anni costantemente al di sopra dei dieci punti percentuali, sfiorando addirittura i venti punti percentuali nel 1997 (Nord: 6%; Centro: 6%; Sud: 24,2%, corrispondente ad oltre 1,7 milioni di famiglie). Si profila, dunque, una progressiva “meridionalizzazione” del fenomeno, con il conseguente accentuarsi del divario tra Nord e Sud.

Nell’arco degli ultimi due anni, tuttavia, la condizione in cui versano le regioni meridionali appare lievemente sollevata, dal momento che l’incidenza della povertà delle famiglie è scesa di un punto percentuale (dal 24,2% del 1997 al 23,2% nel 1998). Lo stesso si può dire per il Nord del Paese, mentre è l’Italia centrale che ha fatto registrare una inversione della tendenza, ossia un lieve incremento della diffusione del fenomeno, seppure caratterizzato da quote di famiglie interessate molto inferiori rispetto al Sud (dal 6% del 1997 si è passati infatti al 7,5% nel 1998).

Il Sud e il Centro si contraddistinguono, ancora, per un peggioramento tra il 1997 e il 1998 dell’indice di intensità della povertà, passato rispettivamente dal 23% al 24,2% e dal 18,5% al 19%. Conseguentemente, il leggero miglioramento della incidenza della povertà del Mezzogiorno rispetto al 1997 è motivato dall’uscita da tale condizione di quelle famiglie che si trovavano, dal punto di vista dei consumi medi, immediatamente a ridosso della soglia di povertà.

In ogni caso, il Sud d’Italia presenta il valore più alto sia in termini di incidenza che di intensità della povertà. I due fattori insieme compongono un quadro eccezionalmente critico, secondo cui i poveri meridionali non solo sono numerosi, ma giacciono anche in gravi condizioni di indigenza relativa rispetto agli standard del Paese.

Ulteriori spunti per la descrizione del fenomeno e per l’individuazione delle sue cause provengono dall’esame delle variazioni dell’incidenza della povertà in relazione alle variazioni della struttura familiare.

L’analisi della diffusione della povertà in funzione dell’*ampiezza della famiglia* (tab. 3) mostra con chiarezza la variazione del rischio di cadere in povertà in relazione alla diversa dimensione dei nuclei familiari, come risultato dei meccanismi di economie e diseconomie di scala realizzabili all’interno degli aggregati familiari. Sono le famiglie più numerose, ossia quelle costituite da cinque o più componenti, a rappresentare la tipologia

**Tab. 3 - Incidenza della povertà relativa delle famiglie in Italia per tipologia familiare e ripartizione geografica, anni 1997-1998 (val. %)**

|                                     | Nord             |                  | Centro           |                  | Sud e Isole |      | Italia |      |
|-------------------------------------|------------------|------------------|------------------|------------------|-------------|------|--------|------|
|                                     | 1997             | 1998             | 1997             | 1998             | 1997        | 1998 | 1997   | 1998 |
| <i>Ampiezza della famiglia</i>      |                  |                  |                  |                  |             |      |        |      |
| 1 componente                        | 7,0              | 5,8              | 5,7              | 6,9              | 23,1        | 20,1 | 11,2   | 10,0 |
| 2 componenti                        | 5,9              | 6,4              | 5,9              | 7,4              | 24,0        | 23,1 | 11,0   | 11,1 |
| 3 componenti                        | 5,3              | 4,4              | 5,2              | 6,7              | 20,8        | 20,4 | 9,9    | 9,7  |
| 4 componenti                        | 5,7              | 5,4              | 5,0              | 7,5              | 23,8        | 23,2 | 12,9   | 13,6 |
| 5 o più componenti                  | 5,9              | 8,3              | ( <sup>1</sup> ) | ( <sup>1</sup> ) | 32,8        | 34,0 | 22,3   | 22,7 |
| <i>Famiglie con figli minori</i>    |                  |                  |                  |                  |             |      |        |      |
| 1 figlio minore                     | 5,1              | 4,4              | 4,8              | 6,1              | 21,4        | 20,1 | 11,0   | 10,3 |
| 2 figli minori                      | 6,2              | 5,6              | 7,1              | 11,3             | 27,1        | 26,4 | 15,9   | 16,9 |
| 3 o più figli minori                | ( <sup>1</sup> ) | ( <sup>1</sup> ) | ( <sup>1</sup> ) | ( <sup>1</sup> ) | 36,2        | 37,8 | 25,8   | 27,2 |
| Almeno 1 figlio minore              | 5,6              | 5,2              | 5,7              | 8,1              | 25,5        | 24,5 | 14,0   | 13,9 |
| <i>Tipologia familiare</i>          |                  |                  |                  |                  |             |      |        |      |
| Persona sola con meno di 65 anni    | 1,8              | 2,7              | 1,6              | 2,0              | 11,8        | 8,3  | 4,1    | 3,9  |
| Persona sola con 65 anni e più      | 10,3             | 7,8              | 8,1              | 9,7              | 28,1        | 25,5 | 15,2   | 13,4 |
| Coppia con p.r. con meno di 65 anni | 1,3              | 2,4              | 2,4              | 3,4              | 14,2        | 10,6 | 4,6    | 4,3  |
| Coppia con p.r. con 65 anni e più   | 8,3              | 8,1              | 7,4              | 9,1              | 29,2        | 28,9 | 14,6   | 14,4 |
| Coppia con 1 figlio                 | 4,6              | 4,3              | 4,3              | 6,4              | 20,1        | 20,1 | 9,1    | 9,5  |
| Coppia con 2 figli                  | 5,7              | 5,1              | 4,9              | 7,6              | 23,2        | 22,5 | 12,8   | 13,3 |
| Coppia con 3 o più figli            | 5,7              | 7,4              | ( <sup>1</sup> ) | ( <sup>1</sup> ) | 30,0        | 31,7 | 21,1   | 22,4 |
| Monogenitore                        | 7,1              | 6,5              | 5,8              | 6,6              | 23,3        | 22,2 | 12,0   | 11,7 |
| Altre tipologie                     | 8,2              | 9,8              | 12,8             | 11,6             | 33,7        | 33,4 | 17,9   | 17,5 |

(<sup>1</sup>) Il dato non risulta significativo a motivo della scarsa numerosità.

Fonte: Istat, 1999

caratterizzata da una maggiore diffusione della povertà. L'indice di incidenza a livello nazionale è pari in questo caso al 22,7%, a fronte del 10% caratteristico dei nuclei familiari monocomponenti. L'alta numerosità delle famiglie, come rilevante fattore di rischio di povertà, inasprisce i problemi soprattutto al Sud, dove la quota corrispondente sale al 34%. Anche le famiglie composte da quattro persone presentano un indice elevato (13,6% a livello nazionale). Al contrario, i nuclei con tre componenti risultano i meno disagiati su tutto il territorio nazionale (9,7%), sebbene nel Mezzogiorno l'incidenza permanga comunque assai elevata (20,4%) anche in questo caso. Infatti, se nei nuclei più piccoli composti da una o due persone, in cui prevalgono i percettori di pensione, la modesta disponibilità economica è compensata dal ridotto numero di componenti a carico, nelle famiglie molto numerose, quand'anche vi fossero più fonti di reddito, le risorse disponibili non appaiono sufficienti a fare fronte agli oneri accresciuti derivanti dal maggior numero di componenti a carico. In sintesi, appare evidente che l'elevata ampiezza delle famiglie costituisce di per sé un fattore di povertà. Conseguentemente, ad un primo livello di analisi sembra ovvio sostenere che la riduzione del numero di componenti familiari, in primo luogo, e l'aumento del numero di percettori di reddito, in seconda istanza, si qualificano come due importanti strategie per la riduzione del disagio materiale e il conseguimento di standard di vita più elevati.

La stessa indicazione proviene dall'analisi storica del periodo che ci ha preceduto. La crescita del reddito e l'aumento del benessere negli ultimi venti anni in Italia è attribuibile all'intreccio di diversi fattori:

- in parte, alla crescita dei tassi di occupazione femminile, che ha determinato un innalzamento del numero dei percettori di reddito per nucleo familiare, e dunque del reddito disponibile delle famiglie;
- in parte, all'effetto redistributivo dei trasferimenti sociali all'interno degli schemi di intervento del sistema di *welfare* pubblico.

Non rassicura la constatazione che il nuovo ciclo economico-sociale e politico, avviatosi con i primi anni '90, porta con sé sia una riduzione dell'influenza del primo fattore, sia un contenimento dell'onere pubblico previsto nel tradizionale modello di *welfare state*, oramai in crisi, e impone piuttosto severi vincoli di bilancio conseguenti agli sforzi compiuti per il riequilibrio finanziario dei conti pubblici.

L'analisi per *tipologia familiare* (tab. 3) mette in risalto, inoltre, che una maggiore incidenza della povertà si riscontra in quelle famiglie in cui è presente un maggior numero di *figli minori*. L'indice sale dal 10,3% a livello nazionale, caratteristico delle famiglie con un figlio minore, al 16,9% in presenza di due minorenni, al 27,2% (ben il 37,8% nel Mezzogiorno) quando i bambini in famiglia sono tre o ancora di più. In ogni caso, la presenza di almeno un figlio minore in famiglia si associa generalmente ad uno scadimento delle condizioni con riguardo alla povertà, la quale risulta in questo caso sempre al di sopra dei valori medi (13,9% a livello nazionale).

Ulteriori differenziazioni si riscontrano in relazione all'*età della persona di riferimento della famiglia* (tab. 4). Nel dettaglio, emerge come le famiglie il cui componente di riferimento abbia un'età compresa nella fascia 45-54 anni presentano una incidenza di povertà minore (8,7%) rispetto a tutte le altre tipologie. Mentre sono le famiglie in cui il capofamiglia ha 65 anni o li ha superati a mostrare il tasso di povertà più grave (15,8%). Va tuttavia rilevato che, con il trascorrere del tempo, l'importanza della vecchiaia della persona di riferimento del nucleo familiare come fattore associato ad un maggiore rischio di povertà si è ridotta. Infatti, se nel 1998 le famiglie con a capo un ultrasessantacinquenne mostravano un divario di incidenza pari a quasi 5 punti percentuali rispetto a quelle con a capo giovani con meno di 35 anni, dal 1981 al 1991 il valore dei primi superava costantemente il valore riferito ai secondi di una quota di almeno dieci punti percentuali. Inoltre, a partire da metà decennio (1996), l'incidenza della povertà individuale tra i minori ha superato per la prima volta quella degli anziani, come si vedrà meglio oltre.

Con riferimento alla *struttura familiare* (tab. 3), tuttavia, si osserva che nelle famiglie costituite da un unico componente o da una coppia, quando è presente una persona di 65 anni ed oltre la condizione di povertà risulta addirittura più di tre volte maggiore rispetto alla classe di età inferiore a 65 anni (il 14,4% contro il 4,3%). Ancora più grave è la situazione delle famiglie composte da una coppia con tre o più figli (22,4%).

Anche il *sexso della persona di riferimento* (tab. 4) incide sulle condizioni economiche, e quindi sul livello di povertà, delle famiglie. I nuclei con a capo una donna presentano tassi di incidenza costantemente superiori a quelli in cui il capofamiglia è un uomo (12,2% e 11,7% rispettivamente). Tale divario ha conosciuto nell'ultimo anno un leggero assottigliamento rispetto al 1997, in cui si registravano indici pari al 13,1%, nel primo caso, e

**Tab. 4 - Incidenza della povertà relativa delle famiglie in Italia per caratteristiche della persona di riferimento e ripartizione geografica, anni 1997-1998 (val. %)**

|  | Nord |      | Centro |      | Sud e Isole |      | Italia |      |
|--|------|------|--------|------|-------------|------|--------|------|
|  | 1997 | 1998 | 1997   | 1998 | 1997        | 1998 | 1997   | 1998 |
| <i>Sesso della persona di riferimento</i>                    |      |      |        |      |             |      |        |      |
| Femmine  | 8,1  | 6,3  | 6,7    | 7,9  | 25,9        | 25,1 | 13,1   | 12,2 |
| Maschi   | 5,2  | 5,5  | 5,8    | 7,4  | 23,7        | 22,6 | 11,6   | 11,7 |
| <i>Titolo di studio della persona di riferimento</i>         |      |      |        |      |             |      |        |      |
| Nessuno/elementare   | 10,4 | 9,8  | 10,1   | 12,9 | 34,2        | 33,8 | 18,7   | 18,7 |
| Media inferiore  | 5,5  | 5,3  | 7,7    | 9,3  | 26,8        | 26,3 | 13,8   | 13,9 |
| Media superiore  | 1,6  | 1,8  | 4,2    | 4,8  | 18,6        | 17,7 | 8,6    | 8,3  |
| Laurea e oltre   | 0,5  | 0,9  | 1,8    | 3,1  | 9,9         | 8,2  | 3,9    | 3,9  |
| <i>Condizione professionale della persona di riferimento</i> |      |      |        |      |             |      |        |      |
| Dipendente   | 3,7  | 3,4  | 3,9    | 5,0  | 19,5        | 17,4 | 9,2    | 8,5  |
| Autonomo   | 3,0  | 3,0  | 3,9    | 5,0  | 18,7        | 18,0 | 8,0    | 8,3  |
| Ritirato dal lavoro  | 8,6  | 7,7  | 7,6    | 9,9  | 27,6        | 26,8 | 13,9   | 13,5 |
| Altro  | 8,9  | 10,9 | 11,4   | 10,5 | 34,0        | 34,1 | 20,5   | 21,9 |
| <i>Classe di età della persona di riferimento</i>            |      |      |        |      |             |      |        |      |
| Meno di 35 anni  | 4,0  | 4,8  | 3,2    | 4,6  | 22,6        | 23,0 | 10,3   | 10,9 |
| Da 35 a 44 anni  | 4,3  | 3,7  | 5,7    | 7,0  | 23,4        | 21,2 | 11,6   | 10,6 |
| Da 45 a 54 anni  | 3,7  | 3,1  | 5,2    | 5,3  | 20,1        | 18,4 | 9,3    | 8,7  |
| Da 55 a 64 anni  | 4,6  | 5,3  | 4,7    | 6,4  | 23,0        | 21,2 | 10,3   | 10,6 |
| 65 anni o più  | 10,4 | 9,2  | 8,7    | 10,9 | 29,1        | 29,1 | 16,0   | 15,8 |

Fonte: Istat, 1999

all'11,6%, nel secondo. Ciò nondimeno, la disparità riferita al genere è ancora molto accentuata nel Mezzogiorno, dove si ha un scollamento di oltre due punti percentuali tra le famiglie povere con a capo una donna (25,1%) e quelle povere con a capo un uomo (22,6%).

Con riguardo al *titolo di studio della persona di riferimento* (tab. 4), si nota una forte correlazione inversa tra diffusione della povertà e grado di istruzione. Il livello di scolarizzazione ha una significativa incidenza sul livello di povertà delle famiglie, in conseguenza delle maggiori opportunità di lavoro connesse ad un grado di istruzione più elevato e ai livelli reddituali generalmente maggiori percepiti in corrispondenza di una formazione di grado più alto. Infatti, i nuclei con capofamiglia senza alcun titolo di studio o con licenza elementare hanno presentato nel 1998 una incidenza della condizione di povertà pari al 18,7%. Tale indice diminuisce progressivamente via via che il livello di istruzione aumenta, scendendo fino all'8,3% delle famiglie in cui la persona di riferimento ha un diploma di scuola superiore, e al 3,9% delle famiglie con a capo una persona laureata. È significativo che quest'ultima quota si riduce molto al Nord (appena lo 0,9%), ma rimane discretamente elevata al Sud e nelle Isole (8,2%).

Tali considerazioni introducono l'analisi della correlazione esistente tra condizione di povertà e *condizione occupativa* (tab. 4). Dai dati disaggregati risulta evidente che la mancanza di un lavoro costituisce un fattore di influenza primario sulle condizioni di disagio delle famiglie. Infatti, la povertà è diffusa in maniera più contenuta tra le famiglie in cui la persona di riferimento è un lavoratore, dipendente (8,5% a livello nazionale) o autonomo (8,3%), sebbene non siano trascurabili le differenze territoriali con riguardo in special modo alla circoscrizione meridionale. Il divario rispetto alle famiglie in cui la persona di riferimento si è ritirata dal lavoro (13,5%) è mediamente pari a cinque punti percentuali.

La *disoccupazione* rivela il suo stretto legame con la condizione di povertà delle famiglie quando si constata (tab. 5) che le famiglie in cui nessun componente è in cerca di occupazione presentano una incidenza di povertà superiore di poco al 10%, mentre quelle in cui due o più membri sono in cerca di lavoro mostrano un indice pari al 39,3% (ben 190.000 famiglie). La situazione si presenta in tutta la sua gravità nel Mezzogiorno, dove l'incidenza della povertà in quest'ultima tipologia familiare si attesta su un valore uguale al 45% (era poco più del 39% nell'anno precedente), a fronte di una quota corrispondente pari nel Nord al 24,4%. Tuttavia, come è

**Tab. 5 - Incidenza della povertà relativa delle famiglie in Italia per caratteristiche occupative e ripartizione geografica, anni 1997-1998 (val. %)**

|  | Nord |      | Centro |      | Sud e Isole |      | Italia |      |
|--|------|------|--------|------|-------------|------|--------|------|
|  | 1997 | 1998 | 1997   | 1998 | 1997        | 1998 | 1997   | 1998 |
| <i>Numero di persone in cerca di occupazione</i> |      |      |        |      |             |      |        |      |
| Nessuna persona                                  | 5,6  | 5,4  | 5,5    | 7,1  | 22,0        | 20,2 | 10,5   | 10,1 |
| 1 persona  | 9,3  | 9,1  | 8,9    | 10,0 | 29,1        | 30,5 | 19,8   | 20,2 |
| 2 o più persone                                  | 22,7 | 24,4 | 16,3   | 16,2 | 39,3        | 45,0 | 34,0   | 39,3 |
| <i>Numero di occupati</i>                        |      |      |        |      |             |      |        |      |
| Nessun occupato                                  | 10,1 | 9,1  | 9,1    | 9,8  | 31,3        | 30,4 | 17,4   | 16,7 |
| 1 occupato                                       | 4,2  | 5,1  | 4,4    | 7,8  | 22,5        | 21,6 | 11,1   | 11,9 |
| 2 o più occupati                                 | 3,4  | 2,5  | 4,6    | 4,3  | 13,8        | 12,4 | 6,1    | 5,2  |
| <i>Numero di percettori di reddito</i>           |      |      |        |      |             |      |        |      |
| Nessun percettore                                | 9,6  | 11,7 | 8,2    | 15,1 | 46,2        | 46,3 | 28,0   | 33,3 |
| 1 percettore                                     | 7,5  | 6,9  | 6,4    | 8,1  | 26,4        | 24,3 | 14,9   | 14,1 |
| 2 percettori                                     | 4,7  | 4,8  | 5,5    | 6,5  | 19,0        | 20,5 | 8,7    | 9,4  |
| 3 o più percettori                               | 4,3  | 4,6  | 6,0    | 8,1  | 19,9        | 15,9 | 7,3    | 7,1  |

Fonte: Istat, 1999

possibile rilevare, anche nelle regioni settentrionali le famiglie in cui figurano due o più membri alla ricerca di una occupazione presentano un livello di povertà elevato (24,4%), nonché in aumento rispetto al 1997 di quasi due punti percentuali, e ben cinque volte superiore rispetto a quello proprio delle famiglie in cui nessun componente ricerca un lavoro (5,4%). Inoltre, le famiglie in cui nessun componente è occupato presentano a livello nazionale un tasso di povertà pari al 16,7%, rispetto ad uno prossimo al 12% (11,9% per l'esattezza) nei nuclei familiari con un occupato, e infine pari al 5,2% in quelli in cui figurano due o più persone occupate. L'incidenza della povertà sale così al 33,3% (ben un terzo) tra le famiglie in cui non vi è nessun percettore di reddito.

Lo stretto nesso esistente tra disoccupazione e povertà può essere meglio valutato guardando ai tassi di non occupazione caratteristici dell'Italia e a quelli disaggregati a livello territoriale. Nel 1998 le forze lavoro in cerca di occupazione nel Paese ammontavano a 2.745.000, in crescita rispetto agli anni precedenti, e in particolare con un incremento tra il 1997 e il 1998 pari a livello nazionale al 2,1% (tab. 6). La quota maggiore è concentrata al Sud (7,9% della popolazione, rispetto al valore medio nazionale del 4,8%), in cui si segnala peraltro un lieve incremento rispetto ai due anni precedenti (tab. 7). Più in dettaglio, il tasso di disoccupazione nel Mezzogiorno ha conosciuto nei primi mesi del 1999 un andamento incerto, e la variazione percentuale 1998-1999 riferita al secondo trimestre registra un -2% delle persone in cerca di occupazione, mentre il tasso di disoccupazione si attesta nel secondo trimestre 1999 al 21,9%, ben al di sopra della media nazionale (pari all'11,7% al secondo trimestre 1999) (tab. 8).

Tale scenario assume contorni ancora più definiti rispetto alla concentrazione del problema povertà nel Mezzogiorno se si valuta come, in base ai dati riferiti al 1995, nel Sud il numero di famiglie con problemi di mancanza di lavoro corrispondeva ad un quarto del totale delle famiglie attive sul mercato del lavoro (ovvero con almeno un componente occupato o in cerca di lavoro), rispetto al 16% riferito all'Italia nel complesso, e con uno scarto notevole nei confronti dell'area geografica meno disagiata, il Nord-est (9,2%) (tab. 9). Le famiglie attive sul mercato del lavoro con tutti i componenti attivi disoccupati – in cerca di prima occupazione o disoccupati in senso stretto alla ricerca di una nuova occupazione – corrispondevano al 10,2% (contro un valore medio nazionale pari al 5,5%), e le famiglie costituite parimenti da occupati e disoccupati rappresentavano una fetta uguale al 14,7% (il doppio rispetto alla percentuale del Nord). Come si

Tab. 6 873mv.xls

Tab. 7 873mv.xls

Tab. 8 873mv.xls

**Tab. 9 – Famiglie con persone in cerca di lavoro per ripartizione geografica, anno 1995 (val. %)**

|             | Famiglie con tutti gli attivi disoccupati * | Famiglie con occupati e disoccupati * | Totale famiglie con persone in cerca di lavoro |
|-------------|---|---------------------------------------|--|
| Nord-est    | 2,3   | 7,0                                   | 9,2  |
| Nord-ovest  | 3,0   | 7,8                                   | 10,9   |
| Centro      | 4,4   | 10,4                                  | 14,7   |
| Mezzogiorno | 10,2  | 14,7                                  | 25,0   |
| Italia      | 5,5   | 10,5                                  | 16,0   |

\* Sono classificati come disoccupati sia le persone in cerca di prima occupazione sia i disoccupati in senso stretto alla ricerca di una nuova occupazione.

Fonte: Istat, 1998

vede, la gravità del problema del Mezzogiorno non si esaurisce nell'alto livello raggiunto dal fenomeno della disoccupazione, ma si inasprisce ancora di più a causa dell'alta incidenza di famiglie con persone in cerca di lavoro e di famiglie in cui tutti i componenti attivi sono disoccupati.

Come si è detto in apertura, l'incidenza della povertà con riferimento al numero di individui si attesta nel 1998 al 13% del totale dei cittadini, mostrando una sostanziale stabilità rispetto all'anno precedente. La maggiore incidenza della povertà individuale rispetto a quella dei nuclei familiari (11,8%) è spiegabile in ragione del fatto che, come si è visto, ad essere maggiormente colpite dalla condizione di indigenza sono le famiglie più numerose.

Esaminando la diffusione della *povertà individuale rispetto all'età* (tab. 10), i gruppi più svantaggiati, come anticipato, sono quelli collocabili nelle fasce di età estreme: i giovani e gli anziani. A livello nazionale, il 16,7% dei primi (fino a 18 anni) e il 12,4% dei secondi (con 65 anni e oltre) risultano, infatti, al di sotto della soglia di povertà. Un indice comunque elevato si registra tra i 19-34enni (13,5%). Scostamenti significativi dalle quote medie si rilevano, tuttavia, in relazione all'area geografica di residenza. Emerge una situazione particolarmente aggravata al Sud e nelle Isole, dove la quota dei giovani poveri raggiunge la dimensione di un quarto del totale (25,8%), contro il 7,5% registrato al Nord del Paese. In effetti, la disoccupazione giovanile raggiunge in Italia tassi assai elevati (il 33,8%, rispetto ad una media europea del 21,8%) e rivela una situazione maggiormente compromessa e in ulteriore peggioramento nel Sud e Isole (addirittura il 56,2% nel 1998, rispetto al 55,4% del 1996) (tab. 11). Va detto, comunque, che rispetto al 1997 si fa notare nel 1998 una accentuazione della povertà giovanile nelle regioni centro-settentrionali e un lieve miglioramento nel Mezzogiorno.

A questo punto, al fine di disporre di una rappresentazione sintetica delle situazioni in cui si trovano le famiglie italiane rispetto al problema della povertà, è utile esaminare la distribuzione della popolazione intorno alla linea standard di povertà considerando un'area di oscillazione nei termini del 20% al di sopra o al di sotto della soglia medesima di povertà. In tal modo è possibile individuare diverse aree rappresentative del fenomeno. In particolare, si delineano quattro differenti scenari (fig. 5):

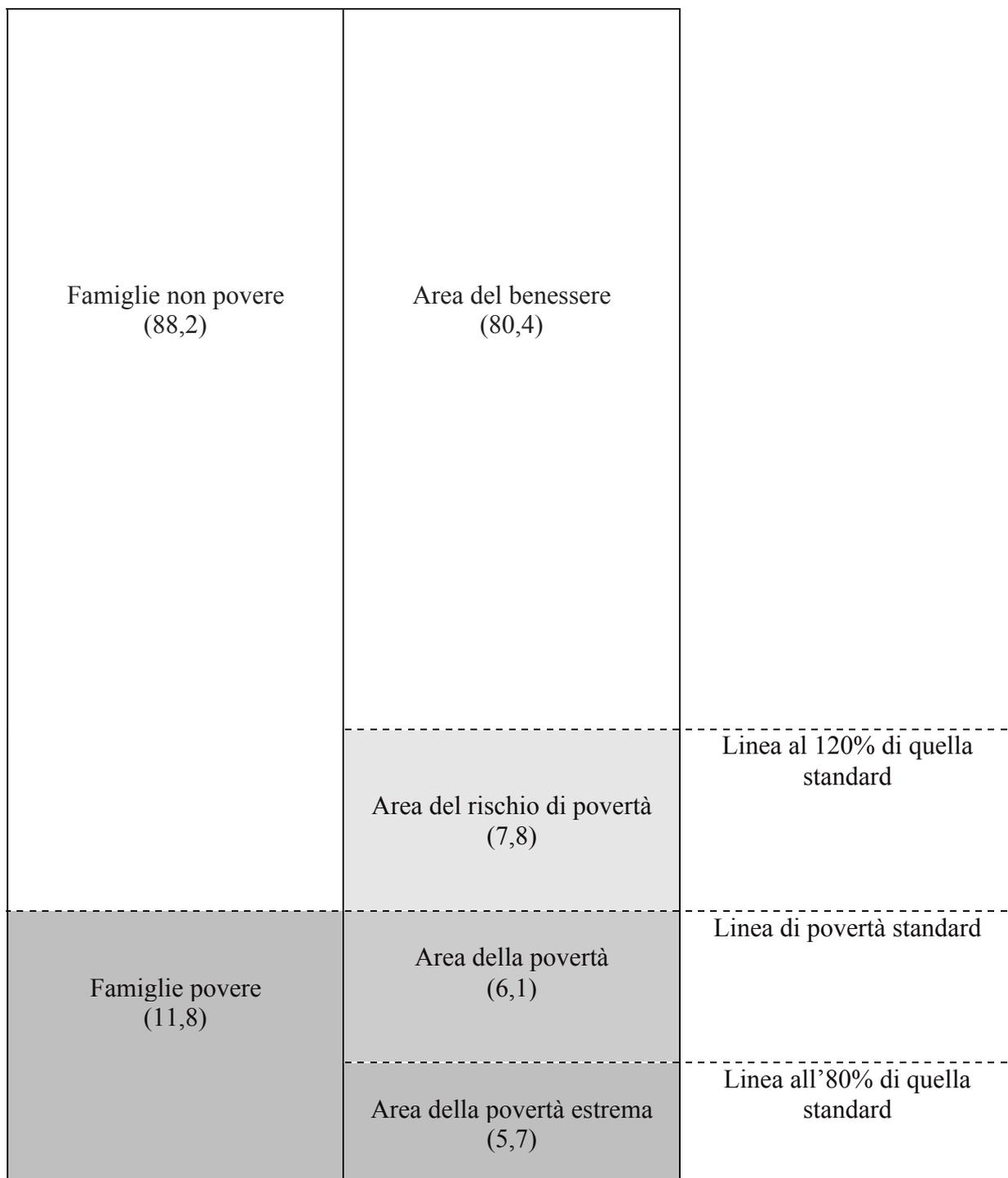
**Tab. 10 - Incidenza della povertà relativa degli individui in Italia per classi di età e ripartizione geografica, anni 1997-1998 (val. %)**

|                 | Nord |      | Centro |      | Sud e Isole |      | Italia |      |
|-----------------|------|------|--------|------|-------------|------|--------|------|
|                 | 1997 | 1998 | 1997   | 1998 | 1997        | 1998 | 1997   | 1998 |
| Fino a 18 anni  | 6,5  | 7,5  | 6,8    | 8,8  | 26,0        | 25,8 | 16,1   | 16,7 |
| Da 19 a 34 anni | 5,4  | 5,7  | 6,5    | 7,2  | 23,3        | 23,6 | 13,2   | 13,5 |
| Da 35 a 64 anni | 5,1  | 5,0  | 5,7    | 6,8  | 22,2        | 20,8 | 11,8   | 11,4 |
| 65 anni e oltre | 6,6  | 6,4  | 6,4    | 7,6  | 23,2        | 22,5 | 12,5   | 12,4 |

Fonte: Istat, 1999

Tab. 11 873mv.xls

**Fig. 5 - Aree della povertà relativa delle famiglie in Italia, anno 1998 (val. %)**



Fonte: Istat, 1999

- una prima *area di forte disagio*, in cui si collocano le famiglie che presentano valori di consumo al di sotto dell'80% della soglia di povertà e si trovano pertanto in condizione di povertà estrema;
- un'*area di disagio meno accentuato*, a cui appartengono le famiglie contraddistinte da consumi compresi tra l'80% della linea di povertà e la soglia stessa;
- un'*area a rischio di disagio*, in cui figurano le famiglie con valori di consumo superiori alla soglia, ma contenuti entro un +20%;
- infine, un'*area del benessere*, in cui sono presenti le famiglie caratterizzate da una spesa per consumi più elevata almeno del 20% rispetto alla soglia di povertà.

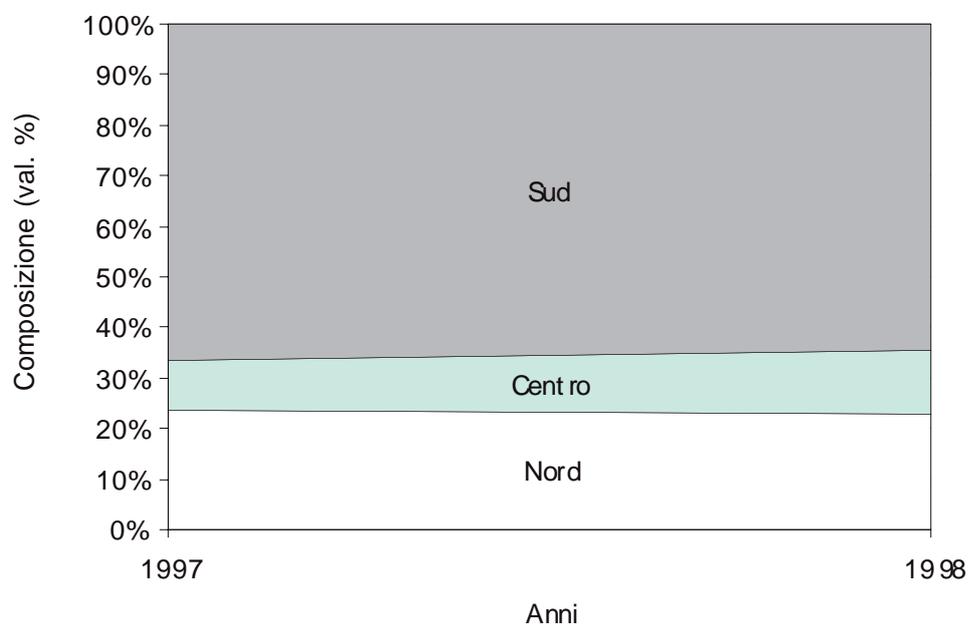
La metà delle famiglie povere italiane (ossia 1.241.000 nuclei familiari, corrispondenti al 5,7% del totale delle famiglie) versa in una condizione di *povertà estrema*. *Povere* appaiono il 6,1% delle famiglie, mentre il 7,8% di esse si colloca appena al di sopra della linea standard di povertà (*quasi povere*) e il rimanente 80,4% è costituito da famiglie sicuramente non povere o *benestanti*.

Le forti disomogeneità territoriali permangono anche in questa analisi (fig. 6 e tab. 12). La povertà estrema riguarda 236.000 famiglie residenti al Nord (il 2,3%), 125.000 al Centro (3,1%) e ben 880.000 nel Sud e Isole (12,3%). Al contrario, le famiglie non a rischio di povertà si trovano prevalentemente nel Nord (90%) piuttosto che nel Mezzogiorno (65%).

Confrontando con lo stesso criterio la situazione riferita ai due anni precedenti, comparabili tra di loro, si rileva un peggioramento delle condizioni generali, seppure di modesta entità (fig. 7).

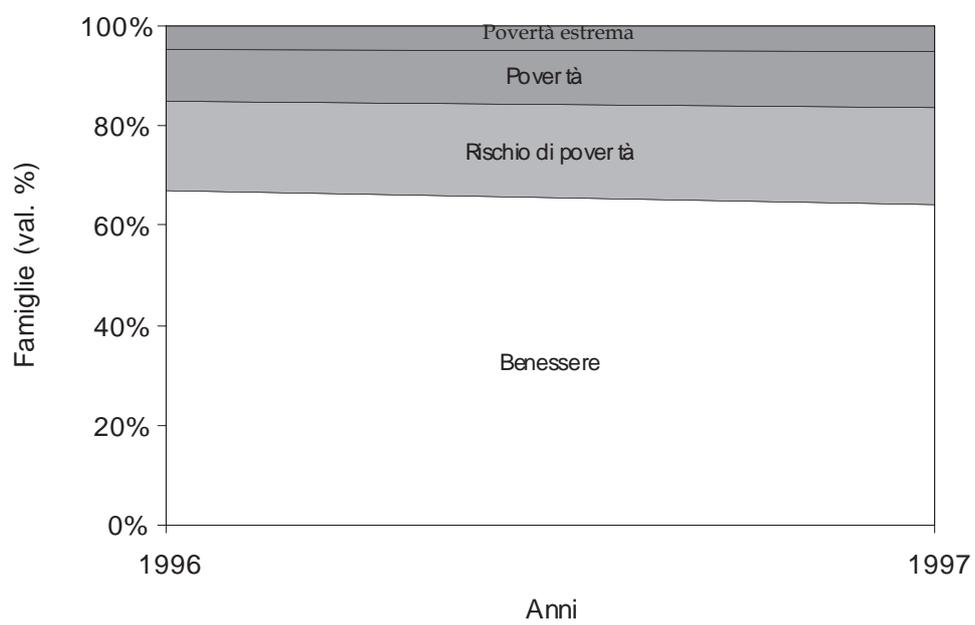
Tra il 1996 e il 1997 si registra infatti una lieve contrazione dell'area del completo benessere (famiglie al di sopra del 120% della linea di povertà standard), passata dal 66,8% al 64,1% delle famiglie; un aumento, seppure di entità relativamente contenuta, della porzione di famiglie a rischio di povertà (con consumi del 20% in più della linea standard), dal 18,2% al 19,6%; e un lieve allargamento sia dell'area della povertà (l'incidenza è passata dal 10,3% all'11,2%), sia dell'area delle povertà estreme (dal 4,7% al 5,2%).

**Fig. 6 - Composizione delle famiglie povere per ripartizione geografica, anni 1996-1997 (val %)**



Fonte: Istat, 1999

**Fig. 7 - Le famiglie nelle aree del disagio, anni 1996-1997 (val. %)**



Fonte: elaborazione Censis su dati Istat, 1998

**Tab. 12 - Incidenza della povertà relativa delle famiglie in Italia per area di disagio, anno 1998 (val. %)**

|                                  | Nord | Centro | Sud e Isole | Italia |
|----------------------------------|------|--------|-------------|--------|
| Linea al 120% di quella standard | 10,8 | 14,2   | 35,4        | 19,6   |
| Linea standard di povertà        | 5,7  | 7,5    | 23,2        | 11,8   |
| Linea all'80% di quella standard | 2,3  | 3,1    | 12,3        | 5,7    |

Fonte: Istat, 1999

Per riassumere gli elementi salienti emersi dall'analisi condotta fin qui, non solo dedotti dall'esame degli ultimi due anni, ma anche confermati dalle analisi sull'ultimo ventennio, si può sostenere che:

- nel volgere di venti anni, dal 1980 alle viste del 2000, il rischio di povertà in Italia non ha subito una riduzione: è anzi relativamente aumentato;
- le famiglie a rischio maggiore sono quelle più numerose, in cui il capofamiglia ha un titolo di studio più basso, e in cui la persona di riferimento non è occupata;
- il divario fra Nord e Sud del Paese, anziché colmarsi, si è ulteriormente inasprito, e oggi nel Mezzogiorno quasi una famiglia su quattro versa in condizione di povertà.

## 2.2. La povertà assoluta

L'analisi che precede ha mostrato con evidenza che il concetto di povertà relativa, accanto ai diversi pregi nell'intento di rivelare le diverse facce del fenomeno, conserva limiti non trascurabili dovuti all'ipotesi arbitraria circa il livello minimo di spesa sotto il quale una famiglia è classificata povera. Dipendendo di volta in volta da fattori contingenti (le tendenze congiunturali dell'economia, le oscillazioni della struttura dei prezzi, i mutamenti degli stili di vita nel Paese, ecc.), e di volta in volta ridefinendo i bisogni familiari elementari sulla base delle variazioni del tenore di vita complessivo della collettività, la misura della povertà relativa presenta non poche difficoltà quando si vogliano confrontare gli indicatori in termini temporali e in relazione a differenti realtà nazionali.

Oltretutto, per la rilevanza che le precedenti analisi comportano per le politiche di contrasto della povertà, bisogna tenere a mente che la linea di povertà relativa, data la sua convenzionalità, può portare a valutazioni e giudizi implicitamente arbitrari circa i bisogni reali delle famiglie e quelli minimi vitali.

È perciò utile considerare accanto al primo concetto una diversa definizione di povertà intesa, questa volta, in termini assoluti. *La povertà assoluta* fa

riferimento ad un livello di benessere economico fisso, in base al quale individuare nel tempo e nel territorio i caratteri specifici del fenomeno della deprivazione.

Nel 1998 la Commissione di indagine sulla povertà e sull'emarginazione ha reso pubblici i primi dati relativi ad una misura assoluta della povertà. I contorni dell'evoluzione della povertà della popolazione vengono definiti in relazione ad una soglia corrispondente al valore monetario di un paniere di beni e servizi considerati essenziali per la famiglia (*basic needs*) e indispensabili affinché essa possa raggiungere un livello di vita "socialmente accettabile" nel Paese, ovvero la garanzia di uno standard di vita pure modesto, ma sufficiente ad evitare forme di esclusione sociale. Il paniere – aggiornato periodicamente sulla base delle variazioni dei prezzi delle merci che lo compongono – viene calcolato per diverse tipologie familiari (non sono quindi necessari coefficienti di correzione per nuclei familiari di diversa ampiezza<sup>15</sup>) ed è costituito da una componente alimentare (preponderante sulle altre), una relativa all'abitazione e una comprendente le altre spese ritenute necessarie alla famiglia<sup>16</sup>. Esso risulta così indipendente dalle variazioni della distribuzione dei consumi e dall'andamento congiunturale dell'economia. In base a questo criterio, vengono definite povere le famiglie che presentano una spesa media familiare uguale o inferiore al valore monetario del paniere.

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<sup>15</sup> Nella determinazione del valore della linea di povertà assoluta non si tiene conto, infatti, dell'effetto di eventuali economie di scala in ambito familiare. La componente alimentare, ad esempio, viene stabilita sulla base del fabbisogno calorico individuale, calcolato per sesso ed età, necessario allo svolgimento delle attività quotidiane, invariante nel tempo e indipendente dalle preferenze alimentari soggettive.

<sup>16</sup> Rimangono esclusi dal paniere alcuni consumi di necessità individuali e familiari, come le spese per la sanità, l'istruzione, i trasporti e il vestiario. In particolare, le spese per sanità e istruzione non sono incluse nel paniere in ragione dell'assunzione – peraltro discutibile – che per le famiglie indigenti tali costi siano completamente a carico delle strutture pubbliche nazionali o locali.

## **Riquadro 2. Le ipotesi per la costruzione del paniere minimo**

### **La componente alimentare**

Il paniere alimentare è stato definito per tenere conto del fabbisogno calorico individuale necessario allo svolgimento della abituale attività quotidiana; tale fabbisogno è supposto invariante nel tempo ed indipendente dalle preferenze dei singoli individui per i diversi alimenti. Allo scopo di stabilire in modo oggettivo i livelli nutrizionali si è fatto riferimento ad un modello alimentare definito dall'Istituto Nazionale della Nutrizione (INN), che propone diete individuali giornaliere distinte in base al sesso e all'età degli individui. Tale modello consiste nella traduzione dei Livelli di Assunzione Raccomandati di Nutrienti (LARN) in combinazioni di quantità medie giornaliere di alimenti.

A partire dai modelli così definiti la valutazione monetaria del paniere è stata effettuata sulla base dei prezzi al consumo "minimi" rilevati dall'ISTAT: per i prodotti non ortofrutticoli sono stati selezionati i beni relativi alle marche meno costose, mentre per quelli ortofrutticoli vengono considerati unicamente i prezzi relativi ai prodotti di stagione.

Sulla base della spesa media giornaliera così ottenuta, si è risaliti a quella media mensile per le diverse tipologie familiari, distinte in base al numero dei componenti e alla loro età.

### **L'abitazione**

Riguardo alle spese per l'abitazione occorre distinguere due aspetti: il primo connesso con la disponibilità dell'abitazione ed il secondo con i servizi di cui essa deve essere dotata.

In relazione alla disponibilità si è utilizzata la spesa per affitto, nell'ipotesi semplificatrice che questa possa essere imputata anche alle famiglie che vivono in alloggi di loro proprietà come approssimazione delle spese da queste sostenute per l'abitazione (ad esempio spese per manutenzione); peraltro, meno del 60% delle famiglie più povere possiede l'abitazione in cui vive contro valori attorno all'80% per le famiglie non povere. Non esistendo una normativa nazionale che definisca gli standard minimi abitativi, si è fatto ricorso a quella adottata dalla Regione Emilia Romagna, che associa a specifiche ampiezze familiari "adeguate" classi di superficie dell'abitazione. Ciò ha consentito di creare una corrispondenza tra superficie e numerosità familiare, indispensabile per la valutazione monetaria del segmento abitazione tramite l'Indagine sui consumi delle famiglie.

Per quanto riguarda le utenze domestiche, sono state considerate l'energia elettrica, il gas da rete (quest'ultimo anche come forma di riscaldamento) ed il telefono. In particolare il gas da rete è stato considerato "sostitutivo" di altre forme di combustibile quali gasolio, kerosene ed altri. La loro valutazione monetaria è effettuata sotto l'ipotesi di *consumo minimo*. Per l'energia elettrica ed il gas da rete sono state utilizzate le specifiche distribuzioni di spesa derivate dall'Indagine sui consumi delle famiglie, mentre per l'utenza telefonica, sulla base di una normativa Telecom, sono stati attribuiti un canone bimestrale di 20.000 lire oltre a 50 scatti mensili al prezzo di 50 lire l'uno.

### **Il possesso di beni durevoli**

Nella voce relativa ai beni durevoli sono state considerate le quote annuali di ammortamento per tre beni ritenuti "primari", sulla base della loro diffusione anche tra le famiglie povere: il televisore a colori, il frigorifero e la lavatrice.

I valori delle quote di ammortamento sono stati calcolati per ciascun bene sulla base della durata media e dei relativi prezzi al consumo rilevati dall'ISTAT; tali valori sono stati poi attribuiti a tutte le famiglie indipendentemente dalla loro dimensione e tipologia.

### **La quota residuale**

La quota residuale comprende le spese per vestiario e calzature, per la cura della persona, per cultura ed attività ricreative, per trasporti, per altre spese per la casa ed altro; essa include anche la spesa per abbonamento radio-TV in quanto l'apparecchio televisivo è stato considerato un bene primario.

Non potendo quantificare per via analitica le voci elementari inserite nell'ambito di tale componente (ad esempio, di quanti e quali abiti ha bisogno un individuo), si è deciso di definire la quota residuale nel suo complesso come percentuale della spesa alimentare. La determinazione di tale percentuale è stata ottenuta per singole tipologie familiari sulla base delle distribuzioni di spesa dell'Indagine sui consumi delle famiglie e varia tra il 33% per le famiglie di due componenti ed il 43% per quelle di cinque.

Fonte: Commissione d'indagine sulla povertà e sull'emarginazione, 1998

Nel 1998 la *linea di povertà assoluta* per una famiglia di due persone è stata stimata dall'ISTAT pari a 1.012.000 lire mensili (tab. 13). L'*incidenza della povertà assoluta* in Italia nel 1998 è così pari al 4,4%, corrispondente ad oltre 950.000 nuclei familiari (tab. 14).

Anche in questo caso, tuttavia, permangono forti *incongruità a livello territoriale*. Nel 1998 la quota percentuale di famiglie povere è maggiore nel Mezzogiorno (9,7%), mentre risulta più bassa nel Centro-Italia (2,2%) e nel Nord (1,6%) (tab. 14 e fig. 8). Se il tasso a livello nazionale e al Nord è rimasto stabile rispetto al 1997, un lieve incremento si registra nel Centro e una modesta diminuzione al Sud e Isole.

**Tab. 13 - Linea di povertà assoluta per ampiezza della famiglia, anni 1997-1998** (val. in lire correnti)

| Numero di componenti la famiglia | 1997      | 1998      |
|----------------------------------|-----------|-----------|
| 1                                | 663.000   | 675.000   |
| 2                                | 994.000   | 1.012.000 |
| 3                                | 1.412.000 | 1.438.000 |
| 4                                | 1.788.000 | 1.821.000 |
| 5                                | 2.254.000 | 2.295.000 |
| 6                                | 2.598.000 | 2.645.000 |
| 7 o più                          | 2.932.000 | 2.984.000 |

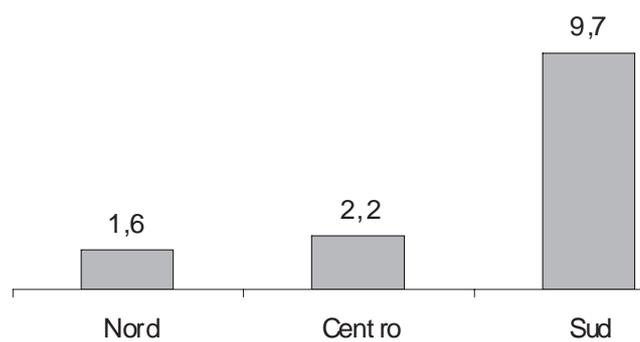
Fonte: Istat, 1999

**Tab. 14 - Incidenza della povertà assoluta in Italia per ripartizione geografica, anni 1997-1998 (v.a. e val. %)**

|      | Nord     |           | Centro   |           | Sud e Isole |           | Italia   |           |
|------|----------|-----------|----------|-----------|-------------|-----------|----------|-----------|
|      | Famiglie | Incidenza | Famiglie | Incidenza | Famiglie    | Incidenza | Famiglie | Incidenza |
| 1997 | 161.7    | 1,6       | 73.93    | 1,8       | 716.95      | 10,1      | 952.684  | 4,4       |
| 1998 | 168.6    | 1,6       | 93.26    | 2,2       | 692.93      | 9,7       | 954.856  | 4,4       |

Fonte: Istat, 1999

**Fig. 8 - Incidenza della povertà assoluta delle famiglie per ripartizione geografica, anno 1998 (val %)**



Fonte: Istat, 1999

Come si vede, la povertà misurata in termini assoluti presenta una incidenza decisamente minore di quella della povertà relativa. Nondimeno, è possibile riscontrare analoghi profili differenziali in base alle diverse tipologie familiari considerate: i profili familiari soggetti ad un maggiore rischio di povertà risultano sostanzialmente omogenei a quelli risultati dall'analisi della povertà di tipo relativo (Commissione d'indagine sulla povertà e sull'emarginazione 1998). Infatti, con riguardo all'*ampiezza del nucleo familiare*, emerge che le famiglie più povere, con valori di incidenza leggermente superiori alla media, sono quelle costituite da quattro membri (4,8%), quelle formate da una persona sola con 65 anni o più (5,9%) e dalle coppie con tre o più figli (12,7%) (tab. 15).

Si tenga presente, in ogni caso, che nelle analisi che precedono non è contemplata l'area delle cosiddette *povertà estreme* in cui sono ridotti i gruppi marginali rappresentati dagli immigrati, i nomadi, i malati psichici privi di sostegno familiare e le persone senza fissa dimora, che le indagini sulle famiglie dell'ISTAT non rilevano. Una stima del numero di questi soggetti, che versano nelle situazioni di più grave indigenza, è stata fornita dalla Commissione d'indagine sulla povertà e sull'emarginazione (1993) nel suo terzo rapporto. Le persone in simili condizioni di criticità estrema ammonterebbero complessivamente a circa mezzo milione, tra le quali il gruppo più ampio è rappresentato dagli immigrati poveri (circa 400.000 individui).

**Tab. 15 - Incidenza della povertà assoluta delle famiglie in Italia per tipologia familiare, anni 1997-1998 (val. %)**

|                                     | 1997 | 1998 |
|-------------------------------------|------|------|
| <i>Ampiezza della famiglia</i>      |      |      |
| 1 componente                        | 5,0  | 4,5  |
| 2 componenti                        | 3,1  | 3,2  |
| 3 componenti                        | 2,9  | 3,1  |
| 4 componenti                        | 5,1  | 4,8  |
| <i>Tipologia familiare</i>          |      |      |
| Persona sola con meno di 65 anni    | 1,9  | 1,9  |
| Persona sola con 65 anni o più      | 6,7  | 5,9  |
| Coppia con p.r. con meno di 65 anni | 1,4  | 1,1  |
| Coppia con p.r. con 65 anni o più   | 4,2  | 4,7  |
| Coppia con 1 figlio                 | 2,5  | 3,1  |
| Coppia con 2 figli                  | 4,9  | 4,5  |
| Coppia con 3 o più figli            | 11,3 | 12,7 |
| Monogenitore                        | 4,0  | 3,9  |
| Altre tipologie                     | 6,3  | 6,6  |

Fonte: Istat, 1999

### 2.3. La povertà italiana nel contesto europeo

La posizione dell'Italia nel quadro europeo, con riguardo alla questione delle povertà, riflette le significative differenze esistenti tra i Paesi dell'Unione europea, caratterizzati ancora da discreti dislivelli di coesione economica e sociale.

Una comparazione tra i diversi Paesi dell'Unione europea è stata elaborata dall'Eurostat in base ai dati del Panel europeo delle famiglie (PCM) riferiti all'anno 1993 (Eurostat 1997), non senza notevoli difficoltà derivanti dalla disomogeneità delle fonti nazionali utilizzate nonché delle convenzioni adottate nella formulazione del concetto stesso di povertà e nella definizione della soglia di povertà.

La misura utilizzata si basa sul reddito monetario netto totale del 1993, tenendo conto approssimativamente di tutte le fonti di reddito familiare (salario, proventi diversi, ecc.) al netto delle imposte e dei trasferimenti sociali pubblici di natura monetaria. Delle differenti composizioni familiari si è tenuto conto adottando una apposita scala di equivalenza delle diverse tipologie.

I dati mostrano come all'interno dei dodici Paesi membri del 1993 la distribuzione decilica dei redditi non appare equamente ripartita tra le famiglie. Anzi (tab. 16):

- il 20% delle famiglie europee più povere dispone di quote del reddito totale oscillanti al di sotto del 6% (nei Paesi della sponda Nord del Mediterraneo: Italia, Grecia, Spagna e Portogallo) e fino al 9% (Belgio, Danimarca e Irlanda);
- il 20% delle famiglie più ricche detiene quote di reddito tra il 33% (Danimarca), il 42% (Italia) e il 46% (Portogallo) del totale.

L'Italia, in particolare, si colloca in linea con i livelli medi dell'Unione europea – che corrispondono rispettivamente al 6% e al 41% –, ma significativamente al di sotto dei valori rappresentati per i Paesi dell'Europa centro-settentrionale.

Ciò è confermato dal coefficiente di Gini, che, come noto, misura il livello di ineguaglianza distributiva variando tra 0 (ineguaglianza nulla) e 1 (ineguaglianza assoluta). L'indice oscilla in Europa tra un valore massimo di 0,42 (Portogallo) e uno minimo pari a 0,25 (Danimarca). Rispetto al valore europeo medio (0,35), l'Italia mostra un grado di ineguaglianza distributiva delle ricchezze di poco superiore (0,37).

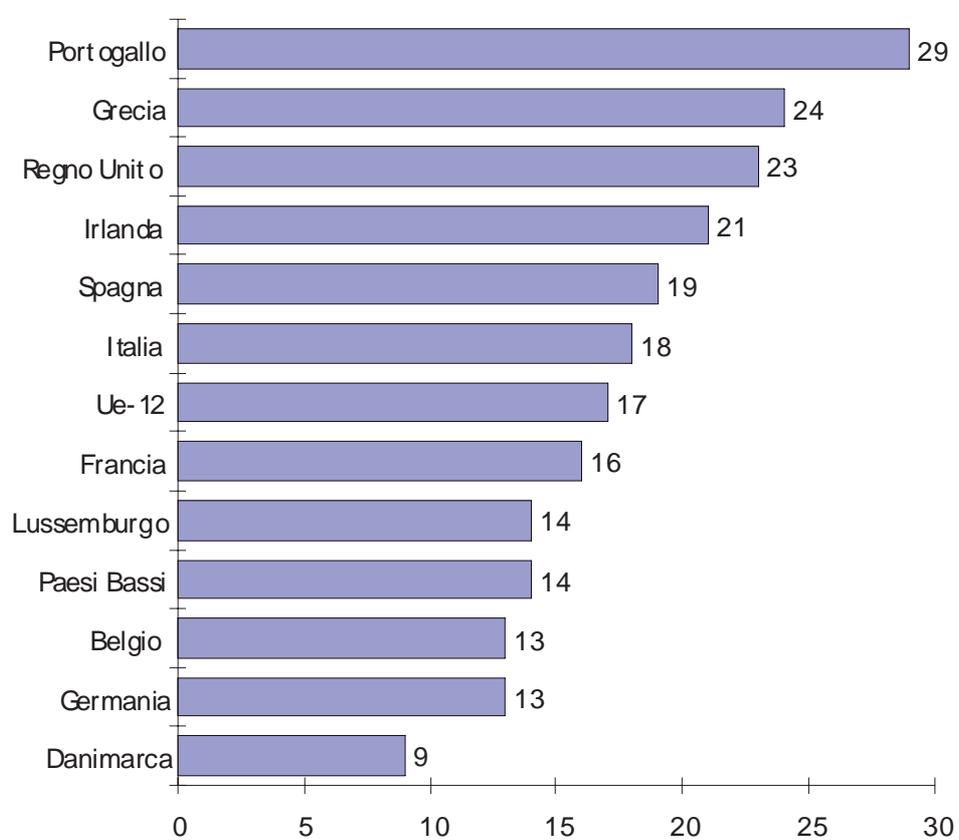
Per la definizione della soglia di povertà, l'Eurostat si rifà alla definizione generale adottata dal Consiglio europeo il 19 dicembre 1984, che considera poveri gli individui, le famiglie e i gruppi sociali le cui risorse (materiali, culturali e sociali) sono così ridotte da escluderli dalle condizioni di vita minime accettabili all'interno dei Paesi membri in cui essi vivono. La definizione operativa di povertà relativa adottata dall'Eurostat fissa pertanto la soglia di povertà al 50% della media aritmetica dei redditi monetari mensili equivalenti netti.

In base a tale convenzione, l'estensione della povertà nell'Europa dei dodici riguardava nel 1993 circa 23 milioni di famiglie (57 milioni di persone povere) (tab. 17). La quota di famiglie che vivevano al di sotto della linea di povertà corrispondeva in media al 17%, con punte più critiche in Portogallo (29%), Grecia (24%) e Regno Unito (23%). All'estremo opposto, la Danimarca, con il tasso di povertà minore (9%). Rispetto a questo quadro, in Italia, con quasi 3 milioni e mezzo di famiglie povere, si registrava un tasso di povertà prossimo al valore europeo medio (18% delle famiglie e 20% degli individui) (figg. 9-10).

In particolare, il numero di bambini che vivevano all'interno delle famiglie povere era superiore a 13 milioni nell'Europa dei dodici (il 20% del complesso dei bambini europei), con situazioni più gravi registrate nel Regno Unito (32%) e in Irlanda (28%), inferiori in Danimarca (5%) e vicine alla media in Italia (24%) (fig. 11).

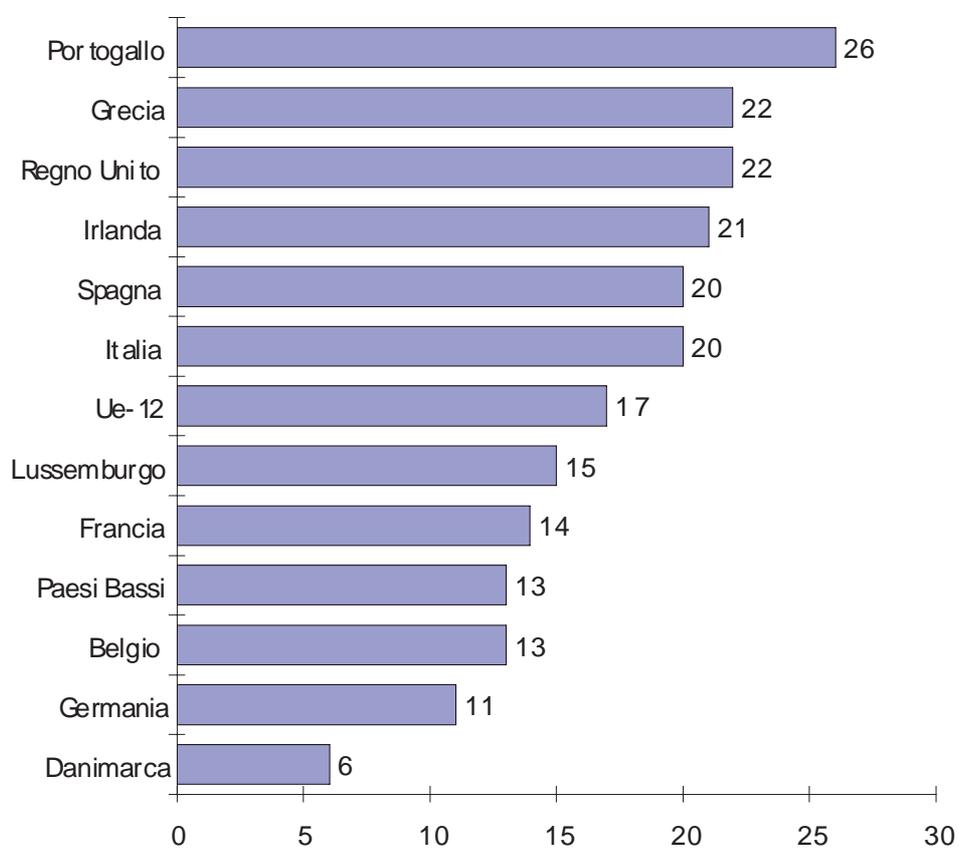
È possibile anche valutare alcune variabili qualitative del disagio espresse dalla popolazione povera dei diversi Paesi e rilevate dalla stessa fonte. Dal confronto della situazione italiana con quella dell'Europa dei dodici si evince come, se i disagi maggiormente lamentati a livello europeo dalle famiglie povere sono quelli relativi a generici problemi economici (37% del totale delle famiglie povere) e il fatto di non potersi permettere almeno una settimana di vacanza (più della metà: il 58%), in Italia è più preoccupante per le famiglie povere la mancanza di spazi abitativi sufficienti (31%), l'impossibilità di permettersi un adeguato riscaldamento dell'abitazione (41%), oltre ai problemi economici in generale (41%) (tab. 18).

**Fig. 9 - Famiglie povere nei 12 Paesi dell'Unione europea, anno 1993 (val. %)**



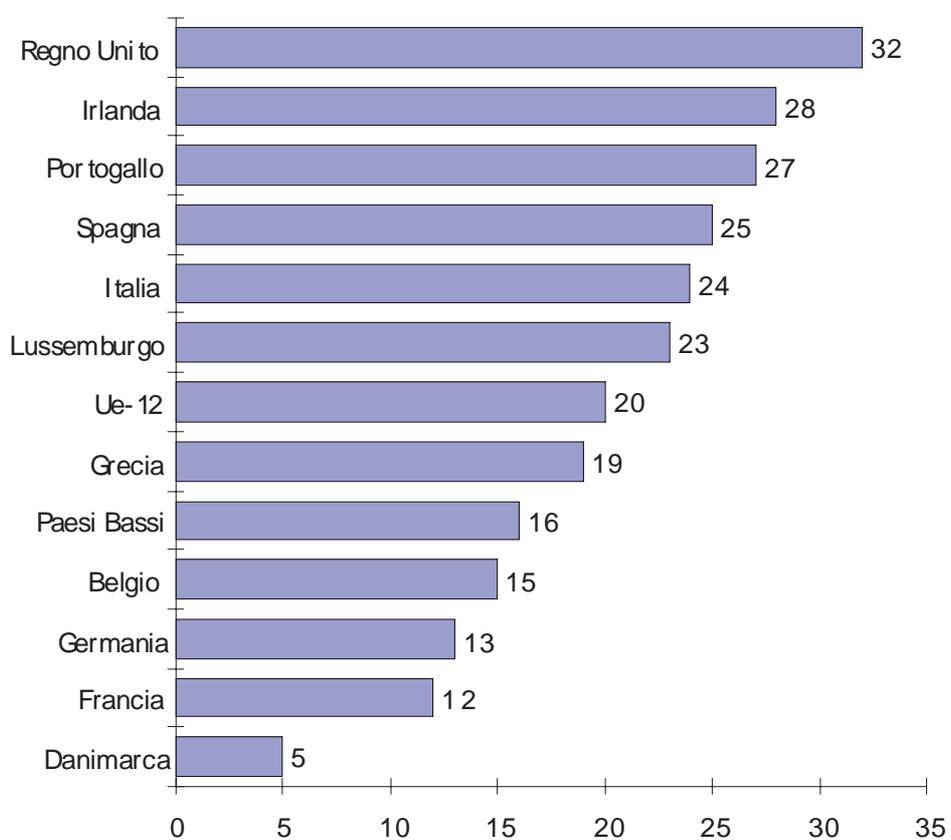
Fonte: Eurostat, 1997

**Fig. 10 - Individui poveri nei 12 Paesi dell'Unione europea, anno 1993 (val. %)**



Fonte: Eurostat, 1997

**Fig. 11 - Bambini poveri nei 12 Paesi dell'Unione europea, anno 1993 (val. %)**



Fonte: Eurostat, 1997

Tab. 16 - Ripartizione dei redditi familiari nei Paesi dell'Unione europea (val. %)

|             | Livello inferiore a 1 | DECILI |   |   |   |   |    |    |    |    |      | Livello superiore a 10 | Coefficiente di Gini |
|-------------|-----------------------|--------|---|---|---|---|----|----|----|----|------|------------------------|----------------------|
|             |                       | 2      | 3 | 4 | 5 | 6 | 7  | 8  | 9  |    |      |                        |                      |
| Belgio      | 3                     | 6      | 7 | 8 | 9 | 9 | 10 | 12 | 14 | 22 | 0,31 |                        |                      |
| Danimarca   | 5                     | 7      | 8 | 8 | 8 | 9 | 10 | 11 | 13 | 20 | 0,25 |                        |                      |
| Francia     | 3                     | 5      | 6 | 7 | 8 | 9 | 10 | 12 | 15 | 25 | 0,33 |                        |                      |
| Germania    | 3                     | 6      | 6 | 7 | 8 | 9 | 10 | 12 | 15 | 23 | 0,30 |                        |                      |
| Grecia      | 2                     | 4      | 5 | 7 | 7 | 9 | 10 | 13 | 15 | 27 | 0,38 |                        |                      |
| Irlanda     | 3                     | 6      | 6 | 6 | 7 | 8 | 10 | 12 | 16 | 27 | 0,34 |                        |                      |
| Italia      | 2                     | 4      | 6 | 7 | 8 | 9 | 11 | 12 | 16 | 26 | 0,37 |                        |                      |
| Lussemburgo | 3                     | 5      | 6 | 7 | 7 | 9 | 10 | 12 | 14 | 27 | 0,32 |                        |                      |
| Paesi Bassi | 3                     | 5      | 6 | 7 | 7 | 9 | 10 | 13 | 15 | 25 | 0,34 |                        |                      |
| Portogallo  | 2                     | 4      | 5 | 6 | 7 | 8 | 10 | 12 | 16 | 30 | 0,42 |                        |                      |
| Regno Unito | 3                     | 5      | 6 | 7 | 7 | 9 | 10 | 12 | 15 | 28 | 0,37 |                        |                      |
| Spagna      | 2                     | 4      | 6 | 6 | 7 | 8 | 10 | 12 | 15 | 27 | 0,35 |                        |                      |
| Media Ue-12 | 2                     | 4      | 6 | 6 | 8 | 9 | 10 | 12 | 15 | 26 | 0,35 |                        |                      |

Fonte: elaborazione Censis su dati Eurostat, 1997

**Tab. 17 - Estensione della povertà nei Paesi dell'Unione europea, anno 1993** (v.a. in migliaia)

|             | Famiglie povere | Individui poveri | Bambini (con meno di 16 anni) poveri |
|-------------|-----------------|------------------|--------------------------------------|
| Belgio      | 508             | 1.289            | 302                                  |
| Danimarca   | 216             | 318              | 42                                   |
| Francia     | 3.523           | 7.591            | 1.487                                |
| Germania    | 4.515           | 9.099            | 1.888                                |
| Grecia      | 872             | 2.258            | 380                                  |
| Irlanda     | 238             | 759              | 322                                  |
| Italia      | 3.429           | 10.895           | 2.245                                |
| Lussemburgo | 22              | 60               | 18                                   |
| Paesi Bassi | 842             | 1.919            | 443                                  |
| Portogallo  | 915             | 2.537            | 577                                  |
| Regno Unito | 5.474           | 12.805           | 3.859                                |
| Spagna      | 2.272           | 7.631            | 1.730                                |
| Media Ue-12 | 22.825          | 57.162           | 13.292                               |

Fonte: Eurostat, 1997

**Tab. 18 - Sintomi di disagio tra le famiglie povere e non povere in Italia e nei 12 Paesi dell'Unione europea, anno 1994 (val. %)**

|  | ITALIA |            | UNIONE EUROPEA |            |
|--|--------|------------|----------------|------------|
|  | Povere | Non povere | Povere         | Non povere |
| Spazio dell'abitazione insufficiente     | 31     | 21         | 24             | 19         |
| Tetto da riparare                        | 11     | 8          | 10             | 7          |
| Infiltrazioni di umidità dai muri        | 11     | 7          | 21             | 14         |
| Problemi economici                       | 41     | 20         | 37             | 19         |
| <i>Non può permettersi</i>               |        |            |                |            |
| Un pasto proteico almeno ogni due giorni | 17     | 8          | 17             | 8          |
| Riscaldamento dell'abitazione adeguato   | 41     | 21         | 28             | 15         |
| Acquisto di abiti nuovi                  | 25     | 13         | 30             | 15         |
| Invitare amici o parenti a cena          | 38     | 21         | 33             | 17         |
| Almeno una settimana di vacanza          | 59     | 32         | 58             | 31         |

Fonte: Eurostat, 1997

## 2.4. Povertà cronica e disagio transitorio

I dati fin qui utilizzati nell'analisi della povertà non permettono di porre distinzioni tra le condizioni di *disagio* solo *transitorio* e lo stato di *povertà permanente* o *cronica*.

Considerazioni in merito agli spostamenti delle famiglie da un'area a forte disagio verso una a disagio più contenuto, o verso una condizione di benessere e sicurezza, trovano posto, come si è visto, nel tipo di valutazioni consentite dagli indicatori annuali cui si è fatto riferimento. Tuttavia, sfugge ad una analisi così impostata l'opportunità di comprendere a pieno, in tutte le sue conseguenze, la differenza tra poveri, per così dire, "occasionalisti" – quelli che, trovandosi in condizione di povertà solo per un arco temporale circoscritto, dispongono delle capacità di uscire autonomamente da tale situazione, e pertanto possono contare su di un personale capitale umano rimasto intatto – e i cosiddetti poveri "permanenti" – che invece necessitano di un aiuto esterno per risollevarsi dallo stato di indigenza. La distinzione non è affatto trascurabile, e anzi risulta particolarmente importante per le conseguenze in chiave di politiche sociali.

A tal fine sono disponibili i dati elaborati dall'ISTAT dell'indagine Panel europeo effettuata sullo stesso campione di famiglie europee negli anni 1994, 1995 e 1996. L'unità di analisi prescelta nell'indagine è l'individuo, con lo scopo di classificare nell'arco di tempo indicato i soggetti in base alla condizione di povertà o di non povertà. Ne risulta, in tal modo, una misurazione delle migrazioni nelle diverse aree e dunque una valutazione delle probabilità di rimanere permanentemente poveri o meno. I risultati indicano un'alta probabilità per un individuo povero di rimanere tale in tutti i tre anni considerati (circa il 70%), mentre le probabilità per un soggetto non povero di permanere in tale stato di benessere sono ancora più elevate (circa il 95%) (tab. 19).

Ancora una volta, la circoscrizione geografica gioca un ruolo importante nella definizione delle differenti situazioni. Se nel Centro-nord vi è una maggiore mobilità in uscita dalla povertà degli individui, il Mezzogiorno si distingue per una situazione inversa. La probabilità di rimanere poveri è pari, rispettivamente, al 59% nell'un caso e al 71% nell'altro.

**Tab. 19 - Probabilità di permanere nello stato di povertà o di non povertà per ripartizione geografica (val. %)**

|             | Permanenza nella povertà | Permanenza nella non povertà |
|-------------|--------------------------|------------------------------|
| Centro-nord | 59                       | 100                          |
| Sud e Isole | 71                       | 94                           |

Fonte: Istat, 1998

Analogamente, la probabilità di cadere dalla condizione di benessere in stato di povertà è praticamente nulla nell'Italia centro-settentrionale, mentre al Sud sei persone non povere su cento passano, nei tre anni, al di sotto della soglia di povertà. Il Mezzogiorno, pertanto, oltre ad essere caratterizzato da una più vasta incidenza e da una maggiore intensità della povertà rispetto alle altre aree geografiche del Paese, presenta anche una maggiore persistenza degli individui in tale stato e più grandi difficoltà ad uscirvi, nonché un rischio più elevato per i non poveri di non permanere in tale stato di relativa agiatezza.

## 2.5. La concentrazione della ricchezza

Sebbene l'informazione relativa ai consumi familiari sia la più efficace come indicatore dei livelli di benessere familiare e per la stima della povertà, è comunque di un qualche interesse osservare anche la tendenza della *dispersione della ricchezza* in base alla distribuzione decilica dei redditi o secondo le variabili socio-professionali degli individui. Tale approccio considera il flusso dei redditi disponibili come indicatore della povertà.

L'analisi del rapporto del CNEL (Rossi 1998) effettuata sui dati dell'indagine condotta a intervalli biennali dalla Banca d'Italia sui redditi e sui consumi familiari degli italiani mostra come nel 1995 il valore medio della ricchezza totale in Italia risultava pari a quasi 350 milioni di lire (180.760 euro) a famiglia, mentre quello mediano era di circa 200 milioni (103.291 euro), rivelando da subito l'asimmetria della distribuzione della ricchezza.

Tra il 1987 e il 1995 si è registrata una crescita del valore medio della ricchezza familiare ad un tasso dell'11,6% all'anno: in termini reali essa è cresciuta di circa la metà. Tuttavia, l'analisi disaggregata dei dati riferiti al 1995 in base alla *ripartizione geografica* e per *tipologia familiare* rivelano una distribuzione fortemente squilibrata della ricchezza (tab. 20). Innanzitutto, la ricchezza netta risulta mediamente più elevata al Nord e al Centro, rispetto ad un Sud più penalizzato. Inoltre, si registra una crescita della ricchezza all'aumentare dell'*età del capofamiglia* fino alla fascia 51-65 anni e una riduzione nella classe di età più avanzata (oltre i 65 anni).

**Tab. 20 - Ricchezza totale netta media delle famiglie per ripartizione geografica e caratteristiche della persona di riferimento, anno 1995 (v.a. in milioni di lire e n.i., complesso = 100)**

|                                       | v.a.    | n.i. |
|---------------------------------------|---------|------|
| Ripartizione geografica               |         |      |
| Nord                                  | 424,1   | 122  |
| Centro                                | 383,5   | 110  |
| Sud e Isole                           | 214,3   | 62   |
| Età                                   |         |      |
| Fino a 30 anni                        | 226,8   | 65   |
| Da 31 a 40 anni                       | 238,9   | 69   |
| Da 41 a 50 anni                       | 340,5   | 98   |
| Da 51 a 65 anni                       | 454,4   | 131  |
| Oltre 65 anni                         | 334,3   | 96   |
| Titolo di studio                      |         |      |
| Nessuno                               | 159,8   | 46   |
| Licenza elementare                    | 268,9   | 77   |
| Media inferiore                       | 292,6   | 84   |
| Media superiore                       | 496,7   | 143  |
| Laurea                                | 876,7   | 252  |
| Condizione professionale              |         |      |
| Dipendente, di cui:                   | 269,2   | 77   |
| - operaio                             | 167,9   | 48   |
| - impiegato                           | 304,9   | 88   |
| - dirigente                           | 534,0   | 154  |
| Indipendente, di cui:                 | 672,8   | 194  |
| - imprenditore, professionista        | 1.074,1 | 309  |
| - altro                               | 482,6   | 139  |
| Condizione non professionale, di cui: | 311,5   | 90   |
| - pensionato                          | 324,4   | 93   |
| - non occupato                        | 238,6   | 69   |
| Complesso                             | 347,2   | 100  |

Fonte: elaborazione su dati Banca d'Italia, Rossi 1998

**Tab. 21 - Distribuzione decilica della ricchezza totale netta delle famiglie, anni 1987-1995 (val. %)**

|                                  | 1987 | 1989 | 1991 | 1993 | 1995 |
|----------------------------------|------|------|------|------|------|
| 80% più povero                   | 38,3 | 41,6 | 42,3 | 39,4 | 38,2 |
| 20% più ricco                    | 61,7 | 58,4 | 57,7 | 60,6 | 61,8 |
| 5% più ricco                     | 31,4 | 30,0 | 26,4 | 30,4 | 32,0 |
| 1% più ricco                     | 13,5 | 9,1  | 9,8  | 12,5 | 13,2 |
| Indice di concentrazione di Gini | 59,7 | 56,3 | 55,6 | 58,8 | 60,0 |

Fonte: elaborazione su dati Banca d'Italia, Rossi 1998

Ulteriori differenziazioni sono descritte in relazione al *titolo di studio del capofamiglia*, secondo un andamento crescente della ricchezza all'aumentare del livello di scolarizzazione dalla condizione formale di analfabetismo a quella di laureato (superiore alla prima di cinque volte e mezzo). Infine, la *condizione professionale della persona di riferimento* influisce sui processi di dispersione della ricchezza, dal momento che si osservano nette disuguaglianze tra famiglie di imprenditori e professionisti, lavoratori autonomi, impiegati e operai (questi ultimi possiedono una ricchezza che è circa sei volte e mezza inferiore a quella di imprenditori e professionisti).

Risulta evidente, in ultimo, una maggiore disuguaglianza tra la distribuzione della ricchezza totale delle famiglia al netto delle passività finanziarie rispetto a quella dei redditi. L'*indice di concentrazione di Gini* della ricchezza netta riferito alla situazione del 1995 è pari al 60%, superiore a quello degli anni precedenti (tab. 21). Quasi un terzo delle attività nette facevano capo al 5% più ricco della popolazione (quota aumentata rispetto a quella degli anni precedenti), mentre l'80% più povero possedeva una quota inferiore al 40% del totale (porzione ulteriormente ridottasi rispetto a quella degli anni passati).

## **2.6. Quadro di sintesi: i fattori responsabili dell'impovertimento e gli squilibri territoriali**

Le evidenze empiriche che emergono dal dimensionamento qualitativo del fenomeno della povertà in Italia tratteggiano un quadro in cui si assiste:

- alla crescita del numero delle persone che rischiano, per vari motivi, di cadere in uno stato di povertà e di marginalizzazione sociale;
- alla tendenza all'aumento della disuguaglianza e della povertà particolarmente nel Mezzogiorno (la povertà colpisce una persona su quattro al Sud e una su venti al Nord), area in cui la povertà è un fenomeno endemico, diffuso fra tutta la popolazione;

- ad una concentrazione della povertà in prevalenza tra le famiglie numerose, con figli minori, che vivono nel Mezzogiorno, il cui capofamiglia è senza lavoro o in condizione non professionale, tra gli individui poco istruiti e i giovani (più degli anziani).

Sulla costituzione delle sacche di povertà esercitano il loro peso, in maniera difforme all'interno dei confini nazionali, diversi fattori, presi singolarmente o in combinazione tra di loro, i quali devono costituire la base informativa per la modulazione di efficaci politiche di contrasto della povertà:

- la *disoccupazione*, come principale elemento che, impedendo il percepimento di redditi da lavoro, espone al rischio di povertà;
- l'*inadeguatezza dei redditi da lavoro*, in quei gruppi sociali che pur lavorando, all'interno dell'economia legale o in quella irregolare, percepiscono compensi modesti e quindi insufficienti per il raggiungimento del tenore di vita medio del Paese;
- il *basso livello delle pensioni* che, in assenza di altre fonti di reddito, possono essere insufficienti a garantire un tenore di vita socialmente accettabile;
- lo *scarso livello di istruzione*, da cui conseguono maggiori probabilità di disoccupazione e rilevanti difficoltà nella ricerca di un lavoro dalla remunerazione adeguata;
- la *disparità di trattamento relativa al genere*, che fa sì che una famiglia con capofamiglia donna sia soggetta ad un più elevato rischio di povertà, dal momento che il tasso di occupazione femminile, seppure in crescita dal 1972, rimane basso e il reddito familiare in un nucleo con a capo una donna è solitamente unico e inferiore rispetto a quello degli uomini;
- la *numerosità delle famiglie*, cui si associa specialmente al Sud (dove le famiglie più ampie sono più numerose) una più diffusa disoccupazione, redditi da lavoro generalmente più bassi e la mancanza di adeguate forme di sostegno pubblico ad integrazione delle disponibilità economiche della famiglia;
- lo *sbilanciamento territoriale* del Paese, tra un Nord più ricco e un Sud più povero, all'interno di uno schema dualistico dello sviluppo economico nazionale, che sembra essere oramai atavico, responsabile di

una situazione di svantaggio strutturale della regione a cui hanno concorso nel tempo condizioni di sottosviluppo, assenza di un mercato del lavoro regolare dinamico, e nel recente periodo iniezioni di sviluppo imprenditoriale con scarse o assenti ripercussioni sull'occupazione.

### 3. UN MODELLO DI LETTURA DELLA POVERTÀ A LIVELLO LOCALE: IL DISAGIO SOCIALE IN SARDEGNA

Le analisi che precedono, avendo mostrato grossi squilibri in termini di incidenza e di intensità del disagio sociale tra le diverse aree del Paese, gettano luce sulla rilevanza delle disomogeneità territoriali nel dispiegarsi della povertà. Tali osservazioni giustificano, pertanto, l'importanza di una lettura della povertà condotta a livello locale per la corretta definizione dei differenti profili del problema nei diversi contesti territoriali, al fine di superare una rappresentazione semplificata del fenomeno e delle sue implicazioni sociali e politiche.

Va da sé che una descrizione dei caratteri dei poveri e della fenomenologia della povertà che sia più aderente alla realtà locale, che sia in grado di focalizzare con maggiore esattezza le dimensioni, la composizione e le cause che generano condizioni di povertà in un determinato contesto sociale e territoriale, può costituire un riferimento per la discussione e la messa a punto di programmi di protezione sociale finalizzati alla lotta della povertà secondo una gestione decentrata degli interventi.

Il *modello di lettura a livello locale della povertà* è stato messo a punto dal Censis in occasione di una ricerca svolta nel 1998 sulla popolazione della Sardegna, la grande isola del Mediterraneo (Censis 1998a). Per misurare l'incidenza e le caratteristiche della povertà relativa nel territorio sardo, l'indagine è stata basata sull'indicatore della spesa per consumi delle famiglie riferito al 1995 derivato dal sub-campione regionale per la Sardegna (895 famiglie) utilizzato dall'ISTAT nella periodica indagine sui bilanci delle famiglie italiane.

Infatti, poiché il numero delle famiglie povere risulta variabile in base al livello della soglia di povertà relativa preso a riferimento, si è proceduto innanzitutto alla definizione di una *soglia di povertà regionale* in base all'effettivo livello medio dei consumi registrato in Sardegna, risultato sensibilmente più basso di quello nazionale.

L'approccio prescelto rappresenta il passo preliminare per discriminare le reali dimensioni del fenomeno nella Regione, fortemente caratterizzata da

una sua specificità sociale, economica e da comportamenti di consumo molto distanti – per ragioni storiche e culturali – dal profilo medio italiano. In Sardegna, infatti, coesistono livelli di ricchezza molto dissimili, in parte vicini a quelli propri delle aree più sviluppate del Paese, in parte in linea con le situazioni di scarsa crescita economica e di ridotta capacità occupazionale che contraddistinguono il Mezzogiorno italiano: una porzione geografica posta ai margini dell'Europa ricca e industrializzata.

Infatti, applicando la linea nazionale di povertà (nel 1995 fissata a 1.143.355 lire) risulterebbero povere in Sardegna oltre 94.000 famiglie e circa 343.000 persone (rispettivamente pari al 17,9% del totale dei nuclei familiari e al 21% degli individui residenti), delineando così uno scenario del disagio sociale effettivamente sovrastimato. Tali distorsioni si riflettono altresì sulla tipologia della povertà in relazione alle differenti strutture familiari e alle variabili socio-anagrafiche della persona di riferimento (specialmente il sesso, l'età, il titolo di studio, la condizione occupativa e professionale del capofamiglia).

Al contrario, il calcolo della linea di povertà regionale (risultata, in base al valore medio della spesa *pro capite* per consumi registrata in Sardegna, pari a 857.335 lire) comporta una correzione dell'indice di incidenza della povertà, che scende al 9% delle famiglie (circa 47.400 nuclei familiari) e al 10,7% delle persone residenti (oltre 175.000 individui), e dell'indice di intensità della povertà (pari al 22,5%, a fronte di un valore nazionale comunque inferiore, corrispondente al 21,7% nel 1995).

Seppure l'analisi differenziale della povertà in relazione alla tipologia familiare e ai caratteri strutturali della persona di riferimento corrisponde alla radiografia risultata dall'osservazione del fenomeno a livello nazionale (individuando tra i fattori responsabili del rischio di povertà soprattutto la numerosità delle famiglie, il sesso femminile del capofamiglia, l'età avanzata della persona di riferimento, il basso grado di scolarizzazione, la disoccupazione e la presenza di figli minori a carico), tuttavia l'indagine svolta in Sardegna presenta elementi utili all'orientamento degli interventi pubblici di sostegno su un *target* molto specifico (non ultimo, per la definizione dell'ammontare economico minimo dei sussidi ritenuto sufficiente per la fuoriuscita delle famiglie bisognose dallo stato di indigenza).

Al fine di ottenere una descrizione analitica della distribuzione delle condizioni di disagio nei differenti contesti locali e dei principali caratteri qualitativi della povertà della popolazione sarda, è stata elaborata una metodologia idonea a tracciare la *mappa comunale della povertà*, ossia una segmentazione su scala comunale del territorio geografico regionale (371 unità amministrative). Le elaborazioni sono state fondate su un *set* di 74 indicatori (relativi ai caratteri demografici, la tipologia familiare, il livello di istruzione, la condizione di attività/inattività, la condizione professionale, il reddito, le condizioni abitative e quelle insediative) ritenuti in grado di cogliere il carattere multidimensionale della povertà in Sardegna (tav. 1).

I dati sono stati sottoposti a processi di elaborazione basati su tecniche di analisi statistica multivariata (analisi delle componenti principali), individuando così tre fattori che sintetizzano significativamente le variabili iniziali, ciascuno rappresentativo di una specifica connotazione qualitativa del fenomeno povertà:

- *la marginalità socioeconomica*, propria dei soggetti in età avanzata, esclusi dalle dinamiche lavorative, dipendenti per la propria sussistenza dai trasferimenti statali e residenti nelle aree a più forte declino demografico;
- *la povertà in senso stretto*, propria delle famiglie numerose, i cui componenti incontrano difficoltà di inserimento nel mercato del lavoro;
- *la disoccupazione*, che rappresenta una componente autonoma della condizione di povertà, con una relazione diretta con il tasso di disoccupazione, sufficiente di per sé a determinare un apprezzabile disagio socioeconomico.

In base ai tre assi individuati, i Comuni sono stati raggruppati in tre profili omogenei secondo la tecnica della *cluster analysis* (fig. 12):

- *1° cluster: Comuni a forte povertà socioeconomica*. Si tratta di 154 Comuni (che raccolgono il 15,4% della popolazione residente in Sardegna) per lo più concentrati nelle zone interne dell'isola, di dimensioni molto piccole, in cui il disagio è correlato ad una struttura demografica fortemente invecchiata e alla presenza di un tessuto economico e produttivo scarsamente sviluppato;

- 2° cluster: *Comuni a forte povertà occupazionale*. Il gruppo raccoglie 128 Comuni (pari al 18,8% della popolazione residente) collocati in prevalenza nella parte orientale della Regione, profondamente segnati dalla mancanza di occupazione associata alla elevata numerosità dei nuclei familiari;
- 3° cluster: *Comuni a povertà ridotta*. Il gruppo è formato da 93 Comuni (il 65% del totale dei residenti) di grandi dimensioni, economicamente più sviluppati e con tassi di disoccupazione relativamente meno elevati del resto della Regione, nonché caratterizzati da variabili demografiche e strutturali che non comportano un aggravamento delle condizioni di disagio.

L'analisi territoriale della povertà condotta in Sardegna, qui sintetizzata, costituisce un esempio replicabile in altre aree geografiche, quando se ne condividano il valore scientifico e i pregi nella funzione di documentazione e di indirizzo delle politiche sociali di contrasto della povertà. Va sottolineato, in aggiunta, che tale metodologia, se applicata con regolarità e con intenti finalizzati, può rappresentare uno strumento per il controllo delle ricadute dei programmi pubblici di intervento attuati. Risolti eventuali problemi legati alla reperibilità dei dati necessari e all'affidabilità delle fonti utilizzate, misurazioni di monitoraggio intervallate nel tempo consentono infatti di stimare gli impatti prodotti dalle soluzioni politiche adottate e dalle azioni di sostegno pianificate, differenziando gli effetti da queste generati da quelli attribuibili ad altre variazioni del contesto. Tale ipotesi assume ancora maggiore rilievo in conseguenza del fatto che uno degli ostacoli più difficili da superare nei diversi Paesi impegnati nella lotta contro la povertà è proprio la mancanza dei mezzi necessari per una efficace valutazione delle politiche e l'assenza di metodologie standard di *policy analysis*.

Tav. 1 - Indicatori utilizzati per la realizzazione della mappa comunale della povertà in Sardegna

| Codice       | Indicatori   | Fonte                      |
|--------------|--|----------------------------|
| <b>DEMO</b>  | <b>Demografia</b>  |                            |
| <b>DEMO1</b> | Indice di ricambio   | Istat, Cens. pop. 1991     |
| <b>DEMO2</b> | Indice di dipendenza (anziani)   | Istat, Cens. pop. 1991     |
| <b>DEMO3</b> | Tasso di femminilizzazione   | Istat, Mov. anagr. 1995    |
| <b>DEMO4</b> | Media dei tassi di natalità  | Istat, Mov. anagr. 1993-95 |
| <b>DEMO5</b> | Media dei tassi di mortalità   | Istat, Mov. anagr. 1993-95 |
| <b>DEMO6</b> | Media dei tassi di cancellazione anagrafica                              | Istat, Mov. anagr. 1993-95 |
| <b>DEMO7</b> | Variazione della popolazione rispetto al 1991                            | Istat, Mov. anagr. 1995    |
|              |  | -----                      |
| <b>FAM</b>   | <b>Caratteri delle famiglie</b>  |                            |
| <b>FAM1</b>  | Numero medio di componenti per famiglia                                  | Istat, Cens. pop. 1991     |
| <b>FAM2</b>  | Quota di famiglie con 5 componenti                                       | Istat, Cens. pop. 1991     |
| <b>FAM3</b>  | Quota di famiglie con 6 componenti                                       | Istat, Cens. pop. 1991     |
| <b>FAM4</b>  | Quota di famiglie con 7 e più componenti                                 | Istat, Cens. pop. 1991     |
| <b>FAM5</b>  | Quota di famiglie senza nucleo (1)                                       | Istat, Cens. pop. 1991     |
| <b>FAM6</b>  | Quota di famiglie solo nucleo senza altre persone                        | Istat, Cens. pop. 1991     |
| <b>FAM7</b>  | Quota di famiglie solo nucleo con altre persone                          | Istat, Cens. pop. 1991     |
| <b>FAM8</b>  | Quota di componenti in famiglie senza nucleo                             | Istat, Cens. pop. 1991     |
| <b>FAM9</b>  | Quota di componenti in famiglie solo nucleo senza altre persone          | Istat, Cens. pop. 1991     |
| <b>FAM10</b> | Quota di componenti in famiglie solo nucleo con altre persone            | Istat, Cens. pop. 1991     |
|              |  | -----                      |
| <b>FORM</b>  | <b>Istruzione</b>  |                            |
| <b>FORM1</b> | In possesso di licenza media per abitante oltre il 14 anni di età        | Istat, Cens. pop. 1991     |
| <b>FORM2</b> | In possesso di licenza elementare per abitante con oltre 6 anni di età   | Istat, Cens. pop. 1991     |
| <b>FORM3</b> | Senza titolo di studio e analfabeti per abitante dai 6 ai 64 anni di età | Istat, Cens. pop. 1991     |
| <b>FORM4</b> | Quota di femmine con titolo di studio                                    | Istat, Cens. pop. 1991     |
|              |  | -----                      |

segue tav. 1

| Codice     | Indicatori   | Fonte                  |
|------------|--|------------------------|
| <b>USO</b> | <b>Condizioni di attività/inattività</b>                 |                        |
| USO1       | Tasso di disoccupazione                                  | Istat, Cens. pop. 1991 |
| USO2       | Quota di abitanti in cerca di prima occupazione          | Istat, Cens. pop. 1991 |
| USO3       | Tasso di disoccupazione femminile                        | Istat, Cens. pop. 1991 |
| USO4       | Quota di abitanti femmine in cerca di prima occupazione  | Istat, Cens. pop. 1991 |
| USO5       | Quota di popolazione non attiva                          | Istat, Cens. pop. 1991 |
| USO6       | Quota di ritirati dal lavoro                             | Istat, Cens. pop. 1991 |
| -----      |  |                        |
| <b>ATT</b> | <b>Condizione professionale per settore</b>              |                        |
| ATT1       | Quota di attivi in c.p. in agricoltura                   | Istat, Cens. pop. 1991 |
| ATT2       | Quota di attivi in c.p. nella pesca                      | Istat, Cens. pop. 1991 |
| ATT3       | Quota di attivi in c.p. nell'estrazione di minerali      | Istat, Cens. pop. 1991 |
| ATT4       | Quota di attivi in c.p. nelle attività manifatturiere    | Istat, Cens. pop. 1991 |
| ATT5       | Quota di attivi in c.p. nella produzione di energia      | Istat, Cens. pop. 1991 |
| ATT6       | Quota di attivi in c.p. nelle costruzioni                | Istat, Cens. pop. 1991 |
| ATT7       | Quota di attivi in c.p. nel commercio                    | Istat, Cens. pop. 1991 |
| ATT8       | Quota di attivi in c.p. nei trasporti                    | Istat, Cens. pop. 1991 |
| ATT9       | Quota di attivi in c.p. nell'interm. monet. e creditizia | Istat, Cens. pop. 1991 |
| ATT10      | Quota di attivi in c.p. nei servizi                      | Istat, Cens. pop. 1991 |
| ATT11      | Quota di attivi in c.p. nella pubblica amministrazione   | Istat, Cens. pop. 1991 |
| ATT12      | Quota di attivi in c.p. nell'istruzione                  | Istat, Cens. pop. 1991 |
| ATT13      | Quota di attivi in c.p. imprend. e liberi professionisti | Istat, Cens. pop. 1991 |
| ATT14      | Quota di attivi in c.p. lavoratori in proprio            | Istat, Cens. pop. 1991 |
| ATT15      | Quota di attivi in c.p. coadiuvanti                      | Istat, Cens. pop. 1991 |
| ATT16      | Quota di attivi in c.p. dirigenti                        | Istat, Cens. pop. 1991 |
| ATT17      | Quota di attivi in c.p. direttivi, quadri e impiegati    | Istat, Cens. pop. 1991 |
| ATT18      | Quota di attivi in c.p. altri lavoratori dipendenti      | Istat, Cens. pop. 1991 |
| -----      |  |                        |

segue tav. 1

| Codice      | Indicatori  | Fonte                  |
|-------------|---|------------------------|
| <b>DISP</b> | <b>Reddito</b>  |                        |
| DISP1       | Reddito imponibile ai fini IRPEF per abitante                         | Min. Finanze 1993      |
| DISP2       | Quota di contribuenti con impon. inf. a 10 mil. di lit                | Min. Finanze 1993      |
| DISP3       | Quota di contribuenti con imponibile 10-20 mil. di lit                | Min. Finanze 1993      |
| DISP4       | Quota di contribuenti con imp. fino a 20 mil. di lit                  | Min. Finanze 1993      |
| DISP5       | Scatti telefonici medi collegamenti aziendali                         | Telecom                |
| DISP6       | Scatti telefonici medi collegamenti abitazioni                        | Telecom                |
| DISP7       | Numero di abbonamenti RAI per famiglia                                | Rai                    |
| DISP8       | Consumo medio di energia elettrica per uso dom. dei residenti         | Enel                   |
| DISP9       | Quota di consumi di energia elettrica per uso domestico dei residenti | Enel                   |
| DISP10      | Trasferimenti erariali per abitante                                   | Min. Interno           |
| <b>ABIT</b> | <b>Condizioni abitative</b>   |                        |
| ABIT1       | Quota di stanze in fabbricati costruiti fino al 1945                  | Istat, Cens. pop. 1991 |
| ABIT2       | Quota di stanze in fab. costruiti nel periodo 1946-1981               | Istat, Cens. pop. 1991 |
| ABIT3       | Quota di stanze in fabbricati costruiti dopo il 1981                  | Istat, Cens. pop. 1991 |
| ABIT4       | Quota occupanti in abitazioni con una stanza                          | Istat, Cens. pop. 1991 |
| ABIT5       | Quota occupanti in abitazioni con due stanze                          | Istat, Cens. pop. 1991 |
| ABIT6       | Quota occupanti in abitazioni con tre stanze                          | Istat, Cens. pop. 1991 |
| ABIT7       | Quota occupanti in abitazioni con quattro stanze                      | Istat, Cens. pop. 1991 |
| ABIT8       | Quota occupanti in abitazioni con cinque stanze                       | Istat, Cens. pop. 1991 |
| ABIT9       | Quota occupanti in abitazioni con sei e più stanze                    | Istat, Cens. pop. 1991 |
| ABIT10      | Quota di abitazioni occ. con gabinetto esterno                        | Istat, Cens. pop. 1991 |
| ABIT11      | Quota di ab. occ. con gab. senza impianto fognario                    | Istat, Cens. pop. 1991 |
| ABIT12      | Quota di abitazioni occ. con acqua potabile esterna                   | Istat, Cens. pop. 1991 |
| ABIT13      | Quota di abitazioni occ. con acqua potabile da pozzo o cisterna       | Istat, Cens. pop. 1991 |
| ABIT14      | Quota di abitazioni occupate con riscaldamento                        | Istat, Cens. pop. 1991 |
| ABIT15      | Quota di abitazioni occupate con acqua calda                          | Istat, Cens. pop. 1991 |
| ABIT16      | Quota famiglie con abitazione in affitto                              | Istat, Cens. pop. 1991 |

segue tav. 1

| <b>Codice</b> | <b>Indicatori</b>                   | <b>Fonte</b>                                     |
|---------------|-------------------------------------|--|
| <b>INSE</b>   | <b>Condizioni insediative</b>       |  |
| INSE1         | Quota di abitanti in nuclei abitati | Tot. abitanti in nuclei abitati/Tot. popolazione |
| INSE2         | Quota di abitanti in case sparse    | Tot. abitanti in case sparse/Tot. popolazione    |
| INSE3         | Densità demografica                 | Ab/Km <sup>2</sup>                               |

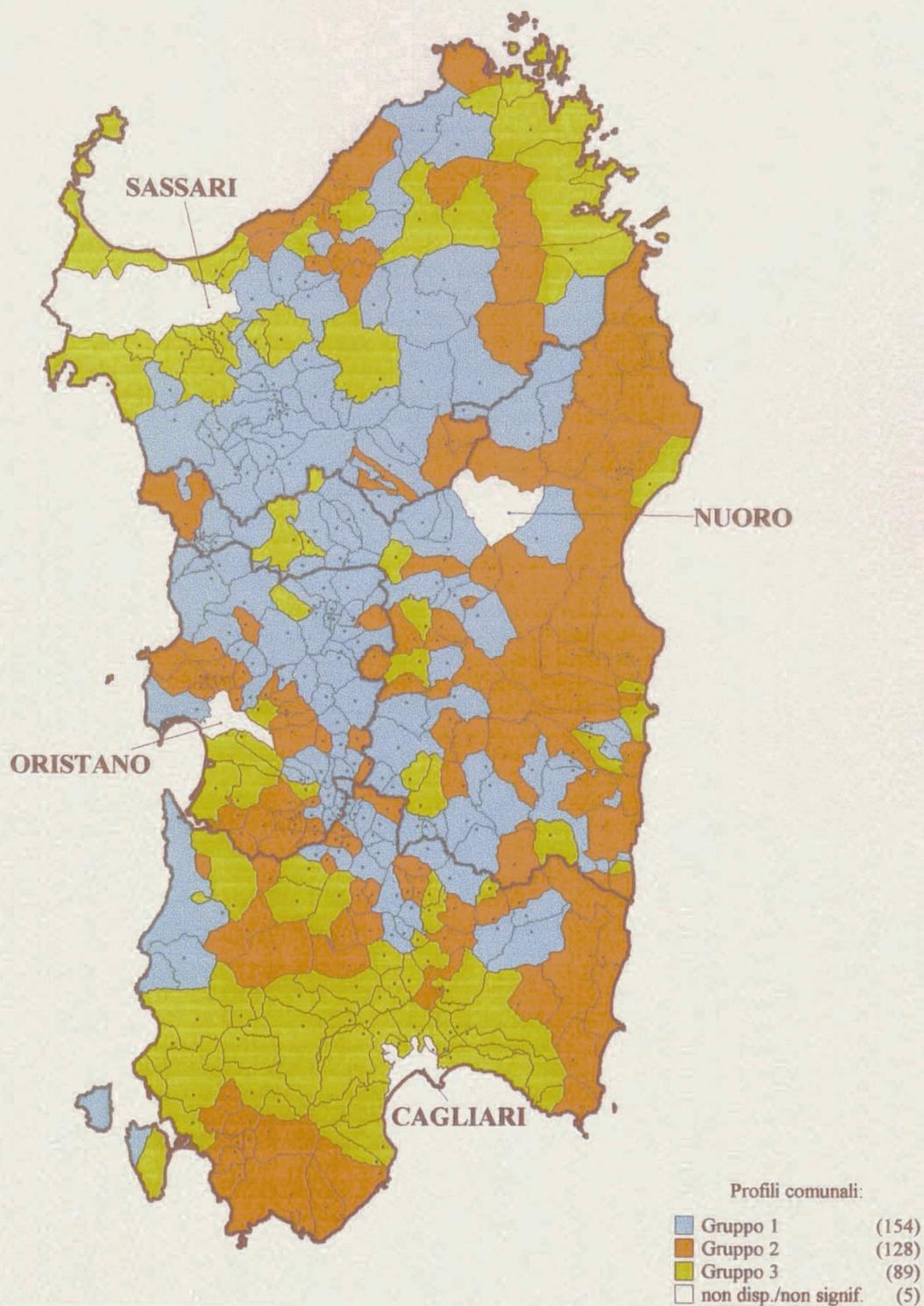
**Note:**

- Per *nucleo familiare* si intende un insieme di persone legate da vincolo di coppia e/o da vincolo genitore-figlio.
- Popolazione attiva=occupati+disoccupati+in cerca di 1°occupazione.
- Popolazione inattiva=bambini<14 anni+casalinghe+studenti+ritirati dal lavoro+altro.
- Popolazione in condizione professionale=occupati+disoccupati in cerca di nuova occupazione.
- Popolazione in condizione non professionale= bambini<14 anni+in cerca di 1°occupazione+casalinghe+studenti+ritirati dal lavoro+altro.

Fonte: Censis, 1998a

FIGURA 12

LA DISTRIBUZIONE DEL FENOMENO DELLA POVERTA' IN SARDEGNA



#### **4. UNA MISURA OLTRE IL RIDUZIONISMO: LA POVERTÀ UMANA**

La povertà, come si è potuto constatare, è un fenomeno multidimensionale, che si configura come l'intreccio dei diversi fattori che concorrono a determinare l'esclusione sociale di un individuo dalla vita attiva della comunità a cui appartiene, e volerla esprimere ricorrendo ad un unico indicatore è pertanto estremamente riduttivo.

Comunque la si voglia guardare, sia in termini relativi sia in termini assoluti, la povertà connota un disagio che non si esaurisce tutto nella carenza di risorse monetarie per sostenere un tenore di vita adeguato. Il disagio della povertà coinvolge in realtà una pluralità di dimensioni di natura sia strettamente economica, sia sociale e relazionale. La restrizione concettuale alla sola dimensione economica, nel senso della deprivazione relativa o assoluta, non tiene in considerazione una serie di fattori che pure giocano un ruolo determinante in una definizione allargata ed esauriente della condizione di deprivazione umana e di marginalità sociale.

Un povero manca di numerose cose, oltre ai beni materiali che non può consumare: opportunità, relazioni sociali, buona salute, ecc. Non vanno trascurati, inoltre, fattori di emarginazione quali l'isolamento relazionale e i comportamenti a rischio connessi alle tossicodipendenze e all'alcolismo. La povertà non è dunque legata unicamente a carenze di natura economica, ma è correlata anche all'indebolimento dei legami di appartenenza sociale, di cui è parimenti causa ed effetto.

Né va sottovalutato il peso della mancanza di istruzione o di livelli di scolarizzazione bassi e pertanto inadeguati a fornire le competenze necessarie per vivere in una società complessa come la nostra. I soggetti a bassa istruzione, infatti, sono costantemente sovrarappresentati in tutte le situazioni di povertà economica e di esclusione sociale: sono coloro sperimentano le maggiori difficoltà ad accedere al mercato del lavoro (e quindi a schemi previdenziali più efficaci), che più numerosi vivono in situazioni abitative inadeguate, che presentano condizioni di salute a rischio, e così via.

Ciò vuol dire che per raggiungere una conoscenza esauriente del fenomeno della povertà costituisce un requisito essenziale la capacità di elaborare

tecniche di analisi e metodologie di misurazione in grado di inquadrare la povertà in un contesto più ampio, oltre i limiti imposti da una logica improntata al riduzionismo economicistico.

Nelle economie avanzate, infatti, il fenomeno povertà è determinato dalla composizione e ricomposizione di fattori relativi e pluridimensionali, ed esso non si manifesta esclusivamente nelle forme tradizionali della miseria e dell'indigenza economica, ma soprattutto – e in misura crescente – nelle forme della marginalizzazione e dell'esclusione sociale di persone o gruppi di individui dalla partecipazione alla vita economica, sociale e politica della collettività. Si evidenzia, con ciò, la parzialità sia concettuale che operativa di sistemi di misurazione della povertà basati esclusivamente su dati relativi alla spesa per consumi o ad altre variabili di natura esclusivamente monetaria.

È pur vero che un approccio multidimensionale al fenomeno, che prescinde dal tracciato di una linea di povertà, ma considera una pluralità di indicatori del rischio di marginalità (condizioni abitative, accesso ai servizi sociali, livello di istruzione, gradi di sicurezza sociale, ecc.), se porta ad una comprensione meno semplificata dei caratteri complessi del disagio sociale, offrendo un numero di indicazioni maggiori e più disaggregate dei fattori coinvolti nella povertà, genera però nuove difficoltà per la misurazione, la reperibilità dei dati necessari, la comparabilità degli indici tra realtà differenti, nonché per tradurre i risultati in una interpretazione unitaria.

Non per questo si può rinunciare ad una accezione così allargata del concetto di povertà, che esplicita con maggiore esattezza i fenomeni di estraneità ai processi di mutamento sociale e di esclusione dai meccanismi di formazione delle decisioni collettive che definiscono i contorni delle nuove povertà. In particolare, il concetto di “povertà umana”, introdotto nel 1997 dall'UNDP, e i valori dello Human Poverty Index (HPI) per l'Italia e i Paesi mediterranei sono stati illustrati e discussi nella prima parte del presente Rapporto.

L'ampliamento della definizione di povertà, che da condizione assoluta e monodimensionale, collegata esclusivamente al reddito o a fattori di tipo demografico quali l'età o la numerosità delle famiglie, si connota come caratterizzata anche da aspetti relativi e pluridimensionali – di cui la dimensione economica in senso stretto rappresenta solo una faccia –

suggerisce le linee di ricerca verso cui convergere per fornire corrette indicazioni di *policy*.

Infatti, un reddito insufficiente e la carenza di risorse materiali possono essere causa di povertà, ma al tempo stesso sono l'esito di un percorso di marginalizzazione e di esclusione da alcuni beni e servizi – come l'istruzione, ad esempio – il cui possesso e il cui accesso costituiscono il requisito indispensabile per affrancarsi da una situazione di disagio e quindi per accedere ad altri beni e risorse (ad esempio, le conoscenze per poter svolgere un lavoro a remunerazione adeguata). Lungo questo percorso di progressiva marginalizzazione, altri di quelli che Sen (1993) definisce “funzionamenti” (nutrirsi, essere in buona salute, vivere in una casa decente, ecc.) vengono intaccati, fino al punto di compromettere in modo irreversibile la dotazione di capitale umano dell'individuo, le sue capacità di inserimento sociale, la sopravvivenza fisica e mentale stessa. Da questo punto di vista, la povertà appare come *fenomeno processuale multidimensionale*, un fenomeno che si autoalimenta, in cui la causa e l'effetto tendono a coincidere. Di questi aspetti devono necessariamente tenere conto le politiche messe in campo dai governi con lo scopo di sradicare la povertà.

## 5. LE POLITICHE DI LOTTA ALLA POVERTÀ

Sulla base offerta dalle analisi della diffusione della povertà in Italia, è possibile sviluppare considerazioni in merito alle politiche di contrasto della povertà finora attuate e su quelle auspicabili al fine di ridurre significativamente le condizioni di disagio della popolazione. Tale valutazione riposa sulla consapevolezza maturata nel corso dell'analisi che il concetto di povertà di un individuo o di una famiglia va ben al di là dalla sola considerazione in termini economici dello stato di indigenza, e si allarga a ricomprendere al suo interno numerosi altri aspetti della vita organizzata. Pertanto vengono considerati non solo gli strumenti – e i meccanismi alla base del loro funzionamento – congegnati per ridurre il primo fattore e integrare la disponibilità di risorse economiche dei soggetti poveri, ma anche le *politiche di cittadinanza sociale volte a contenere ed eliminare fenomeni di marginalizzazione*, appuntando l'attenzione in particolar modo su quelle di esse ritenute più significative.

### 5.1. Le politiche di sostegno del reddito

Riguardo al primo aspetto individuato come causa della povertà – la scarsità dei redditi disponibili in alcuni contesti familiari –, va rilevato che in Italia esistono delle *politiche di sostegno del reddito* che rispondono a differenti concezioni e criteri di selettività (tav. 2).

Dal lato dei *sostegni indiretti*, vanno menzionati tutti quei dispositivi volti ad una redistribuzione della ricchezza mediante trasferimenti in natura sotto forma di servizi. Si tratta dell'offerta di servizi pubblici gratuiti, in semi-gratuità o attraverso l'offerta di mercato e del settore *non profit* convenzionata, cioè parzialmente o totalmente finanziata dagli enti pubblici nazionali, regionali o comunali.

Sul fronte dei *sostegni diretti*, sono previsti trasferimenti monetari a persone e famiglie in grave stato di indigenza economica, i quali rappresentano un capitolo della spesa sociale sostenuta dall'INPS (Istituto Nazionale della Previdenza Sociale) e dal Ministero dell'Interno, seppure in prevalenza amministrata a livello comunale.

**Tav. 2 - Politiche di sostegno del reddito in Italia**

| Tipologia  | Ente erogatore    | Criteri             |
|--|-------------------|---------------------|
| <i>Sostegni indiretti</i>                        |                   |                     |
| Trasferimenti in natura                          | Enti locali       | Redditali (a volte) |
| Esoneri da tariffe                               |                   | Redditali           |
| <i>Sostegni diretti</i>                          |                   |                     |
| Misure previdenziali:                            |                   |                     |
| - Assegni per il nucleo familiare                | INPS              | Redditali           |
| - Integrazioni al minimo pensioni                | INPS              | Redditali           |
| - Pensioni di invalidità                         | INPS              | Clinici             |
| Misure assistenziali:                            |                   |                     |
| - Pensione di invalidità civile                  | Min. dell'Interno | Redditali           |
| - Assegni per persone disabili dai 16 ai 65 anni | Min. dell'Interno | Redditali           |
| - Indennità di accompagnamento                   | Min. dell'Interno | Cumulabile          |
| - Pensioni sociali                               | INPS              | Redditali           |
| - Minimo vitale                                  | Enti locali       | Redditali           |
| - Sussidi familiari a specifiche categorie       | Enti locali       | Redditali           |

Fonte: adattamento Censis da Negri e Saraceno, 1996

Figurano in questo complesso di misure di sostegno: le integrazioni al minimo delle pensioni, gli assegni al nucleo familiare, le pensioni di invalidità INPS per quei soggetti che a causa di una incapacità totale o parziale, fisica o psichica, rimangono esclusi dal mercato del lavoro (l'erogazione della pensione di invalidità è comunque subordinata ad una anzianità contributiva minima di cinque anni).

Si tratta in ogni caso di misure legate al criterio del reddito e ai contributi versati durante la vita attiva dai lavoratori. Infatti, pur essendo corretto considerare simili provvedimenti delle forme di assistenza sociale, tali misure si collocano formalmente all'interno del sistema previdenziale italiano.

Accanto a queste, vi sono misure sganciate dal riferimento contributivo, tra le quali figurano principalmente: le pensioni di invalidità civile, per i ciechi, i sordomuti e i pluriminorati di età compresa fra i 18 e i 65 anni; le pensioni sociali per anziani poveri; il minimo vitale istituito in alcune Regioni ed erogato dai Comuni in base a criteri differenziati.

Rispetto al quadro dell'offerta delineato, si possono svolgere le osservazioni seguenti:

- le *integrazioni al minimo delle pensioni di vecchiaia* sono una forma di sostegno al reddito dei pensionati poveri (ma con un'anzianità contributiva di almeno quindici anni), cioè dei lavoratori che, al momento del pensionamento per vecchiaia, non hanno maturato il livello minimo di pensione previsto;
- gli *assegni al nucleo familiare*, completamente finanziati attraverso i contributi versati dai datori di lavoro, vengono erogati secondo un criterio selettivo che fa riferimento al reddito complessivo della famiglia, in base ad una soglia variabile in funzione del numero dei componenti familiari e di particolari condizioni di disagio (figli minori, adulti handicappati, ecc.). Tuttavia, essi sono destinati esclusivamente alle famiglie di operai, impiegati, pensionati e a persone iscritte alle liste di collocamento;

- le *pensioni sociali* rispondono al diritto sociale dei cittadini all'assistenza, a ricevere cioè una garanzia minima di mezzi di sussistenza<sup>17</sup>, e pertanto, seppure di entità economica modesta e inadeguata a soddisfare completamente i bisogni di sussistenza (la pensione sociale non basta da sola a risollevare le sorti dell'interessato al di sopra della soglia ufficiale di povertà), esse rappresentano l'unica forma di reddito minimo garantito effettivamente esistente a livello nazionale, ma con il limite di essere destinate esclusivamente agli anziani maggiormente emarginati dal mercato del lavoro (persone con oltre 65 anni che non hanno maturato neanche il diritto all'integrazione al minimo della pensione di vecchiaia);
- il dispositivo volto a garantire un reddito *minimo vitale*, concedendo anche in assenza di alcun contributo preliminare un sussidio di integrazione al reddito per soddisfare i bisogni fondamentali di sussistenza, è regolato da leggi regionali attuate a livello comunale secondo criteri differenziati; esso risente pertanto dell'assenza di uno schema di erogazione unificato e valido su tutto il territorio nazionale, dando luogo a situazioni fortemente disomogenee tra di loro, potendo variare a seconda della normativa locale sia l'entità del sussidio<sup>18</sup>, sia i requisiti necessari per usufruire dell'assegnazione, sia la tipologia dei destinatari.

In ultimo, non va trascurato che l'erogazione del minimo vitale può essere subordinata a circostanze indipendenti dalle ragioni per le quali è stato istituito. È il caso in cui il riconoscimento della somma minima è pregiudicato dai vincoli di bilancio del Comune. Si può assistere così al paradosso per cui, come è stato notato (Kazepov 1995), “proprio nei

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<sup>17</sup> I titolari di pensione sociale, poiché riconosciuti ufficialmente poveri, sono anche automaticamente esentati dal pagamento dei ticket sanitari.

<sup>18</sup> L'importo del sussidio oscilla tra l'equivalente della pensione sociale e una somma leggermente superiore alla pensione minima, con maggiorazioni dipendenti dall'ampiezza della famiglia, calcolate secondo scale di equivalenza differenti tra Regioni e Comuni. Con ciò risalta la differenza della situazione italiana rispetto ad altri Paesi europei in cui vige un regime nazionale di reddito minimo garantito concepito propriamente come mezzo di contrasto della povertà intesa in termini relativi. In Germania, ad esempio, il minimo vitale viene erogato automaticamente a tutte le persone il cui reddito si colloca al di sotto di una specifica soglia dipendente dalle condizioni di vita dell'intera collettività.

momenti in cui la crisi socio-economica crea maggiori rischi di impoverimento, i bilanci lasciano... meno margini di intervento, mettendo meno risorse a disposizione e creando così una situazione che si autoalimenta”.

Anche limitando il tiro alla sola povertà economica, risulta evidente come in Italia non sia prevista alcuna misura generalizzata e universalistica (che non sia soggetta a vincoli categoriali o di meritevolezza) di garanzia del livello di reddito minimo vitale paragonabile ai dispositivi esistenti in altri Paesi dell’Unione europea, come l’*Income support* nel Regno Unito, o il *Revenu minimum d’insertion* in Francia, o il *Sozialhilfe* tedesco (tav. 3). Al loro posto sono presenti, da un lato, le integrazioni delle entrate delle famiglie di lavoratori dipendenti e pensionati a basso reddito o con handicap e, dall’altro, forme di sostegno del reddito decise dalle amministrazioni locali, in un quadro normativo assai confuso ed eterogeneo, ed erogate in maniera fortemente differenziata sia con riguardo agli importi, sia ai criteri, sia alla durata.

Già da queste informazioni risulta evidente che *le politiche di sostegno diretto del reddito hanno in Italia un carattere residuale*, dipendente dal fatto che gli interventi indirizzati alle persone che non traggano (o abbiano tratto) dal lavoro le risorse per il loro sostentamento sono limitate.

Ciò non significa che questo ambito di intervento sia del tutto sguarnito. Come si è visto, sono contemplati anche trasferimenti monetari veri e propri, soggetti a criteri di selettività che tengono conto di particolari casi di bisogno economico e di debolezza sociale (ad esempio, relativamente alle “categorie protette”: anziani e disabili). Ma, nondimeno, si può affermare che in Italia vige un sistema di protezione sociale garantito in relazione allo *status* di lavoratore e articolato sulla base di esso, e solo marginalmente sono previste forme di garanzie di un reddito accettabile per due categorie sociali: gli anziani (mediante le pensioni sociali) e i disabili con handicap fisici o psichici (con le pensioni di invalidità), i quali si vedono garantire dallo Stato un minimo reddito se privi di risorse economiche adeguate. Con riguardo alle persone che non appartengono a queste due categorie, i limiti del minimo vitale sono già stati visti e discussi nel senso di una disomogenea e insufficiente protezione dai rischi di reddito inadeguato.

Tav. 3 - Prestazioni di assistenza sociale in alcuni Paesi europei

|   | Target group  | Requisiti specifici  | Tipologia delle prestazioni   |
|---|---|--|---|
| <b>Regno Unito</b><br><b>Sostegno al reddito</b><br><b>(Income support)</b>                                     | Soggetti con reddito inferiore al minimo stabilito dal Parlamento appartenenti a categorie deboli | <ul style="list-style-type: none"> <li>- Essere abitualmente residente nel Regno Unito</li> <li>- Avere compiuto 18 anni (salvo i casi con figli a carico o particolarmente gravi)</li> <li>- Svolgere attività lavorativa per non più di 16 ore settimanali</li> <li>- Essere disponibile ad accettare una occupazione</li> <li>- Cercare attivamente una occupazione</li> <li>- Disporre di un reddito familiare inferiore ad un minimo prefissato dal Parlamento</li> </ul> | <ul style="list-style-type: none"> <li>- Sussidio monetario variabile a seconda del reddito, del numero di persone a carico, della specificità della situazione</li> </ul>              |
| <b>Germania</b><br><b>Sozialhilfe</b><br><b>a. Assistenza generale</b><br><b>(Hilfe zur Lebensunterhalt)</b>    | Soggetti a basso reddito<br>Disabili  | <ul style="list-style-type: none"> <li>- Avere compiuto 16 anni</li> <li>- Invalidità o malattia che costituisca svantaggio nella ricerca ed esplicazione del lavoro</li> <li>- Svolgere un'attività lavorativa per almeno 16 ore settimanali</li> <li>- Avere accesso ad un altro programma per la disabilità</li> <li>- Avere svolto attività di formazione finalizzata al lavoro</li> <li>- Avere risorse inferiori ad un tetto prefissato</li> </ul>                       | <ul style="list-style-type: none"> <li>- Sussidio monetario variabile al reddito, all'orario di lavoro ed alla dimensione della famiglia</li> </ul>                                     |
| <b>b. Sostegno per situazioni di vita particolarmente difficili</b><br><b>(Hilfe in besonderen Lebenslagen)</b> | Soggetti con reddito inferiore al minimo prefissato   | <ul style="list-style-type: none"> <li>- Essere beneficiari del "sostegno al reddito" o altri sussidi sociali</li> <li>- Avere almeno 16 anni, ed essere senza risorse per far fronte a bisogni impellenti nel breve periodo</li> <li>- Gestanti e puerpere (per i sussidi per la maternità)</li> </ul>  | <ul style="list-style-type: none"> <li>- Prestiti variabili a seconda della capacità dei soggetti di restituire il prestito</li> <li>- Sussidi monetari</li> <li>- Donazioni</li> </ul> |

(segue)

(segue tav. 3)

|   | Target group   | Requisiti specifici  | Tipologia delle prestazioni  |
|---|--|--|--|
| <b>Francia</b><br><b>Reddito minimo d'inserimento</b><br><b>(<i>Revenu minimum d'insertion</i>)</b> | Soggetti a basso reddito   | <ul style="list-style-type: none"><li>- Essere residenti in Francia</li><li>- Per gli stranieri, una carta di soggiorno di almeno 3 anni di durata</li><li>- Avere più di 25 anni</li><li>- Avere un ammontare di risorse mensile inferiore ad un dato <i>plafond</i></li><li>- Impegnarsi a partecipare alle attività d'inserimento sociale</li></ul>   | <ul style="list-style-type: none"><li>- Partecipazione ad attività di "inserimento sociale" modulate sui propri bisogni</li><li>- Assegnazione di un sussidio pari alla differenza tra le proprie risorse mensili e il minimo indicato dal <i>plafond</i></li><li>- Accesso al rimborso per le spese per malattia e maternità</li><li>- Assicurazione contro gli infortuni sul lavoro durante la partecipazione alle attività di inserimento sociale</li><li>- Esonero dalla tassa sulle abitazioni e sussidi per i costi connessi con le abitazioni al tasso massimo previsto</li><li>- Diritto al sostegno per i disoccupati creatori di imprese</li></ul> |
| <b>Olanda</b><br><b>Assistenza generale</b><br><b>(<i>Algemene Bijstandwet</i>)</b>                 | Soggetti con un ammontare di risorse inferiore al reddito sociale minimo       | <ul style="list-style-type: none"><li>- Essere residenti (solo per alcuni paesi coperti da accordi specifici)</li><li>- Avere compiuto 18 anni</li><li>- Essere disponibili a svolgere un'attività lavorativa, tranne per coloro con figli minori di 5 anni a carico</li><li>- Disporre di un ammontare di risorse familiari inferiore al reddito sociale minimo</li></ul>   | <ul style="list-style-type: none"><li>- Sussidio monetario mensile per coprire i bisogni fondamentali</li><li>- Maggiorazione per le vacanze</li><li>- Sussidi "ad hoc" per esigenze particolari (spese per la casa, per particolari cure mediche)</li></ul>   |
| <b>Italia</b><br><b>Reddito minimo di inserimento</b><br><b>(in sperimentazione)</b>                | Soggetti a rischio di marginalità con reddito inferiore alla soglia di povertà | <ul style="list-style-type: none"><li>- Essere residenti oppure, per cittadini extracomunitari sono richiesti 3 anni di residenza nel comune</li><li>- Per soggetti in età lavorativa, è richiesta la disponibilità a frequentare corsi di formazione o a lavorare</li><li>- Priorità è accordata alle persone con a carico figli minori o con handicap</li><li>- Risorse inferiori alla soglia di povertà</li></ul> | <ul style="list-style-type: none"><li>- Integrazione monetaria del reddito</li><li>- Programmi di integrazione sociale personalizzati</li></ul>  |

Fonte: Censis, 1998

La conclusione che si può trarre da queste osservazioni è che “l’occupazione, e la possibilità di fruire dei benefici della protezione sociale previsti per i lavoratori, è una condizione essenziale per non cadere nella povertà” (Negri e Saraceno 1996). Portando alle estreme conseguenze le indicazioni degli autori, si giunge alla conclusione paradossale per cui in Italia il sistema di protezione sociale, che dovrebbe mettere i cittadini al riparo dal rischio di cadere nella povertà, si fonda su schemi che fanno riferimento alla condizione occupativa come prerequisito necessario per accedere ai sostegni economici previsti.

Ma l’informazione statistica deve costituire, in questo caso, un riferimento decisivo per l’azione di governo: proprio la mancanza di occupazione è stata individuata come causa primaria della povertà, soprattutto nell’area più depressa del Mezzogiorno. Pertanto, appare evidente che rimangono esclusi dai benefici della rete di protezione sociale volta al contrasto della povertà proprio gli *outsider* del mercato del lavoro tradizionale (i giovani, i disoccupati, le persone in cerca di prima occupazione, i lavoratori atipici, ecc.), ovvero le persone soggette ad un rischio di povertà più elevato, secondo una logica che continua a penalizzare, nonostante le radicali modificazioni della struttura socio-economica del Paese, coloro che non hanno un rapporto continuativo con il mercato del lavoro (giovani alla ricerca di prima occupazione, disoccupati di lungo corso, lavoratori atipici, ecc.)<sup>19</sup>. *Lo stato di povertà risulta pertanto aggravato dalle “trappole” tese da un sistema istituzionale di protezione sociale inadeguato e contraddittorio, che in taluni casi spinge a ripiegare sulle risorse dell’economia informale e illegale per scongiurare la messa a repentaglio della stessa sopravvivenza.*

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<sup>19</sup> L’ipotesi è confortata dalle conclusioni di altri autori (Negri e Saraceno 1996), secondo i quali in Italia “il bisogno economico puro di per sé non dà titolo a una adeguata protezione, e ancora meno a una protezione individuale... La protezione dai rischi economici di una persona priva di bisogni qualificati (una famiglia numerosa o con grossi problemi a carico, l’invalidità, la vecchiaia, o un coniuge indigente) dipende dalla sua capacità di restare ancorato a un posto di lavoro... a tempo pieno e indeterminato”.

## 5.2. Le politiche di difesa del lavoro e le politiche abitative

Le conclusioni appena avanzate spiegano lo sviluppo in Italia di *politiche di difesa del lavoro* (per lo più di quello a tempo indeterminato), a cui recentemente sono state aggiunte anche politiche attive del lavoro (tav. 4). È evidente che le misure volte alla protezione della condizione occupativa costituiscono *tout court* delle politiche di lotta della povertà, dal momento che la mancanza di occupazione è stata individuata come causa primaria della condizione di indigenza delle famiglie, in primo luogo, e perché le forme di sostegno e di previdenza in Italia sono correlate allo *status* di lavoratore, in secondo ordine.

Un altro aspetto di rilievo della questione riguarda le *politiche abitative* volte a mediare uno dei fattori implicati, come si è visto, nella definizione della condizione di povertà di una famiglia (tav. 5). L'Italia si mette in mostra nel panorama europeo per una presenza pubblica diretta nel settore abitativo che è ai più bassi livelli europei. Gli alloggi pubblici sono pari a circa 1.135.000 unità, e rappresentano così una quota dello stock complessivo pari ad appena il 5,8%. Negli altri Paesi tale quota sale al 17% in Francia e Germania, al 25% nel Regno Unito e addirittura al 43% nei Paesi Bassi. Anche in questo settore dell'intervento statale, non solo si registra un impegno marginale, ma non sono neanche mancate lacune e distorsioni che hanno sortito l'effetto di generare nel tempo conseguenze indesiderate e perverse. Gli esperti concludono che "l'intervento pubblico in questo campo è stato caratterizzato da un lato dall'esistenza di una molteplicità di programmi e misure che hanno di volta in volta beneficiato categorie particolari, spesso su base occupazionale, dall'altro da una prevalenza di misure rivolte principalmente a sostenere l'acquisto di una casa di proprietà, piuttosto che l'affitto. La combinazione di questi due approcci, ma in particolare il secondo, ha comportato di fatto una marginalizzazione proprio di quei gruppi a basso reddito che viceversa avrebbero più bisogno di sostegni per accedere ad un alloggio adeguato" (Negri e Saraceno 1996). A ciò si aggiungono fattori di ulteriore complessificazione legati allo spostamento del disagio abitativo alla scala del disagio urbano, che richiederebbe interventi di recupero dal degrado e di rifunzionalizzazione di intere fasce urbane.

#### **Tav. 4 - Politiche di difesa del lavoro in Italia**

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##### POLITICHE PASSIVE O DIFENSIVE

###### *Difesa dell'occupazione*

Vincoli al licenziamento

- collettivo
- individuale

Cassa integrazione guadagni (CIGS)

- ordinaria
- straordinaria

Contratti di solidarietà difensivi

Regolazione degli ingressi degli immigrati

###### *Protezione dei disoccupati*

Indennità di disoccupazione

- ordinaria
- speciale

Liste di mobilità

- nelle imprese dell'area di applicazione CIGS
- nelle imprese fuori l'area di applicazione CIGS
- casi speciali

Prepensionamenti

###### *Regolazione dell'avviamento al lavoro*

##### POLITICHE ATTIVE PER L'INSERIMENTO

Contratti a tempo determinato

- contratti formazione lavoro
- contratti a termine per lavoratori in mobilità

Inserimenti senza contratto

- lavori socialmente utili
- progetti speciali

Lavoro part-time

Assunzione incentivante a tempo indeterminato

- per lavoratori in CIGS
- per lavoratori in mobilità
- per disoccupati di lunga durata

Nuova imprenditorialità

- progetti vari

Altri interventi per gruppi a rischio

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Fonte: adattamento Censis da Negri e Saraceno, 1996

**Tav. 5 - Politiche abitative in Italia**

| Tipologia   | Ente erogatore                       | Criteri                            |
|---|--------------------------------------|------------------------------------|
| <i>Politiche rivolte alla generalità dei cittadini</i>    |                                      |                                    |
| Riduzione delle tasse sui contratti di compravendita      |                                      |                                    |
| Deducibilità delle imposte dei mutui per la prima casa    |                                      |                                    |
| Riduzione dell'ICI per la prima casa                      |                                      |                                    |
| Equo canone *   |                                      |                                    |
| Prestiti e mutui agevolati (in alcune Regioni o Province) |                                      |                                    |
| <i>Politiche assistenziali</i>                            |                                      |                                    |
| Edilizia pubblica   | IACP, Comune                         | Redditali e altre forme di bisogno |
| Ospitalità temporanea                                     | Comune                               | Redditali e condizione di sfratto  |
| Sussidi per l'affitto                                     | Comune                               | Redditali                          |
| Dormitori, centri di accoglienza                          | Comune, Associazioni di volontariato | Condizione di senza casa           |

\* L'Equo canone è rimasto in vigore fino al 1992, quando è stato modificato sostanzialmente con l'introduzione dei Patti in deroga.

Fonte: adattamento Censis da Negri e Saraceno, 1996

### 5.3. Spesa sociale residuale e iniquità redistributive

L'entità e l'andamento temporale della *spesa pubblica per l'assistenza* in Italia confermano il ruolo residuale delle politiche di sostegno dei redditi. A partire dagli inizi degli anni '90, il peso percentuale della quota di spesa per il sostegno del reddito sul complesso delle prestazioni sociali ha subito un forte ridimensionamento, quand'anche i problemi sociali hanno invece conosciuto una complessificazione e un aggravamento tali da giustificare un andamento esattamente inverso. Ciò va considerato insieme al fatto che la spesa privata dei cittadini per i servizi (ad esempio, nel campo della sanità) è visibilmente aumentata nel tempo.

In generale, la spesa pubblica per la protezione sociale in Italia presenta non poche distorsioni rispetto al quadro di riferimento costituito dai Paesi dell'Unione europea (tabb. 22-23).

Innanzitutto, in base ai dati Eurostat riferiti al 1995, se si fa eccezione per la spesa previdenziale, il resto della *spesa pubblica complessiva per la protezione sociale* in termini aggregati rispetto al PIL appare sottodimensionata nei confronti dei principali Paesi membri. A fronte di quote di PIL pari al 35,1% in Svezia, al 33,4% in Danimarca, al 30% nei Paesi Bassi, o anche al 29% in Francia e al 28,2% in Germania, e rispetto a un valore medio europeo del 26,9%, in Italia la spesa sociale ammonta al 23,5% del PIL.

Oltre a ciò, la comparazione tra i diversi Stati della *spesa pubblica per prestazioni di protezione sociale ripartita per funzioni* mostra ulteriori differenziazioni di rilievo. In Italia, la distribuzione delle risorse pubbliche appare segnata da due notevoli anomalie: una concerne la tipologia dei rischi tutelati, l'altra riguarda le categorie sottoposte a protezione. Infatti, un netto sbilanciamento favorisce la spesa devoluta per le voci funzionali "vecchiaia" e "superstiti" (il 15,4% del PIL, contro l'11,2% medio europeo: una quota del 65,8% dell'intera spesa, contro una media del 41,8%). All'inverso, la spesa per la tutela dei disoccupati, della famiglia, per l'abitazione e quella per la voce "esclusione" assorbe quote nettamente al di sotto della media: il 5,5% del PIL nell'insieme, a fronte di un valore complessivo medio in Europa del 22%. In particolare, i trattamenti previsti

**Tab. 22 - Spesa per la protezione sociale rispetto al PIL per funzioni nei Paesi dell'Unione Europea, anno 1995 (val. %)**

|                         | Totale | Malattia | Invalidità | Vecchiaia | Superstiti | Famiglia | Disoccupazione | Abitazione | Esclusione |
|-------------------------|--------|----------|------------|-----------|------------|----------|----------------|------------|------------|
| Austria                 | 28,7   | 7,4      | 2,2        | 10,8      | 3,0        | 3,3      | 1,6            | 0,1        | 0,3        |
| Belgio                  | 27,9   | 7,2      | 1,8        | 8,8       | 3,0        | 2,3      | 4,0            | 0,0        | 0,7        |
| Danimarca               | 33,4   | 6,0      | 3,5        | 12,5      | 0,0        | 4,1      | 4,9            | 0,8        | 1,5        |
| Finlandia               | 31,9   | 6,8      | 4,7        | 9,2       | 1,2        | 4,2      | 4,6            | 0,5        | 0,7        |
| Francia                 | 29,0   | 8,4      | 1,7        | 10,6      | 1,9        | 2,6      | 2,4            | 0,9        | 0,5        |
| Germania                | 28,2   | 8,8      | 2,0        | 11,4      | 0,6        | 2,1      | 2,6            | 0,2        | 0,6        |
| Irlanda                 | 19,1   | 6,7      | 0,9        | 3,8       | 1,1        | 2,2      | 3,3            | 0,6        | 0,4        |
| Italia                  | 23,5   | 5,0      | 1,7        | 12,8      | 2,6        | 0,8      | 0,5            | 0,0        | 0,0        |
| Lussemburgo             | 24,5   | 6,0      | 3,2        | 7,5       | 3,5        | 3,2      | 0,7            | 0,0        | 0,4        |
| Paesi Bassi             | 30,0   | 8,7      | 4,7        | 9,6       | 1,6        | 1,4      | 3,0            | 0,3        | 0,7        |
| Portogallo              | 18,4   | 6,0      | 2,2        | 6,6       | 1,4        | 1,1      | 1,0            | 0,0        | 0,1        |
| Regno Unito             | 26,7   | 6,9      | 3,2        | 9,1       | 1,5        | 2,4      | 1,6            | 1,9        | 0,3        |
| Spagna                  | 21,2   | 6,4      | 1,6        | 8,7       | 0,9        | 0,4      | 3,0            | 0,1        | 0,1        |
| Svezia                  | 35,1   | 7,6      | 4,3        | 12,2      | 0,8        | 4,0      | 3,9            | 1,2        | 1,1        |
| Media UE <sup>(1)</sup> | 26,9   | 7,0      | 2,7        | 9,5       | 1,7        | 2,4      | 2,7            | 0,5        | 0,5        |

<sup>(1)</sup> Non è compresa la Grecia

Fonte: elaborazione Censis su dati Eurostat

**Tab. 23 - Composizione per funzioni della spesa per la protezione sociale nei Paesi dell'Unione Europea, anno 1995 (val. %)**

|                         | Totale | Malattia | Invalidità | Vecchiaia | Superstiti | Famiglia | Disoccupazione | Abitazione | Esclusione |
|-------------------------|--------|----------|------------|-----------|------------|----------|----------------|------------|------------|
| Austria                 | 100,0  | 25,8     | 7,7        | 37,6      | 10,5       | 11,5     | 5,6            | 0,3        | 1,0        |
| Belgio                  | 100,0  | 25,9     | 6,5        | 31,7      | 10,8       | 8,3      | 14,4           | 0,0        | 2,5        |
| Danimarca               | 100,0  | 18,0     | 10,5       | 37,5      | 0,0        | 12,3     | 14,7           | 2,4        | 4,5        |
| Finlandia               | 100,0  | 21,3     | 14,7       | 28,8      | 3,8        | 13,2     | 14,4           | 1,6        | 2,2        |
| Francia                 | 100,0  | 29,0     | 5,9        | 36,6      | 6,6        | 9,0      | 8,3            | 3,1        | 1,7        |
| Germania                | 100,0  | 31,1     | 7,1        | 40,3      | 2,1        | 7,4      | 9,2            | 0,7        | 2,1        |
| Irlanda                 | 100,0  | 35,3     | 4,7        | 20,0      | 5,8        | 11,6     | 17,4           | 3,2        | 2,1        |
| Italia                  | 100,0  | 21,4     | 7,3        | 54,7      | 11,1       | 3,4      | 2,1            | 0,0        | 0,0        |
| Lussemburgo             | 100,0  | 24,5     | 13,1       | 30,6      | 14,3       | 13,1     | 2,9            | 0,0        | 1,6        |
| Paesi Bassi             | 100,0  | 29,0     | 15,7       | 32,0      | 5,3        | 4,7      | 10,0           | 1,0        | 2,3        |
| Portogallo              | 100,0  | 32,6     | 12,0       | 35,9      | 7,6        | 6,0      | 5,4            | 0,0        | 0,5        |
| Regno Unito             | 100,0  | 25,7     | 11,9       | 33,8      | 5,6        | 8,9      | 5,9            | 7,1        | 1,1        |
| Spagna                  | 100,0  | 30,2     | 7,5        | 41,0      | 4,2        | 1,9      | 14,2           | 0,5        | 0,5        |
| Svezia                  | 100,0  | 21,7     | 12,3       | 34,8      | 2,3        | 11,4     | 11,1           | 3,4        | 3,1        |
| Media UE <sup>(1)</sup> | 100,0  | 26,5     | 9,8        | 35,4      | 6,4        | 8,8      | 9,7            | 1,7        | 1,8        |

<sup>(1)</sup> Non è compresa la Grecia

Fonte: elaborazione Censis su dati Eurostat

per la famiglia ammontano in Italia allo 0,8% del PIL (una fetta di appena il 3,4% della spesa sociale complessiva), mentre ad esempio nei Paesi scandinavi tale quota oscilla attorno al 4%, in Francia è il 2,6%, nel Regno Unito corrisponde al 2,4% del PIL, in linea con il valore medio europeo (2,4%). Analoghe constatazioni si possono svolgere per gli altri capitoli di spesa indicati. La protezione in caso di disoccupazione ammonta appena allo 0,5% (il 2,7% a livello europeo), e le voci “abitazione” ed “esclusione” sono praticamente nulle, a fronte di uno 0,5% per ciascuna delle due a livello europeo. Questi dati testimoniano, anche dal lato della spesa pubblica, lo sbilanciamento descritto delle politiche sociali a favore di coloro attualmente, o in passato, inseriti nel mercato del lavoro ufficiale (in particolare, la grande industria e il pubblico impiego) e a svantaggio invece delle fasce più giovani della popolazione e di chi manca di un salario, che mostrano necessità in relazione alla tutela abitativa e all’integrazione del reddito.

La *spesa pubblica per prestazioni di protezione sociale disaggregata per comparti* negli anni '90 (tab. 24) evidenzia, innanzitutto, una crescita progressiva del valore complessivo, passato dai 299.764 miliardi di lire correnti nel 1990 ai 424.247 miliardi del 1995, fino a superare la soglia dei 500.000 miliardi nel 1998, con una variazione nominale del 67% negli otto anni successivi al 1990.

Anche la *spesa per l’assistenza* è sempre aumentata, se presa in valore assoluto, salendo dai 25.435 miliardi del 1990 ai 32.731 miliardi del 1995, ai 33.772 miliardi nel 1998, ma con un tasso di incremento dimezzato rispetto a quello della spesa sociale complessiva (+32,8% nominale dall’inizio del decennio).

Inoltre, sotto il profilo della composizione percentuale del totale della spesa, ripartita nei comparti sanità, previdenza e assistenza, si nota come la fetta di spesa assorbita dal settore assistenza rappresenti una quota assai ridotta rispetto al monte complessivo, con porzioni marginali e oscillanti negli ultimi anni tra il 7% e il 7,7%, fino a contenersi entro il 6,8% nel 1998. Ciò a fronte di percentuali prossime al 72% in capo alla voce previdenza (in crescita costante, negli ultimi anni ad un passo di un decimo di punto percentuale annuo, a causa del forte invecchiamento demografico caratteristico del Paese) e pari a un valore intorno al 20% per il sistema sanitario pubblico (al contrario, in riduzione dal 1991 per effetto della politica pubblica di contenimento e razionalizzazione dei costi).

**Tab. 24 - Spesa pubblica per prestazioni di protezione sociale per comparto, anni 1995-1998** (v.a. in miliardi di lire, composiz. % e variaz. %)

|           | Sanità         | Previdenza | Assistenza | Totale  |
|-----------|----------------|------------|------------|---------|
| 1995      | 84.838         | 306.678    | 32.731     | 424.247 |
| 1996      | 91.743         | 329.700    | 34.043     | 455.486 |
| 1997      | 99.515         | 352.419    | 34.107     | 486.041 |
| 1998      | 103.235        | 363.556    | 33.772     | 500.563 |
|           | Composizione % |            |            |         |
| 1995      | 20,0           | 72,3       | 7,7        | 100,0   |
| 1996      | 20,1           | 72,4       | 7,5        | 100,0   |
| 1997      | 20,5           | 72,5       | 7,0        | 100,0   |
| 1998      | 20,6           | 72,6       | 6,8        | 100,0   |
|           | Variazioni %   |            |            |         |
| 1995-1996 | 8,1            | 7,5        | 4,0        | 7,4     |
| 1996-1997 | 8,5            | 6,9        | 0,2        | 6,7     |
| 1997-1998 | 3,7            | 3,2        | -1,0       | 3,0     |

Fonte: elaborazione Censis su dati Ministero del Tesoro, 1999

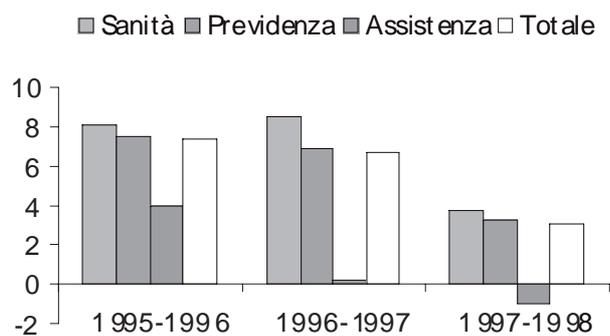
In particolare, i tassi di variazione annuale della spesa per assistenza si sono ridotti soprattutto nell'ultimo periodo, passando da un +4% tra il 1995 e il 1996 ad un valore significativo di sostanziale stabilità nell'intervallo successivo (+0,2%), fino ad invertirsi di segno tra il 1997 e il 1998 (-1%), a fronte di tassi di crescita costantemente positivi e nettamente più elevati registrati nei comparti previdenza e sanità (fig. 13).

Passando, a questo punto, alla *composizione della spesa per assistenza* (tab. 25) si evince come, alla già esigua quota di risorse destinate nel 1998 all'assistenza sociale – 33.772 miliardi di lire, corrispondenti al 6,7% della spesa complessiva dello Stato per prestazioni sociali (era il 7,5% nel 1996 e il 7% nel 1997) – si somma un andamento in diminuzione rispetto al 1997 dell'1%, con un abbattimento, in particolare, del 3,1% della quota monetaria devoluta per assegni e sussidi. Va specificato che 23.863 miliardi dell'ammontare di spesa complessivo (il 70,7% del totale, con un -1,3% rispetto al 1997) sono utilizzati come trasferimenti in denaro erogati a particolari categorie (pensioni sociali, di guerra, a invalidi, ciechi e sordomuti), mentre solo i rimanenti 9.909 miliardi (il 29,3% del totale) sono destinati a servizi di assistenza sociale.

È pur vero che alcuni sussidi di fatto assistenziali non rientrano in questo comparto di spesa, e vengono contabilizzati nella ripartizione previdenziale (è il caso delle integrazioni al minimo delle pensioni, degli assegni familiari e dell'indennità di disoccupazione), tuttavia non è difficile rilevare l'inadeguatezza dell'entità degli interventi, nonché i vincoli posti da un modello di intervento rigidamente predefinito e basato su uno schema categoriale. Come già detto, rimangono esclusi dai benefici della spesa sociale pubblica le fasce della popolazione che non rientrano tra coloro che manifestano una difficoltà inquadrata in questi schemi, ma che avrebbero comunque bisogno di una integrazione del reddito.

Le asimmetrie redistributive tra inclusi ed esclusi, *insider* e *outsider*, si riscontrano anche mediante la comparazione dell'entità di *alcune specifiche prestazioni sociali* nei diversi Paesi europei (tab. 26). Dall'analisi emerge come la pensione di vecchiaia di un lavoratore può essere in Italia fino a 4 volte superiore a quella sociale (contro un rapporto di 1 a 2 in Europa); chi beneficia in Italia dell'indennità di mobilità riceve più del doppio dell'indennità ordinaria di disoccupazione (negli altri Paesi esiste un trattamento uniforme per tutti i lavoratori); infine risalta l'assenza a livello nazionale di un reddito minimo garantito per chi è totalmente sprovvisto di

**Fig. 13 – Variazioni annuali della spesa pubblica per prestazioni di protezione sociale per comparti, anni 1995-1998 (val. %)**



Fonte: elaborazione Censis su dati Ministero del Tesoro, 1999

**Tab. 25 - Valore e composizione delle prestazioni di assistenza sociale, anni 1995-1997 (v.a. in miliardi di lire e composizione %)**

|                               | 1995   |        | 1996   |        | 1997   |        | 1998   |        | Variaz. %<br>1997-1998 |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|------------------------|
|                               | v.a.   | val. % |                        |
| Pensione sociale              | 3.411  | 10,4   | 3.431  | 10,1   | 3.605  | 10,6   | 3.576  | 10,7   | 0,8                    |
| Pensione di guerra            | 2.687  | 8,2    | 2.839  | 8,3    | 2.625  | 7,7    | 2.448  | 7,2    | -6,7                   |
| Pensione agli invalidi civili | 14.481 | 44,2   | 14.506 | 42,6   | 14.280 | 41,9   | 14.244 | 42,2   | -0,3                   |
| Pensione ai ciechi            | 1.490  | 4,6    | 1.497  | 4,4    | 1.488  | 4,3    | 1.466  | 4,3    | -1,5                   |
| Pensione ai sordomuti         | 234    | 0,7    | 235    | 0,7    | 238    | 0,7    | 241    | 0,7    | 1,3                    |
| Altri assegni e sussidi       | 1.830  | 5,6    | 1.913  | 5,6    | 1.948  | 5,7    | 1.888  | 5,6    | -3,1                   |
| Totale prestazioni in denaro  | 24.133 | 73,7   | 24.421 | 71,7   | 24.184 | 70,9   | 23.863 | 70,7   | -1,3                   |
| Assistenza sociale            | 8.598  | 26,3   | 9.622  | 28,3   | 9.923  | 29,1   | 9.909  | 29,3   | -0,1                   |
| Totale assistenza             | 32.731 | 100,0  | 34.043 | 100,0  | 34.107 | 100,0  | 33.772 | 100,0  | -1,0                   |

Fonte: elaborazione Censis su dati Ministero del Tesoro, 1999

**Tab. 26 - Alcune prestazioni di protezione sociale nei Paesi dell'Unione Europea a confronto, anno 1992**

|             | Pensione di vecchiaia <sup>(1)</sup> | Pensione sociale <sup>(1)</sup> | Indennità di disoccupazione <sup>(1)</sup> | Assegno familiare <sup>(1)</sup> |         |         | Reddito minimo <sup>(2)</sup> |
|-------------|--------------------------------------|---------------------------------|--|----------------------------------|---------|---------|-------------------------------|
|             |                                      |                                 |  | 1 figlio                         | 2 figli | 3 figli |                               |
| Belgio      | 73                                   | 47                              | 79   | 7                                | 20      | 38      | 32                            |
| Danimarca   | 60                                   | 52                              | 73   | 6                                | 11      | 15      | 40                            |
| Francia     | 88                                   | 46                              | 80   | 1                                | 22      | 50      | 22                            |
| Germania    | 77                                   | 39                              | 63   | 6                                | 12      | 21      | 29                            |
| Grecia      | 107                                  | 8                               | 28   | 4                                | 8       | 12      | 0                             |
| Irlanda     | 42                                   | 35                              | 41   | 2                                | 4       | 6       | 38                            |
| Italia      | 89                                   | 19                              | 26 <sup>(3)</sup>                          | 71 <sup>(4)</sup>                | 3       | 6       | 11 <sup>(5)</sup>             |
| Lussemburgo | 78                                   | 46                              | 85   | 22                               | 28      | 40      | 36                            |
| Paesi Bassi | 49                                   | 49                              | 74   | 4                                | 10      | 16      | 41                            |
| Portogallo  | 94                                   | 30                              | 81   | 4                                | 9       | 14      | 16 <sup>(6)</sup>             |
| Regno Unito | 44                                   | 31                              | 23   | 5                                | 9       | 13      | 22                            |
| Spagna      | 97                                   | 32                              | 80   | 2                                | 3       | 5       | 16 <sup>(6)</sup>             |

<sup>(1)</sup> Prestazione al netto di imposte e contributi, espressa in val. % della retribuzione media netta dell'industria manifatturiera.

<sup>(2)</sup> Espresso in val. % del Pil *pro-capite*.

<sup>(3)</sup> Indennità ordinaria di disoccupazione.

<sup>(4)</sup> Indennità di mobilità.

<sup>(5)</sup> Allo stadio sperimentale su scala locale.

<sup>(6)</sup> Di recente introduzione.

Fonte: elaborazione Censis su dati Commissione Europea

mezzi (al contrario, in tutti gli altri Paesi europei, esclusi Grecia, Spagna e Portogallo, viene previsto). Nel *welfare state* italiano, alla non inclusione nel mercato del lavoro di vecchio stampo corrisponde l'esclusione dalla tutela previdenziale e assistenziale, garantita in misura più elevata agli "inclusi".

Va rilevato, d'altro canto, che nessuna voce di spesa è indirizzata a coprire bisogni connessi alla povertà ma che non possano essere immediatamente letti in chiave di indigenza economica. In tali casi, l'offerta pubblica di servizi di assistenza sociale appare molto frammentata e disarticolata secondo differenti realtà locali e secondo i molteplici soggetti operativi sul territorio. Infatti, le funzioni del settore socio-assistenziale sono spesso demandate dallo Stato italiano ad altri soggetti con finalità benefiche (associazioni di volontariato, istituti *non profit*, ecc.). La frastagliatezza delle politiche di programmazione e gestione delle prestazioni a livello locale, unita allo scarso impegno del governo centrale per garantire l'omogeneità dell'offerta, è ancora più evidente a livello comunale, dove i servizi trovano concreta applicazione secondo differenti regolamenti autonomi. Per cui cambiano da Comune a Comune la tipologia, la quantità, la qualità, i prerequisiti richiesti per l'accesso delle prestazioni erogate e gli importi dei trasferimenti economici. Il risultato è un quadro dell'offerta pubblica di assistenza in cui a realtà con maggiori opportunità e servizi (specie nel Nord del Paese) fanno da contrappeso situazioni meno efficaci nella soddisfazione dei bisogni. Una indagine del Censis su questo problema, che ha interessato 76 Comuni capoluogo di provincia, ha messo in risalto in maniera evidente come, sebbene nella maggioranza di essi (55, pari al 72,4% del totale) sia contemplata una forma di assistenza assimilabile al sussidio minimo vitale, le caratteristiche essenziali del dispositivo appaiono in tutta la loro disomogeneità, cambiando di volta in volta sia le categorie prescelte per l'attribuzione dell'assegno (ora cittadini in difficoltà, ora anziani, handicappati, minori, ecc.), sia le condizioni di accesso al servizio (riguardanti reddito, residenza, età, tipo di handicap, ecc.). Né risulta sufficientemente uniforme il numero di utenti interessati dall'iniziativa o l'importo erogato (tab. 27).

Effettivamente, l'approccio decentralizzato e localistico non è di principio criticabile. Anzi, una logica di intervento policentrico e differenziato sul territorio è altamente auspicabile per rispondere in maniera più efficace alle diverse realtà del disagio. Tuttavia, si risente pesantemente dell'assenza di parametri nazionali di regolazione di base organici e uniformi, capaci di

**Tab. 27 - Presenza di sussidi di “minimo vitale” nelle Regioni italiane (su 76 capoluoghi di provincia) (val. %)**

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|                       | val. % |
|-----------------------|--------|
| Piemonte              | 100,0  |
| Valle D’Aosta         | -      |
| Lombardia             | 100,0  |
| Trentino Alto Adige   | 100,0  |
| Veneto                | 100,0  |
| Friuli Venezia Giulia | 50,0   |
| Liguria               | 100,0  |
| Emilia Romagna        | 85,7   |
| Toscana               | 100,0  |
| Umbria                | 100,0  |
| Marche                | 75,0   |
| Lazio                 | -      |
| Abruzzo               | 25,0   |
| Molise                | 50,0   |
| Campania              | 50,0   |
| Puglia                | 75,0   |
| Basilicata            | -      |
| Calabria              | 100,0  |
| Sicilia               | 60,0   |
| Sardegna              | 100,0  |
| Italia                | 72,4   |

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Fonte: indagine Censis, 1993

garantire una funzionale equità nelle prestazioni erogate nei differenti contesti territoriali, fissando a livello centrale standard quali-quantitativi minimi ai quali attenersi.

Gli *ammortizzatori sociali*, predisposti nel quadro dello Stato sociale italiano per il sostegno delle condizioni particolarmente deteriorate, riflettono incoerenze di trattamento ricollegabili in larga misura ai meccanismi di pressione politica che non hanno avuto nel tempo riguardo per i gruppi e i soggetti meno rappresentati. È perciò tangibile l'esigenza di un riordino del sistema razionalizzando e potenziando gli strumenti esistenti ed omogeneizzando la normativa di riferimento.

Le considerazioni che precedono suggeriscono l'opportunità di un riequilibrio degli interventi di protezione sociale basato sul trasferimento equo della copertura da un rischio ipertutelato (qual è il rischio economico della vecchiaia) verso uno finora sottotutelato (il rischio legato a occupazione e reddito), e che si fondi su una maggiore cura per la protezione dai nuovi rischi sociali (esclusione, nuove povertà, perdita dell'autosufficienza, ecc.) (Censis 1999).

Segnali assai deboli in questa direzione sono percepibili dalle iniziative messe in campo di recente dal Governo. La Legge finanziaria per il 1999 ha introdotto alcune misure volte a dare un supporto ad alcune categorie disagiate. Tra i provvedimenti va citato l'aumento di 100.000 lire mensili degli importi delle pensioni sociali, di cui usufruiranno circa 400.000 beneficiari, per un maggior onere di spesa per lo Stato dell'ordine di 450 miliardi annui. Nel "collegato" sono poi state introdotte altre misure di sostegno ai redditi dei pensionati meno abbienti, assicurando alleggerimenti fiscali sulle pensioni meno elevate e sulla maggiorazione sociale. È stato previsto l'innalzamento della detrazione Irpef da 70.000 a 120.000 lire per i trattamenti pensionistici di importo non superiore a 18 milioni annui, nonché l'esenzione dal reddito imponibile ai fini Irpef della maggiorazione sociale concessa alle pensioni al minimo. Altra novità è l'erogazione di un assegno fino a 200.000 lire mensili a favore delle famiglie con tre o più figli minori al di sotto di determinati livelli di reddito, che riguarderà circa 180.000 nuclei familiari.

Una ulteriore iniziativa, che si segnala di particolare interesse quale misura volta a colmare una lacuna tutta italiana nello sforzo di contrasto della povertà, è la *sperimentazione del "reddito minimo di inserimento"*, avviata

nel 1998 in alcune aree territoriali del Paese fino al 31 dicembre 2000. Tale strumento nasce con la finalità di estendere la rete di protezione sociale a quei soggetti, finora rimasti esclusi, che per storia contributiva e per attuale collocazione nel mercato del lavoro non possono accedere ai benefici riservati agli altri cittadini.

È previsto che tale dispositivo venga gestito dai Comuni sulla base dei criteri di accesso stabiliti a livello nazionale. I soggetti beneficiari dell'assegno sono persone con un reddito, calcolato in base ai componenti il nucleo familiare, al di sotto di una soglia di povertà assoluta (fissata in 500.000 lire), hanno figli a carico e sono impossibilitati per cause fisiche, psichiche o sociali al mantenimento proprio e dei familiari. Tra i requisiti di accesso al sussidio è stata prevista esplicitamente la disponibilità, da parte dei soggetti beneficiari in età lavorativa, a partecipare a corsi di formazione e di lavorare (quest'ultima disponibilità da attestare tramite l'iscrizione alle liste di collocamento). L'ammontare del reddito minimo costituisce una integrazione monetaria al reddito di partenza pari alla differenza tra reddito disponibile e soglia di povertà, e comunque non superiore al 60% del reddito medio *pro capite* nazionale (l'integrazione media mensile erogata alle famiglie ammonta a 871.000 lire). Ad un primo bilancio risulta che sono state presentate 45.511 domande presso i 39 Comuni coinvolti nell'esperimento. Al momento, sono state accolte 23.754 richieste, di cui il 90% al Sud. La sperimentazione durerà due anni, al termine dei quali è prevista una verifica.

#### **5.4. Le trasformazioni del mercato del lavoro e i ritardi del *welfare state***

Malgrado i segnali di un cambiamento di tendenza nelle politiche pubbliche di promozione dello sviluppo e dell'*empowerment* personale, non si può non constatare, più in generale, che il sistema di protezione sociale italiano non è al passo con i tempi, e che non è stato ancora avviato un processo di rimodulazione delle forme di tutela sulla base dei cambiamenti sopraggiunti ad innovare la faccia socioeconomica del Paese.

Sul fronte del mondo del lavoro, i processi di frattura profonda con il passato danno l'avvio ad una riarticolazione della morfologia del mercato del lavoro nel senso di una maggiore flessibilità. I vecchi cicli vitali si destrutturano e nuovi modelli di lavoro atipico e precario si diffondono velocemente.

A partire dalla fine degli anni '80, e lungo tutti gli anni '90, si è potuto assistere al progressivo e deciso declino del modello di lavoro tradizionale. È scomparso dalle scene il cosiddetto lavoratore fordista-taylorista, il tipo omogeneo di lavoratore maschio occupato nella grande industria. Al suo posto è ora comparso il cosiddetto lavoratore post-fordista: al progressivo ridimensionamento della grande fabbrica di stampo fordista corrisponde il nuovo ruolo della piccola dimensione produttiva, l'emergere di nuove professioni e variegata forme di impiego sempre più orientate verso formule di autonomia e flessibilità. Anche in Italia, come è già avvenuto nella maggioranza dei Paesi industrializzati, cominciano a diventare diffuse tipologie occupazionali atipiche e modalità lavorative non standard. Da un assetto essenzialmente basato sul modello del lavoro subordinato a tempo indeterminato e *full-time*, concentrato per lo più nel settore dell'agricoltura e dell'industria, si è passati a formule inedite e a nuovi modelli di riferimento per l'immediato futuro. Il cosiddetto lavoro atipico – collaborazione coordinata e continuativa, *part-time*, lavoro irregolare o stagionale, ecc. –, carriere professionali articolate e scomposte, inquadramenti contrattuali più precari penetrano progressivamente nella sfera del lavoro in alternativa alle logiche garantiste e del posto pubblico, stabile e sicuro, o nella grande azienda, tutelato e garantito (Censis 1999).

Oggi la diffusione di strumenti di flessibilità organizzativa e contrattuale è di fatto più marcata rispetto agli anni precedenti (tab. 28). Il 1998 ha fatto registrare una espansione dell'area del lavoro parasubordinato, che è aumentato in un anno del 17%. Al marzo 1998 i collaboratori coordinati e continuativi risultano essere 1.153.000 (nel 1997 erano 985.000), di cui in larga misura con età inferiore ai 36 anni e di sesso femminile. D'altra parte, il lavoro a tempo parziale interessa oramai il 6,9% dell'occupazione dipendente a livello nazionale (nel 1996 era pari al 6,6%, e nel 1993 corrispondeva al 5,2%), e riguarda soprattutto le donne e gli impiegati nel comparto dei servizi. Il *part-time* è aumentato nel 1997 ad un ritmo del 7,3%, e più del 18% dei neo-assunti nelle grandi imprese lavora con un contratto a tempo parziale. Numerosi sono anche i lavoratori con contratto a termine: oltre l'8% del totale (nel 1996 erano il 7,4%, e nel 1993 il 6,2%), con particolare riferimento al Mezzogiorno (lavoro stagionale) e ai settori dell'industria e dei servizi. Inoltre, il lavoro interinale ha avviato nel mondo del lavoro 21.000 persone; il telelavoro interessa 248.000 soggetti; i lavori socialmente utili coinvolgono 120.000 individui; i contratti di formazione e lavoro, infine, hanno avuto nel 1997 una crescita pari al 9,9%.

Una comparazione con quello che accade nei Paesi dell'Unione europea è utile per definire meglio il quadro della transizione (tab. 29). Rispetto al 1991 in Europa il livello di lavoro *part-time* è aumentato di 2,6 punti percentuali, attestandosi su un valore medio pari al 16,4% del totale degli occupati. Nello specifico, per gli uomini di età 55-59 anni si è passati mediamente dal 4% del 1991 al 5,5% del 1996; per gli uomini di età compresa tra i 60 e i 64 anni l'aumento è stato dall'8% al 10,5%; per le donne 55-59enni, dal 36% al 40%. In Olanda, in particolare, il 38,1% delle persone occupate lavora su base *part-time* (+5,4% dal 1991, a fronte di un +2,6% medio europeo). Parallelamente è cresciuta in Europa la quota degli occupati con contratto a tempo determinato (11,8% medio nel 1996). Nonostante tutto, va rilevato che è ancora in crescita il numero dei giovani in cerca di lavoro: +5,3% in cinque anni in Europa. In Italia, in particolare, si registra un +7,5%, e i giovani disoccupati rappresentano il 33,5% della fascia di popolazione attiva tra i 15 e i 24 anni – il tasso europeo più elevato, dopo quello della Finlandia –, mentre la percentuale dei disoccupati di lunga durata è pari al 66,5% del totale – la più alta in Europa.

**Tab. 28 - La flessibilità nel mercato del lavoro in Italia, anni 1995-1998 (v.a. e var. % sull'anno precedente)**

|  | 1995    |        | 1996      |        | 1997    |        | 1998    |        |
|--|---------|--------|-----------|--------|---------|--------|---------|--------|
|  | v.a.    | var. % | v.a.      | var. % | v.a.    | var. % | v.a.    | var. % |
| Impiego part-time                        | 1.276.  | 2,8    | 1.324.000 | 3,8    | 1.420.  | 7,3    | 1.478.  | 4,1    |
| Contratti a tempo determinato            | 1.028.  | -1,5   | 1.067.000 | 3,8    | 1.176.  | 10,2   | 1.246.  | 6,0    |
| Contratti di formazione e lavoro         | 248.667 | 12,5   | 256.517   | 3,2    | 281.945 | 9,9    | 283.740 | 0,6    |
| Collaborazione coordinata e continuativa | -       | -      | -         | -      | 984.728 | -      | 1.153.  | 17,1   |
| Lavoro interinale                        | -       | -      | -         | -      | -       | -      | 20.984  | -      |
| Lavori socialmente utili                 | -       | -      | -         | -      | 120.213 | -      | -       | -      |
| Telelavoro                               | 96.772  | -      | -         | -      | 248.000 | -      | -       | -      |

(1) Dati riferiti al periodo gennaio-luglio 1998

(2) Dati riferiti al gennaio 1998

(3) Dati riferiti al periodo gennaio-marzo 1998

(4) Dati riferiti al periodo gennaio-aprile 1998

(5) Dati riferiti al periodo gennaio-agosto 1998

Fonte: elaborazione Censis su dati Ministero del Lavoro, Inps, Isfol, Assointerim, Etd

Tab. 29 - Principali indicatori sull'occupazione nei Paesi dell'Unione Europea, anno 1996 (val. % e var. %)

|             | Lavoratori autonomi |                | Occupati part-time  |                | Occupati con contratto a tempo determinato |                | Disoccupazione giovanile |                     | Disoccupazione di lunga durata |                     |
|-------------|---------------------|----------------|---------------------|----------------|--|----------------|--------------------------|---------------------|--------------------------------|---------------------|
|             | 1996 <sup>(1)</sup> | var. % '96/'91 | 1996 <sup>(1)</sup> | var. % '96/'91 | 1996 <sup>(1)</sup>                        | var. % '96/'91 | 1996 <sup>(2)</sup>      | 1996 <sup>(3)</sup> | 1996 <sup>(2)</sup>            | 1996 <sup>(3)</sup> |
| Austria     | 14,4                | 3,2            | 14,9                | 6,7            | 8,0  | -              | 6,0                      | 25,7                | 6,0                            | 25,7                |
| Belgio      | 15,4                | 0,5            | 14,0                | 2,2            | 5,9  | 0,8            | 22,9                     | 61,2                | 22,9                           | 61,2                |
| Danimarca   | 8,3                 | -0,7           | 21,5                | -1,6           | 11,2                                       | -0,7           | 10,6                     | 26,6                | 10,6                           | 26,6                |
| Finlandia   | 15,1                | 1,6            | 11,6                | 4,3            | 17,3                                       | 5,3            | 38,2                     | 35,9                | 38,2                           | 35,9                |
| Francia     | 11,3                | -1,3           | 16,0                | 3,9            | 12,6                                       | 2,4            | 28,9                     | 38,3                | 28,9                           | 38,3                |
| Germania    | 9,6                 | 0,4            | 16,5                | 1,0            | 11,1                                       | 1,0            | 9,6                      | 47,8                | 9,6                            | 47,8                |
| Grecia      | 33,7                | -1,5           | 5,3                 | 1,5            | 11,0                                       | -3,7           | 31,0                     | 56,7                | 31,0                           | 56,7                |
| Irlanda     | 19,8                | -1,7           | 11,6                | 3,2            | 9,2  | 0,9            | 18,1                     | 59,6                | 18,1                           | 59,6                |
| Italia      | 24,8                | 0,5            | 6,6                 | 1,1            | 7,5  | 2,1            | 33,5                     | 65,6                | 33,5                           | 65,6                |
| Lussemburgo | 9,1                 | -0,1           | 7,9                 | 0,5            | 2,6  | -0,7           | 9,1                      | -                   | 9,1                            | -                   |
| Paesi Bassi | 11,2                | 1,4            | 38,1                | 5,4            | 12,0                                       | 4,3            | 11,5                     | 49,0                | 11,5                           | 49,0                |
| Portogallo  | 26,8                | 0,4            | 8,7                 | 1,7            | 10,6                                       | -5,8           | 16,7                     | 53,0                | 16,7                           | 53,0                |
| Regno Unito | 12,6                | -0,5           | 24,6                | 2,4            | 7,1  | 1,8            | 15,5                     | 39,8                | 15,5                           | 39,8                |
| Spagna      | 21,5                | 1,1            | 8,0                 | 3,3            | 33,6                                       | 1,4            | 41,9                     | 52,9                | 41,9                           | 52,9                |
| Svezia      | 11,7                | 2,9            | 24,5                | 0,8            | 11,8                                       | 2,0            | 21,1                     | 19,1                | 21,1                           | 19,1                |
| Media UE    | 15,0                | -0,4           | 16,4                | 2,6            | 11,8                                       | 1,4            | 21,8                     | 48,2                | 21,8                           | 48,2                |

(1) Valore % del totale degli occupati

(2) Valore % della popolazione attiva di 15-24 anni

(3) Valore % del totale dei disoccupati

Fonte: elaborazione Censis su dati Commissione Europea

La crescita del lavoro coordinato e continuativo, di quello *part-time* e, più in generale, delle forme atipiche si comprende con il fatto che le esigenze organizzative e competitive delle aziende portano a preferire l'acquisizione per periodi di tempo limitati di professionalità esterne da affiancare alle risorse interne. Probabilmente tali scelte di innovazione da parte dei lavoratori atipici si spiegano più per il ricorso forzato a formule contrattuali alternative e superstiti nel mercato del lavoro, che per vocazioni realmente rinnovatrici dell'organizzazione del lavoro stesso e degli stili di vita. Per una ragione o per l'altra, la precarietà, soprattutto per i lavoratori giovani in cerca di prima occupazione e per le donne, diventa una consuetudine tale da non doversi leggere più *in negativo*, ovvero come negatrice ed opposta alla logica della sicurezza del posto di lavoro, bensì come una nuova forma di organizzazione del tempo e dell'occupazione con caratteri strutturali propri di cui sempre più prendere consapevolezza e di cui tener conto nella lettura parallela degli altri fenomeni riguardanti la società.

Se i lavori parasubordinati e atipici si diffondono a ritmi crescenti, in quanto sembrano rispondere in maniera più consona all'offerta attuale del mercato del lavoro e alle esigenze delle imprese, tuttavia ciò comporta nuovi effetti perversi: ai processi di esclusione sociale connessi alla mancanza di occupazione, vista la struttura dei dispositivi assistenziali esistenti in Italia, si vanno sommando nuove forme di esclusione connesse alla segmentazione della platea dei nuovi occupati, peraltro secondo una polarizzazione che penalizza quei soggetti maggiormente interessati dai nuovi modelli di organizzazione del lavoro, ovvero le categorie deboli come le donne e soprattutto i giovani. Tutti gli individui che si ritrovano ai margini del mercato del lavoro, con occupazioni precarie, irregolari o sottopagate, con contratti di lavoro a termine o atipici, comunque privi dello *status* di lavoratore nell'accezione tradizionale, non sono affatto garantiti e protetti dal rischio di cadere in povertà<sup>20</sup>.

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<sup>20</sup> Così Negri e Saraceno (1996): "In Italia è difficile accedere a un reddito che non sia il compenso di un lavoro, o un indennizzo per una situazione provvisoria di disoccupazione, o una pensione di anzianità, di vecchiaia o di invalidità. Perciò l'accesso al sistema di protezione economica da parte degli adulti, lontani dall'età pensionabile, privi di handicap e che non riescono a entrare o rimanere nel sistema di garanzie previsto per i lavoratori, è spesso formalmente precluso".

L'ampliamento dell'area dell'esclusione sociale generato dalla combinazione dei limiti dello Stato sociale italiano descritti, per un verso, e delle fratture dicotomiche che si stanno producendo nel mercato del lavoro, per un altro verso, si profila come conseguenza di quello che è stato definito "non governo della flessibilità" (Rossi 1998) a cui si assiste nel Paese. La crescente flessibilità dei rapporti di lavoro è di fatto associata ad una maggiore discontinuità dei flussi di reddito individuali e familiari, con un incremento dei rischi di marginalizzazione ed esclusione per strati sociali sempre più ampi. Con questa situazione, infatti, non cammina di pari passo una adeguata ristrutturazione delle forme di protezione sociale. Il modello di offerta di protezione italiano rimane rigidamente vincolato ad una logica categoriale che subordina l'accesso alle prestazioni a uno o più caratteri di quelli indicati. L'inadeguatezza del reddito disponibile rimane di per sé un requisito misconosciuto.

Occorre, pertanto, una revisione del modello fondato sul quadro del passato. Non è più rinviabile un ripensamento generale del sistema di protezione sociale che tenga conto del nuovo panorama socioeconomico, che sia capace di adattarsi con maggiore aderenza alla nuova configurazione della società, che sia quindi in grado di rispondere con maggiore coerenza al nuovo profilo delle esigenze di una collettività in trasformazione – mutata radicalmente negli ultimi cinquant'anni –, e che provveda ad una *inclusione* equa al godimento dei diritti di cittadinanza sociale non solo dei lavoratori inseriti nel mercato del lavoro tradizionale, ma anche di chi ne resta escluso e dei lavoratori atipici (Censis 1999).

## 5.5. Alcune raccomandazioni di *policy*

In conclusione, l'analisi mostra come *le misure previste nell'ambito del sistema di assistenza sociale italiano, spesso lacunose e di difficile accesso, determinano dei vistosi limiti nella lotta contro la povertà*, e pertanto ne andrebbero ripensati l'impianto concettuale e le modalità operative con l'obiettivo di una più efficiente riallocazione delle risorse trasversalmente alla popolazione bisognosa.

Infatti, con riferimento agli interventi di lotta attiva alla preclusione economica, si è visto come il comparto assistenziale sia caratterizzato in Italia principalmente da due limiti:

- la natura disuguale sul piano territoriale e dei soggetti coinvolti, come conseguenza della evoluzione del *welfare* “all’italiana”, segnato nel tempo da interventi giustapposti gli uni agli altri, in maniera non coordinata e senza integrazione, e anzi essenzialmente rispondente a criteri di tipo categoriale e corporativistico;
- l’inadeguatezza a fornire risposte ai nuovi bisogni di protezione sociale, sorti con i processi di trasformazione del mercato del lavoro e della struttura delle figure sociali.

In sostanza, specialmente dall’inizio degli anni ’90, si è venuta a creare una spaccatura tra offerta, ancora impostata sui modelli del passato e sempre più soggetta a vincoli di bilancio e di contrazione della spesa pubblica, e domanda sociale di protezione, modificata nella struttura dei bisogni e nella tipologia dei soggetti bisognosi. Queste conclusioni portano ad auspicare una profonda riorganizzazione del comparto, sia con riguardo alla tipologia delle prestazioni offerte, sia con riferimento alle modalità di erogazione e alle caratteristiche richieste ai beneficiari potenziali, in modo da sviluppare un programma di intervento calibrato sul nuovo assetto sociale.

Costituendo l’esito di processi molto differenziati e multidimensionali, la povertà crea tuttavia grandi difficoltà nell’individuazione delle misure adeguate per combatterla. A ciò si aggiunge, come si è visto, l’assenza in Italia di politiche concrete espressamente rivolte a questo obiettivo. Infatti, i dispositivi dell’assistenza sociale e gli schemi nazionali di protezione sociale nel settore della previdenza e della sanità configurati entro il modello di *welfare* italiano costituiscono di fatto una *politica implicita* (Negri e Saraceno 1996) contro la povertà, i cui effetti nondimeno lasciano scoperte intere aree di bisogno e contemplan ampi margini per l’insinuazione di diverse forme di esclusione.

Gli interventi volti a combattere la povertà devono essere pertanto mirati e diversificati in base alle diverse situazioni ed esigenze. Ad esempio, alle famiglie prive di componenti in età e condizione di poter lavorare occorrerebbe offrire servizi adeguati e assicurare un reddito minimo vitale. D’altra parte, va tenuto presente che una politica indiscriminata di aumento dei trasferimenti per individui oramai fuori dall’età attiva comporta uno sbilanciamento nell’allocazione delle risorse pubbliche destinate alle classi più anziane e accentua lo squilibrio intergenerazionale della redistribuzione delle risorse. Per le famiglie in cui è presente almeno un componente

idoneo al lavoro appare piuttosto necessario intervenire garantendo l'occupabilità, anche mediante forme di lavoro atipiche, in modo da assicurare alla famiglia una soddisfacente disponibilità per i consumi.

Ma la sola integrazione del reddito o la protezione del posto di lavoro possono risultare inutili in assenza di interventi di riqualificazione del capitale umano. Va puntata l'attenzione su interventi volti a mantenere le risorse umane di ogni individuo in età lavorativa ad un livello competitivo, tenendo presente la continua riorganizzazione del lavoro e dei processi produttivi, in modo di garantire la partecipazione produttiva all'attività economica del Paese. Di conseguenza, si rendono opportune forme di integrazione tra le politiche passive (CIG, contratti di solidarietà, mobilità, indennità di disoccupazione), strumenti attivi (lavori socialmente utili, agenzie di lavoro interinale, incentivi e finanziamenti per l'autoimprenditorialità) e attività tese a colmare il deficit formativo dei lavoratori.

In particolare, per il Mezzogiorno – l'area del Paese maggiormente colpita, come si è visto, dalla povertà – occorre un processo di rivitalizzazione dell'economia locale, fondato su una adeguata politica di industrializzazione e di incentivazione dell'imprenditorialità – tuttavia perseguita non, come nel passato, nell'ambito dell'“intervento straordinario” per il Mezzogiorno, mediante l'erogazione “a pioggia” di sussidi e finanziamenti in assenza di criteri di selettività e secondo logiche clientelari – e su un risanamento complessivo del tessuto locale, sia in termini infrastrutturali che di ricostituzione della legalità.

Va chiarito che puntare tutto sul rilancio della crescita economica come fattore rilevante per la riduzione automatica della povertà e della disuguaglianza non porta ai risultati attesi. Tronti e Cucchiarelli (1990) hanno mostrato come la crescita del PIL non è in grado, da sola, di influenzare direttamente la distribuzione più equa del reddito, ma anzi come essa risulti neutrale rispetto a questa esigenza.

Più in generale, si rende necessario per l'Italia abbandonare la logica meramente assistenzialistica che in passato ha informato il sistema di protezione sociale, né continuare sulla via di interventi tampone, frammentati, articolati secondo proroghe *ad hoc* di volta in volta calibrate in maniera categoriale e provvisoria, che nel tempo hanno dato luogo ad una

stratificazione di regole contraddittorie e condizioni disomogenee, nonché a pesanti ripercussioni sul bilancio pubblico.

Si profila, al contrario, la necessità di politiche settoriali integrate per contrastare i fenomeni di esclusione sociale che vadano, al di là dell'attuale frammentarietà degli interventi, dal sostegno economico diretto all'inserimento lavorativo, all'offerta di servizi sanitari, all'offerta di un tetto sotto il quale vivere dignitosamente, all'offerta di istruzione e formazione professionale, come diritto di cittadinanza universalistico e risorsa primaria per evitare la marginalità sociale e reintegrare le risorse personali perdute lungo i percorsi dell'emarginazione. Ciò configurerebbe un approccio politico alla povertà e l'esclusione sociale intesi come fenomeni processuali e multidimensionali: ciò che in Italia a tutt'oggi manca.

Il sistema di accompagnamento dello sviluppo economico, pertanto, si deve adattare ai cambiamenti socioeconomici intervenuti negli ultimi due decenni *rimodulandosi sui nuovi paradigmi del sociale*. Tenuto conto delle trasformazioni economiche e di quelle in atto nel corpo sociale, occorre dunque ripensare le politiche di tutela e di assistenza – così frammentate e fortemente condizionate da elementi esogeni alle ragioni profonde del sistema del *welfare*. Vanno ricercati nuovi equilibri tra rischi individuali e collettivi e forme garantite di tutela pubblica, recuperando i valori della partecipazione fondante di una *cittadinanza sociale* in senso ampio. Le nuove domande sono equità, responsabilità, flessibilità e l'allargamento dell'inclusione ai non lavoratori e a tutti i lavoratori, compresi quelli informali o parziali, e non solo quelli dipendenti. Perché una coesione sociale di alto livello, basata sulla promozione e partecipazione attiva di tutti gli individui, sulla ricomprensione delle aree di marginalità, e sulla riqualificazione della tutela e dell'assicurazione dai rischi di povertà, rappresenta la condizione necessaria per il benessere collettivo e per lo sviluppo del Paese.

Due precisazioni vanno però espresse con chiarezza. Appare sempre più dominante nel dibattito culturale e negli orientamenti di governo una impostazione basata sul binomio inclusione-esclusione dal godimento dei diritti di cittadinanza sociale (fra i quali il lavoro è primario e determinate per scongiurare il rischio di povertà). Tuttavia, vi è il pericolo che una concentrazione univoca ed esclusiva su questa chiave di lettura generi il superamento del binomio uguaglianza-disuguaglianza come ottica

interpretativa dei fenomeni della povertà e dell'emarginazione. Estremizzando il binomio inclusi-esclusi si potrebbe giungere al risultato distorto che, insieme agli analfabeti, i disoccupati del Sud e gli extracomunitari immigrati in Italia, anche i figli della borghesia che si attardano nella ricerca di un lavoro corrispondente alle loro aspettative (mentre possono continuare a giovare di un sostegno adeguato garantito all'interno della famiglia di appartenenza) andrebbero a infoltire le schiere dei poveri. Al contrario, figurerebbe tra gli inclusi, e quindi fra i non poveri, l'operaio occupato che con un solo modesto salario riesce a fatica a far quadrare i bilanci di una famiglia di tre o quattro persone.

Il secondo rischio è di introdurre, con un uso incauto ed esclusivo del binomio inclusione-esclusione sociale, quando ciò comporti la sottovalutazione delle disuguaglianze, un concetto di cittadinanza sociale inteso come diritto di tutti i cittadini di fruire delle prestazioni e dei servizi sociali in condizione di parità e senza criteri selettivi. Ma l'universalismo inteso come eccezione di qualsiasi criterio selettivo, lungi dall'essere la condizione di equiparazione preferibile, come a prima vista si potrebbe ritenere, non è compatibile con i mezzi finanziari disponibili di fronte alla domanda sociale che si genererebbe, e in più riprodurrebbe in maniera inalterata le disuguaglianze esistenti, con la conseguenza di essere inefficace e ingiusto, poiché fra disuguali non è certo equo ripartire ugualmente le risorse comuni.

## 6. L'IMPATTO DELL'INTEGRAZIONE EUROPEA SULLA POVERTÀ ITALIANA

Una precisa valutazione dell'impatto del processo di integrazione europea sulla povertà in Italia risulta assai difficile, in quanto andrebbero tenuti in considerazione simultaneamente molteplici aspetti, talvolta anche molto diversi tra di loro: i fattori di ordine macroeconomico (stabilizzazione dei tassi di interesse e dell'inflazione, crescita del PIL, ecc.), gli effetti dell'integrazione dei mercati dei Paesi membri, le conseguenze in termini di esportazioni e produzione, le ripercussioni delle politiche agrarie comunitarie, le conseguenze dell'adeguamento della finanza pubblica ai parametri di convergenza fissati dall'Unione (riduzione del debito pubblico, politiche nazionali di rigore e contenimento della spesa per la protezione sociale e l'assistenza, ecc.), i risultati delle strategie di coesione economica e sociale adottate dalla Commissione europea, e diversi altri.

Ma vi sono aspetti anche meno tangibili, che riguardano la diffusione di una cultura politica condivisa: come misurare, ad esempio, l'impulso ad attuare anche in Italia la transizione da una logica politica assistenzialistica verso la sperimentazione di nuovi modelli di cooperazione tra pubblico e privato, di responsabilizzazione e autotutela dei cittadini, e verso soluzioni di "mercato sociale"?

Si tratta di aspetti in ogni caso difficilmente misurabili e dei quali è arduo stimare quantitativamente e in termini temporali circoscritti gli impatti generati, anche perché gli interventi finalizzati alla maggiore integrazione e coesione dei Paesi europei sono per loro natura, in quasi tutti i casi, investimenti a lungo termine.

Ciò nondimeno, alcune valutazioni provvisorie possono essere avanzate, focalizzando l'attenzione proprio su quelle azioni maggiormente misurabili ed espressamente finalizzate alla promozione dello sviluppo economico e sociale dei Paesi membri: i programmi finanziari per sostenere lo sviluppo delle aree in crisi e delle zone arretrate, di cui l'Italia è, insieme a Spagna, Grecia e Portogallo, tra i maggiori beneficiari.

Un bilancio provvisorio si può trarre dalla prima relazione sulla situazione e l'andamento della coesione economica e sociale, nonché sul contributo che vi hanno apportato le politiche strutturali, che la Commissione europea ha divulgato nel 1996 (European Commission 1996).

Dal punto di vista della convergenza economica e sociale, nell'ultimo decennio è ravvisabile una considerevole riduzione delle disparità di reddito *pro capite* tra gli Stati membri. Tuttavia, nello stesso periodo sono rimaste pressoché immutate le disomogeneità di ricchezza esistenti tra le Regioni, seppure si sia fatto registrare nelle aree depresse comprese nell'Obiettivo 1 – tra cui tutte le Regioni del Sud Italia – un aumento del reddito *pro capite* di 2,6 punti percentuali, salendo dal 64,6% al 67,2% della media europea.

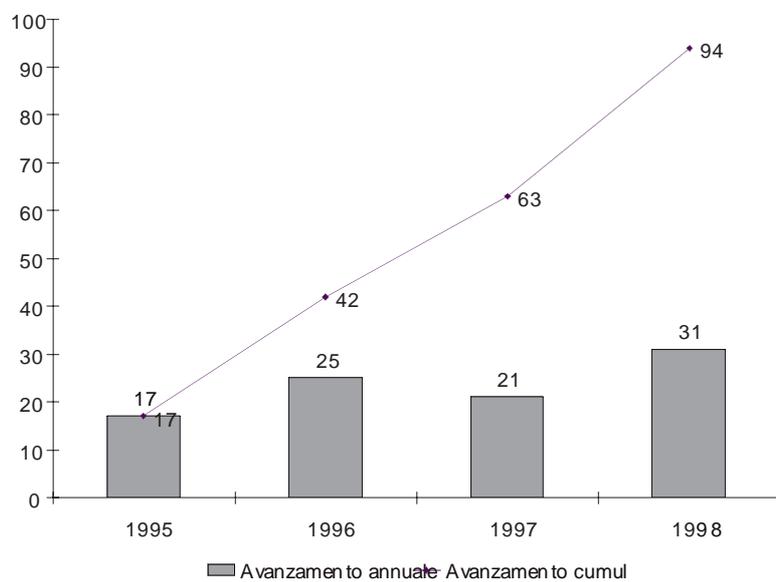
Il bilancio dal punto di vista delle disparità di reddito all'interno dei singoli Stati e in relazione ai livelli di occupazione non sono tuttavia positivi. Infatti, le ineguaglianze si sono ampliate in quasi tutti i Paesi membri e, nonostante la creazione di circa 7 milioni di posti di lavoro netti dal 1983, il numero di disoccupati nell'Unione europea non è diminuito (anzi, le disparità del tasso di occupazione tra le Regioni si sono accentuate). I gruppi sociali più svantaggiati nell'Unione europea sono quelli più deboli: i giovani (uno su cinque è senza lavoro), le donne (con un tasso di disoccupazione medio significativamente maggiore di quello maschile) e le persone senza qualifica (la metà risulta disoccupata da oltre un anno). A ciò si è accompagnato, pertanto, un aumento del numero di famiglie europee che vivono al di sotto della soglia di povertà, specialmente nei Paesi più prosperi e maggiormente urbanizzati.

Alla fine del 1997 (ultimo anno per il quale sono disponibili dati comparabili per tutti i Paesi membri), la programmazione delle risorse dei Fondi strutturali riservava all'Italia una posizione di primo piano, con un contributo di oltre 19.500 milioni di Ecu, una quota inferiore in valore assoluto solo a quelle destinate a Spagna e Germania (tab. 30).

Alla fine del 1998, le risorse complessive riferite al periodo 1994-1999, pari a 29.285 milioni di Ecu, ammontano a circa il 94% degli impegni programmati, mentre il livello dei pagamenti (16.999 milioni di Ecu) si aggira intorno al 58% degli impegni e al 55% delle previsioni di programma (figg. 14-15).

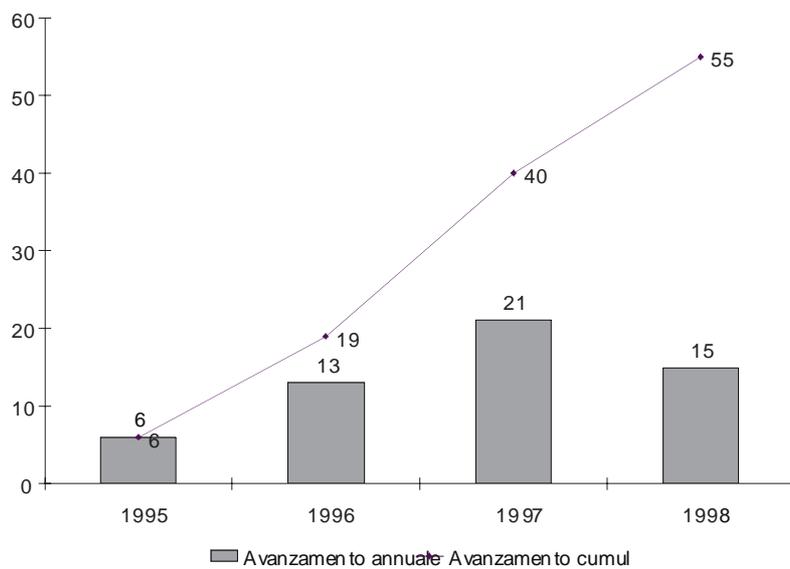
Tab. 30

**Fig. 14 - Avanzamento degli impegni comunitari nelle Regioni italiane dell'Obiettivo 1, anni 1995-1998 (val. % dei contributi programmati)**



Fonte: Svimez (1999)

**Fig. 15 - Avanzamento dei pagamenti comunitari nelle Regioni italiane dell'Obiettivo 1, anni 1995-1998 (val. % dei contributi programmati)**



Fonte: Svimez (1999)

In vista dell'allargamento dell'Unione ai Paesi dell'Est europeo, caratterizzati da livelli di sviluppo più bassi, la Commissione europea ha ribadito, nel documento programmatico *Agenda 2000* (Commissione europea 1997), la priorità della coesione economica e sociale come condizione per rendere sostenibile il processo di integrazione sovranazionale, da perseguire attraverso vari strumenti: i Fondi strutturali (FESR, FSE, ecc.), il Fondo di coesione e altre iniziative comunitarie. Nodo centrale della programmazione è il miglioramento dell'efficacia dei diversi fondi, da cui si attende un impatto di rilievo sulle situazioni di maggiore squilibrio sociale ed economico. Ma – elemento determinante per l'Italia – ciò che maggiormente sarà in gioco, nell'evenienza dell'allargamento dell'Unione, è l'ordine di priorità di assegnazione delle risorse comunitarie.

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**POVERTY IN TRANSFORMATION:  
DEFINITION, INDICATORS, AND KEY PLAYERS  
AT THE NATIONAL AND MEDITERRANEAN LEVEL**

**Volume III**

**Rome, March 2000**

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**PART II**

**THE COUNTRY-STUDIES**

**GREECE**

## 1. INTRODUCTION

The issues of income inequality, poverty and social exclusion have become more relevant in Greece in the recent decades. These issues, especially those of income inequality and poverty, have been rather fashionable among researchers, academics and those responsible for the planning and implementation of economic and social policy. At the same time there have been many systematic empirical attempts to document and analyse these issues. Thus, one can argue with confidence that many dimensions of poverty and income distribution are already known.

The increasing interest about these issues is related presumably to the fact that the rate of growth of the economy has been for many years rather weak and thus it is not possible to increase the wellbeing of some group without decreasing the income level of other groups. Moreover, attempts of many social or economic groups to increase their shares in GDP for various reasons have been facilitated, particularly in the last twenty-five years. In the same period, demographic, social and economic changes (ageing of population, increase of divorces and unemployment, entrance to the country of many legal and illegal migrants) have given rise to governmental intervention to ameliorate such socially unacceptable phenomena, in the short and medium term. State intervention is displayed by the increase of public budget transfers and social security expenditure as a percentage of households income. To the extent however that such efforts and policy measures are in opposition to the forces which determine the creation and distribution of income, they can influence negatively investments, savings, public sector deficits and the growth rate in general, with harmful implications upon incomes and welfare of poor people.

During this period, Greece has witnessed important internal and external changes, which seem to have affected income inequality and poverty. In 1974, parliamentary government came to power, after the collapse of the seven year military dictatorship. During the 1975-81 period, under conservative governments, growth rates, even lower than before the first oil crisis, were rather notable. The government was following expansionary policy, real wages and pensions increased remarkably, but the investment ratio started to decline and inflation to rise at high rates. In 1981, Greece joined the European Union and a socialist government came to power, whose growth strategy relied upon expansionary fiscal and incomes

policies. During 1982-89, there were schemes of partial indexation of wages to the cost of living index every four months, favouring the low-paid workers. The need to finance expansionary budget deficits led to a sharp increase in public debt and to a substantial increase in money supply and inflation. Fiscal and incomes expansionary policies did not elicit a considerable output growth. On the contrary, external current account deficits increased sharply and a stabilisation programme, relying mainly on rapid reduction of wages and pensions through modifications of the indexation scheme, was implemented in 1986-87. That programme was, however, abandoned in the 1988-89 election years and the public debt increased even further. Since 1991 new stabilisation and adjustment programmes have been adopted by the governments in power (conservative in 1990-93 and the socialist afterwards). During the very recent years, growth rates of GDP have become significant (about 3%), inflation has declined drastically and Greece is currently almost satisfying the Maastricht Treaty criteria for joining Euroland. However, unemployment rate remains high (especially for women and young people) and fears have been expressed about the consequences of recent policies upon inequality and poverty.

The interest about the measurement and evolution of poverty was reinforced since the full membership of the country in the European Union (1981), where poverty had already been an important issue for researchers and policy makers. Research on poverty was made possible after the collection from the Statistical Service of Greece of the relevant statistical data which allow the combination of households standard of living (measured either by consumption expenditure or income or possession of certain durables) and other socio-economic features at household or individual level. Such data in fact derive from the well known Family Expenditure Surveys (FES), which contain figures on consumption expenditure (monetary and imputed), on incomes, on house amenities and socio-economic features of surveyed households. Thus even though there are only four FES (at country wide level) they provide very valuable information for the study and analysis of poverty and inequality.

## 2. OVERVIEW OF ECONOMIC AND SOCIAL BACKGROUND

### 2.1. Demographic Trends and Migration

Population fertility has been moderately declining, during the period 1950-1980, but afterwards, fertility has been dropping rapidly to reach in 1990 below the reproduction rate (1.48 per thousand). A great contribution to fertility decline, in the recent years, has been made by young women 15-24 years of age, as a result of various fertility affecting socio-economic changes, such as the rise in the pecuniary cost of child rearing, but perhaps more significantly the rise in the non-pecuniary opportunity cost, given their rising education and their storming entry into the labour force (Kyriazi, 1995, p. 4). Naturally, this is a much more complex problem than this, and has to do with the general transformation of the Greek Society and the change in values that accompany it. Urbanisation and external migration and subsequent repatriation of the Greek migrants, have strongly contributed to fertility decline over time. These population movements brought great changes to the cohesion of the family cell, loosening to some extent family ties, and raising even more the opportunity cost of raising children. A very important effect of urbanisation and emigration has been the ageing of the Greek population, which is particularly critical in the depopulated rural areas. Young farmers up to 29 years of age, from 700,000 or 35 per cent of farm labour in 1961 came down to 130,000 or 14 per cent of the farm labour in 1989 (Glytsos, 1995, p. 115).

The future prospects of Greek population do not seem to be very good. It is estimated that by the year 2001, the natural growth rate will be negative (-0.3 per thousand), reaching -3.3 per thousand by 2016, after which the negative rate will start to decline (Papadakis and Siampos, 1995, p. 59).

Greek population movements have been very high, after the Second World War, both internally and to foreign countries. As it is estimated by Glytsos (1995, p. 114), during the 1960's, 1970's and 1980's about 1.3, 1.5 and 1.6 million people moved respectively, mostly from rural to urban areas, representing 15, 17 and 17 per cent of the Greek population. Accounting

also for external migration, it is estimated that in a period of 40 years (1950-1990) about 5.4 million people, i.e. two thirds of the Greek population moved from their original place. As a result, certain regions of the country, mainly in Northern Greece, were depopulated, with all the demographic and economic consequences that such movements entails.

Immediately after the War, up to the end of the 1950's, mass flows of population moved towards the two major conurbations of Athens in the South and Thessaloniki in the North of Greece, whereas external migration was as yet insignificant. The internal flows are intensified in the 1960's and the first half of the 1970's, whereas external migration takes the form of a mass exodus, particularly to West Germany, with a general outflow of about one million people between 1960 and 1973, representing 12 per cent of the total Greek population. The flow was reversed in 1973, with a net return of the previous emigrants. At the same time, the internal flow to Athens and Thessaloniki has considerably decelerated and there was a turn of this flow, mostly from the rural areas towards smaller regional cities in various parts of the country, flows that were accelerated during the 1980's (Glytsos, 1995, p. 114). There are 37 out of 40 cities with over 20,000 inhabitants in 1991, whose population has increased in the 1980's much faster than the population of major Athens, and in 27 of these cities faster than the population of Thessaloniki. The corresponding number of cities during the 1970's was only 18 and 9 and during the 1960's only 2 cities near major Athens had a population growth higher than the two major cities (Kanellopoulos, 1995, p. 66).

In the early 1990's Greece turned from a labour exporting country, to a labour importing country, with vast inflows of immigrants, overwhelmingly illegal. They come from different places, mostly Albania, Asian and African countries and countries of the Central and Eastern Europe, including a substantial flow of ethnic Greeks from the former Soviet Union. This is a great injection of workers, that, according to some rough estimates, represent about 10 per cent of the total Greek labour force. More on these immigrants in the section on employment.

## 2.2. Social and Political Situation

The dimension of social stratification has been in the background of different kinds of sociological research in Greece, whether this is related to issues of emigration, women or political and military elites (Mouzelis, 1978, p. 59). In this spirit are discussions of entrepreneurs' social origins and social mobility, or assessment of the resistance of Greeks to economic change, on grounds of difficult to alter traditional values and institutions. This kind of approach offers static measurements, but does not give explanations of social evolution. In the case of politics, it dominates political developments and generates clientelistic relationships with the voters, which hinders a "shift from patronage to class politics" (ibid., p. 60). Under these circumstances, "the linkages between class places and political practices are not as direct as in developed capitalist formations" (ibid., p. 65). This is why the political debate often takes the form of metaphysical abstract discussions on freedom, democracy or socialism, detached from the real issues of everyday life, or why it often takes the form of personal confrontation (ibid., p. 134).

The intensive urbanisation of the Greek population and the consequent economic transformation, changed a rural society, dominated by farmers to an urban society with footloose employment, mainly in the service sector. In this process was missing the transition of the intermediate stage of organised industrial employment, as in other countries. As a consequence, values and human communication, as well as consumption patterns changed rapidly, and all this was reflected in the generation of a new social low urban class (Gizelis et al, 1984, p. 17). However, the uncertainties surrounding urban employment and the new life in the city made people retain their ties with the rural sector and the part of the family still there, which provided a kind of a safety economic nest, as well as psychological support.

Traditional family structures have profoundly changed, during the transition from the rural to the urban setting, and also because of the external emigration and repatriation. The kinds of new jobs, the women working in the market and the new way of life, changed the families from extended to nuclear and brought some more equality in internal family relations (Gizelis et al, 1984, p. 32). Several studies consider the Greek society as a male predominant one, a view that is challenged by some writers. According to the findings of anthropological research, there appears to be some kind of

external-internal family affairs distinction, with the man being in charge of the former and the wife affecting the decisions of the latter, more so in case she has property of her own (see Friedl, 1975).

The economic conditions, the employment situation and the prospects of social ascent differ considerably in the various segments of the low urban class. This is partly the result, as we mentioned above, of the lack of a smooth transformation of farmers to industrial labourers, and then to service workers, because this intermediate stage hardly existed in Greece. Therefore, the transition was directly from agriculture to the heterogeneous tertiary sector, where ex-farmers were, to some extent, engaged in parasitic activities of various sorts, often in the underground economy (see also Gizelis et al, 1984, pp. 18-27). These features, make the low urban classes to have unstable political convictions. Due to the fact that many of the persons in these classes are small proprietors, they are characterised by some conservatism, but at the same time, feeling economically insecure, in addition to the fact that many moved originally for political reasons (leftists, who were persecuted), they also tend to be related to “progressive” political parties (Gizelis et al, 1984, p. 28).

### **2.3. Education**

Perhaps the main means of social intergenerational ascent of the low classes, is the education of children to which the Greek families in these classes strongly subscribe. This is particularly true for farmers who aspire for their children to leave the village and move to the cities for a better life (Gizelis et al, 1984, pp. 38-39, Mouzelis, 1978, p. 58).

The educational level of the Greek population is rather high and increasing. About 1.4 million people, representing 21 per cent of working age population (15-64), not including those who are in the educational system, hold (1996) some kind of educational degree, beyond secondary general education. Out of them, 1.3 per cent hold post-graduate higher education degrees, 39.3 per cent are university graduates, 6.0 per cent have teachers' colleges degrees and 33.8 per cent degrees of tertiary non-university education. All these graduates sum up to 80 per cent of the educated working age population. From the rest, 16.4 per cent have diplomas of secondary technical and vocational education, and 3.1 per cent have

diplomas of lower technical education (Table 1) (Glytsos, 1994, pp. 305-306). Between 1990 and 1996, the number of persons with tertiary education increased by about 27 per cent, because of the great increase in the non-university tertiary education, in the face of some slight decline in the number of university graduates, whose share has also declined. The share of those with secondary technical and vocational education has increased. A more illuminating picture of the changes in educational attainment through time is given by the breakdown of population by age cohorts and level of education. This is depicted in figure 1. As expected, younger age cohorts have better educational qualifications than the elderly cohorts, especially of upper secondary and tertiary education.

Moving from the educational level of the population to the educational system as such, the overwhelming majority of the 9-year compulsory education school leavers, proceeds to upper secondary education, and a great proportion of the latter goes on to tertiary education. About 65,000 upper secondary education graduates out of the total graduating class of about 74,000, compete each year, along with past years' graduates for about 38,000 openings at the Universities and Technological Educational Institutes (Glytsos, 1994, p. 292). According to a last years' change in the system of entry to higher education, which was resisted by some, mainly for political rather than educational reasons, upper secondary school graduates will not compete any more, but the grades of their second and third year of studies will be the pass for entering tertiary education, which now is expected to accommodate a larger number of students compared with the previous system.

Concerning total enrolments at different levels of education, one can see that in 15 years' time (1981-1995), first level enrolments are gradually reduced due to the decline in birth rates, and secondary level enrolments were stabilised between 1991 and 1995 (Table 2). What is extremely interesting is that tertiary education enrolments have more than doubled between 1981 and 1995 for both sexes together, but for females, enrolments have increased almost three times. As a result, the proportion of females from 41.0 per cent of the student body in 1981 climbed to about half of the total in 1995.

Turning from enrolments to graduates, the number of graduates of either gender is more or less stable after 1986 for tertiary education as a whole, whereas the number of university graduates is rising (Table 3). However, in

both cases, for tertiary education as a whole after 1986, and for university education after 1991, female graduates exceed males, which is one of the major reasons of the great increase in female participation rates.

## **2.4. Economic Resources and Development Patterns**

### **2.4.1. Natural Resources**

The primary energy resources in Greece include lignite hydroelectric power and a little oil. The extraction of lignite is of the order of 38.9 million tons (1986) and is used almost exclusively (96 per cent) for electricity production. The certain reserves of lignite is of the order of 9,500 million tons, but is not all exploitable (KEPE, 1991, p. 108). Crude oil extraction started in 1981, but is in small quantities.

Greece's energy resources cover just over 40 per cent of energy needs, that are augmented by the fact that oil is needed to produce electricity, which is used especially in cities in uses that non-polluting and less costly resources could potentially be used. Although there are considerable reserves of mild renewable forms of energy, such as solar, aeolic and geothermic energy in Greece, they are not adequately exploited, but can potentially cover a considerable amount of needs, particularly in the islands and distant areas, that have some difficulties of using conventional forms of energy. As a result, the country depends greatly on imported energy. The high share of imported oil in total needs imposes a substantial burden on the balance of payments (KÅ\_Å, 1990, p. 246). Oil imports amounted, in 1998, to 2.0 billion USD, and represented 9.5 per cent of Greece's total imports (Bank of Greece, 1999, p. 238).

The total annual water reserves of the country are estimated between 65 and 69 trillion m<sup>3</sup>. About 80-84 per cent is used for irrigation, 13-15 per cent in households and 2.5-4.0 per cent for energy production (KEPE, 1990, p. 173). The unequal regional distribution of water resources generated, in the recent past, serious problems, particularly in the face of continuously increasing demand, and raised some tensions between different users of water resources, but today the distribution network has improved and the problems alleviated.

### 2.4.2. Urbanization

The evolution of the Greek network of urban centres reflects the concentration of economic activity in the Athens region and the axis of Patras-Athens-Thessaloniki, whereas the rest of the regions have been for a long time at the “shadow” of this development. These latter regions experienced very severe emigration to the cities on this axis and also abroad, during the whole 1950-1980 period. As a result, the development of economic and social infrastructure of these depopulated regions has been retarded, with implications on the environment, the quality of life, and on the economy (Katochianou et al, 1989, p. 41).

Despite a continuous effort and the promotion of various projects, the development of the rural areas has been slow and difficult, due the nature of the various schemes and the misallocation of resources (*ibid.*, p. 42). However, despite these inadequacies and the severe exodus of the Greek population, mostly from rural areas, agricultural output has been increasing, but again mostly around the fertile regions of the Patras-Athens-Thessaloniki axis, and the easy access to the large internal and foreign markets for their products (*ibid.*, p. 43).

As a consequence, the economic and social gap between the regions in this axis and the rest of the country was widening. For reducing these inequalities, a regional policy was initiated with the purpose of generating regional poles of industrial development in the country, which however had a limited success. The period 1971-81 is characterized by a tendency of decentralisation of industrial activities, especially a move out of the major Athens region, that had accumulated vastly the industrial production (*ibid.*). Other peripheral medium size centres were, as we noted above, then growing , partly autonomously and partly as a result of various policies and incentives for their development (*ibid.*, p.44). It has been found that the State in its various aspects contributed to the reduction of regional inequalities. The activities of its regional departments but also its economic and regional policies as reflected in government investment have generated favourable conditions of development (Glytsos,1988, p. 205).

On the basis of various economic criteria related to the means of production, economic performance and the standard of living, a convergence of regional economies and a reduction of regional inequalities is observed. This is the case in comparing particularly the industrial development between major

Athens and the rest of the regions (Glytsos, 1988, p. 328), although a regional but narrowing gap still exists.

### 2.4.3. Economic Sectors

The long over 10 years' crisis in the Greek manufacturing industry seems to be over. In the last five years, manufacturing production has been rising. The growth rate was 3.2 per cent in 1998, which is higher than the rates of the last five years, and the highest since 1988 (Seb, 1998, p. 29). This revival is predicted to continue, due to the large amount of investment in recent years (*ibid.*), and the improvement in total export performance, with an increasing share of manufactured commodities. This, in turn, raises the employment of skilled workers and boosts productivity, which in the last six years increased totally by 22 per cent (*ibid.*), improving substantially the international competitiveness of the Greek products.

Between 1960 and 1998, the share of manufacturing output in GDP has doubled and that of services increased by one-third, against a drop by two-thirds of the share of the primary sector. As a result, the share of the primary sector was, in 1998, 10.7 per cent, of manufacturing 14.1 per cent, of Services 63.3 per cent, all the rest summing up to 11.6 per cent (Table 4). Within the service sector, particularly faster was the growth of communications, banking and tourism, whose shares have increased. Banks and insurance companies increased their output by 8 per cent in 1998 (Bank of Greece, 1999, pp. 90-92).

Regarding the relative significance of these sectors in employment, agriculture still loses labour, but so has started to do the industrial sector, in recent years, and is only the share of service sector that has been rising very rapidly, from 40.4 per cent in 1981, to 50.3 per cent in 1991, to 56.8 per cent in 1996. Lately, the government makes an effort to decelerate employment growth in the public sector. There is thus the private sector services and the underground economy (estimated to generate production equal to about 30 per cent of GDP), that are, to a great extent, the generators of new jobs. Overall, in ten years' time (1988-98), GDP increased by 21 per cent and employment by 5.6 per cent, whereas corresponding productivity increased by 14.6 per cent (Bank of Greece, 1999, p.34).

The phenomenon of “ailing enterprises” appeared in the late 1970’s in the Greek industry and trade, accentuated in the early 1980’s, as a consequence of mismanagement and excessive borrowing. This made several enterprises difficult to survive without the support of the government, which was generously offered for avoiding closures, social arrest, and for saving jobs, at a time when a socialist government was in power. By 1985, 140 enterprises with a great share of textiles and the clothing industry, were registered as ailing enterprises needing government assistance. These enterprises were employing 40,000 workers and adding the indirect employment that they generated (subcontracting etc), the jobs of about 80,000 workers depended on the survival of these enterprises (Katsos, 1988, p. 35). These were mostly large firms that had in the past an easier access to the financial system. For assisting these enterprises to recover, a special government agency – The Organization for Reconstruction of Enterprises – was created in 1983. Up until 1985, 44 of these enterprises were taken care of through this agency (Katsos, 1988, p. 98).

#### **2.4.4. Trade**

Imports into Greece total (1998) 21.2 billion USD and exports only 4.8 billion USD, leaving a trade deficit of 16.4 billion USD. OECD countries absorb about 60 per cent of Greek exports, but lately there is a turn towards the Balkans and Central and Eastern Europe (Bank of Greece, 1999, p. 230). Imports of industrial consumer goods remained stable, whereas the imports of food declined slightly. Overall, imports have increased, in 1998, but with a lower growth rate than in 1997 (*ibid.*, p. 43).

Export performance (ratio of exports/gross value of production) has increased in recent years from 27.5 per cent in 1995 to 29.3 per cent in 1998. Textiles, clothing and footwear experienced a very rapid growth in their export performance, from 65.9 per cent in 1995 to 78.8 per cent in 1998, coming down from 83.4 per cent in the previous year. Extremely high was the increase of exports of basic metallurgy and metallurgical products, since large enterprises have improved their competitiveness, benefiting, among others, from the increased domestic demand related to the construction industry. Particularly high growth rates together with an export orientation was observed in the aluminum manufacturing (*ibid.*, p. 85).

As a result of these developments in the external trade, the balance of payments deficit was reduced, in 1998, to 3.0 per cent of GDP, coming down from 4.0 per cent in 1997. To this reduction contributed the drop of trade deficit and the rise in the surplus of invisibles. In addition, the net inflow of capital into the country increased, reaching 8.5 billion USD, after the entry of the drachma to the Mechanism of Exchange Rate Parity, up from 112 million USD in 1997 (*ibid.*, p.42).

In the recent years, the flow of funds from the EU budget range between 3.5 and 4.5 per cent of GDP (4.0 per cent in 1998). As a proportion of trade deficit they range between 23.5 and 27.5 per cent, amounting, in 1998, to about 4.9 billion USD (Bank of Greece, 1999, p. 244). The forthcoming increased flows from the EU Structural Funds and the Cohesion Fund, during the period 2000-2006, will be expected to contribute to the enhancement of competitiveness of the Greek economy, to more rapid growth and to external equilibrium (Bank of Greece, 1999, p. 44).

Internal trade is characterized by a large number of small, very often low productivity, enterprises. It has been estimated that due to the more severe competition that Greece will face after entering the Eurozone, about 20-25 per cent of trade enterprises will be extinguished (Bank of Greece, 1999, p. 92). This will affect a large number of low pay jobs, with some negative implications on poverty.

## **2.5. Employment and Labour Market**

Greek labour market is characterised by duality, with considerable differences between segments of the market, concerning rules, conditions and functioning, and with limited mobility between them. The broad public sector, including several financial institutions, employs about one-third of wage and salary earners and about two thirds of tertiary education graduates, and operates as an “internal market”, immune, to a large extent, to the developments in the external labour market. The private segment of the market is made up of heterogeneous sections, including agriculture, urban self-employed and wage and salary earners, mostly in the service sector and construction. The self-employed including farmers, constitutes just about half of the total labour force of the country, affecting in various ways the functioning of the whole labour market (Glytsos, 1995, p. 112).

Perhaps the deeper structural development in the Greek labour market in recent years, is the accelerated entry of women in economic activity outside the household. This development can be depicted by the ratio of age-specific participation rate of women over the age-specific participation rate of men in the labour force. After a decline for all age brackets, except the 20-24 and the over 65, between 1961 and 1971, the ratio, declined further, at a slower rate, between 1971 and 1981, for workers over 30. Then, the relative female/male participation rates for the ages 15-44 has been continuously increasing up to the present time, the relative rate of the 45-64 has been roughly stable for the whole period 1983-1997 and that for the over 65 has slightly decreased (Figure 2). The participation rate of females itself (without comparing it with the male) is experiencing something of a U shaped evolution (see also Kottis-Petraki, 1990).

Education of women, which has proceeded very rapidly, as we noted earlier, has been the major factor, particularly for young women, of the rise in their participation rate, especially in the most recent years. Economically active women with a tertiary education degree have been rising, during the 1980's, by 6.9 per cent per annum, compared with 3.9 per cent for men. This raised the share of tertiary education graduates (men and women) in total labour force from 8.3 per cent in 1981 to 11.4 per cent in 1989 (Glytsos, 1995, p. 117).

With respect to output and employment changes, three distinct time periods may be distinguished with different characteristics. First, 1961-1973 with rapid growth (non-agricultural output was raising by 8.6 per cent per annum and employment by 3.1 per cent per annum), which "curiously" coincided with the mass external migration of Greeks. Second, 1975-1979, during which, after the 1974 crisis when GDP declined by 2.5 per cent, non-agricultural output was rising by 5.9 per cent per annum, and non-agricultural employment by 3.9 per cent per annum, whereas the migration flow was reversed, with a net return of previous emigrants. Then, follows the stagnation period 1980-89, that continued up to mid 1990's, with very significant fluctuations in economic activity. During this period, non agricultural output was rising on the average by 1.8 per cent per annum and non-agricultural employment by 1.2 per cent per annum. Finally, in the last decade or so, the corresponding rates were 1.8 and 1.8 per cent (Table 5). During these periods, productivity growth was decelerated, from an average annual rate of 5.5 per cent to 2.0 per cent, to 0.6 per cent, ending up, during 1990-1998, to zero growth (Glytsos, 1995, p. 121). Only after 1994, and

particularly in 1997 and 1998, the economy has started to revive, with overall GDP growth rates between 1.9 and 3.7 per cent (1998), due mainly to non-agricultural growth rates. Employment in 1997 was stable, whereas in 1998 increased by 3.4 per cent.

Due to the continuing shrinkage of agricultural employment, which lost 276,000 workers, during the period 1991-96, Greece's overall employment grew at a rate of 1.3 per cent (Glytsos, 1999, p. 132). Since, apart from agriculture, secondary sector also lost jobs, the service sector has been exclusively, as we noted above, the creator of new jobs in recent years (*ibid.*). In the service sector, apart from the large share of public employment, the underground economy (the "paraeconomy") is flourishing, especially when the official economy is in a state of stagnation or recession. It is estimated that, at such times, economic activity in the paraeconomy may represent as high a proportion of GDP as 30 per cent (Kanellopoulos, 1990).

As we have already noted, the educational level of the Greek population is rather high and consequently the educational level of the Greek labour force follows suit. Out of the 3.7 million workers with jobs, 18.2 per cent hold (1993) tertiary education degrees (10.8 per cent university degrees) and 4.7 per cent diplomas of secondary and lower technical and vocational education, whereas 21.8 per cent have a secondary general education diploma. In other words, about 45 per cent of the employed workers has education beyond the 9-year compulsory schooling (Glytsos, 1994, p. 284).

A rather high proportion of educated and technically qualified people are not employed, either because they are involuntarily unemployed or because they choose to be economically inactive. This is a sign that the utilisation of human capital is not very satisfactory. In 1993, only about 80.6 per cent of persons of working age (15-64) with university degrees, and 70.1 per cent of persons with tertiary non-university degrees (Technological Educational Institutes of new and old type) were employed. Analogous is the situation with graduates of secondary technical and vocational education (Table 6).

The unemployment rate in Greece was 10.3 per cent in 1996. For women, the rate was over double that of men (15.7 per cent as against 7.0 per cent). Youth (14-24) unemployment was 29.8 per cent (males 20.3 per cent, females 40.6 per cent). First time, mostly young, job seekers make about half of total unemployment, and out of them 27.0 per cent hold tertiary

education degrees (14.6 per cent university degrees) (Glytsos, 1999, p. 134). The size of unemployment was the same in 1997, but has increased to 10.8 per cent in 1998, and its structure, along these lines, has deteriorated.

### **3. DEFINITIONAL ISSUES AND MEASUREMENT OF INEQUALITY AND POVERTY**

#### **3.1. General**

Concepts and definitions of the main issues of this study are in Greece, as in other countries, neither clear nor unambiguous. The most commonly used concept is that of poverty and is expressed in terms of income (or expenditure) inadequacy in relation to the general standard of living. Thus, someone is considered as poor, if his monetary resources are not enough to make him capable to participate in the social life as determined by the culture and custom of our society. This definition is widely accepted and used by Greek social scientists, public opinion and politicians. However, there is not any legislation regarding poverty nor any official definition of poverty. Moreover, it is not certain whether some people, especially those living in rural areas, even though belonging into this group, would consider themselves as poor.

The other concept used mainly by social scientists and some politicians is that of deprivation. But here, like the case of poverty, there is not a widely accepted definition. In Greece, discussions or analyses of deprivation follow the meaning given by Townsend (1979), defined as the inability of people to obtain the goods, facilities, educational, working and social conditions, which are customary in our society. It is well known that low income, as used in the calculation of poverty, fails to identify households experiencing distinctive levels of deprivation. There are cases where those on low income do not suffer from deprivation, while households above the income of poverty line are experiencing deprivation. These discrepancies between income and deprivation indices allow for a variety of measures, which have been proposed and used to calculate the extent of deprivation.

Because of these weaknesses, a related concept widely used in Greece is that of welfare or well-being, where, instead of counting those lacking certain necessary goods or services, the percentage of those participating in the possession or consumption of such goods and services is calculated. To

the extent that the percentage of such households is increasing it is assumed that the well-being of Greek households is improving.

Finally, the notion of social exclusion is a rather recent term in the Greek scene and is the most difficult to precisely identify and define. This concept is related mainly to exclusion for various reasons from the labour market (long term unemployed, immigrants etc) and not to the lack of legislated social rights of citizens, and it is not always distinguished from poverty.

Although several systematic empirical studies on poverty exist in Greece, the evidence is rather scant, for deprivation or social exclusion, but some recent studies on poverty try to incorporate measures of deprivation as well. It is also usual for many studies on poverty to deal with issues of inequality, mainly income or consumption inequality.

This study initially presents the meaning and the use of the term social exclusion in Greece, then it reports evidence on income inequality and poverty in the country and finally, it deals with the evolution of well-being as measured by the possession of various household equipment and amenities.

### **3.2. Social exclusion**

As a term or concept, social exclusion has only recently entered the vocabulary of academics and policy makers in Greece. However, there have not been many attempts to properly define the concept, nor to estimate the actual extent of social exclusion. To clarify the meaning of social exclusion, it is helpful to consider its relation to poverty and deprivation. The shift from poverty to social exclusion is a broadening of perspective, from single to multiple dimensions, from static to dynamic analysis, and from individual or household to community (Room 1996). On the other hand, in moving from poverty to deprivation the centre of attention shifts from low income or expenditure to a multidimensional disadvantage status.

Over and above the usual inertia, the delayed introduction of the concept to the Greek scene is due to the delayed emergence of the phenomena that inspired its introduction and use in other European countries. The usual

macroeconomic stability adjustment and industrial restructuring programmes put forward in Greece later than in other European countries.

As the economic restructuring was going on and many industrial firms were closed down, certain groups of workers became long term unemployed especially in regions of industrial decline. These people constitute a social group rather vulnerable to social exclusion. Another group susceptible to social exclusion are the immigrants both foreigners and of Greek origin who have come to Greece in recent years, as a result of the political, economic and social disruption in the Balkans and the former Soviet Union. Facing a multitude of social, economic and cultural problems, these immigrants are very prone to social exclusion. Of course in Greece, as in other countries, there are always other social groups, such as the handicapped or single parent families that are exposed to social exclusion.

All these groups have been embraced under the term socially excluded groups. The rising interest in the use of the term social exclusion among policy makers and the press is also certainly related to the prominence of social exclusion as a section of EU funding. Social policy priorities in Greece, during the last 15 years, have been largely affected by the availability of EU funding. During this period, various kinds of social policy measures and programmes have been heavily designed by the policy agendas and resources of the EU Structural Funds, and co-financed along with the Greek Government.

Indicative of this effort is that within the Community Support Framework 1994-99 there is a subprogram entitled "Fight Against Exclusion from Labour Market", which purports to alleviate the position of all the above mentioned disadvantaged groups, through training, encouragement and financing to job search etc. However, the progress of this subprogram, at least during the first years of its implementation, was not impressive. The lack of experience to carry out such programs, the lack of information from the recipients' side and administrative difficulties contributed to this effect. Apart from this program, there are not yet systematic studies regarding the extent, structure and changes of social exclusion in Greece.

### 3.3. Absolute and relative poverty

Even though there are many alternative approaches to the definition of poverty, their common purpose is to identify and locate households and individuals, who lack characteristically monetary and non monetary resources that would enable them to participate in the social and economic life of their society in a tolerant way. As a reminder, we may note the two most known approaches to poverty: the absolute and the relative poverty. According to absolute poverty a family is considered as poor if its resources (income) are not sufficient to buy the minimum necessary goods to keep its physical abilities. The minimum necessary goods and services can be calculated in absolute terms by estimating the proteins and calories for families of various types and then their cost.

In the relative approach to poverty, the minimum necessary standard of living is defined not simply as the goods needed for the survival and reproduction of life but also in relation to those which are considered as necessary according to custom and culture of society for a tolerable life. Thus, in this definition, in order for someone to be non poor account must be taken not only of what he possesses but also of what other people possess. If, for instance, the mean or median income of the society is considered as the usual level of standard of living, then a percentage of these magnitudes could be defined as the poverty line, and those who fall below it are characterised as poor.

Recent systematic studies on poverty in Greece rightly adopt the concept of relative poverty as the huge majority of people have already gained the necessary resources for survival and physical reproduction (see for instance, Mitrakos and Tsakoglou, 1996). There is however a number of issues to deal with before one proceeds to measure poverty. The first one is related to variable or variables which would be used to measure the welfare of people. In Greece, many researchers instead of income prefer to use current consumption expenditure as they consider the latter more reliable than the former. But even then, there are notable differences among studies using consumption as the key variable, regarding its specific definition and calculation. This makes the comparison of the estimates rather difficult.

The second question is related to the index of inequality or poverty which would be used. The relevant literature on poverty indices has developed

remarkably after the seminal article of Sen (1979) and there are several surveys on the issue (Sen, 1979; Foster, 1984). In the Greek studies, in addition to the head count ratio (poor/population) and the poverty gap index  $\{(\_ - y_i)/\_$ , where  $\_$  is the poverty line and  $y_i$  is the income of the poor, which by assumption is less than  $\_$ , there have been used many other indices belonging to Sen's family and mainly the Foster et al index.

Another interesting question is the level of analysis (households or individuals). Following the recent practice, studies on inequality and poverty usually have the individual as the unit of analysis, who is supposed to spend a percentage of the total consumption of the household to which (s)he belongs. A related question is whether this consumption would be per capita or would be expressed in equivalent adult scales. In Greece there are studies of both types.

Finally, one has to choose a certain level of consumption (or income) as poverty line in relation to the mean or median community consumption. Here the majority of studies on Greece choose the 50% of the average per capita or per equivalent adult consumption or income.

### 3.4. Measurement and Evolution of Income Inequality

A starting point of describing inequality is to look at the per capita expenditure shares of the population deciles as shown in table 7, derived from Sarris and Zografakis (1997). The first four columns of the table give the percentage expenditure shares of deciles of individuals ranked from the lowest to the highest expenditure person for the years where data are available. The last three columns give the percentage change in the expenditure shares of the deciles between two successive surveys. It turns out that between 1974 and 1982, a redistribution took place from the two top deciles to the bottom eight deciles. In relative terms, the lower the decile the higher its gain. For the period 1982-88 things are somewhat different. Here the shares of the middle deciles (3rd to 7th) and the top one increased even slightly their shares in consumption expenditure, while the other deciles belonging in fact to both ends saw their shares to decline. The developments during the 1988-94 period are again different. The shares of the three bottom deciles and that of the 8th one increased, while those of the middle (4th- 7th) and the two top ones declined. The bottom half of the table

reports the aggregate frequencies of the shares of the deciles, which allow us to see how the shares of various deciles taken together changed. It turns out, for instance, that the shares of the three bottom deciles continuously increased during the examined periods.

A slightly different picture is shown in table 8, derived from Mitrakos and Tsakloglou (1998), where the same data sets are used but adopting different definitions of expenditure and using the equivalent scales suggested by Eurostat (weights: 1 for family heads, 0.5 for other members of household above 13 and 0.3 for children up to 13). Even though the drastic redistribution between 1974 and 1982 is a common finding with the previous study, here the shares of the two top deciles continuously decline and those of middle deciles show a consistent increase. The comparison of tables 7 and 8 tells that when changes in distribution are not drastic, like those between 1982 and 1988, the adoption of equivalent scales and the specific definition of the consumption variable are critical for the finding.

Turning to aggregate measures of inequality, we can see the level and changes of relevant indices as presented in tables 8 and 9. All such indices show that, during the period 1974-82, there was a drastic decline of inequality, while the changes in inequality in the period 1982-88 are uncertain. Mitrakos and Tsakloglou find a slight increase in inequality, while Sarris and Zografakis show a slight decrease. Finally, for the period 1988-94, both of these studies report a decrease on all estimated aggregate inequality indices.

Inequality in Greece, as measured for instance by the Gini coefficient, is slightly higher than in many other OECD countries, and remarkably higher than in other EU countries, but clearly lower than that usually met in developing countries (Kanellopoulos et al 1999).

In Greece, when aggregate inequality, as measured for example by the Theil index, is decomposed by various population subgroups, it turns out that disparities 'within groups' play a far more important role for the determination of aggregate inequality than inequality 'between groups' (Tsakloglou 1997 p. 171). It means that if differences in mean income (or expenditure) between various groups, i.e. between urban and rural households, were eliminated only a small fraction of total inequality would be eliminated. While more efficient in reducing inequality would be the reduction of income differences within the urban or rural areas.

Another interesting dimension of income distribution is that by income source, as derived from the European Community Household Panel (ECHP) data set. It is estimated that, in 1994, about 40 percent of the total household disposable income comes as wages and salaries for those working as employees, while about 35 percent is from self-employment and entrepreneurship (Kanellopoulos et al 1999). This source is higher compared to other European countries because it includes almost all agricultural income, as the great majority of farmers are self-employed, and the income of self-employed professionals, who again are rather numerous in Greece. The third in size income source is that of social benefits, where the lion's share represent pensions. On the other hand, income from rents, interest and dividends represent relatively low percentages of households disposable income.

The effect of social benefits upon income distribution seems to be rather progressive, in the sense that income distribution, as measured by the Gini coefficient of the adult equivalent income, without the social benefits is remarkably higher than with them (Kanellopoulos et al 1999, table 4.1). It comes out that income of low deciles (the two lowest ones) comes from social benefits, while the effect of social benefits for the other deciles does not vary remarkably. On the other hand, labour income from employment represents a rather low percentage for the low deciles, while it is a relatively high percentage for the middle and upper deciles. This is related to the finding that the position of household's members in the labour market, as employees or self-employed, is very critical for the position of their household in the income distribution (Kanellopoulos et al 1999). Households with many working members do much better than households without working members.

### **3.5. Indexes of measurement and evolution of poverty**

Turning to poverty, it is estimated that, as in the case of income inequality, there was a remarkable decline of poverty during the period 1974-82, while for the successive periods poverty changes were rather minor. While according to Sarris and Zografakis, in 1974, the 29 per cent of the population was poor (head count ratio), in 1982 the proportion declined to 25.2 per cent and then it remains around 24.5 per cent. Similarly, the income gap ratio declined from almost 30 per cent, in 1974, to 26.4 per cent, in

1982, and then it moves around that size (table 9). Again, there are some differences between these estimates and those of other researchers. Mitrakos and Tsakloglou, when measuring poverty in terms of consumption, find a slight increase in the poverty ratio between 1982 and 1988 and a decrease during the 1988-94 period (table 10).

An interesting question is how the profile of poverty has changed in the examined period. Table 11, derived from Sarris and Zografakis (1997), presents in the final four columns the incidence of poverty by various dimensions. Moreover, table 11 provides in the first four columns interesting information on the socio-economic changes in Greek society. It turns out, for example, that the educational level of household heads, as should be expected from our earlier discussion on education, has risen rapidly during the examined period. While in 1974 only 6.4 percent of the households had as head tertiary level degree holder, in 1994 the proportion rose to 14.4 percent. On the other hand, there was a decline of households with heads who have not completed primary education, from 26.2 per cent to 16 per cent respectively. The next four columns show the distribution of poor households for the same variables.

It emerges that the incidence or ratio of poverty always declines as education increases. However, the relative better position of the more educated is systematically decreasing through time. While in the 1970's and 1980's, poverty was a rather scant phenomenon for households with educated head, since then it starts to become less uncommon.

The next interesting finding of table 11 is that the percentage of households with older heads is gradually rising, while that with young heads is declining. In the case of poor households, changes are slightly different, in the sense that there was not a continuous increase of the share of the poor old aged households. Similarly the incidence of poverty for households with old heads has declined continuously and remarkably. This seems to be related to the relative improvement of pensions during the 1980s, when the replacement ratio increased remarkably. On the other hand, there seems to be a drastic increase of poverty ratio for households with young heads, a finding consistent with the previous one that poverty has risen for the more educated.

On the other hand, while poverty in the 1970s was a rather rural phenomenon (Kanellopoulos 1986), it becomes an urban phenomenon

through time. The rise of the unemployment during the last 15 years, especially in urban areas, has definitely contributed towards this change. A related finding is that the poverty ratio decline drastically for households with farmers heads, while it increases for households with scientists heads (table 11). An increase in the poverty ratio is also met in the 1990's in households with heads working in construction and services, who usually reside in urban areas.

In a recent analysis of poverty, Kanellopoulos et al (1999) using the ECHP data set show that the poverty ratio is considerably lower for households with working heads, than for households with heads not in the labour force. Moreover, the poverty ratio of households with an unemployed head is not impressively different from that of the whole sample. This is related to the fact that in Greece, as in other South EU countries, the great majority of unemployed are not household heads. The same study, as the previous ones, also finds that poverty is remarkably higher for households with female heads, compared to that with male heads. This finding mainly represents the fact that such households are usually one parent households without the presence of the father, who is the main breadwinner of the family.

### **3.6. Non monetary indexes and evolution of well-being**

As was mentioned above, the use of income or consumption for the measurement of poverty has disadvantages, because there is a loose relationship between income and deprivation. Moreover, the impact of low income on living standards depends upon the length of time low income persists, and the availability of other resources (savings or help) to supplement current income. On the other hand, levels of deprivation or well-being are influenced by a range of social and economic processes, thus, households with the same current income or consumption may have arrived at that position from different directions.

In this section we report the evolution of the percentage of households possessing various household appliances and durable goods, as derived from the four available FES. As is shown in table 12, the proportion of households with such possessions is increasing through time, which demonstrates a systematic improvement in the welfare or well-being of the

Greeks. This contradicts the previous finding that the relative poverty has increased even slightly, in the last period of our investigation.

The interesting findings on this table are as follows: As time passes, a rising percentage of households is lodging in two family houses or blocks of flats (changed from 43.2 per cent, in 1974, to 61.2 per cent in 1994) and a lower percentage of households is living in one family houses (declined from 56.6 per cent, in 1974, to 38.8 per cent, in 1994). This is presumably related to the population urbanisation in this same period, since in the cities the block of flats is the main form of accommodation, with all its positive and negative consequences.

There is also an increase in the percentage of households living in their own houses (from 73.1 per cent in 1974 to 78.7 per cent in 1994), while at the same time the percentage of households in rented houses declined (from 26.9 per cent to 21.3 per cent). The increase of home occupancy is located mainly in urban areas and is coincident with the movement of population towards these areas.

A positive trend is observed for more spacy houses, as demonstrated by the rising proportion of households living in houses with more rooms (3-4 rooms) and the declining proportion of households living in houses with fewer rooms (1-2 rooms). The same tendency is also reflected in the increasing surface of houses. This improvement is even more pronounced considering the simultaneous decline in the size of households during the period analysed.

Another criterion of improvement in family well-being with an impressive record is house utilities. While the great majority of houses had electricity for some decades, other amenities such as installed water, bath or shower and telephone, were obtained by increasing numbers of households, in the last 15 or 20 years. By mid-1990's, practically all households had installed water and electricity and only 7.3 per cent of households lack a bath or a shower, down from 50 per cent in 1974, whereas 12 per cent of households are still without a telephone line.

Concerning the availability of household equipment, practically all households have got refrigerator (1.6 per cent is lacking) and more than eight out of ten cloth washer. On the other hand, one in two households did not own a private car, in 1994, which is however an impressive record compared with 96 per cent without a car twenty years earlier. Generally,

using as criterion of the level of well being the possession of certain durable goods, it is evident from table 12 that in the last 15-20 years, the Greek population has experienced a remarkable improvement in its standard of living.

It is interesting to look at these indexes, as shown in table 13, for the rural areas and compare them to those of urban areas or the whole country. It is evident that almost all rural households live in their own houses, only 3 percent stay in rented houses. In contrast, about 30 per cent of urban households live in rented houses. It is also notable that houses in rural areas are relatively larger than houses in urban areas.

It becomes apparent that, although the gap between rural and urban households regarding home equipment and appliances narrows drastically over time, the difference is bridged more slowly with respect to the possession of bath or shower and telephone, but has vanished for electricity. While in 1982, 40.5 per cent of rural households had home bath or shower, the proportion reached almost 80 per cent, in 1994, compared to 98 per cent in urban households.

The difference between urban and rural households with respect to the possession of refrigerators, cloth washers or coloured television, is also narrowed down. But there are still considerable differences in the way of cooking and the heating of the house. Central heating is the prevailing means in urban houses, while in rural houses the firewood is commonly met.

As a general conclusion, we can say that the standard of living in rural households, as indicated at least by house amenities, has increased impressively in the recent decades, and it does not lag extensively behind that of urban households.

### **3.7. Policy against poverty**

Although many of the existing social policy measures aim at the reduction of poverty, neither a formal definition of poverty nor a quaranteed minimum income scheme, like those in north European countries, have yet been established. In Greece, like other south EC countries, the legislation

introducing social insurance was intended to hold close mainly the economically active working people, as documented by their previous employment and earnings. Because of its work orientation the Greek social security system provides insufficiently for those with poor employment records i.e. young job seekers, long term unemployed or disabled people.

On the other hand there are many social assistance measures, which aim at specific vulnerable social groups, but there is not a universal scheme for all those without any income or with insufficient income. Such schemes cover, for unlimited time periods, mainly the blind, the deaf-mute and those with heavy mental or physical disabilities. It is estimated that over 100.000 people are covered by such schemes, though the amount of allowance is considered insufficient.

In practice the policy against poverty is implicit or explicit in other social, labour market or economic policy measures, in the sense that it is more likely those with heavier family responsibilities that become eligible for the benefits of such policies. For example, in addition to income tax reductions there are family allowances based on the number of children, while it is easier for them to get a subsidised loan to purchase a house. The various training programmes and other active labour market measures, to the extent that they enhance the employability of job seekers, are believed to reduce poverty.

Recently (in 1996) a new means tested pension allowance, known as social solidarity allowance (EKAS), was introduced for those with a relatively low pension. Specifically, in 1996 the level of EKAS was equal to 12 percent of the minimum old age pension of the Social Security Organisation (IKA) while that eligible for it were all pensioners (with the exception of farmers) over the age of 60 and with a relatively low total individual and family income. It is estimated that 380.000 pensioners received this allowance at the first year of its introduction and that its cost amounts to 0.2 percent of the GDP. Since then, the level of EKAS is annually adjusted according to changes in the general price level. It is estimated that the introduction of EKAS reduced the inequality of household money income by improving the position of households in the low income distribution deciles (with the exception of the lowest decile) (Kanellopoulos et al 1999).

#### 4. IMPLICATIONS FROM THE EUROPEAN INTEGRATION

The pre-1981 debate -in view of Greece's joining as a full member the then European Community- about the potential benefits of Greece was confused by the strong political overtones of the issue. Even the reasonable objective conclusion that the rural class as a whole would benefit was politically controversial. Note that the Socialist party won the 1981 national election with the platform of Greece's withdrawal from the European Community, an issue that had an appeal to the farmers, who voted for the socialists (Skouras, 1995, p. 196). After the full membership to the European Community, Greek agriculture has benefited through the Common Agricultural Policy, whose objective is income redistribution. Furthermore, the EU regional policy, in conjunction with the Integrated Mediterranean Projects, aiming at narrowing down regional differences inside the Community, had also positive effects in the poorer regions, but also had the Structural Funds, i.e. Social, Regional with their developmental orientation, which contributed in reducing inequalities. In more recent years, the Community Support Framework, agreed upon between Greece and the European Commission, for the period 1994-1999, which among others, has the objective of human capital development, raises the level of training of workers, making them more employable, with further beneficial effects on low income workers. For the period 1994-99, about 265,000 jobs have been supported by this programme (Skouras, 1995, p. 225).

More specifically, the EU Common Agricultural Policy seems to have so far benefited the farmers. Farmers' incomes were raised from 43 per cent compared with non-agricultural income, in 1979, to 55 per cent in 1986, which was mostly attributed to the accession of Greece into the Community in 1981, but not as a result of market changes but as a result of the price support program (Lambropoulou, 1995, pp. 48-49). Although the delayed restructuring of the Greek agriculture, as the result of the subsidization, kept alive marginal producers, favouring thus low income farmers, empirical research shows, that the transfers from the EU, which amounted, in 1988, to about 40-45 per cent of agricultural income (Bourdaras and Bazoti, 1990), were unequally distributed among farmers, so that small units got relatively less than the large ones, widening the gap between poor and rich farmers (Sarris, 1997, p.530). This notwithstanding, the relative position of poor

farm households has improved through time compared with their urban counterparts. Thus, in a period of twenty years (1974-1994), the proportion of poor farmers, from 38 per cent in the total number of poor households in Greece dropped to 14.9 per cent (Sarris, 1997, p. 533).

It has been argued that the Common Agricultural Policy made Greek farmers richer, but Greek agriculture as a productive sector does not seem to have benefited accordingly, because its pre-accession competitiveness was reduced in the post-accession period. In fact, during the period 1980-1989, total investment, both public and private, was reduced in real prices (Lambropoulou, 1995, p.51). This kind of support would certainly have negative implications in the long-run, retarding agricultural restructuring (Zanias, 1997, p. 498), with further effects on farmers' income.

The reform of the Common Agricultural Policy is though expected to facilitate the restructuring of agriculture and favour low incomes, given that 68 per cent of agricultural land is in areas characterized as disadvantaged, with very difficult to survive production units. Under these conditions, it is argued that the policy of "integrated rural development", including parallel activities outside agriculture, will relieve low income farmers (Karaveli, 1997, pp. 501-503).

Thus, despite the financial benefits from Common Agricultural Policy, the integrated European market, with free trade in agricultural products, by raising competitiveness has some indirect negative impact on Greek agriculture, given, in addition, the relatively high cost of transport to the main markets in Western Europe (Lambropoulou, 1995, p.25). Livestock producers are particularly affected in this respect, facing competition at the community level (*ibid.* p. 48), whereas a number of other products such as tobacco, cotton, olive oil and fruits and vegetables are also negatively affected by the special EU-third countries agreements, in the framework of the EU Mediterranean policy, including such countries as Israel, Cyprus, Morocco, Tunisia and Malta, or similar agreements with Eastern European countries (*ibid.*, p. 22).

Finally, the policy of high support prices to farmers intensified the inequality between poor and rich consumers since the former bear a relatively higher burden on their budget for agricultural products (Sarris, 1997, p. 530). As a result, according to some view, "the farmers'

subsidization constitutes mainly a tax particularly on the poor consumers, for the subsidization of large (and usually rich) farmers” (ibid.).

Concerning other sectors of the economy, the decrease of Greek interest rates, in recent years (one of the criteria of the Maastricht agreement), and their expected continuous decrease in the years to come, facilitate investment in industry, but at the same time, the decrease in the public budget deficit (another of the Maastricht criteria) has dampening effects on incomes, and therefore on demand, with further implications on the production of industrial commodities (Katsos, 1997, p. 559). But the expectation is that after the entry of Greece in the EMU, low interest rates and the stability of prices and the foreign exchange rate will be beneficial to industry (ibid.). Under these conditions, and given that Greece will still have to develop labour intensive production, small and medium size enterprises, which constitute the greater part of the Greek industry and employ many low pay workers, will be able to have an easier credit, stay in business, increase their productivity, raise the wages of their workers, and create new jobs, with an overall beneficial effect on low incomes.

The Community Support Framework, financing, among others, tourist infrastructure, generates good prospects for employment in the tourist industry. It is estimated that up to the year 2006, direct new job creation will be of the order of 110,000, and an overall employment in the economy, including direct and indirect job creation, of the order of 500,000 (Mylonas, 1997, p.607). Given that a great proportion of employment is seasonal, in conjunction with the fact that many of the employed are in low pay jobs, this will be expected to raise the incomes of low pay workers, particularly in the islands and the coastal areas, where the tourist industry is flourishing.

The European Social Fund, which is targeted towards financing projects of training and skill acquisition, as well as the subsidization of job creation, helps the low skilled and unskilled workers to become more productive and be therefore able to command higher wages and the unemployed to find jobs. During the period 1981-1991, about 1,685 million ECU have been absorbed in Greece for promoting these activities in the public and the private sectors (Kanellopoulos, 1994, p.46). This finance favours particularly informal education and training for which 363.6 million ECU were spent in 1991 alone, a great increase from the 142.3 million spent four years earlier, in 1987 (ibid., p. 91). Nevertheless, according to some

evaluations, these projects had a rather limited success in upgrading skills and generating new jobs (*ibid.*)

Finally, the recent preparation of Greece for EMU entails restrictive monetary and fiscal policies to attain the Maastricht criteria. Although otherwise beneficial, these policies have some negative short- and medium-term effects on employment and job creation, generating unemployment (Kottis-Petraki, 1996, p.50).

## 5. CONCLUSIONS

This report discusses the issues of income inequality and poverty in the perspective of the last twenty years, against a mostly stagnating economy with high inflation, rising unemployment, and for the greater part, under the regime of a socialist government. The caring of this government for the weaker and the needy, resulted in policies that raised low wages relatively faster than higher wages, for social rather than economic reasons, narrowing down the wage scale. Some of the gains of low pay workers have however evaporated in the longer-term, through the persistence of low economic activity, and low job creation, whereas the existence of a socio-political environment of clientelistic relationships influences the social and economic behaviour of the people.

The intensive urbanisation has challenged the cohesion and attitudes of the rural society and changed profoundly intra-family and household - labour market relations, as well as the needs of individuals and families. Perhaps the deepest change in the Greek labour market, in this context, is the massive entry of women in the labour force, strongly enhanced by their rising educational level and their professional qualifications.

The structure of the economy has been changing very rapidly in the last 15 years, with declining shares of primary and secondary sectors in output and employment, and rapidly rising shares of the tertiary sector. Regional inequalities have been substantially reduced, especially with regard to the Athens conurbation that now houses more than one-third of the Greek population.

As the poorest member of the EU soon to be acceded to the EMU System, Greece receives some vibrations with both positive and negative implications for income distribution and poverty. The heavy subsidisation of agriculture raised remarkably Greek farmers' income, more so of the richer ones, widening thus income inequality, but has not contributed effectively to the restructuring of Greek agriculture and the promotion of its competitiveness, which is also curbed by recent EU agreements with Mediterranean and Central and Eastern European Countries.

The application of the Common Agricultural Policy, by raising prices of Greek agricultural products to the EU level generated some differential

burden on Greek consumers, widening their welfare inequality. Manufacturing and tourism are expected to benefit from the low interest rate, the stability of prices and foreign exchange rates, after Greece's accession to the EMU. Producing competitively with labour intensive techniques, a great number of small and medium size manufacturing enterprises are expected to raise the well-being of their numerous low income workers. Employment in the tourist industry is expected to be raised, and low income workers to take advantage of the supported parallel employment opportunities.

In the framework of this socio-economic environment, all the studies reviewed in this report unanimously agree that both income inequality and poverty have very substantially declined between 1974-1982. Following this impressive record, things are not so clear for the subsequent years, particularly as far as poverty changes are concerned. Some of the estimates, referring to the period 1988-1994, show however a further drop in poverty, both in terms of the proportion of poor households below the poverty line and in terms of the poverty gap. There are though strong indications that the average standard of living of Greeks has continued to improve, but at substantially lower rates. One aspect of this improvement is witnessed in the impressive acquisition of various household amenities, in the last 15-20 years.

Various different findings relate poverty to the level of education and the position of the household head in the labour market, while others show that social benefits reduce somehow income inequality and poverty. Compared with the OECD countries, income inequality is slightly higher in Greece and substantially higher compared with the EU countries, but clearly lower than the inequality in developing countries.

In recent years, there is a considerable change in the poverty profile of Greeks, with a shift from the poverty of farmers to the poverty of the urbanites, mainly as a result of the high unemployment in the cities. But what is perhaps interesting for the economic policy purporting to reduce income inequality, is that the intra-group inequality (e.g. within urban or within rural households) is greater than the inter-group inequalities (e.g. between urban and rural households), suggesting that more effective measures could be those measures that have a wider horizontal perspective, rather than those aiming at specific target groups.

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**Table 1 - Population of working ages (15-64) with formal education, 1990, 1996**

| Level of Education                             | Number of persons |           | Share (%) |       |
|--|-------------------|-----------|-----------|-------|
|  | 1990              | 1996      | 1990      | 1996  |
| Tertiary (Total)                               | 889,000           | 1,128,000 | 80.2      | 80.5  |
| Post-graduate                                  | 18,200            | 18,100    | 1.6       | 1.3   |
| Graduate (B.A.)                                | 524,100           | 550,000   | 47.3      | 39.3  |
| Teachers' Colleges                             | 66,400            | 86,700    | 6.0       | 6.2   |
| Tertiary (non university)                      | 280,300           | 473,200   | 25.3      | 33.8  |
| Secondary technical and Vocational             | 147,400           | 229,900   | 13.3      | 16.4  |
| Primary technical and Vocational               | 71,900            | 43,100    | 6.5       | 3.1   |
| All levels                                     | 1,108,300         | 1,401,000 | 100.0     | 100.0 |
| Population of working age (excluding students) | 5,878,500         | 6,796,100 |           |       |

\* includes students in foreign universities and teachers' colleges which have been attached to the university. + these schools have been abolished.

Source: Glytsos, 1994, p. 306.  
NSSG, Labour Force Survey, 1996

**Table 2 -Enrolment by level of education**

| Level of education | Both sexes |         |                       | Females |         |         | Proportion of females |         |                    |
|--------------------|------------|---------|-----------------------|---------|---------|---------|-----------------------|---------|--------------------|
|                    | 1980/81    | 1990/91 | 1994/95               | 1980/81 | 1990/91 | 1994/95 | 1980/81               | 1990/91 | 1994/95            |
| First level        | 900,641    | 813,353 | 710,774               | 435,000 | 394,228 | 346,877 | 48.0                  | 48.0    | 49.0               |
| Second level       | 740,058    | 851,353 | 851,294 <sup>1/</sup> | 337,816 | 408,580 | 403,086 | 46.0                  | 48.0    | 47.0 <sup>1/</sup> |
| Third level        | 121,116    | 283,415 | 296,357               | 50,204  | 97,904  | 146,531 | 41.0                  | 35.0    | 49.4               |

Source: UNESCO, Statistical Yearbook, 1997

<sup>1/</sup> 1993/94

**Table 3 - Graduates of third level of education**

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|      | All tertiary |         |                          | University or equivalent degree,<br>including post-graduate |         |                          |
|------|--------------|---------|--------------------------|---|---------|--------------------------|
|      | Both sexes   | Females | Proportion<br>of females | Both sexes  | Females | Proportion<br>of females |
| 1981 | 24,649       | 10,306  | 41.8                     | 15,471  | 6,356   | 41.1                     |
| 1986 | 27,309       | 15,070  | 55.2                     | 16,051  | 7,834   | 48.8                     |
| 1991 | 28,504       | 15,056  | 52.8                     | 19,722  | 10,277  | 52.1                     |
| 1993 | 26,581       | 15,058  | 56.6                     | 19,411  | 11,143  | 57.4                     |
| 1997 | -            | -       | -                        | 23,145  | 13,596  | 58.7                     |

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Source: UNESCO, as above  
Ministry of Education, unpublished data

**Table 4 - Industrial Composition of GDP and Employment, 1960-1998**

| Industry      | GDP   |       |       |       | Employment |       |       |
|---------------|-------|-------|-------|-------|------------|-------|-------|
|               | 1960  | 1980  | 1990  | 1998  | 1981       | 1991  | 1996  |
| Primary       | 32.2  | 25.0  | 10.5  | 10.7  | 30.7       | 22.2  | 20.3  |
| Mining        | 0.4   | 0.6   | 0.9   | 0.9   | 0.5        | 0.5   | 0.4   |
| Manufacturing | 7.3   | 15.2  | 15.3  | 14.1  | 19.3       | 19.2  | 14.9  |
| Construction  | 11.0  | 7.7   | 7.6   | 7.4   | 8.3        | 6.8   | 6.5   |
| Utilities     | 0.5   | 1.8   | 2.7   | 3.3   | 0.8        | 1.0   | 1.1   |
| Services      | 48.6  | 49.7  | 63.0  | 63.6  | 40.4       | 50.3  | 56.8  |
| Total         | 100.0 | 100.0 | 100.0 | 100.0 | 100.0      | 100.0 | 100.0 |

Source: Ministry of National Economy, National Accounts Statistics (various issues)  
OECD, Labour Force Statistics, 1977-1997, OECD, Paris, 1998

**Table 5 - Annual average growth rates of output, productivity and Employment in Greece**

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| Period  | Non-agricultural Output | Non-agricultural Productivity | Non-agricultural Employment |
|---------|-------------------------|-------------------------------|-----------------------------|
| 1961-73 | 8.6                     | 5.5                           | 3.1                         |
| 1975-79 | 5.9                     | 2.0                           | 3.9                         |
| 1980-89 | 1.8                     | 0.6                           | 1.2                         |
| 1990-98 | 1.8                     | 0.0                           | 1.8                         |

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Source: Glytsos, 1995, p. 134  
Ministry of National Economy, National Accounts Statistics (various issues)

**Table 6 - Working age population (15-64) and its employment by level of education, 1993**

| Level of education                            | Population<br>(15-64)<br>(1) | Employed<br>(15-64)<br>(2) | Degree of<br>utilisation of<br>human capital<br>(3)=(2)/(1)*100 | Unutilised human<br>capital (number<br>of persons)<br>(4)=(1)-(2) |
|---|------------------------------|----------------------------|---|---|
| University                                    | 489,747                      | 394,843                    | 80.6  | 94,904  |
| Teachers Colleges and<br>similar Schools      | 149,613                      | 102,329                    | 68.4  | 47,284  |
| Tertiary Technical<br>Education               | 270,487                      | 189,715                    | 70.1  | 80,772  |
| Secondary Technical and<br>Vocational Schools | 183,306                      | 127,148                    | 69.4  | 56,158  |
| Lower Technical and<br>Vocational Schools     | 60,299                       | 47,471                     | 78.7  | 12,828  |
| Upper Secondary General<br>Schools            | 1,674,279                    | 805,851                    | 48.1  | 868,428   |
| Other*  | 3,904,869                    | 1,935,537                  | 49.6  | 1,969,332   |
| Total   | 6,732,600                    | 3,602,894                  | 53.5  | 3,129,706   |

\* persons with compulsory primary education or below

Source: Glytsos, 1994, p. 309

**Table 7 - Decile shares of household consumption expenditure**

|        | <b>Percentages</b>                        |       |       |       | <b>Percentage changes</b> |         |         |
|--------|---|-------|-------|-------|---------------------------|---------|---------|
|        | 1974                                      | 1982  | 1988  | 1994  | 1974-82                   | 1982-88 | 1988-94 |
| bottom | 2,53                                      | 3,04  | 2,96  | 3,46  | 20,33                     | -2,53   | 16,72   |
| 2      | 4,05                                      | 4,53  | 4,49  | 4,73  | 11,89                     | -0,88   | 5,46    |
| 3      | 5,11                                      | 5,54  | 5,61  | 5,72  | 8,48                      | 1,21    | 1,86    |
| 4      | 6,13                                      | 6,54  | 6,69  | 6,61  | 6,62                      | 2,29    | -1,21   |
| 5      | 7,16                                      | 7,61  | 7,71  | 7,66  | 6,32                      | 1,23    | -0,6    |
| 6      | 8,38                                      | 8,81  | 8,88  | 8,78  | 5,13                      | 0,82    | -1,17   |
| 7      | 9,95                                      | 10,31 | 10,36 | 10,32 | 3,7                       | 0,45    | -0,42   |
| 8      | 12,14                                     | 12,43 | 12,2  | 12,26 | 2,37                      | -1,88   | 0,49    |
| 9      | 15,67                                     | 15,5  | 15,23 | 15,2  | -1,08                     | -1,74   | -0,22   |
| Top    | 28,88                                     | 25,68 | 25,87 | 25,28 | -11,09                    | 0,75    | -2,31   |
| Total  | 100                                       | 100   | 100   | 100   |                           |         |         |
|        | <b>Aggregate frequency of expenditure</b> |       |       |       | <b>Percentage changes</b> |         |         |
| bottom | 2,53                                      | 3,04  | 2,96  | 3,46  | 20,33                     | -2,53   | 16,72   |
| 2      | 6,57                                      | 7,57  | 7,45  | 8,19  | 15,14                     | -1,55   | 9,94    |
| 3      | 11,68                                     | 13,11 | 13,06 | 13,9  | 12,23                     | -0,38   | 6,47    |
| 4      | 17,81                                     | 19,65 | 19,75 | 20,51 | 10,3                      | 0,51    | 3,87    |
| 5      | 24,97                                     | 27,26 | 27,45 | 28,17 | 9,16                      | 0,71    | 2,62    |
| 6      | 33,36                                     | 36,07 | 36,34 | 36,95 | 8,14                      | 0,74    | 1,69    |
| 7      | 43,3                                      | 46,39 | 46,7  | 47,27 | 7,12                      | 0,67    | 1,22    |
| 8      | 55,45                                     | 58,82 | 58,9  | 59,53 | 6,08                      | 0,13    | 1,07    |
| 9      | 71,12                                     | 74,32 | 74,13 | 74,72 | 4,5                       | -0,26   | 0,81    |
| Top    | 100                                       | 100   | 100   | 100   | 0                         | 0       | 0       |

Source: Sarris and Zografakis 1997

**Table 8 - Decile shares of household consumption expenditure**

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| Deciles               | Consumption expenditure |       |       |       | Income |       |       |       |
|-----------------------|-------------------------|-------|-------|-------|--------|-------|-------|-------|
|                       | 1974                    | 1982  | 1988  | 1994  | 1974   | 1982  | 1988  | 1994  |
| bottom                | 2.7                     | 3.3   | 3.1   | 3.4   | 2.3    | 3.2   | 3.0   | 3.1   |
| 2                     | 4.2                     | 4.8   | 4.7   | 5.0   | 4.0    | 4.9   | 4.8   | 4.8   |
| 3                     | 5.4                     | 5.9   | 5.9   | 6.1   | 5.1    | 6.0   | 6.0   | 5.9   |
| 4                     | 6.4                     | 7.0   | 7.0   | 7.2   | 6.1    | 7.0   | 7.0   | 7.0   |
| 5                     | 7.5                     | 8.0   | 8.1   | 8.2   | 7.2    | 8.0   | 8.0   | 8.1   |
| 6                     | 8.7                     | 9.2   | 9.3   | 9.3   | 8.4    | 9.1   | 9.1   | 9.3   |
| 7                     | 10.3                    | 10.6  | 10.7  | 10.6  | 9.9    | 10.4  | 10.6  | 10.6  |
| 8                     | 12.5                    | 12.5  | 12.5  | 12.4  | 12.0   | 12.2  | 12.3  | 12.3  |
| 9                     | 15.9                    | 15.5  | 15.3  | 15.0  | 15.3   | 14.8  | 15.0  | 14.9  |
| Top                   | 26.4                    | 23.2  | 23.3  | 22.9  | 29.7   | 24.3  | 24.4  | 24.0  |
| Indices of Inequality |                         |       |       |       |        |       |       |       |
| Gini                  | 0.351                   | 0.305 | 0.308 | 0.295 | 0.382  | 0.309 | 0.314 | 0.310 |
| Theil                 | 0.209                   | 0.153 | 0.158 | 0.145 | 0.274  | 0.170 | 0.176 | 0.170 |
| Mean log deviation    | 0.208                   | 0.155 | 0.161 | 0.145 | 0.255  | 0.161 | 0.170 | 0.163 |
| Atkinson              | 0.344                   | 0.271 | 0.282 | 0.255 | 0.407  | 0.274 | 0.295 | 0.280 |
| Log variation         | 0.418                   | 0.314 | 0.330 | 0.292 | 0.497  | 0.314 | 0.339 | 0.322 |

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Source: Mitrakos and Tsakloglou (1998)

**Table 9 - Inequality and poverty indices in Greece**

| Inequality indices       | Absolute values |        |        | Percentage changes |         |         |         |
|--------------------------|-----------------|--------|--------|--------------------|---------|---------|---------|
|                          | 1974            | 1982   | 1988   | 1994               | 1974-82 | 1982-88 | 1988-94 |
| Gini                     | 0,3719          | 0,3348 | 0,3338 | 0,3317             | -9,98   | -0,3    | -0,63   |
| Variance of logarithms   | 0,4969          | 0,3969 | 0,3991 | 0,385              | -20,12  | 0,55    | -3,53   |
| Theil index              | 0,2508          | 0,1957 | 0,1946 | 0,1904             | -21,97  | -0,56   | -2,16   |
| Coefficient of variation | 0,3853          | 0,2682 | 0,2591 | 0,2486             | -30,39  | -3,39   | -4,05   |
| Mean log deviation       | 0,2332          | 0,1868 | 0,187  | 0,1823             | -19,86  | 0,06    | -2,51   |
| Head count ratio         | 0,2903          | 0,2525 | 0,2407 | 0,246              | -13,02  | -4,67   | 2,2     |
| Income gap ratio         | 0,2991          | 0,2636 | 0,2785 | 0,2576             | -11,89  | 5,65    | -7,49   |
| Sen index                | 0,1625          | 0,1288 | 0,125  | 0,1239             | -20,74  | -2,95   | -0,84   |
| Foster et al (P1)        | 0,0868          | 0,0665 | 0,067  | 0,0634             | -23,36  | 0,71    | -5,45   |
| Foster et al (P2)        | 0,0375          | 0,0263 | 0,0271 | 0,0243             | -30,03  | 3,11    | -10,12  |

Source: Sarris and Zografakis, 1997

**Table 10 - Poverty index**

| Index                            | Consumption expenditure |        |        |        | Income |        |        |        |
|----------------------------------|-------------------------|--------|--------|--------|--------|--------|--------|--------|
|                                  | 1974                    | 1982   | 1988   | 1994   | 1974   | 1982   | 1988   | 1994   |
| Poverty ratio                    | 21.54                   | 16.39  | 17.25  | 15.12  | 23.52  | 16.03  | 16.58  | 16.88  |
| Foster et al (relative poverty)  | 0.0263                  | 0.0148 | 0.0178 | 0.0129 | 0.0361 | 0.0156 | 0.0190 | 0.0166 |
| Poverty gap ratio                | 21.54                   | 5.16   | 5.90   | 5.53   | 23.52  | 8.81   | 9.38   | 7.80   |
| Foster et al (poverty line 1974) | 0.0263                  | 0.0043 | 0.0044 | 0.0038 | 0.0361 | 0.0075 | 0.0098 | 0.0063 |

Source: Mitrakos and Tsakoglou (1998)

**Table 11 - Poverty profile**

| <i>Heads education</i>                 | Percentage distribution among all households |      |      |      | Percentage distribution among poor households |      |      |      | Percentage of incidence of poverty |      |      |      |
|--|--|------|------|------|---|------|------|------|------------------------------------|------|------|------|
|  | 1974   | 1982 | 1988 | 1994 | 1974  | 1982 | 1988 | 1994 | 1974                               | 1982 | 1988 | 1994 |
| Tertiary level                         | 6,4  | 9,1  | 12,2 | 14,4 | 0,4   | 1,5  | 2,6  | 4,5  | 1,7                                | 4,2  | 5,1  | 7,7  |
| Secondary level                        | 12,8   | 16,6 | 19,7 | 19   | 3,4   | 6,3  | 7,9  | 10,5 | 7,6                                | 9,6  | 9,6  | 13,6 |
| Primary level                          | 54,6   | 55,6 | 53,2 | 50,7 | 55,4  | 64   | 65   | 58,5 | 29,5                               | 29,1 | 29,4 | 28,4 |
| Not completed primary education        | 26,2   | 18,7 | 14,9 | 16   | 40,8  | 28,2 | 24,5 | 26,5 | 45,2                               | 38   | 39,5 | 40,8 |
| Total                                  | 100  | 100  | 100  | 100  | 100   | 100  | 100  | 100  | 29                                 | 25,2 | 24,1 | 24,6 |
| <b><i>Age</i></b>                      |  |      |      |      |   |      |      |      |                                    |      |      |      |
| Under 24                               | 1,3  | 1,4  | 1,3  | 1,1  | 0,5   | 0,4  | 0,2  | 0,6  | 11,8                               | 7,7  | 4,2  | 14,2 |
| 25-34                                  | 13,6   | 16,1 | 14,3 | 11,2 | 11,2  | 16,2 | 13,2 | 8,9  | 24                                 | 25,4 | 22,2 | 19,5 |
| 45-44                                  | 29,1   | 26,2 | 23,7 | 26   | 30,5  | 28,6 | 24,2 | 28,8 | 30,4                               | 27,6 | 24,6 | 27,2 |
| 45-54                                  | 24,8   | 25,8 | 23,6 | 22,2 | 24,2  | 23,8 | 22,1 | 19,9 | 28,3                               | 23,3 | 22,5 | 22,1 |
| 55-64                                  | 16,7   | 15,7 | 20,4 | 20,6 | 15,8  | 13,3 | 17,8 | 19,7 | 27,5                               | 21,3 | 21   | 23,5 |
| 65-74                                  | 10,9   | 10,4 | 10,7 | 12,7 | 12,3  | 11   | 12,9 | 13,3 | 32,9                               | 26,8 | 29,1 | 25,7 |
| 75+                                    | 3,7  | 4,4  | 6    | 6,1  | 5,4   | 6,6  | 9,6  | 8,7  | 42,9                               | 37,5 | 38,6 | 35   |
| <b><i>Region</i></b>                   |  |      |      |      |   |      |      |      |                                    |      |      |      |
| Northern Greece                        | 24,8   | 24,6 | 25,5 | 25,1 | 31,7  | 29,4 | 26,8 | 31   | 37,1                               | 30,2 | 25,3 | 30,4 |
| Central Greece                         | 9,8  | 8,1  | 7    | 6,6  | 13,7  | 11,9 | 12,4 | 9,8  | 40,8                               | 37,1 | 42,6 | 36,5 |
| Southern Greece                        | 60,6   | 63,1 | 63,1 | 65,3 | 47  | 52,2 | 54,1 | 54,6 | 22,5                               | 20,9 | 20,6 | 20,6 |
| Western Greece                         | 4,8  | 4,2  | 4,4  | 3    | 7,6   | 6,5  | 6,7  | 4,6  | 46,1                               | 39,1 | 36,7 | 37,4 |
| <b><i>Occupation</i></b>               |  |      |      |      |   |      |      |      |                                    |      |      |      |
| Scientists and executives              | 6,2  | 8,7  | 10,1 | 18,5 | 0,8   | 2,6  | 3,6  | 14,3 | 3,7                                | 7,5  | 8,5  | 19   |
| Office clerks                          | 6,4  | 5,9  | 7    | 6,2  | 2,5   | 2,7  | 3,2  | 4,1  | 11,5                               | 11,5 | 11   | 16,2 |
| Farmers                                | 22,6   | 18,3 | 14,6 | 10,1 | 37,9  | 29,3 | 25,1 | 14,9 | 48,8                               | 40,4 | 41,5 | 36,3 |
| Blue collar workers                    | 30,1   | 30,6 | 26,6 | 23,6 | 27,5  | 33,5 | 27,2 | 25,3 | 26,5                               | 27,6 | 24,6 | 26,4 |
| Other workers                          | 0,8  | 0    | 0    | 0,7  | 0,1   | 0    | 0    | 0,5  | 4,1                                | 0    | 0    | 18,1 |
| Not employed                           | 18,9   | 22,8 | 27,1 | 35,7 | 19,8  | 22,1 | 30,5 | 35,8 | 30,5                               | 24,4 | 27,1 | 24,7 |
| <b><i>Economic activity branch</i></b> |  |      |      |      |   |      |      |      |                                    |      |      |      |
| Agriculture                            | 22,6   | 18,3 | 14,4 | 10,8 | 37,9  | 29,6 | 25,1 | 16,5 | 48,6                               | 40,9 | 42   | 37,7 |
| Mining and quarrying                   | 0,3  | 0,7  | 0,4  | 0,3  | 0,2   | 0,9  | 0,5  | 0,7  | 15,9                               | 30,1 | 29,3 | 63,5 |
| Manufacturing                          | 15,1   | 7,7  | 15,6 | 10,9 | 12,4  | 7,1  | 13,4 | 10,5 | 23,8                               | 23,3 | 20,6 | 23,8 |
| Energy                                 | 1,1  | 7,7  | 0    | 1    | 0,6   | 6,4  | 0    | 0,8  | 17,3                               | 20,9 | 0    | 18,6 |
| Construction                           | 9  | 1    | 1,1  | 6,8  | 9   | 0,4  | 0,5  | 7,1  | 29                                 | 10,2 | 10,1 | 25,7 |
| Trade                                  | 12   | 9,3  | 6,7  | 12,8 | 8,6   | 13,3 | 9    | 10,5 | 20,7                               | 36,1 | 32,6 | 20,1 |
| Transportation                         | 7,7  | 11,8 | 11,7 | 6    | 6   | 8,3  | 8,8  | 4,7  | 22,5                               | 17,7 | 18,1 | 19,5 |
| Banks – insurance                      | 2,2  | 7,4  | 6,4  | 2,8  | 0,5   | 6,3  | 4,4  | 2    | 6,7                                | 21,5 | 16,6 | 17,3 |
| Services                               | 11   | 13,8 | 16,6 | 13   | 5,1   | 5,7  | 7,8  | 11,4 | 13,3                               | 10,4 | 11,3 | 21,6 |
| Not employed                           | 18,9   | 22,2 | 27,1 | 35,7 | 19,8  | 22,1 | 30,5 | 35,8 | 30,5                               | 25,1 | 27,1 | 24,7 |
| Total                                  | 100  | 100  | 100  | 100  | 100   | 100  | 100  | 100  | 29                                 | 25,2 | 24,1 | 24,6 |

Source: Sarris and Zografakis 1997

**Table 12 - Evolution of house equipment and amenities (Countrywide)**

|   | 1974 | 1981/82 | 1987/88 | 1994/95 |
|---|------|---------|---------|---------|
| <b><u>Type of building</u></b>                      |      |         |         |         |
| -One family house                                   | 56.6 | 50.0    | 43.3    | 38.8    |
| -Two family house or block of flats                 | 43.2 | 50.0    | 56.7    | 61.2    |
| <b><u>Type of occupancy</u></b>                     |      |         |         |         |
| -Own house or given free                            | 73.1 | 74.7    | 76.8    | 78.7    |
| -Rented house                                       | 26.9 | 25.3    | 23.2    | 21.3    |
| <b><u>Number of rooms used by the household</u></b> |      |         |         |         |
| 1-2 rooms   | 21.1 | 20.7    | 13.6    | 15.0    |
| 3-4 rooms   | 60.4 | 62.3    | 64.4    | 65.2    |
| 5 rooms or more                                     | 18.5 | 16.9    | 22.0    | 19.8    |
| <b><u>Area of rooms used by the household</u></b>   |      |         |         |         |
| Less than 60 sq.m.                                  |      | 33.4    | 27.6    | 24.7    |
| 61 – 100 sq.m.                                      |      | 53.2    | 56.3    | 55.8    |
| 101 sq.m. or more                                   |      | 13.4    | 16.1    | 19.6    |
| <b><u>House amenities</u></b>                       |      |         |         |         |
| Installed water                                     | 80.0 | 98.0    | 99.3    | 99.8    |
| Bath or shower                                      | 50.7 | 73.2    | 84.4    | 92.7    |
| Electricity   | 98.3 | 99.4    | 99.4    | 99.7    |
| Telephone   | 43.1 | 56.6    | 74.8    | 88.1    |
| <b><u>Equipment available to household</u></b>      |      |         |         |         |
| -Private car  | 4.2  | 27.9    | 37.6    | 47.5    |
| -Motorcycle, motor                                  |      | 9.1     | 9.6     | 13.0    |
| -Television black and white                         | 53.6 | 79.1    | 54.9    | 20.0    |
| -Television coloured                                |      | 12.1    | 51.4    | 86.0    |
| -Video  |      | -       | 24.6    | 38.1    |
| -Music stereo                                       |      | 19.9    | 26.8    | 34.3    |
| -Refrigerator                                       | 77.7 | 95.4    | 98.2    | 98.4    |
| -Cloth washing machine                              | 30.5 | 57.3    | 69.2    | 81.9    |
| -Dishes washing machine                             |      | -       | 8.2     | 17.9    |
| -Electric pressing machine                          |      | -       | 2.1     | 6.2     |
| -Solar water heater                                 |      | -       | 12.8    | 21.2    |
| -Personal computer                                  |      | -       | 2.5     | 7.0     |
| <b><u>Means of cooking</u></b>                      |      |         |         |         |
| -Electric cooker                                    | 35.0 | 53.3    | 64.4    | 77.5    |
| -Liquid gas appliance                               | 59.7 | 42.5    | 31.6    | 20.6    |
| -Other means  | 5.3  | 4.2     | 4.0     | 1.9     |
| <b><u>Means of heating</u></b>                      |      |         |         |         |
| -Central heating                                    |      | 30.8    | 36.7    | 49.6    |
| -Petrol or liquid gas stove                         |      | 29.4    | 27.4    | 21.3    |
| -Other means  |      | 39.8    | 35.2    | 29.2    |

Source: Kanellopoulos et al (1999)

**Table 13 - Evolution of house equipment and amenities (Rural areas)**

|   | 1974 | 1981/82 | 1987/88 | 1994  |
|---|------|---------|---------|-------|
| <b><u>Type of building</u></b>                      |      |         |         |       |
| -One family house                                   | 91,9 | 92.79   | 90.92   | 86.25 |
| -Two family house or block of flats                 | 8,1  | 7.21    | 9.08    | 13.75 |
| <b><u>Type of occupancy</u></b>                     |      |         |         |       |
| -Own house  | 95,8 | 93.20   | 93.48   | 94.24 |
| -Rented house                                       | 4,9  | 4.30    | 3.25    | 3.16  |
| -House given free                                   |      | 2.50    | 3.11    | 2.54  |
| <b><u>Number of rooms used by the household</u></b> |      |         |         |       |
| 1-2 rooms   | 16,8 | 16.04   | 10.73   | 10.09 |
| 3-4 rooms   | 61,1 | 61.94   | 60.88   | 63.22 |
| 5 rooms or more                                     | 21,7 | 22.02   | 28.40   | 26.63 |
| <b><u>Area of rooms used by the household</u></b>   |      |         |         |       |
| Less than 40 sq.m.                                  |      | 7.15    | 8.96    | 6.81  |
| 41 – 60 sq.m.                                       |      | 26.84   | 20.90   | 17.96 |
| 61 – 100 sq.m.                                      |      | 53.05   | 54.30   | 55.73 |
| 101 sq.m. or more                                   |      | 11.21   | 15.84   | 19.44 |
| <b><u>House amenities</u></b>                       |      |         |         |       |
| Installed water                                     | 80,5 | 93.90   | 97.99   | 99.81 |
| Bath or shower                                      | 13,8 | 40.50   | 60.57   | 79.75 |
| Electricity   | 95,8 | 98.26   | 98.78   | 99.50 |
| Telephone   | 12,6 | 30.27   | 57.83   | 82.23 |
| <b><u>Equipment available to household</u></b>      |      |         |         |       |
| -Private car  | 2,6  | 11.21   | 17.55   | 28.61 |
| -Motorcycle, motor                                  |      | 10.28   | 10.05   | 13.56 |
| -Television black and white                         | 26,5 | 74.90   | 73.37   | 34.61 |
| -Television coloured                                |      | 4.07    | 25.29   | 70.15 |
| -Video  |      |         |         | 19.50 |
| -Music stereo                                       |      | 8.83    | 12.49   | 15.60 |
| -Refrigerator                                       | 54,8 | 90.41   | 97.07   | 97.59 |
| -Cloth washing machine                              | 7,8  | 29.52   | 48.87   | 68.11 |
| -Dishes washing machine                             |      |         | 0.85    | 4.89  |
| -Electric pressing machine                          |      |         | 0.98    | 3.41  |
| -Solar water heater                                 |      |         | 13.53   | 23.28 |
| -Personal computer                                  |      |         | 0.30    | 1.05  |
| <b><u>Means of cooking</u></b>                      |      |         |         |       |
| -Electric cooker                                    | 3,7  | 16.73   | 26.51   | 47.49 |
| -Liquid gas appliance                               | 64,4 | 73.10   | 62.89   | 47.68 |
| -Other means  | 31,9 | 10.17   | 10.60   | 4.77  |
| <b><u>Means of heating</u></b>                      |      |         |         |       |
| -Central heating                                    |      | 1.57    | 4.81    | 14.86 |
| -Petrol or liquid gas stove                         |      | 16.91   | 17.67   | 19.63 |
| -Other means  |      | 80.71   | 76.78   | 64.33 |
| -Without heating                                    |      | 0.81    | 0.73    | 1.18  |

Source: Kanellopoulos et al (1999)

**EGYPT**

## 1. THE SOCIO-ECONOMIC PROFILE OF EGYPT

### 1.1. Overview of Egyptian Economy

The Egyptian economy suffered a severe blow with the plummeting of the Gulf economy and the collapse in oil prices in the early part of 1986. As a result, the latter half of the 1980s was a difficult time when the country experienced low economic growth and high inflation. The deficit in the current account balance widened and debts soared to a level of 50 billion US dollars. Recognizing the need for serious economic reform, the government embarked in 1991 on an Economic Recovery and Structural Adjustment Policy (ERSAP) with the support of the IMF and the World Bank.

Following 1992, the economy recovered at a steady pace with Gross Domestic Product registering a growth rate of 5.4 percent in fiscal year 1997 against the previous year. The balance of payments on the current account turned to a surplus in 1992 and foreign currency reserves increased dramatically. External debt declined to less than 50 percent of GDP and the debt service ratio to 11.6 percent in fiscal year 1996.

Financial retrenchment undertaken as part of ERSAP mirrored the change from government-led economic development to a private sector-led direction in policy. Government accounts showed a substantial improvement with the fiscal deficit falling from 15.2 percent of GDP in 1991 to 4.4 percent in 1992 and then to 0.7 in 1997. The improvement in the government budget and the balance of payments eased inflationary pressures and the inflation rate dropped from fiscal year 1993 onwards.

Notwithstanding the achievements on the macro-economic front two challenges remain, namely the high and rising unemployment and increasing poverty. These two issues will be discussed in detail in the rest of the report.

**Table 1.1. Macro-economic Indicators**

| Fiscal Year                 | 1989  | 1990  | 1991  | 1992  | 1993 | 1994 | 1995  | 1996  | 1997  |
|-----------------------------|-------|-------|-------|-------|------|------|-------|-------|-------|
| GNP                         | -     | 740   | 720   | 730   | 740  | 850  | 940   | 1,050 |       |
| Real GDP Growth Rate (%)    | 4.7   | 4.8   | 3.6   | 1.9   | 2.9  | 3.9  | 4.6   | 4.9   | 5.4   |
| Consumer Price Index (%)    | 16.7  | 21.2  | 14.7  | 21.1  | 11.2 | 9.0  | 9.3   | 7.3   | 6.2   |
| Balance of Payments (% GDP) |       |       |       |       |      |      |       |       |       |
| Current Account Balance     | -3.0  | -4.7  | -0.3  | 6.4   | 0.4  | -1.2 | -0.5  | 0.1   | 0.1   |
| Trade Balance               | -16.4 | -19.2 | -15.5 | -12.5 | -9.4 | -7.5 | -10.6 | -10.3 | -13.0 |
| Capital Balance             | 5.6   | 6.6   | 4.0   | 3.5   | 4.3  | 4.2  | 3.1   | 3.0   | 3.0   |
| Debt Service Ratio (%)      | 32.0  | 26.6  | 17.9  | 14.8  | 11.0 | 14.8 | 13.1  | 11.6  |       |
| Government Finance (% GDP)  |       |       |       |       |      |      |       |       |       |
| Fiscal Balance              | -15.4 | -15.1 | -15.2 | -4.4  | -3.4 | -2.1 | -1.2  | -1.3  | -0.7  |
| Revenue                     | 23.8  | 22.8  | 25.7  | 29.8  | 29.6 | 30.0 | 27.2  | 26.4  | 25.4  |
| Expenditures                | 39.3  | 37.9  | 40.9  | 34.2  | 32.9 | 32.2 | 28.4  | 27.7  | 26.1  |

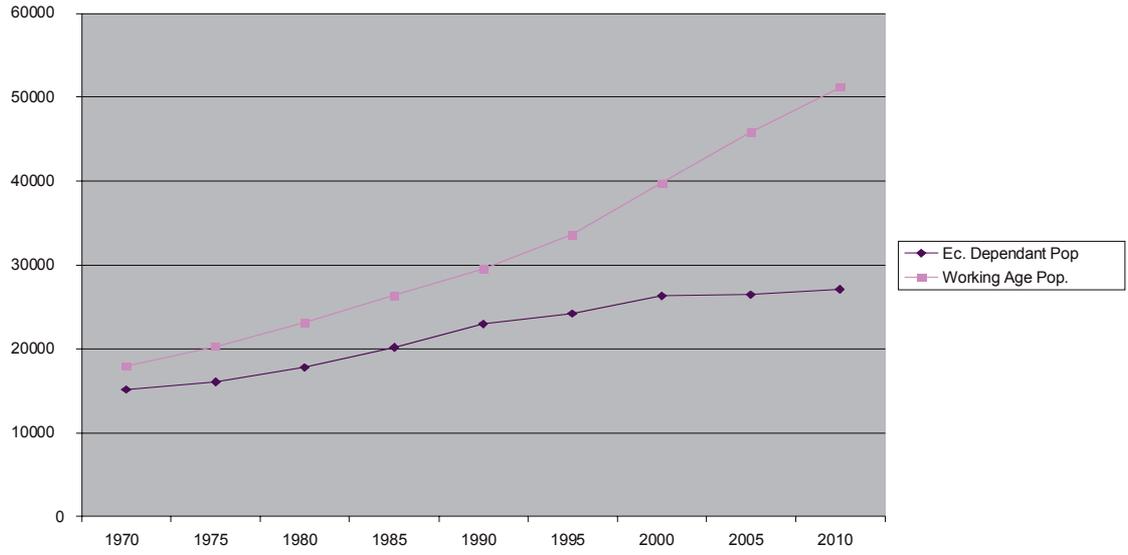
Source: Central Bank of Egypt: Annual Report/monthly report, IFS and World Bank

## **1.2. Overview of Labor Market & Human Resources**

### **1.2.1. The Demographic Profile**

Perhaps one of the most positive aspects of improved education and health in Egypt has been the decline in birth rates at a higher rate than the death rates. As a result, population growth rates declined from 3 percent in the 1980s to 2.1 percent in the mid nineties with the population now standing at 6 million in 1996. Fertility has correspondingly declined from 5.3 in 1980 to 3.3 in 1996. Moreover, the dependency ratio (the proportion of the population under the age of 15) has declined from close to half in 1986 to 39 percent in 1995. (see appendix table A.1 for a demographic profile of the different regions in Egypt).

Fig. 1.1. Pattern of Population Growth in Egypt (thousands)



Source: World Bank Development Indicators. Projections from Courbage, Y. (1998)

In fact, Egypt has entered a period in its demographic transition during which the working age population is increasing relative to the rest of the population. Fig. 1.1. shows the historical and projected patterns of population growth for Egypt over the period 1970-2010 for the economically active population (15-64) and the economically dependent population (0-14 & 65+). It can be seen that the working age population will continue its rapid increase (1995-2010) reaching almost twice the size of the dependent population by 2010.

This augers well for Egypt as research has shown that a country's experiencing this stage in their demographic transition offers a "demographic window of opportunity" during which time high growth rates of the working age population serve as a fuel for faster economic growth by increasing labor participation and savings.<sup>21</sup> However, it must be emphasized that the challenges to its successful exploitation remain formidable.<sup>22</sup> The most pressing challenge being the country's ability to create enough jobs to absorb the huge growth in its working age population.

### **1.2.2. The Labor Market**

The welfare of a nation ultimately rests in the development of its human resources and the ability to provide them with jobs and a decent living standard. In this context, a brief description of the structure of the labor market in Egypt will be given here before considering the extent to which jobs have been able to keep up with the rapidly growing labor force.

The structure of the labor market in Egypt is depicted in figure 1.2. It can be seen that the private sector is by far the dominant employer (71 percent) with the major part of this employment being in agriculture - 60 percent of private sector employment. Agriculture is the largest employer with 39 percent of total employment. The private sector also leads in trade (94 percent), manufacturing (68 percent) and construction (88 percent) and the government is by far the dominant employer in services (85 percent).

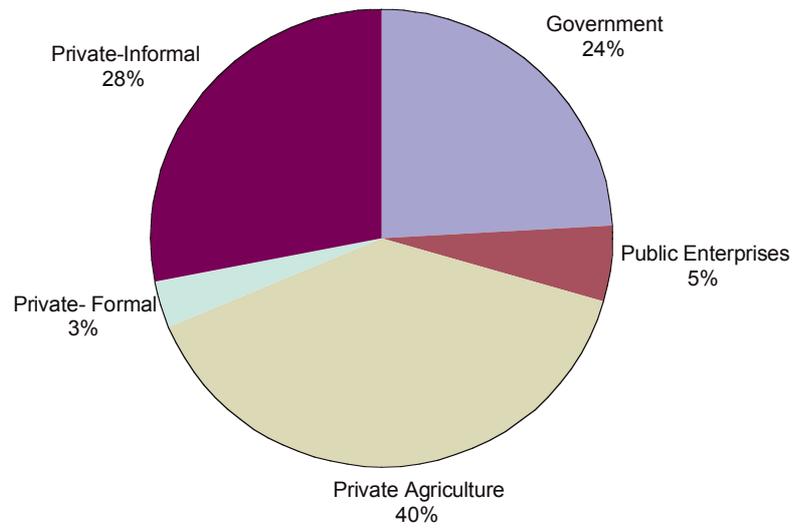
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<sup>21</sup> See Higgens & Williamson (1997) & Yousif, Tarig (1997)

<sup>22</sup> El-Mahdi, Abda (1997)

An important feature of the labor market in Egypt is the large number (28 percent) of workers in informal employment, i.e. those who are working without a contract (only 10.4 percent of those in the private sector and in non-agriculture activities are contract holder). This is a feature of the growing informal sector - small and micro enterprises employing less than 10 workers and that are not registered. Estimates from the ELMS 1998 puts the number of informal workers in these firms (whether registered or not) at about 3 million or almost a half of all non-agricultural workers in the private. According to Handoussa and Potter “the informal sector has been and is likely to become even more essential to employment and income generation for more than half of the non-agriculture population”. (More will be said on the informal sector in relation to urban poverty).

**Fig. 1.2. The Structure of Employment in Egypt - 1998**



**Table 1.2. The Structure of Employment Growth 1988-1998**

|  | 1988<br>(thousands) | Share<br>% | 1998<br>(thousands) | Share<br>% | Annual Growth<br>Rate 1988-98 |
|--|---------------------|------------|---------------------|------------|-------------------------------|
| Government - total                     | 2974                | 19.0       | 4794                | 23.9       | 5.4                           |
| Male                                   | 2119                | 71.3       | 3321                | 69.3       | 5.1                           |
| Female                                 | 855                 | 28.7       | 1472                | 30.7       | 6.2                           |
| Public Enterprises - total             | 1349                | 8.6        | 1043                | 5.2        | -2.8                          |
| Male                                   | 1160                | 86.0       | 918                 | 88.0       | -2.6                          |
| Female                                 | 189                 | 14.0       | 125                 | 12.0       | -4.5                          |
| Private Agriculture - total            | 6643                | 42.4       | 7816                | 39.0       | 1.8                           |
| Male                                   | 3182                | 47.9       | 2622                | 33.5       | -2.1                          |
| Female                                 | 3461                | 52.1       | 5195                | 66.5       | 4.6                           |
| Private Non-Agriculture - total        | 4697                | 30.0       | 6378                | 31.8       | 3.6                           |
| Male                                   | 3751                | 79.9       | 5512                | 86.4       | 4.5                           |
| Female                                 | 946                 | 20.1       | 866                 | 13.6       | -0.9                          |
| <i>Employment by Economic Activity</i> |                     |            |                     |            |                               |
| Agriculture                            | 6784                | 43.3       | 7942                | 39.7       | 1.8                           |
| Manufacturing                          | 2187                | 14         | 2419                | 12.1       | 1.1                           |
| Trade                                  | 1724                | 11         | 2311                | 11.5       | 3.3                           |
| Services                               | 2965                | 18.9       | 4834                | 24.1       | 5.6                           |
| Total Employment                       | 15663               | 100        | 20031               | 100        | 2.8                           |
| Male                                   | 10212               | 65.2       | 12373               | 61.8       | 2.2                           |
| Female                                 | 5451                | 34.8       | 7658                | 38.2       | 3.8                           |

Source: 1998 Egypt Labor Market Survey

In the period 1988-1998 and according to the 1998 ELMS, 4.3 million jobs were created in the Egyptian labor market, an average of 430 thousand jobs a year. That is employment grew at an average annual rate of 2.5 percent which is below the 2.7 percent growth rate recorded for the working age population. As can be seen from table 1.2, the fastest growing sectors were trade reflecting the booming tourist industry and services reflecting the growth in government services. Jobs in agriculture grew at a relatively slower rate and was mainly due to a growth in non-wage jobs for females. In fact, male jobs in agriculture showed a decline which mostly occurred for those non-wage workers indicating a substitution of male family workers for female labor. It can also be seen that the fastest growing sector of ownership was private non-agriculture, however, this benefited males only.

The broad pattern of job creation described here has resulted in a steady rise in the unemployment rate which we will now turn to.

#### ***1.2.2.1. Unemployment***

The growth in labor supply in the period prior to the 1990's was accommodated via two channels migration and job creation in the public sector. By the late 1980s, the total number of migrants was estimated to be close to 3 million with most of the migration being to the GCC countries.<sup>23</sup> Alongside migration, the government's long standing application of its employment guarantee scheme served to make this sector the fastest growing in the Egyptian labor market and the dominant employer of graduates (those who have completed a secondary education and above).

However, these two channels have now spent their force. With the collapse in oil prices and particularly after the Gulf war in 1991, net return migration became a reality. The public sector's role in employment is being gradually reduced with the suspension of the employment guarantee scheme and the privatization efforts being undertaken as part of the economic reforms and structural adjustment program.

These factors contributed to the rise in unemployment to 10 percent in 1993 that has fluctuated around that figure ever since (see appendix table A.2 for unemployment rates by region). There is much controversy about the exact

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<sup>23</sup> Shafik, Nemat (1996)

figure for unemployment depending on measurement restriction and the inclusion of female workers in subsistence agriculture<sup>24</sup>. According to the 1995 Labor Force Sample Survey, the unemployment rate is estimated at 11.3 percent of the labor force, i.e., 1.9 million. The 1998 Egypt Labor Force Sample Survey which imposes the restriction criterion and includes women in subsistence agriculture puts the figure at 7.9 percent. Others note that if the data are corrected for serious shortcomings such as underestimating female participation rate and under reporting<sup>25</sup> employment for age categories in the labor force of less than 15 and above 60, the level may rise to around 13 percent. Regardless of the, sometimes contestable, level of open unemployment, there is agreement that open unemployment has become “structural” or organic, with grave social and economic consequences.

The main characteristics of the unemployment problem are:

Firstly, unemployment is principally an issue of youth unemployment as the incidence of unemployment is highest among first-time job-seekers who naturally fall in the age group 15-25 (94 percent).

Secondly, the relationship between education and unemployment seems to be negative as the incidence of unemployment is highest for those with secondary (22 percent) education and above compared to 1 percent for those below secondary education.

Thirdly, unemployment is higher in urban areas but has been rising more rapidly in rural areas in the past ten year period with the highest increase being in Lower Egypt. (Assaad 1999).

Fourthly, female unemployment is higher than that of males and it has been shown to be the case across almost all educational categories.

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<sup>24</sup> see Fergany (1996) & Assaad (1999)

<sup>25</sup> World Bank, Private Sector Development in Egypt, 1994, Annex A and B.

### 1.3. The Education System

Starting at the age of six, the Egyptian education system consists of five years of primary school, three years of preparatory school and three to five years of secondary school. The first eight years of primary and preparatory schooling constitutes the mandatory basic education stage. This stage is followed by a general or technical secondary education depending on the results of examination taken at the end of the basic education. The duration of the general secondary education is three years while technical education extends three to five years and can be industrial, agricultural or commercial. This can be followed by higher education.

Public spending in education is relatively high at 3.3 percent of GDP in 1996/97. Current expenditure on education as a share of government's total current expenditure (excluding debt services) increased from 18 percent 1990/91 to 23 percent in 1996/97. Achievements have been substantial but problems remain in terms of enrolment levels, quality, and returns to education.

Achievements in Education have been tremendous. Literacy rates increased from 39.2 percent in 1976, to 44.5 percent in 1986 and 55.5 percent in 1996. Access to basic education also expanded according to official figures from 73 percent gross enrolment in 1980 to 97 percent in 1996/97. The number of students enrolled in public and private schools also increased at an average growth rate of 3.1 percent per annum in 1990/91 - 1996/97 and enrolment in higher education increased by an average of 12.5 percent per year in the same time period. Throughout the period, girls enrolment increased at a higher rate than that for boys but given its initial low level is still lower standing at 46 percent in 1996 (up from 44 percent in 1991).(INEP 1998).

Nevertheless, problems still persist. Coverage of basic education is not yet universal and significant disparities in access by gender and geographic location still exist - see appendix table A.3. Illiteracy is still widespread particularly in rural areas (56 percent in 1996 compared to 30 percent in urban) with the rate being highest in upper rural Egypt at 64 percent in 1996. Female illiteracy is one of the highest in the Middle East at 57 percent in 1994 (age 15+) and twice as high as that for males in the same age bracket. Striking is the urban/rural differential in female illiteracy where it is twice as high in rural areas (71 percent in rural compared to 38 percent in

urban areas) Female illiteracy was as high as 80 percent in Upper rural Egypt in 1996. Enrolment ratios in basic education are also seen to lower for females. According to the 1995 EDHS, 83 percent of Egyptian males had attended school compared to only 65 percent of females. Even for those who attended school, there is a gap in the number of years of schooling - 6.1 for males versus 3.3 for females (INEP 1996).

Moreover, the quality of basic education has significantly deteriorated over time as reflected in the number of school buildings deemed unfit, the continued dependence on multiple school shifts, the high class densities and most detrimental the pervasive recourse to private tutoring. Handoussa (1999) attributes this to the declining real expenditure per pre-university student of about 20 percent between 1981/82 and 1994/95, compared to expenditure on university education which increased in real terms per student by about 70 percent. This is collaborated by the INEP report which shows that whereas pre-university education accounts for 90 percent of total students (pre-university and university) it received 75 percent of resources in current expenditures. On the other hand, higher education which accounts for about 10 percent of total students received 25 percent of total current expenditure.

**Table 1.3. -Real Government Expenditure on Education, 1990/91 - 1996/97 Million LE (1995/96=100)**

| Public Education Expenditure | 1990/91 | 1991/92 | 1995/96 | 1996/97 |
|------------------------------|---------|---------|---------|---------|
| Current Expenditures         |         |         |         |         |
| Pre-university Education     | 4323    | 4406    | 6843    | 7465    |
| Higher Education             | 1486    | 1562    | 2656    | 2088    |
| Total Current Expenditure    | 5809    | 5968    | 9499    | 9553    |
| Investment Expenditure       |         |         |         |         |
| Pre-university Education     | 479     | 444     | 1988    | 2495    |
| Higher Education             | 1317    | 1175    | 1219    | 1127    |
| Total Investment Expenditure | 1796    | 1619    | 3207    | 3622    |
| Total Education Expenditure  |         |         |         |         |
| Pre-university Education     | 4802    | 4850    | 8831    | 9960    |
| Higher Education             | 2803    | 2737    | 3875    | 3215    |
| Total Education Expenditure  | 7605    | 7587    | 12706   | 13175   |

Source: Egypt Human Development Report 1997/98

Lower quality coupled with increasing education costs have had a negative impact on the retention capability of the education system, especially for basic education. The drop out rate at the end of the primary cycle in 1993/94 was estimated as high as 27 percent, compared to 9 percent at the end of the preparatory cycle. The high incidence of dropout has been associated with child labor and also has implications on future literacy rates. (INEP 98). Closely connected to this, is the widespread use of private tutoring to overcome the deficiencies in the school system. Private tutoring for school teachers has now become the “moonlighting equivalent of civil servants. The adverse effects of low teacher salaries and wages has resulted in teachers limiting the number of hours of effective formal teaching to allow more time for private tutoring; and their compromising on the quality of teaching during regular classes to create demand for private tutoring. The brunt of this of course is borne by the household with its concomitant adverse impact on drop-out rate and its correlate child labor.

Moreover, the educational system does not appear to contribute to the average earnings prospects of the Egyptian worker. Only university education results in a sizable return over the previous stage of education. Schools, specifically primary and preparatory levels do not produce marketable skills, hence the high rate of unemployment among this category. Fergany (1995) argues that the reward to education in terms of access to more productive remuneration is becoming increasingly precarious. Open unemployment, as was shown above, has been steadily rising in the last two decades and unemployment has been concentrated among new young entrants to the labor market with vocational secondary degrees. (Fergany, 1995).

## 2. POVERTY IN EGYPT

### 2.1. Poverty Measurement

There are three broad approaches to measuring poverty - absolute, relative and subjective.<sup>26</sup> The most commonly used approach in developing countries is the consumption-based measurement of absolute poverty. The absolute poverty line is measured using the cost of basic needs approach (CBN). This is based on the cost of a diet that provides a basic (minimal) nutritional requirement and that should reflect the consumption behavior of the poor (food poverty line) plus an allowance for basic non-food expenditures.

Other measures of poverty include relative poverty which is based on a socially determined normative minimum basic needs and is usually set at a proportion of the median household consumption/ income of the population. This measure is more widely applied in developed countries. Subjective poverty, on the other hand, is based on an individual's perception of what constitutes a minimum socially acceptable standard of living.<sup>27</sup>

Most of the poverty studies in Egypt have focused on the cost of basic needs approach. The focus is on defining the poverty line (absolute) and providing the FGT (Foster, Greer and Thorbeck) class of poverty measures, i.e. the headcount index, the poverty gap index and poverty severity index. These have been used to define the prevalence and severity of poverty, its evolution over time as well as to obtain a mapping of the distribution of poverty across regions and sectors. The characteristics of the poor are then described based on these estimates.

The absolute poverty lines are estimated as follows: The first step is to establish the cost of the minimum food requirement, i.e. the food poverty

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<sup>26</sup> See Ravallion, Martin (1992) Poverty Comparisons: A Guide to Concepts and Methods, World Bank, LSMS Working Paper no.88.

<sup>27</sup> El-Issawy, Ibrahim (1996) "Poverty in Egypt: A semi-participatory inquiry", background paper for the 1996 Egypt Human Development Report estimated subjective poverty in Egypt based on people's perception of their own and their neighbors' situation.

line. Poverty lines are then estimated based on the non-food component of expenditures of those individuals at the poverty line. Upper poverty lines are based on the non-food component of those households whose *food* expenditures are equal to the food poverty line. Individuals falling below this line are thus those who barely meet the minimum food requirement. The lower poverty line is based on the basic non-food expenditure of households whose total expenditure equals the food poverty line. This lower line is meant to capture those individuals who are capable of reaching their basic food requirements but choose not to/ unable in order to get their essential non-food requirements.<sup>28</sup>

Having said that, income poverty, is by no means a conclusive definition. Poverty is a multifaceted phenomenon that includes among others deprivation from access to safe water, sanitation health, education and employment. Consumption/income based measures of poverty have thus been complemented by other measures such as the Capability Poverty Measure (CPM). The concept of capability poverty which is based on the work of Amartya Sen for measuring the quality of life was introduced in UNDP's 1996 Human Development Report. The CPM considers the lack of three basic capabilities, the capability to be well nourished and healthy, the capability for healthy reproduction, and the capability to be educated and knowledgeable. The report makes it clear that the CPM could also incorporate other variables which express basic or minimally essential human capabilities but keeping it simple increases its usefulness. It should also be kept in mind that the CPM is not meant to replace the concept of income poverty but rather an addition to it in order to conceptualize poverty and is essentially useful for comparison purposes.

In Egypt, the concept was applied to Egyptian data derived from the 1995 Demographic Health Survey and reported in the 1996 Egypt Human Development Report (EHDR).

In this report we first consider consumption poverty and then move on to look briefly at capability poverty as measured by the CPM. In order to obtain a more comprehensive picture of poverty in Egypt we then turn our focus to looking at access to education, health and employment. Other indicators of poverty such as the extent of deprivation from safe water and

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<sup>28</sup> Dat et al refer to the upper poverty line as the reference line and the lower poverty line as the ultra poverty line.

sanitation are given in conjunction with the health indicators in appendix table A.4 and are self explanatory.

### 2.1.1. Data sources

Most of the poverty studies in Egypt rely on the Household Income and Expenditure Consumption Surveys (HIECS) conducted by the Central Agency for Public Mobilization and Statistics (CAPMAS) - box 2.1. The general assessment of the quality of these surveys is that it “they are better than average” (Cardiff, 1997:12), nevertheless, two points need to be kept in mind. (1) Care must be taken in distinguishing between rural and urban data. This is because the survey was conducted for individual governorates that contain rural and urban divisions that are no longer valid with the development of the countryside (Cardiff 1997). (2) The survey grossly underestimates household incomes. For 1990/91 HIECS, the underrepresentation compared to the national accounts was estimated at 44 percent for urban areas and 47 percent for rural (Korayem 1994). Income data for 1995/96 are reported to be 30 percent lower than the comparable national income data (Cardiff, 1997).<sup>29</sup>

One of the major exceptions to the use of HIECS, is a recent study in 1997 conducted by the International Food Policy Research Institute (IFPRI) in coordination with the Ministry of Agriculture and Land Reclamation and the Ministry of Trade and Supply. The study uses data from the Egypt Integrated Household Survey (EIHS) which was conducted by these collaborators in 1997 and which is nationwide containing data on a broader range of topics than those in the HIECS. However, differences between the EIHS estimates of per capita consumption and those obtained from the HIECS are quite significant as will be explained below.

Another exception, is a study conducted by the Social Research Center of the American University in Cairo which undertook an in-depth survey on poverty in 1994. However, the results have not to date been disseminated.

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<sup>29</sup> Fergany (1998) notes that household income and expenditure data suffer from underreporting which is at its maximum for the higher values (the so-called upper tail of the distribution). The richest of the rich are normally not included in the survey reducing the efficiency of income and expenditure surveys in measuring the distribution of income.

### Box 2.1 .Measuring Poverty through Household Surveys

Household budget surveys present the single most important source of information for measuring poverty. There have been three household budget surveys in Egypt so far: in 1981/82, 1990/91 and 1995/96. The latter two surveys, known as the Household Income and Expenditure Consumption Surveys (HIECS), are particularly important because of their comparability, in terms of survey design and administration, and hence the opportunity they offer in making relatively robust poverty comparisons over the period 1991-1996.

The sample size was 9000 households in 1981/82, 14232 households in 1990/91 and 14805 in 1995/96. In terms of quality, the survey data for 1990/91 and 1995/96 can be judged "better than average". The samples are nationally representative. They were randomly and systematically chosen, and a stratified multiple stage sampling was used. However, due to poorly delineated field maps, the samples can only be considered approximately self-weighted i.e. the samples selected were approximately proportional to the household count in urban and rural governorates in the 1986 Census. The extent of undercoverage of squatter and nomadic populations cannot be determined. The sample size for both surveys is large enough to allow for inferences at the regional and governorate levels, with the exception of border governorates where the sample size is small. Levels of bias and imprecision for both surveys are within statistically acceptable margins.

|       | 1990/91    |             | 1995/96    |             |
|-------|------------|-------------|------------|-------------|
|       | Households | Individuals | Households | Individuals |
| Urban | 8352       | 43614       | 6622       | 28911       |
| Rural | 5880       | 38495       | 8183       | 45029       |
| Total | 14232      | 82109       | 14805      | 73939       |

The survey was administered over 12 months, with 10 visits to the household over a period of one month. A household diary is kept for one full month, where all consumption expenditure transactions for all household members were recorded. Expenditure on food items included imputed value of own-produced commodities where these have marked equivalents. The annualized sum of monthly or quarterly household expenditures was then used to construct the consumption basket for total household expenditures. For 1990/91, budget shares were calculated for 572 distinct expenditure groups, which rose to 635 separate groupings in 1995/96.

Source: Cardiff (1997)

***From Household to Individual.*** Household surveys by definition record aggregate outlays for the entire household<sup>30</sup>. However, poverty being an individual phenomenon, it is important to move to the level of the individual. This is done by using adult equivalence scales to adjust the welfare measure to the individual by taking into account the age and sex composition of the household, i.e. assigning a weight between zero and one to household members depending on their age and sex.

***Income versus expenditure.*** The use of expenditure as a welfare indicator rather than income has been favored in developing countries on the basis of several conceptual and empirical considerations. The first being that consumption is a better measure of actual welfare rather than the potential welfare.<sup>31</sup> Secondly in measuring welfare overtime, it is better to use expenditure since individuals use savings and credit to smooth fluctuations in income. The third relates to the consumption options and income sources of the poor which might be seasonal in nature. In addition, the difficulty of measuring the income of the self-employed which are a significant proportion of the labor force in developing countries makes consumption expenditure a more reliable indicator. Finally, there is a general belief that survey respondents are more willing to reveal their consumption patterns than their income.

### **2.1.2. Recent Studies on Poverty**

There are many studies that attempt to study and estimate poverty in Egypt, however, the variation in the estimates is quite wide especially with regards to the ranking of regions by poverty incidence. For instance, although the same definition of upper and lower poverty lines is used estimates of the incidence of poverty in 1995/96 vary from 26 percent and 48 percent for the upper poverty line and 8.6 percent and 22.9 percent for the lower poverty line (see appendix table A.5). It is therefore instructive to take a brief look at the possible source of variation between these studies before deciding on which one to focus on.

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<sup>30</sup> The household is defined as a group of individuals living together in the same place and sharing a budget.

<sup>31</sup> Ravallion, Martin (1994) Poverty comparisons

The four recent major studies on poverty are:

1. Cardiff 1997
2. El-Laithy & Osman, 1996
3. El-Laithy & al, 1998
4. Datt et al, IFPRI, 1997<sup>32</sup>

In a first step to estimating poverty lines, Cardiff (1997) used an earlier established “ideal” diet that provides the caloric and protein intake needed by age and sex.<sup>33</sup> The main criticism with the Cardiff (Korayem) approach would be that it does not take into account the actual consumption pattern of the poor as tastes may vary as well as relative prices. Such poverty lines would then tend to be higher with a consequently higher poverty prevalence. The three other studies, namely El-Laithy & Osman (1996), El-Laithy et al (1998) and Dat et al (1997) overcome this problem by using the composition of the diet actually consumed by households in the lower end of the consumption distribution and adjust the quantities to attain the minimum caloric requirement.<sup>34</sup> The cost of the selected diet is then determined using prevalent prices.

Another source of variation is in urban/rural and regional differences in the real value of the poverty line. The earlier study by Cardiff and El-Laithy/Osman accounted for urban/rural price differences but did not take into consideration price differences between regions. This was however taken care of in El-Laithy later work which followed the methodology adopted by Dat et al and constructed regional poverty lines by using actual prices for 1995/96 for each region. This is considered the major reason for the reversal in ranking of regions by poverty between the 1996 study on

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<sup>32</sup> We refer interchangeably to the IFPRI study and Datt et al study.

<sup>33</sup> Cardiff (1997) used the same methodology in establishing the food poverty line as an earlier study by Korayem but updated her work by adjusting for household size which was erroneously used. Cardiff also accounted for urban/rural price differences by using the appropriate food-only CPI.

<sup>34</sup> The minimum caloric intake is set at 2200 calories per capita per day equivalent to 3000 calories in adult equivalence units. This is based on the daily allowance for given levels of activity and standard weights of the Egyptian population recommended by the Institute of Nutrition and which is in line with nutrition standards set by FAO/WHO. Dat et al actually go further to estimate the minimum per capita caloric requirement for each region.

which the EHDR was based and the later work by El-Laithy et al and Datt et al.

As mentioned above, Datt et al is the only study amongst those being currently considered that uses the broader based EIHS. The different methodology used by Datt et al in estimating the different components of non-food expenditure is considered the main reason behind their higher estimates of per capita consumption (estimated to be 40 percent higher after correcting for inflation) and hence much lower poverty estimates.<sup>35</sup> For instance Datt et al impute the rental value of owner occupied housing whereas the other studies use actual expenditures on housing. This would explain some of the to difference given that most of the housing in rural areas are owned whereas paying rent would be more common in urban areas. Another source of difference that accounts for about a third of the lower poverty estimate in the IFPRI study is the evaluation of services from durable goods.<sup>36</sup>

Following the above brief exposition of the main variation between the different poverty studies, we will focus on the El-Laithy and Osman study for the following reasons:

1. The main added benefit of the Datt et al study over the El-Laithy/Osman study is that it accounted for regional price differences and therefore gave a more accurate mapping of poverty by region. Nevertheless, El-Laithy et al (1998) took this into consideration and their results confirm that lower Egypt is significantly better off than upper Egypt in both urban and rural areas and for both the upper and lower poverty lines. This was one of the main points of contention between the IFPRI study and the other studies based on the HIECS (Datt et al agree that the incidence of poverty is worst in rural regions and specifically in upper rural Egypt but find that there is no significant difference between lower

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<sup>35</sup> The difference in the estimates of poverty prevalence between the IFPRI study and the other studies based on the CAPMAS surveys can not be attributed to the different poverty lines used. Datt et al have ruled this out by obtaining similar results to the Cardiff study when they applied their reference poverty lines to HIEC 95/96 (after deflating them for change in consumer price level between the two surveys). In addition, a quick look at IFPRI poverty lines and those by El-Laithy show that they are comparable.

<sup>36</sup> See Datt et al "A Profile of Poverty in Egypt, 1997" for a detailed exposition of this methodology difference.

Egypt and Upper Egypt for both the upper and lower poverty lines - see appendix table A.5).

2. Although the EIHS might be preferred for its greater information richness, the HIECS take greater care in estimating expenditures. The HIECS measured consumption expenditures by having enumerators visit each household ten times over a period of one month and relying on a written diary to record expenditures. The IFPRI survey visited each household only once and relied on a one week recall for food expenditures (Assaad & Rouchdy 1998).
3. The El-Laithy/Osman study permits comparisons of poverty over time as they use the same methodology applying it to comparable data sets. The IFPRI study, on the other hand, is conducted in only one point in time.
4. The El-Laithy/ Osman study was the main study used in the 1996 Egypt Human Development Report. As that is also our main source for looking into other measures of poverty such as capability poverty, we thought it more appropriate for comparative reasons to use the same study.

The poverty lines estimated by El-Laithy and Osman are presented in table 2.1. The Egypt Human Development Report (INEP 1996) which is based on the El-Laithy and Osman study uses these poverty lines to measure poverty. However, they focus their estimates on the lower poverty line. They then define those below the upper poverty line as “moderately poor” and those below the lower poverty line as the “poor”. The term ultra-poor is used to describe those below the food poverty line.

In this report, we felt that the upper poverty line was a much better measure of the cut-off point for poverty and therefore based the description mostly on it referring to those below it as the “poor”. In most cases we also refer to the lower poverty line but call those falling below it as “extremely poor” (the term ultra poor was avoided so as not to confuse it with that alluded to in the 1996 INEP report).<sup>37</sup>

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<sup>37</sup> Assaad and Rouchdy (1998) note that it is far more common in the international literature to report results based on the upper poverty line.

**Table 1.1. - Poverty Lines for 1995/6**

|                    | (L.E.) |       | \$*   |       |
|--------------------|--------|-------|-------|-------|
|                    | Urban  | Rural | Urban | Rural |
| Food Poverty Line  | 702    | 512   | 207   | 151   |
| Upper Poverty Line | 1325   | 924   | 391   | 273   |
| Lower Poverty Line | 968    | 696   | 286   | 205   |

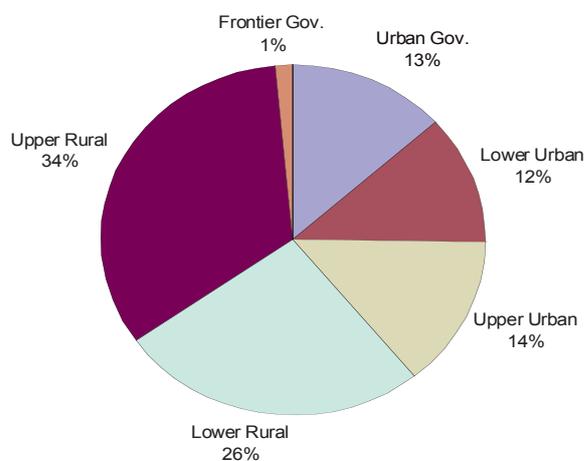
\* The exchange rate in 1995 was L.E.=3.39

## 2.2. Profile of Poverty

### 2.2.1. Map of Poverty in Egypt

*Almost half of the population in Egypt is poor.* Based on the upper poverty line, it is estimated that 27.8 million persons are living in poverty in 1995/96 - 48 percent of the total population. About half of the poor (13.7 million) fall below the lower poverty line, and about one million cannot even afford their basic food requirements (fall below the food poverty line).

Figure 2.1. Distribution of Poor by Region



*The incidence of poverty is higher in rural areas.* The rural areas which comprise 57 percent of the population account for 60 percent of the poor. The incidence of poverty is higher in rural areas where it is found to be 50 percent of the rural population compared to 45 percent in urban areas.

Poverty incidence based on the lower poverty line also shows urban areas to be better off but the difference is much smaller (22.5 urban and 23.3 rural).

***Upper Egypt accounts for more than its share of Poverty.*** Almost half of the poor are in Upper Egypt accounting for more than its share in the population (36.5 percent) and accounting for the greatest poverty gap and severity in the country (see table 2.2). The incidence of poverty is worst in rural Upper Egypt at 63 percent with the largest concentration of poor of 34 percent living there. The poverty gap and severity indices are also the high indicating that expenditure levels fall well below the poverty line.

***Poverty deficit and severity are higher in urban areas.*** The poverty gap index is 12.8 for the whole country indicating an average poverty deficit of the poor of 26.5 percent of the upper poverty line and is larger in urban areas (28.5 percent or L.E. 377) compared to rural (25 percent or L.E. 231).<sup>38</sup> In fact, urban Upper Egypt not only has the greatest poverty incidence within urban areas but also has the largest poverty gap in the country. The region also accounts for the highest poverty severity at 7.9 compared to the national average of 4.9 percent. This is further seen in the proportion of those barely meeting their basic needs (falling below the lower poverty line at 35 percent) and those not meeting these needs (falling below the food poverty line at 13 percent) being the highest in the country.

Apart from Upper Egypt the prevalence and severity of poverty is seen to be high in the urban areas of lower Egypt and frontier governorates. It is also seen that the incidence of poverty is least in the Urban Governorates (34.2 percent) with the depth of poverty being below the national average.

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<sup>38</sup> The poverty gap is obtained by multiplying the poverty gap index by the inverse of the headcount ratio.

**Table 2.2. Measures of Poverty by Region - Upper Poverty Line**

|                | Head count index<br>P0 | Poverty Gap<br>P1 | Poverty Severity<br>P2 | Relative<br>Share (%) | Population<br>Share (%) |
|----------------|------------------------|-------------------|------------------------|-----------------------|-------------------------|
| All Egypt      | 48                     | 12.7              |                        | 100                   | 100                     |
| All Urban      | 45                     | 12.8              | 4.9                    | 40.0                  | 42.6                    |
| All Rural      | 50.2                   | 12.5              | 4.2                    | 60.0                  | 60.0                    |
| Urban Gov.     | 34.2                   | 9.3               | 3.5                    | 13.2                  | 18.6                    |
| Lower Urban    | 48.2                   | 12.7              | 4.6                    | 12.0                  | 12.0                    |
| Lower Rural    | 40                     | 8.7               | 2.5                    | 26.2                  | 31.5                    |
| Upper Urban    | 59.6                   | 19.2              | 7.9                    | 13.9                  | 11.2                    |
| Upper Rural    | 63.4                   | 17.6              | 6.3                    | 33.3                  | 25.3                    |
| Frontier Urban | 51.4                   | 12.8              | 4.5                    | 0.9                   | 0.8                     |
| Frontier Rural | 34.1                   | 6.2               | 1.5                    | 0.4                   | 0.6                     |

Source: El-Leithy & Osman (1996)

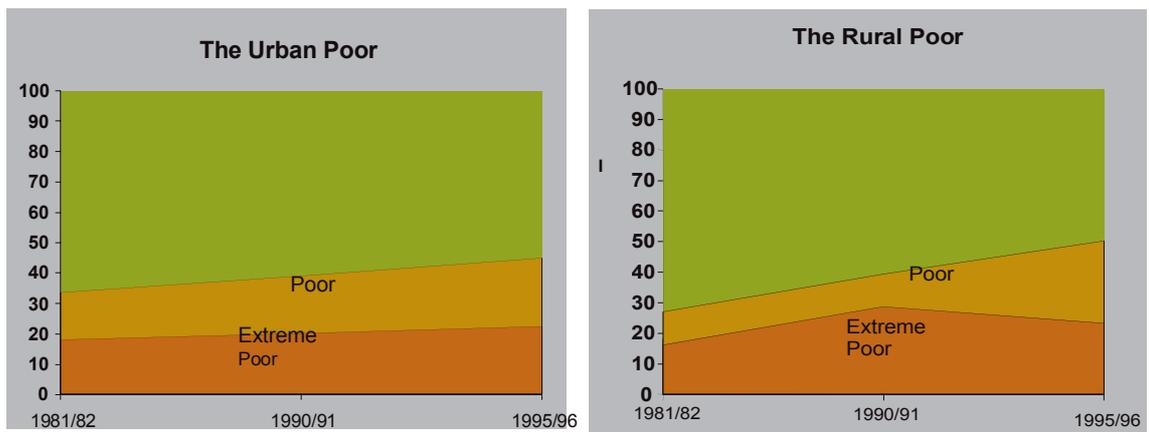
### 2.2.2. Poverty Trend Over Time

***Poverty in Egypt showed an increasing trend*** in the 1980s and this continued at a higher rate following the implementation of ERSAP in the early nineties. The headcount index (upper poverty line) rose from 30 percent in 1981/82 to 39 percent in 1990/91 reaching 48 percent in 1995/96. Table 2.3 shows the poverty measures for the periods in which HIECS were conducted. It can be seen that the increase in incidence of poverty occurred in both urban and rural regions of Egypt albeit at a higher rate in rural areas. Considering the lower poverty line, extreme poverty is seen to have increased in the 1980's but to have declined in the 1990's. This trend, however, masks important regional differences as can be seen from fig. 2.2.

***Poverty incidence and depth increased in urban areas.*** The headcount index increased at an average annual rate of 3 percent in the period following ERSAP compared to 1.6 percent in the period prior to its implementation. This was accompanied by increasing poverty gap and severity which is also reflected in the growth in the number of individuals below the lower poverty line - the extremely poor.

***But extreme poverty is on the decline in rural Egypt.*** The incidence of poverty in rural areas increased significantly with the proportion of the poor more than doubling in the period after ERSAP (1990/91-1995/96). However, the proportion of the poor who fell below the lower poverty line declined after 1990 as they graduated out of extreme poverty. So that while the poor continued to increase in rural areas in the early nineties, the poverty gap and severity were seen to be declining.

Figure 2.2. Poverty Over Time (1981/82 - 1985/86)



**Table 2.3. Poverty Measures Over Time**

|   | 1981/82 |       | 1990/91 |       | 1995/96 |       |
|---|---------|-------|---------|-------|---------|-------|
|   | Urban   | Rural | Urban   | Rural | Urban   | Rural |
| Upper Poverty Line                        |         |       |         |       |         |       |
| Headcount Index (P0)                      | 33.5    | 26.9  | 39      | 39.2  | 45      | 50.2  |
| Poverty Gap (P1)                          | 6.5     | 4.2   | 10.8    | 12    | 12.8    | 12.5  |
| Povert Severity (P1)                      | 3.5     | 1.6   | 4       | 4.5   | 4.9     | 4.2   |
| Poverty Line at 1990/91, LE               | 729     | 471.9 | 739     | 502.2 | 742.9   | 568.4 |
| Lower Poverty Line                        |         |       |         |       |         |       |
| Headcount Index (P0)                      | 18.2    | 16.1  | 20.3    | 28.6  | 22.5    | 23.3  |
| Poverty Gap (P1)                          | 3.5     | 3.1   | 4.3     | 4.5   | 4.9     | 4.3   |
| Povert Severity (P1)                      | 0.9     | 0.8   | 1.1     | 1.4   | 1.6     | 1.2   |
| Poverty Line at 1990/91, LE               | 555     | 422   | 556     | 423   | 549.4   | 430.9 |
| Av pc Expenditure<br>(LE at 90/91 prices) | 1106.7  | 733.2 | 1088    | 724   | 1001.7  | 638.7 |
| Gini Coefficient                          | 32.2    | 27.5  | 34.0    | 36.0  | 34.0    | 24.0  |

Source: El-Laithy & Osman (1996)

### 2.2.3. Inequality & Poverty

A critical issue is whether greater equality is compatible with poverty reduction. The related issue of the relationship between growth and inequality is outside the scope of this report.

Even though, average per capita expenditures have been declining in Egypt in the early nineties (as well as in the eighties), the Gini coefficient as a measure of income distribution is seen to have improved slightly in Egypt in the early nineties particularly in rural areas. Income distribution remained more unequal in urban Egypt than in its rural parts. The percentage distribution of expenditure by population decile shows a similar pattern. Table 2.4 shows that the pattern of distribution seems to have improved modestly in urban areas. The improvement in rural areas is much more evident as the share of the poorest 20 percent increased from 7 percent in 1990/91 to 11 percent in 1995 while that of the richest 20 percent declined in the same period from 57 percent to 65 percent.<sup>39</sup>

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<sup>39</sup> Fergany (1998) attributes this perceived improvement in the distribution to the truncation of the upper tail of the distribution which was cited earlier as being one of the main shortcomings of the HIECS. He concludes that "with the exclusion of the rich from surveys data, disparity among those included in the surveys, i.e. the non-rich, would tend to decline. Inclusion of the rich in our information base would significantly alter the picture"

**Table 2.4. Expenditure Distribution & Gini Coefficient**

|  | Urban   |         |         | Rural   |         |         |
|--|---------|---------|---------|---------|---------|---------|
|  | 1981/82 | 1990/91 | 1995/96 | 1981/82 | 1990/91 | 1995/96 |
| 20%                                    | 8.4     | 8.2     | 8.4     | 10.2    | 7.0     | 11.3    |
| 40%                                    | 21.0    | 20.3    | 20.4    | 24.6    | 19.7    | 25.7    |
| 80%                                    | 59.0    | 57.0    | 58.0    | 64.6    | 56.9    | 65.2    |
| Gini                                   | 32.2    | 34.0    | 33.8    | 27.5    | 36.0    | 24.0    |
| Ratio of Richest 20%<br>to Poorest 20% | 4.9     | 5.2     | 5.0     | 3.5     | 6.1     | 3.1     |

Source: El-Laithy & Osman (1996)

It is worthwhile to see how these results follow the poverty measurement described above. In rural Egypt where the average expenditure declined and Gini coefficient fell, the percentage of those falling below the lower poverty line declined, i.e. the extremely poor graduated to what we refer to as “poor”. It would therefore seem that the witnessed improvement in income distribution is a reflection of the higher expenditure levels of the “poor” as seen from the declining poverty gap. However, in both urban and rural areas, the higher incidence of poverty is inconsistent with the improved income distribution (albeit modest in urban areas). This is most likely a reflection of the declining average per capita expenditure.

In fact, table 2.3 shows that average per capita expenditures in 1981-1995/96 declined at a higher rate in the early nineties than the decline witnessed in the eighties. Thus average per capita expenditures in 1995 were lower than their level in both 1981 and in 1990 in both urban and rural areas. The annual rate of decline in 1990/91-95/96 in rural was higher than that in urban areas at 3 percent and 2 percent respectively.

Given the decrease in income inequality in the early nineties, one would have expected economic growth to have reduced poverty since the poor would have received a greater percentage of the increase. While this was the case for the “extremely poor” in rural areas, it was not so for urban poor. A possible explanation could lie in the differential impact of food and general price indices increases for the poor and non-poor in urban and rural areas. With 1986/87 as the base year, El-Laithy and Osman (1996) report (1) the food CPI increased sharply from 1985/86 to 1994/95 in both rural and urban areas reflecting the sharp increase in the cost of food mainly as a result of the removal of subsidies to food commodities as part of ERSAP; (2) The food CPI has been increasing faster than the general CPI in each and every year from 1985-1995 with the exception of 1992/93; (3) the burden of the increasing prices is higher for the poor than the non-poor because food represents a bigger percentage of their total expenditure. Food CPI for the poor is higher than the non-poor, for each year since 1989/90 and disparities are wider in urban areas than in rural areas. (more is said on food subsidies in part III)

#### 2.2.4. Capability Poverty

Capability Poverty as a complement to income poverty is meant to reflect the percentage of people who lack basic, or minimally, essential human capabilities. The capability poverty measure is an unweighted average of the following three indicators: (1) the capability to be educated measured by female illiteracy (in realization of the fact that female education is crucial to the well-being of societies in general and households in particular) (2) the capability for healthy reproduction measured by the proportion of births unattended by a doctor or a trained nurse/ midwife, and (3) the capability to be well nourished and healthy measured by the proportion of children below age 5 who are underweight.

The CPM was applied to Egyptian data derived from the 1995 Demographic Health Survey and was reported in the 1996 Egypt Human Development Report (EHDR). Table 2.5 shows that overall, capability poverty in Egypt is higher than consumption poverty as measured by the percentage of persons below the lower poverty line (those in extreme poverty) but lower than consumption poverty, i.e. those below the upper poverty line. This, however, hides significant urban/rural differences as well as differences between regions. It is clear from table 2.5 that the rural population in Egypt suffers more from capability poverty than the urban population. Capability poverty in urban areas is about the same as consumption poverty measured at the lower poverty line at below a fourth of the urban population. However, it is much higher in rural areas where the proportion of persons who are capability poor (43%) is double that of urban capability poverty and twice that of rural consumption poverty as measured by the lower poverty line.

**Table 2.5. Capability Poverty**

|                  | Under-<br>Weight | Unattended<br>Births | Female with<br>no Education | People who<br>are capability<br>Poor | People who<br>are extremely<br>Poor | People who<br>are<br>Poor |
|------------------|------------------|----------------------|-----------------------------|--------------------------------------|-------------------------------------|---------------------------|
| All Egypt        | 12.5             | 53.7                 | 35.4                        | 33.9                                 | 22.9                                | 48                        |
| All Urban        | 9.9              | 32.1                 | 20.8                        | 20.9                                 | 22.5                                | 45                        |
| All Rural        | 14.1             | 67.2                 | 47.8                        | 43                                   | 23.3                                | 50.2                      |
| Urban Governates | 9.1              | 30.8                 | 20.4                        | 20.1                                 | 16                                  | 34.2                      |
| Lower Egypt      | 9.6              | 48.6                 | 33                          | 30.4                                 | 17.1                                |                           |
| Urban            | 8.8              | 24.9                 | 18.8                        | 17.5                                 | 21.7                                | 48.2                      |
| Rural            | 9.9              | 56.1                 | 38.9                        | 35                                   | 15.4                                | 40                        |
| Upper Egypt      | 16.1             | 67.8                 | 48.3                        | 44.1                                 | 34.1                                |                           |
| Urban            | 11               | 40.4                 | 24.1                        | 25.2                                 | 35                                  | 59.6                      |
| Rural            | 17.8             | 77.1                 | 59.1                        | 51.3                                 | 33.7                                | 63.4                      |

Source: INEP (1996) and El-Laithy & Osman (1996)

It is also clear that upper rural Egypt suffers the most from a deficit in public services where half of its population is capability poor. The gap in both capability poverty and income poverty between upper and lower Egypt and between urban and rural within regions is also telling of the need to focus efforts at improving public services in rural areas in general, and Upper Egypt, in particular. A look at the components of the capability poverty index also reveals the Upper rural Egypt fares the worst in terms of underweight children, unattended births and female households with no education.

The high percentage of children who are underweight, 12.5 % for Egypt as a whole and 17.8 percent in rural Upper Egypt is one of the more serious aspects of deprivation poverty because it is hardly reversible. Chronic inadequate intake of food results in stunting (low height for weight) or/and wasting (low weight for height), conditions which are prevalent among poor Egyptian children. The deleterious effects of these conditions in terms of physical impairments that preclude development of mental faculties and curtail learning abilities stay with the thus injured throughout life. Fergany warns against such manifestations of poverty which abort the potential for development in a country that is rich only in human resources.(Fergany 1998)

### 2.3. Characteristics of the Poor

Although the different poverty studies in Egypt differ in their estimation of the level of poverty, the characteristics of the poor are relatively robust to such differences. The report therefore alternates between the different studies in defining the characteristics of the poor.

On average, the poor tend to have larger household sizes with the size declining from an average of 8 for the ultra poor to about 5.4 for the non-poor. In addition, average household sizes tend to be higher in the rural areas compared to the urban.<sup>40</sup> The poor also have higher dependency ratios

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<sup>40</sup> Dat et al point to the fact that per capita indicators do not allow for economies of household size in consumption but that the results indicate that such economies would have

(defined as the ratio of the number of children 0-15 and elders - above 60 to the number of working age -15-60) with this being entirely on account of the extra children rather than the aged.

The primary occupation of poor tends to be concentrated in the relatively low paying jobs of the casual labor market. El-Laithy & Osman report the highest incidence of poverty (40 percent in urban and 54 percent in rural) as being for households whose heads have “unclassified” occupation, i.e. comprising casual laborers, marginal workers in personal services and the informal sector. Moreover, households in this category contribute 48 percent of urban poor and 35.5 percent of rural poor. Construction, agriculture and trade and personal services appear to be the industrial sectors that are characterized by higher levels of poverty compared to the rest.

The relationship between poverty and education particularly with regards to illiteracy is one of the most striking features in Egypt. According to the INEP (1996), 71 percent of rural poor and 48 percent of urban poor are illiterate. These percentages exceed the share of this category in the total number of households. As expected, the highest poverty indices are for households whose head is illiterate. The incidence of poverty is 42 percent for urban households and 38 percent for rural households in this category. It is interesting to note that in addition to the fact that the illiterate categories have the largest percentages of the poor among their households, poverty measures in urban areas are about 1.3 times those in rural areas, in categories with low levels of education. This indicates that education in urban areas plays a more important role in obtaining an adequate income and hence avoiding poverty (El-Laithy & Osman 1996).

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to be substantial to reverse the observed positive relation between poverty and household size.

## 2.4. Deprivation from Education & Health

### 2.4.1. Access to Education

Education is perhaps the most important predictor of poverty. It is therefore disconcerting that all of the studies on poverty find a significant literacy, enrolment and schooling gap between the poor and non-poor. The results of the IFPRI study indicate, on average, the poor have 2.6 fewer years of schooling than the non-poor and their literacy rate is 27 percent lower than the non-poor. The poor-nonpoor education gap cuts across sector and gender categories. The EHDR (1998) conducted a Social Spending Household Survey (SSHS) in 1997/98 and found that 29 percent of poor households had children who had dropped out of education compared to 15 percent for middle income households and 6 percent for higher income households. This was attributed to three main factors: unwillingness to continue education; limited household resources; and high costs of education - see table 2.6.

The lower enrolment and higher dropout for poor households is in itself not surprising given that, in many instances, these households depend on their children to augment their meager resources. But in addition to the economic motive, it has been found that in 40 percent of the cases, children dropped because of poor school achievement. A study on child labor in Egypt showed poor school achievement to be the main reason for dropout in almost 50% of the cases. School achievement in Egypt is almost synonymous with the ability to take private tuition. Assaad & Rouchdy (1998) report that they were repeatedly told in interviews with people working in poor communities that children whose families are unable to afford private lessons face such hostile conditions that they must often drop out. They were also told that one of the first priorities of poor parents when they come into some additional cash is to arrange private lessons or group review sessions for their children to keep them in school.

**Table 2.6. Poor/Non-Poor Education Imbalances**

|   | Socio-Economic Group |        |      |
|---|----------------------|--------|------|
|   | Poor                 | Middle | Rich |
| % of children (6-11) out of school<br>who are out of school | 15.3                 | 9.3    | 2.8  |
| Non-Enrolment   | 21                   | 9.8    | 1.8  |
| Dropout   | 29                   | 15     | 6    |
| Reason for dropout:   |                      |        |      |
| unwillingness to continue                                   | 45                   | 55.6   | 51.2 |
| Limited resources   | 38.9                 | 21.1   | 20.9 |
| High education cost   | 29.9                 | 18.9   | 12.3 |
| % of students taking private lessons:                       | 51.3                 | 63.2   | 60.5 |

Source: Social Spending Survey 1997/98

Although the education system is largely public, there is evidence that the school system is being insidiously privatized. The cost of education remains high for poor households as a result of private tutoring and the cost of books. In fact as table 2.7 shows the share of private tutoring is more than half of total costs for students at all stages. Education costs during the eighties increased by 934 percent for the poorest category, by 742 percent for the middle category and by 594 percent for the top twenty percent. The cost of having one child in basic education thus reached L.E. 125 in 1997/98 (the upper poverty line in urban areas for 1995/96 was estimated at L.E. 1325 for urban and 924 for rural areas). With education costs being so high, children of poor households are the first to be deprived of formal education. Under such circumstances, and given the social male bias (more pronounced in rural areas), girls are more likely to be left out of the education system. Out-of-school boys can work as apprentices in informal establishments where they are trained and acquire skills. However, girls do not have that option.

It has been shown that poverty tends to increase the exclusion of girls from basic education. It is estimated that about 6000 thousand girls in the age group 6-10 were out of the primary education. Nearly, 81 percent of the excluded girls are in rural areas with the majority (56 percent) from Upper Egypt alone (Fergany, 1995). Faced with the increasing costs of education described above, girls in poor households are the first to be excluded from the education system. A most frequent explanation for this bias is that "girls can stay at home". This follows from the general perception that girls will eventually get married which could be achieved with or without education. On the other hand, boys will need to find a job to support a family and some education can help him obtain a better job (INEP, 1996).

Augmenting educational attainment of the poor and reducing the vulnerability of girls will therefore require not only building schools but also reducing the opportunity cost of attending schools for the poor as well as increasing their returns from extra schooling.

**Table 2.7 - Per Annum Average Per-Student Education Costs (L.E.)**

|  | Pre-University |           | Higher Education |            |
|--|----------------|-----------|------------------|------------|
|  | Basic          | Secondary | High Instit      | University |
| <i>Av. per student education cost</i>              |                |           |                  |            |
| Poor   | 125            | 187       | 391              | 707        |
| Middle   | 181            | 278       | 496              | 935        |
| Rich   | 622            | 1000      | 1485             | 2432       |
| <i>Share of Private Lessons in cost (%)</i>        |                |           |                  |            |
| Poor   | 61             | 66        | 61               | 48         |
| <i>Share of Fees in cost (%)</i>                   |                |           |                  |            |
| Poor   | 17             | 14        | 9                | 13         |
| <i>Share of Books &amp; Stationary in cost (%)</i> |                |           |                  |            |
| Poor   | 21             | 19        | 13               | 22         |
| <i>Share of Transportation in costs</i>            |                |           |                  |            |
| Poor   | 0              | 0         | 17               | 17         |

Source: Egypt Human Development Report 1998

The skewed distribution of government education in favor of tertiary education (as explained previously) has also aggravated the problem since it is mostly the higher income households who benefit from higher education - see also table 2.8. According to the SSHS (1997/98), the rich capture 1.32 times the share of the poor in public expenditure on education with the bias being as high as 5 times in higher education. Moreover, only 2 out of ten youngsters (age 17-22) from poor households are enrolled in tertiary education compared to 6 from rich households.

#### **2.4.2. Access to Health**

Egypt has made significant strides in improving access to health services (99 percent of the population) and safe piped water (83 percent of the population). As a result health indicators improved on almost all fronts as can be seen from table 2.9. Infant mortality during the past 35 years declined by more than two-thirds from 108 per 1000 live births in 1961 to 29 in 1996. Under five mortality dropped in 1995 to one-fourth its level in 1960. Life expectancy at birth increased by more than 41 percent from 46 years to about 65 years in the same time period.

**Table 2.8. Distribution of Public Expenditure on Education**

|          | Percentage Share of Income Group |                  | Total |
|----------|----------------------------------|------------------|-------|
|          | Pre-university                   | Higher Education |       |
| Poor     | 31                               | 10               | 24    |
| Middle   | 50                               | 36               | 45    |
| Rich     | 19                               | 54               | 31    |
| Total    | 100                              | 100              | 100   |
| % of GDP | 3.25                             | 1.75             | 5.0   |

Source: Egypt Human Development Report 1998

**Table 2.9. Some Health Indicators at the National Level**

| Indicators                                  | Base |       | Comparison |       |
|---|------|-------|------------|-------|
|   | Year | Value | Year       | Value |
| Infant Mortality / 1000                     | 1989 | 40    | 1996       | 28.7  |
| Death Rate / 1000                           | 1989 | 8     | 1996       | 6.5   |
| Child Mortality / 1000 live births          | 1989 | 62    | 1996       | 39.5  |
| Maternal Mortality / 100,000 of live births | 1981 |       | 1995       | 174   |
| Vaccination Coverage (%)                    |      |       |            |       |
| BCG   | 1987 | 71.6  | 1995       | 93    |
| DPT3  | 1987 | 81.6  | 1995       | 98    |
| Polio                                       | 1987 | 88.1  | 1995       | 90    |
| Measles                                     | 1987 | 76.1  | 1995       | 89    |
| Tetanus2                                    | 1987 | 12.4  | 1995       | 70    |
| Life Expectancy:                            |      |       |            |       |
| Males                                       | 1989 | 62.4  | 1996       | 65.7  |
| Females                                     | 1989 | 63.6  | 1996       | 67.9  |

Source: Egypt Human Development Report (1998)

Despite these achievements, pervasive challenges still remain. Most notable is the persistence of poverty diseases and the poor health status of vulnerable groups - women and children. Endemic diseases are still common in rural areas and gastrointestinal diseases prevail both in rural areas and low income urban groups. Respiratory diseases such as pneumonia and bronchitis have been reported as major causes of death across Egypt. Poor sanitary conditions, overcrowding and inadequate nutrition have been cited as the main reasons behind the incidence of tuberculosis and parasitic diseases among the poorest segments of the population. Leprosy is also relatively more spread in Upper Egypt which has a lower health status than lower Egypt.

Diseases occurring in the pre-productive years are still life threatening. Despite the improvement in child mortality, it remains relatively high. The EHDR (1997) reports that it is worse than most comparable Middle Eastern and North African countries. Diseases affecting children such as infantile diarrhea, measles, mumps, whooping cough, chicken pox and German measles still occur with moderate incidence and frequently in epidemic form.

Moreover, the health status of mothers is a serious concern. The maternal mortality rate is as high as 174 per 100,000 live births. Poor and illiterate women are more likely to die as a result of pregnancy and childbirth complications. The percentage of anemia cases among pregnant women reached 22 percent for pregnant women and 25 percent in breastfeeding women. It has also been recorded that iron deficiency was highest among mothers and almost two-thirds of mothers did not consume enough iron to satisfy 90 percent of the recommended daily allowance. (EHDR 1996). Most of the deliveries take place at home with the proportion being as high as 81 percent in rural areas and 44 percent in urban areas. Those women who deliver in health facilities are more likely to go to public health facilities rather than private ones but the gap is small. The socioeconomic status of the mother is seen to affect the choice of place of delivery as well as the kind of assistance. For example, it is seen that only 22 percent of women with no education get doctor assistance during delivery compared to 69 percent of women with secondary and higher education. A similar difference is recorded for women who do not earn an income where the proportion is 35 percent compared to 61 percent for women who work for cash. Doctor assistance in birth is also scarcer in rural areas where only 26

percent of births are attended by a doctor compared to 60 percent in urban areas.

These conditions point to deficiencies in the Egyptian health care system that are mainly affecting the most vulnerable groups in the society, i.e. the poor, the women and children. The main reasons behind these deficiencies are: (1) Inadequate funding; (2) The rising cost of health services; (3) urban bias and bias towards curative medicine rather than preventive medicine in the provision of both public and private health services; (4) Health insurance covers only a small percentage of the population.

Public health expenditure as a percentage of GDP has decreased from 1.2 percent in 1970 to 0.6 percent in 1995, with a decline in per capita expenditure of 4.5 percent between 1980 and 1995/96. The shortage of funding for rural and urban health centers led to inadequate maintenance, shortage in supplies and drugs and insufficient provision of essential equipment. In addition, the low remuneration of personnel in these units led to ineffective treatment, inaccurate diagnosis, long waiting periods and negative physician's attitudes.(Nassar 1997).

As part ERSAP, the Egyptian government instituted cost recovery programs in governmental facilities that resulted in increasing the cost of health services and particularly that of pharmaceutical drugs. Prices of health services recorded an increase of 170 percent in urban areas and 166.4 percent in rural areas in the period 1986/87-1995. The share of health expenditure in total expenditure therefore rose for the low income groups from 1.8 percent in 1981/82 to 4.7 percent in 1995/96 in urban areas and from 1.8 percent to 3.5 percent in rural areas. Moreover, the burden of health expenditure is heavier for the poor than the non-poor. The richest households average spending on health services is about 5 to 6 times as high as that of low income households, nevertheless, the percentage share of health expenditure in total expenditure is higher for the lowest income decile (4.9 percent compared to 3.8 percent for the higher decile).

It is thus clear that the poor also have to pay for health care even though they mostly resort to government and public health organizations (90 percent of last visit by low -income groups was to these organizations in 1995). The Ministry of Health (MOH) provides free beds for its in patient services but the high cost of drugs are the deterrents to hospitalization as they constitute the main components of health expenditures according to the

1994/95 Health Expenditure Survey. In fact, 62 percent of poor respondents in that survey cited cost as the main reason for not entering a hospital when they needed to.

Another reason for the persistence of poverty related diseases is the strong bias for curative health care at the expense of primary health care (PHC) services and neglect of preventive health services (Nassar 1997). In 1996/97, the largest percentage of government health care expenditure (58 percent) was curative based while only 21 percent was appropriated to primary health care followed by 3 percent to population and family planning services and preventive health care. In addition, only 24 percent of MOH physicians and 30 percent of its nurses work in PHC facilities compared to 55 percent and 52 percent, respectively, working in its hospitals. The ratio of physicians to nurses is 1:1 in contrast with the international norm of 1:3.

Health care funding is also urban biased as 58 percent of MOH budget goes to urban hospitals with only 3 percent going to rural hospitals. The disparity is also seen in the bias towards urban governorates compared to upper and lower Egypt in the number of health units, physicians, nurses and beds in appendix table A.4.

Expenditures of the government's Health Insurance Organization (HIO) represent the second largest health care expenditure after MOH and other ministries, yet it covers only about 9 percent of the total population (5 million citizens in 1995). Coverage is limited to government employees and public sector workers (25 percent), pensioners and widows (3 percent) and school students (72 percent). Moreover, coverage extends only to the members and not to their families severely restricting its usefulness to the majority of the population. Private insurance is also provided by very few companies for individuals, private and public organizations but in general coverage of workers is very low. According to Nassar (1997), 85 percent of government employees are covered by health insurance but only 30 percent of formal private sector workers are covered by this scheme. A major shortcoming of the insurance system in Egypt is therefore that it excludes those in informal employment and those outside the labor force, i.e. those who are poor and are in most need.

## 2.5. Access to Employment

Access to work as a source of livelihood is essential for all individual however it is more so for the poor who do not own assets to fall upon in times of need or to use as a collateral to obtain loans. “Work is the surest way out of poverty” said one respondent in the Poverty Assessment Survey conducted by INEP. Indeed, 81 percent of respondents saw salvation of the poor in full employment. It has also been shown that those who are unemployed are more vulnerable to poverty. Households in urban areas whose heads are unemployed, “out of the labor force”, and unpaid workers (household labor) have the largest proportion of the poor (over 50 percent). They also have the largest severity and poverty measures. Households with unemployed heads in rural areas also have the highest poverty incidence; however, they represented a very small percentage of households surveyed. (INEP 1996)

Although the IFPRI study also finds that unemployment is higher for the poor than the non-poor, it finds that it does not differ significantly across poverty levels (5.05 percent for the ultrapoor compared to 4.65 for the nonpoor). It may be argued that the poor cannot afford to stay unemployed for extended periods of time and must find work (if they are able) to sustain themselves and their families. This is particularly true in Egypt where there is no formal unemployment benefits. The poor engage in casual work or create their own source of livelihood through any sort of self-employment. Therefore poverty is much more associated with underemployment rather than unemployment. (Assaad & Rouchdy 1998)

This is further confirmed by the INEP study which finds that in urban areas, the majority of the poor population is concentrated in the households whose heads are either out of the labor force, a wage earner, or self employed-working alone. These are persons who are on pension, handicapped, female, and unskilled. In rural areas, half of the poor households are headed by wage earners (agricultural workers), and self employed (small holders).

In what follows we look at the main aspects of urban and rural poverty.

### **2.6.1. Employment & Urban Poverty**

In urban areas poverty is strongly associated with informal employment (or casual work) characterized by irregular work and the lack of job security and social insurance protection. As has been shown above almost half of the poor are to be found in this type of employment. It should be noted that although casual work is the most important source of employment for poor males in both the urban and rural areas (42 percent according to the IFPRI study), this is not the case for poor females in urban areas. More poor females are employed as salaried workers (31 percent) than as casual workers. This is due to the social undesirability of such work for females.

#### ***The Informal Economy***

Given the high and rising unemployment, the informal economy is increasingly absorbing those excluded from the formal labor market - particularly new entrants into the labor market and urban poor especially rural out-migrants who often live in slums and squatter areas. This rapidly growing sector of the economy is primarily urban based and typically consists of two segments: productive small scale activities with potential for growth and technical upgrading and "dead-end survival" activities which absorb the unemployed and those without any particular skills. Workers operating within the informal economy engage in a wide variety of transactions covering manufacturing, trade, repairs, construction, transportation and petty services. These range from lower end activities such as shoeshine and cigarette sellers to innovative metal working workshops (ERF 1998).

The size of the informal economy can be gleaned from a look at the number of those working in establishments and those outside - see table 2.10. Most informal economic activities "inside establishments" with fixed locations are concentrated in very small establishments employing less than five workers. According to the 1998 Egypt Labor Market Survey, 86% of informal employment in non-agriculture activities is in firms employing less than ten workers, constituting about 3 million workers. The 1996 Census of Establishments gives a similar figure with small and micro enterprises employing less than 5 alone employing more than 2.5 million workers and another 500 thousand in establishments employing 5-9 workers. A large proportion of those operating "outside establishment" are mainly the self

employed operating from their homes or in the back streets of towns or in unlicensed activities. Preliminary results from the 1998 Egypt Labor Market Survey puts the number of privately employed persons outside establishments and in non-agriculture activities at 2 million and constituting about a third of non-agriculture private workers. This puts the number of those employed in the informal economy at about 5 million people in the late 1990s. This would be greater if members of the workforce below the age of 15 were included.

**Table 2.10. Private Non-Agriculture Employment & Contribution of Informal Employment - 1998**

|                         | Workers (thousands) | %    |
|-------------------------|---------------------|------|
| Formal                  | 649                 | 10.4 |
| Informal:               | 5567                | 89.6 |
| - outside establishment | 2004                | 36.0 |
| - in Establishments     | 3563                | 64.0 |
| of which (by firm size) |                     |      |
| <10                     | 3057                | 85.8 |
| 10-50                   | 328                 | 9.2  |
| 50+                     | 178                 | 5    |

Source: 1998 Egypt Labor Market Survey

**Table 2.11. Informal Employment (out of establishments) - in Non-Agriculture**

|        | Informal |          | Employment |             | Total |
|--------|----------|----------|------------|-------------|-------|
|        | wage wor | employer | self emp   | unpaid work |       |
| Male   | 69.28    | 8.64     | 20.62      | 1.47        | 100   |
| Female | 20.22    | 7.89     | 50.22      | 21.68       | 100   |
| Total  | 64.29    | 8.56     | 23.63      | 3.52        | 100   |

Source: 1998 Egypt Labor Market Survey

Earnings in the informal economy vary widely according to the type of activity with higher returns at the upper end of informal activities and low returns and bias towards women and children in the lower end or survival activities. On average, earnings in tend to be higher in informal sector activities but the truncated nature of these earnings must be taken into account as employment tends to be unstable and lacks any kind of social security. The 1988 LFSS shows that one third of private non-agriculture wage workers in Egypt are irregularly employed. of those less than 2.5 percent had legal employment contracts and less than 13 percent had social insurance coverage. Moreover, a typical job seeker in the lower end of informal sector activities may not get more than a few days' work a month even though he may want to work more at the going low wage. This leads to the link between poverty and informal employment where empirical evidence in Egypt points to a strong association between labor market conditions (e.g. labor market vulnerability) and poverty situations in urban areas.

### **2.6.2. Employment & Rural Poverty**

Poverty in rural Egypt is inextricably linked to agricultural activities which account for 40 percent of rural poor. Basing their findings on a 1992 survey conducted by Cairo University's Center for Agricultural Economic Studies, Assaad & Rouchdy find that the average annual income of a rural household relying on agricultural wage work would be about L.E. 1,950/ year. This is just under half of the lower poverty line for households in rural areas as estimated by El-Laithy & Osman (1996). They conclude that, under current conditions of employment and wages in agriculture, the average landless rural household that relies exclusively on agriculture wage labor is likely to fall below the poverty line.

The major cause for rural poverty is therefore, very much related to access to agricultural land, specifically to 1) scarcity of land and, 2) the land tenure system and distribution of land. Additionally, wages in the agriculture sector have always been considerably low compared to the national average and other sectors.

### ***Scarcity of Land***

One of the most important features characterizing Egyptian agriculture is its low and declining per capita land. The EHDR (1996) shows the average individual's share of cultivated land to be at a low of 2.7 carats for the nation in 1994, having declined from 3.1 in 1981.<sup>41</sup> Efforts to increase the cultivated land could not keep pace with the population growth and have been exacerbated by urbanization, desertification and land degradation due to water logging and salinization.

The IFPRI study investigated the relationship between agricultural landholdings and poverty. It found that poverty was significantly higher for non-cultivators (those cultivating any land including rented or share-cropped) and conditional on cultivation, poverty is inversely related to per capita land cultivated.

### ***The land tenure system and distribution of land***

Over and above the extreme scarcity of cultivated land, the highly unequal structure of land-ownership is a major concern. According to the EHDR (1996), one half of total cultivated land is owned by only 10 percent of the total number of landowners and only 2 percent of all landowners own a third of the total land. The concentration of land in the hands of a few is further evidenced in that 0.3 percent of landlords own the big land properties (50 feddans) which represent 15 percent of total cultivated land. At the lower end of the spectrum, the other half of cultivated land is owned by small landholdings (less than four feddans). In fact, almost 70 percent of total landowners possess less than one feddan and the property of 93 percent of landowners is, on average, less than 4 feddans. The report concludes that given the relatively limited agricultural land in Egypt, the uneven distribution of this principle asset, coupled with the prevailing farm sizes which are mostly far below an economic size for modernized agriculture, helps accentuate the problem of poverty in Egypt.

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<sup>41</sup> 1 feddan=24 carats=4201m<sup>2</sup>

**Table 2.12. Land Distribution in 1990**

| Property Size<br>(Feddan) | Number of<br>Owners | Area<br>Thousands feddans |
|---------------------------|---------------------|---------------------------|
| Less than 1               | 2708                | 1060                      |
| 1-4                       | 922                 | 1791                      |
| 4-10                      | 195                 | 999                       |
| 10-50                     | 65                  | 1105                      |
| 50-100                    | 7                   | 376                       |
| 100+                      | 2                   | 498                       |
| Total                     | 3899                | 5829                      |

Source: INEP(1996)

Assaad & Rouchdy (1998) shed further light on the subject by characterizing agrarian relations in Egypt as being highly land fragmented, on the one hand, and diverse in the forms of access to land, on the other. Forms of access to land vary between formal and informal rental contracts, and monetary and in kind share cropping arrangements. They explain that the capacity to mobilize unpaid family labor, and/or hire wage labor, is an essential factor in determining both the form of access to land and the size of the holdings. Likewise different forms of access to credit and inputs, marketing conditions and the government agricultural policy all affect the forms of access to land. They conclude that under these conditions, the access of the poor to agricultural and more importantly the form that such access takes is extremely limited.

## **2.6. The Status of Women**

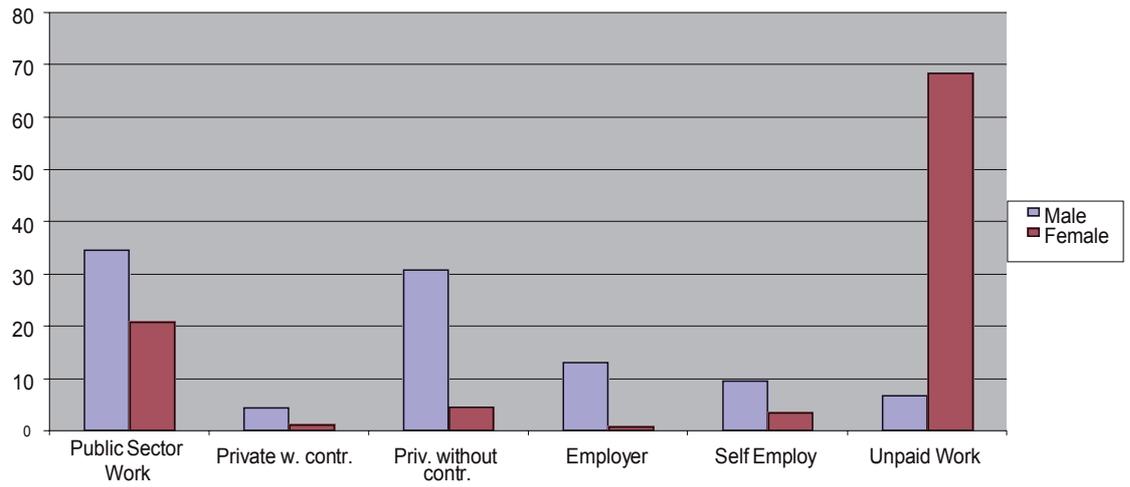
### **2.6.1. Access to Employment**

In previous sections women's vulnerability as measured by their access to education and health was clearly shown. It seems that women in the labor market are also vulnerable to inadequate employment conditions and poverty.

Data on unemployment in Egypt show that the incidence of unemployment is higher for females than males. According to the 1995 LFSS, the rate of unemployment for females was 24 percent and was twice that for males (11.3 percent). Unemployment for females was higher in lower Egypt than Upper Egypt and Urban governorates. It is important to note that these unemployment figures do not take into consideration the high percentage of women in unpaid employment (working in or out of establishment but not receiving cash payment) which in itself reflects women's vulnerability. According to the 1998 ELMS, female labor force participation was estimated to be more than double when unpaid work was taken into account (female participation was 46 percent compared to 21 percent when only market work was considered). The importance of unpaid work for women versus men is depicted in figure 2.3. As much as two thirds of females were in unpaid work compared to only 7 percent for men. This is a reflection of

the large proportion of women working for no pay in agricultural subsistence activities. It can also be seen that a very small proportion of women find work in the private sector and most of this is work with no contract. When work in agriculture subsistence agriculture is counted female unemployment drops from 27 percent to 11 percent although it still remains double that for men in urban areas

**Fig. 2.3. Workers (15-64) by Employment Status & Gender (%)**



Source: ELMS 1998

The higher incidence of unemployment for females can be attributed to two factors: (1) female graduates may have stronger preferences for a government job over a private job because of their ability to better reconcile such a job with their household responsibilities (government jobs offer shorter working hours, longer maternity leave and the possibility of taking unpaid leave). They are, therefore more willing to remain unemployed until they can obtain such a job; (2) bias against hiring women by private sector employers. These biases may be due to legal provisions ensuring additional protection for female workers which are deemed too costly by employers, or simply discrimination (Assaad 1997). The subordination of women to men also plays a role in the discrepancy between men and women in the labor market. In a field survey, a man was quoted as saying “No woman will be employed and her husband does not find a job, he should replace her” (El-Masry, S. 1993).

Given the high unemployment rates and hostile conditions in the formal private sector, females are increasingly being forced by the need for extra income to accept jobs in the informal sector despite the insecurity, low wages and absence of benefits. It has been shown that two thirds of working women work to help their families. For illiterate women, informal employment is the only avenue open to them. In this case, they tend to be concentrated in the low-end activities of the informal sector where they may be subject to exploitation and harassment.

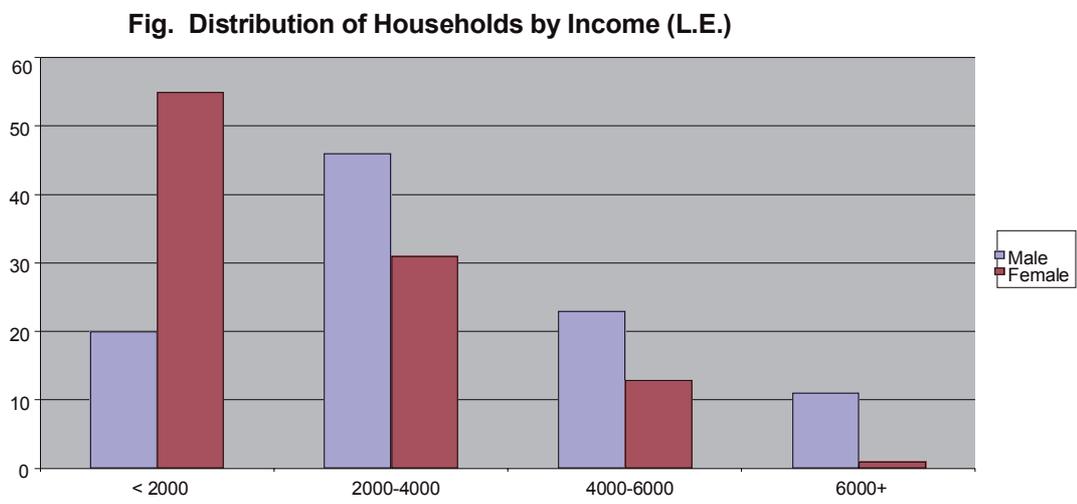
The question of whether work for females is a source of empowerment or not has been tackled in several studies. INEP reports that according to a recent field study in Lower Egypt the work of relatively poor women did not entail any empowerment in their position. Work has even to be permitted by the husband or a male member of the family and is necessary to help the family in the alleviation of poverty (INEP, 1996).

### **2.6.2. Female-Headed Households**

Female headed households are generally in a more vulnerable situation than their male counterparts. Estimates of the proportion of households varies from one study to the other. According to the 1995 EDHS, 12.6 percent of households are headed by females with the proportion being higher in urban areas than in rural. However, this proportion is more likely to be an underestimate because of the prevailing social norm, women do not declare

themselves as heading the household and instead delegate this in their response to their son (even though he might not be working) or to her disabled or absent husband. Female-headed households, on average, earn lower incomes than male-headed households. The INEP reports their income as 79 percent of the corresponding average for men. Moreover, poverty is more widespread among female-headed households. Fig. 2.4 shows the distribution of households by income bracket according to the INEP Poverty Assessment Survey. It can be seen that 55 percent of female-headed households earn less than L.E. 2000 compared to only 20 percent for those headed by males. The differential is higher in rural areas where more female-headed households fall in the lowest income bracket. The IFPRI (1997) study also shows the link with poverty as it reports that female-headed households are 1.3 times as likely to be poor than male-headed households. This being about the same in urban and rural areas.

**Fig. 2.4.**



Source: INEP (1996)

### 3. POVERTY ALLEVIATION STRATEGIES

#### 3.1. Poverty Alleviation Efforts

The government's social safety net is comprised primarily of a system of untargeted budget financed subsidies covering certain basic foods, housing, transport, electricity, education and health services together with limited family allowances and cash transfers to households that are identified as poor. In addition interest-free consumption loans and loans at subsidized rates are provided to unemployed youth to finance small income-generating activities. Further, and in recognition of the need to protect the most vulnerable from the negative impacts of on-going structural adjustment efforts, the government has introduced three safety net mechanisms. These being Egypt's Social Fund for Development (SFD), the Sharouk Program for Rural Development, and the Mubarak Takafol (Solidarity) Program.

In addition to such government financed social safety nets, there exists a pervasive system of private transfers through NGOs, *Zakat* funds<sup>42</sup> or directly between individuals and households where relations of solidarity play a major role in sustaining the livelihood of the poor. NGOs play a crucial role in the fight against poverty with their activities ranging from the provision of support to small and micro-enterprises and home-based income generating activities to the provision of health, education and literacy programs (See box 3.1 for a profile of NGOs in Egypt).<sup>43</sup>

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<sup>42</sup> *Zakat, alms giving*, is one of the five pillars of Islam whereby every adult muslim whose wealth exceeds a certain minimum, having taken care of poor relatives, is enjoined to give every year a fixed ratio of accumulated wealth to the poor (muslim and non-muslim). Bank Nasser is the only institution authorized by law to receive the *Zakat* and to disburse these monies to the various welfare and charity sections in favor of the poor. Local *Zakat* committees are responsible for collecting and preparing applications for the disbursement of grants in cash and in kind to the disabled poor.

<sup>43</sup> See Ibrahim et al and Assaad & Rouchdy (1996) for a more detailed exposition of the role these NGOs play

### Box 3.1. NGOs in Egypt

Non-governmental actors in Egypt are comprised of development intermediaries and local NGOs. Development Intermediaries, made up primarily of professionals and activists, play a crucial role in bridging the gap between the Egyptian Government and donor agencies, on the one hand, and local communities on the other. Besides organizations registered with the Ministry of Social Affairs (MISA) as NGOs, these organizations include private, for-profit consulting firms, not-for-profit civil companies, international NGOs and field offices of International organizations. It is to be noted that some of the most successful development intermediaries were *indigenized* international organizations; organizations that started at the initiative of an international organization but have become nearly completely indigenous in their leadership and staffing. At present, there are nearly 20,000 local NGOs in Egypt, of which 14,000 are registered under Law 32 of 1964 with MISA and the rest are either not registered or registered under a different legal status. In addition, there are organizations registered under other laws, including agricultural and other producer cooperatives, labor unions and professional syndicates and Sufi brotherhoods. Finally, there are countless informal associations and mutual support societies for people who share a certain regional or occupational background. Organizations registered under Law 32 of 1964 are arguably the most relevant for poverty alleviation.

The most common form of direct economic intervention for poverty alleviation in Egypt in recent years has been the provision of credit and technical assistance to small and micro enterprise and to home-based income generating projects. There are a wide variety of programs currently underway. Implementing agencies include private and public sector banks, businessmen associations, development intermediaries, numerous local NGOs, and the Ministry of Social Affairs through the Nasser Social Bank. A distinction should be made, however, between small and micro enterprise interventions, which provide credit and technical assistance to entrepreneurs wishing to set up new business or expand existing ones, and micro credit for home-based income generating activities. Micro-enterprise programs, in this sense, aim to alleviate poverty by helping both male and female entrepreneurs establish and sustain small businesses capable of hiring others. Their contribution to poverty alleviation should therefore be assessed primarily by their success to employment creation. Micro credit programs, on the other hand, are often directed to poor women who are generally constrained by family responsibilities and social barriers from entering the labor market as wage workers. Development intermediaries (e.g. Coptic Evangelical Organization for Social Services -CEOSS, Caritas, Institute of Cultural Affairs) have such a micro-credit component integrated in their projects. There are also a number of Group-Guaranteed Lending and Savings programs currently underway in Egypt, which build on the international experience in this area. These include Save the Children's project in Abdeen, Cairo, UNICEF's Family Development Fund and the micro-credit program for Women Headed Households of the Association for the Development and Enhancement of Women. Most of these programs have remained at the pilot scale and have yet to achieve any significant scale.

*continued*

In addition, most NGOs in Egypt, whether intermediary or local, offer health, education and literacy programs. These programs are often viewed as an integral part of services provided by NGOs. In most cases, NGOs specialize in one or the other services, but a few provide them as part of an integrated community development strategy. The latter are able to capitalize on important synergies between various services. The most visible and widespread type of service provided by local NGOs is curative health care. Islamic Private Voluntary Organizations (PVO) are increasingly providing low cost health care and appear to be reaching an increasing number of the poor. However, most PVO clinics do very little in terms of preventive medicine. There is near total lack of health education, community health outreach, or public health awareness done by most PVO health clinics. The small number of successful NGO programs in preventive care are generally associated with the integrated community development initiatives of some of the large development intermediaries, such as Caritas, CEOSS, the Upper Egypt Association, and the Association for the Protection of the Environment.

*Source: Excerpts from Assaad & Rouchdy (1998) & Ibrahim & al*

## 3.2. The Government's Social Safety Net

### 3.2.1. Food Subsidies

The Egyptian food subsidy system is a major component (74 percent in 1990/91- 96/97) of an extensive system of subsidies on food and non-foods which has existed since the 1940s.<sup>44</sup> Government expenditures on food subsidies increased markedly in the 1970's in response to the dramatic increase in world prices. As a result, their share in total government expenditure increased from 0.2 percent in 1970/71 to 15.1 percent in 1980/81. By 1980, more than a dozen food items (bread, flour, rice, sugar, tea, cooking oil, beans, lentils, macaroni, coffee, sesame, frozen meat, fish, eggs, chicken) were being subsidized. A system of ration cards was used to distribute the subsidies with almost universal coverage (94 percent in 1989).

The high and increasing fiscal costs of food subsidies, therefore, became untenable and the government began their gradual reduction in 1987 as part of the reforms adopted at that time. Several cost containment strategies were used such as: increasing the price of subsidized food; reducing the number

<sup>44</sup> Non-food subsidies cover water, electricity, housing, and transportation

of ration card holders; and reducing both the number and quantity of subsidized food items available to consumers. As a result, only four food items are currently subsidized - baladi bread (consumed mostly by the poor), wheat flour, sugar and edible oil. The cost of food subsidies (explicit) has therefore fallen from 15.1 percent of total government expenditure in 1980/81 to 6.3 percent in 1996/97

The direct result of such reduction in subsidies is a hike in food prices which are seen in table 3.1 to have increased sharply in 1987/88-1995/96. While the increase in prices affects the whole population, the impact on the poor would be more substantial. This is because the poor apportionate a larger percentage of their total expenditure on food, 53.4 percent compared to 43 percent for the non-poor. It has also been shown by El-Leithy & al that the food CPI using 1986/87 prices is higher for the poor than the non-poor particularly in urban areas. Urban poor are in general more vulnerable as they do not produce much of the food they consume. Furthermore, results of a recent study on food subsidies indicate that if food subsidies are not included in food and beverage expenditures, the Gini coefficient for urban areas would rise by 8.5 percent and by 4.7 percent for rural areas (Nassar, 1997). This can be explained by the fact that 12.7 percent of total expenditures of the lowest income households in urban areas was contributed by the food subsidy system; in rural areas this income effect was even higher, reaching 18 percent of total expenditures (Van Eeghen, 1995).

**Table 3.1. Consumer Price Index - Urban (1986/87=100)**

|      | General Index | Food & Beverages | Clothes & Textiles | Rent & Fuel | Furniture & Domestic Services | Health Care | Trans-port | Sports & Education | Miscellaneous |
|------|---------------|------------------|--------------------|-------------|-------------------------------|-------------|------------|--------------------|---------------|
| 1987 | 118.6         | 118.6            | 113.6              | 104.9       | 168.3                         | 113.1       | 111.5      | 121.5              | 113.0         |
| 1996 | 365.8         | 347.6            | 345.3              | 286.8       | 669.5                         | 311.9       | 416.6      | 410.8              | 370.8         |

Source: National Bank of Egypt, Economic Report 1991/92 & 1997/98

The implication of the removal of subsidies on food consumption on hence nutrition and health of the disadvantaged must have been tremendous. This can be assessed from the extent to which these subsidies protected food security and benefited the poor. The World Bank reported that families with incomes below the relative poverty line spent more than 40 percent of their total expenditures in 1990/91 on subsidized goods (at the time, cereals, oil, sugar, meat, fish and eggs). It has also been estimated that real per capita expenditure on food has declined by 13 percent in rural areas and 8 percent in urban areas in 1990/91-95/96 - indicating that the quantities of foodstuffs consumed per person must have decreased considerably in the last few years. (Fergany 1998). Moreover, field studies undertaken in Cairo and Alexandria have shown that 25 percent of the workers surveyed stopped consuming meat and 50 percent of the agricultural workers stopped consuming some kinds of vegetables because of their high prices.

It may therefore be concluded that the removal of subsidies must have created much hardship for the poor particularly that the government did not compensate them with targeted cash transfers or other assistance programs.

### **3.2.2. The Role of the Ministry of Insurance and Social Affairs**

The ministry of Insurance and Social affairs plays an important role in poverty alleviation in Egypt through its social assistance programs in the form of cash transfers as well as loans and training. The ministry also oversees the Nasser Social Bank which is the bank that manages the *Zakat* funds. In addition, the ministry is responsible for supervising and regulating the activities of the various NGOs.

Cash Transfers provided by the various programs administered by MISA are summarized in the following table.

**Table 3.2. Cash Transfer Programs Administered by MISA**

|  | Elegibility  | Disbursement<br>L.E.          |
|--|--|-------------------------------|
| Social Security<br>(Law 30 for 1977 modified<br>Law 88 for 1996) | Widows, divorced females,<br>orphans, prisoners' families,<br>totally disabled, the elderly  | 33 monthly<br>(10 for orphan) |
| Comprehensive Social<br>Insurance Scheme<br>Law 112 (1980)*      | poor workers not covered by<br>pension laws & social security<br>(temporary & casual workers,<br>small farmers, self-employed<br>domestic servants | 57 monthly                    |
| Sadat Pension** (1980)   | age 65+ and destitute<br>(widows 23%, divorced<br>women 20%, disabled 29%,<br>elderly 19 percent   | 62 monthly                    |
| Other Pension Programs   |  |                               |
| - Bank Nasser (1971)   | disabled poor  |                               |
| - Mubarak Social Solidarity<br>Program (1996)                    | families with monthly income<br>less than L.E. 100   |                               |

Note: \*A nominal contribution of L.E. 1 is required. \*\* The Sadat Pension is non-contributory. The payment received was only recently (January 1999) increased from LE. 53 per month.

Although payments made under the various social assistance programs have increased at higher rates than inflation, yet they remain quite small. Given that per capita remuneration fall far below the poverty line, they are inadequate for improving the living standards of the poor.

In addition, small loans are provided by the following programs:

1. Productive Families Project, was established in 1964 and aims at mobilizing the potentials of Egyptian family members by engaging them in profitable environmental home industries to improve their living standards. Preference is given to beneficiaries earning less than L.E. 100 per month. The project also provides vocational training and technical assistance to the families engaged in the program.
2. Bank Nasser (1971) is the only financial institution authorized by law to receive and distribute the *Zakat* funds for welfare and charity purposes to the poor. In addition to distributing grants in cash or in kind, the bank provides loans to the poor and handicapped to run income generating activities as well as social loans with no interest for emergencies. The Bank also supports building houses and gives loans for village development.
3. Mubarak Social Solidarity Program (1996) which also targets the poorest groups, i.e. those with incomes less than L.E. 100 provides some financing for income generating projects but is mainly geared towards the provision of social services (health and education) and cash assistance.

### **3.2.3. The Social Fund for Development:**

The Social Fund for Development (SFD) was officially established in 1991 (actual disbursements started in 1993) as a semi autonomous body reporting directly to the Council of Ministers. As of November, 1996, its budget was US\$ 746.4 million contributed by 18 donors with the government of Egypt share being 8 percent. International and regional contributions were as follows: the European Union (30.7%), the World Bank (IDA) (20.7%), three Arab Funds (19.1%), Germany/ KFW (9.4%).

The SFD's mission was to facilitate the implementation of Egypt's economic reform program to mitigate the adverse effects of structural adjustment on low income population groups, to strengthen Egypt's institutional capacity (governmental and non-governmental), to develop new social programs and upgrade existing ones; and to seek international and local financial resources and secure technical assistance. Although the SFD was initially established as a temporary arrangement, its term which was to end in December 1996 has been extended and is now a semi-permanent institution. This will involve reconsideration of its objectives towards the provision of long term solutions to the problems of poverty and unemployment.

The objectives of the SFD are primarily achieved through promoting income and employment generating activities, providing basic social services and enhancing local participation and awareness through five core programs. Appendix table A.6 gives a summary of the objectives, target groups and selection and appraisal characteristics of each of these programs. Close to 90 percent of SFD resources have been disbursed to three of its five categories - the Public Works Program (PWP - 23.9 percent), the Community Development Program (CDP - 12.9 percent) and the Enterprise Development Program (EDP with 51 percent of resources). The objective of the PWP is to improve living conditions and basic services in rural and urban poverty areas by investing in labor intensive infrastructure works. The CDP aims at strengthening the institutional capabilities of local NGOs and PVOs and at mobilizing local generating activities. The objective of the EDP is to increase employment and income generating opportunities in the small and micro enterprise sector. (SFD/GOE, 1995 Annual Report).

In what follows, the extent to which the SFD, through its different programs, has been able to create jobs, reach the poor and women will be looked into.

### Job Creation

Over a three year period of operation, the SFD succeeded in generating 630 thousand jobs of which 250 thousand were permanent. Most of the jobs, both permanent (61 percent) and temporary (54 percent) were created in EDP, followed by CPD (36.9 percent of permanent and 21 percent of temporary) whereas PWP was mainly successful in generating temporary employment (22 percent). While the absolute numbers are quite significant

given the limited resources and SFD's limited goal of alleviating unemployment associated with ERSAP, they are insufficient when compared to the number of unemployed. As stated previously, the number of unemployed in 1995 was estimated at 1.9 million or 11.3 percent of the labor force. This means that the SFD was only able to absorb 18 percent of the unemployed in permanent and temporary jobs.

Jobs created by the Fund are characterized by their low cost pointing to effective use of donor funds. A World Bank report states that "the SFD met its employment creation objectives with annual expenditures equivalent to only 0.2 percent of GDP or about 6 percent of annual donor flows to Egypt. This job creation cost compares favorably with other countries". The report estimates the cost of job creation at market exchange rate at US\$ 1,401. However, the question remains as to the sustainability and productivity of workers in these newly generated job opportunities.

### Reaching the Poor

Available data do not permit an assessment of whether SFD was able to address some of the negative impacts of ERSAP on low-income groups, however, it could be said that SFD has succeeded in mobilizing foreign resources to finance geographically wide-spread health services, education (particularly illiteracy eradication and primary education), infrastructure rehabilitation and small and micro-enterprise development. Emphasis in the geographic allocation of resources has been on governorates in both Lower and Upper Egypt, but it was not possible to determine whether the most deprived rural areas were actually favored. (Kheir-El-Din 1996)

Although most of the SFD beneficiaries are poor or live in relatively poor conditions, it is doubtful that the Fund is reaching the ultra poor. The Fund is project based and that by definition excludes those who cannot work (elderly or disabled) and those who are too poor (unskilled women and poor children) to apply for project funding and to wait for their implementation. These groups need to receive direct cash or in kind transfers which is not in the SFD's mandate.

### Gender Dimension

As shown in appendix table A.6, the SFD has an independent Gender Unit that cuts across the SFD's five core programs ensuring gender sensitivity in the operations. On the surface of it, it seems that the SFD has been

successful in targeting women. The 1995 SFD Annual Report claims that - according to a rapid survey conducted to assess the socioeconomic impact of SFD - project beneficiaries were mostly female (52 percent versus 48 percent males). However, when looking at the beneficiaries of each of the program, CDP was the only program with a female bias (66 percent females). Furthermore, the sample size surveyed was clearly biased towards CDP (72.5 percent), giving a much smaller share to beneficiaries of EDP and PWP. This clearly conflicts with the relative share of each program in funds allocated as indicated previously (INEP 1996).

In addition, it has been pointed out that the relatively high percentage of female borrowers (26 percent) in EDP might be due to the built in incentive for men to use their female relatives as fronts. This is because men with permanent wage jobs in either the public or private sectors are ineligible to receive loans.

#### **3.2.4. The National Program for Integrated Rural Development (Shorouk)**

The Sharouk<sup>45</sup> is comprehensive rural development program initiated in 1994 by the Organization for the Reconstruction and Development of the Egyptian village (ORDEV) - an arm of the Ministry of Rural Development. The program views rural development as a public effort in which communities sequence their choices for development according to local priorities. In this process, the State acts, through the ORDEV, as an advisor, but is committed to offer financial and technical support. The long run objective of the Shorouk program is to close the development gap between rural and urban areas in Egypt. In this regard, four main objectives are outlined as follows: (1) Developing the local environment through efficient utilization of local resources; (2) Increasing productive and stable local employment opportunities through diversification of economic activities; (3) Enhancing the efficiency of local sociocultural, educational, training, health, and public utilities services; and (4) Enhancing the performance of governmental and non-governmental local institutions.

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<sup>45</sup> Arabic word for sunrise

The program is designed to be phased over the period 1994 - 2017, to be in alignment with the national five year plan. The four phases for implementation are: The launching phase (1994-2002) which focuses basically on urgent local needs as expressed by the villagers themselves; The take-off phase (2002-2007) focusing on the four development areas of infrastructure, human resource development, economic development and institutional development; The flashing phase (2007-2012) is a continuation of the take-off phase but with greater popular self-financing and greater preference for economic development projects; The sustainability phase (2012-2017) emphasizes self-sustaining rural development.

The total amount of investment required for the program is estimated at L.E. 267 billion in which the government contributes a third. In the beginning of the program, the size of local financial contributions is not expected to be large (27 percent) but this is expected to rise to 42 percent as rural incomes increase. External resources in the form of loans are expected to cover the remaining 25 percent.

However, it seems that the Sharouk program is yet to make its impact on rural communities. 80 percent of households surveyed in rural areas were not aware of the existence of the Sharouk program according to the results of the Poverty Assessment Survey conducted by INEP in 1996.

**Table A1. Demographic Profile**

|               | Population     | Annual Population |         | Crude Birth  | Crude Death  | Demographic                 |
|---------------|----------------|-------------------|---------|--------------|--------------|-----------------------------|
|               | (000s)<br>1996 | Growth Rates (%)  |         | Rate<br>1996 | Rate<br>1996 | Dependency<br>Ratio<br>1996 |
|               |                | 1960-86           | 1986-96 |              |              |                             |
| Urban Govs    | 11030          | 2.3               | 1.3     | 24.4         | 7.1          | 53.6                        |
| Lower Egypt   | 25819          | 2.4               | 2.2     | 26.5         | 5.9          | 68.3                        |
| Urban         | 7117           | 3.3               | 2.2     | ..           | ..           | 60.1                        |
| Rural         | 18702          | 2.1               | 2.2     | ..           | ..           | 71.7                        |
| Upper Egypt   | 21646          | 2.4               | 2.4     | 32.1         | 6.9          | 81.2                        |
| Urban         | 6659           | 4.1               | 2.1     | ..           | ..           | 65.2                        |
| Rural         | 14987          | 1.8               | 2.5     | ..           | ..           | 89.4                        |
| Frontier Govs | 818            | 3.8               | 3.8     | 31.4         | 4.4          | 67.9                        |
| Urban         | 480            | 1.6               | 3.9     | ..           | ..           | 64.9                        |
| Rural         | 338            | ..                | 3.6     | ..           | ..           | 72.4                        |
| Egypt         | 59313          | 2.4               | 2.1     | 28.2         | 6.5          | 69.7                        |
| Urban         | 25286          | 3.0               | 1.8     | ..           | ..           | 58.5                        |
| Rural         | 34027          | 2.0               | 2.3     | ..           | ..           | 79.1                        |

Source: Egypt Human Development Report 1998 based on 1996 Population Census

**Table A2. Unemployment - 1996**

|                | Unemployment Rate (%) |         |              |                    |           |            |
|----------------|-----------------------|---------|--------------|--------------------|-----------|------------|
|                | Total                 | Females | Adults 15-29 | By Education       |           |            |
|                |                       |         |              | Below<br>Secondary | Secondary | University |
| Urban Govs     | 7.4                   | 12.2    | 19.0         | 2.9                | 14.1      | 6.7        |
| Lower Egypt:   | 10.0                  | 25.1    | 21.5         | 1.1                | 25.4      | 11.0       |
| Urban          | 9.8                   | 18.9    | 23.3         | 1.9                | 19.8      | 8.8        |
| Rural          | 10.0                  | 29.2    | 20.8         | 0.8                | 28.2      | 13.5       |
| Upper Egypt:   | 8.6                   | 20.1    | 19.0         | 1.3                | 23.9      | 8.6        |
| Urban          | 9.9                   | 17.6    | 23.5         | 2.5                | 19.8      | 6.8        |
| Rural          | 7.9                   | 23.9    | 16.8         | 0.9                | 27.2      | 13.2       |
| Frontier Govs: | 5.3                   | 12.9    | 12.1         | 1.3                | 12.1      | 3.1        |
| Urban          | 6.1                   | 13.5    | 14.0         | 1.7                | 11.5      | 3.1        |
| Rural          | 4.2                   | 11.5    | 9.4          | 0.8                | 13.7      | 3.1        |
| Egypt:         | 8.9                   | 20.3    | 20.1         | 1.4                | 22.3      | 8.7        |
| Urban          | 8.7                   | 15.6    | 21.3         | 2.5                | 17.3      | 7.2        |
| Rural          | 9.1                   | 27.6    | 19.1         | 0.9                | 27.7      | 13.3       |

Source: 1996 Population Census, CAPMAS

**Table A3. Education Indicators**

|                | Literacy Rate (15+) (%) |        | Basic & Secondary Enrolment Ratio |        | % of Population 15+ with Secondary or Higher Education |        | % of unfit school buildings 1992 |
|----------------|-------------------------|--------|-----------------------------------|--------|--|--------|----------------------------------|
|                | Total                   | Female | Total                             | Female | Total  | Female |                                  |
| Urban Govs     | 72.8                    | 65.4   | 91.2                              | 92.1   | 41.3   | 37.1   | 45                               |
| Lower Egypt:   | 54.8                    | 42.3   | 83.5                              | 80.8   | 27.9   | 22.8   | 51                               |
| Urban          | 68.5                    | 60.0   | ..                                | ..     | 39.0   | 35.0   | ..                               |
| Rural          | 49.3                    | 35.1   | ..                                | ..     | 23.4   | 17.8   | ..                               |
| Upper Egypt:   | 45.6                    | 31.8   | 73.3                              | 64.1   | 24.0   | 16.5   | 27                               |
| Urban          | 65.9                    | 56.4   | ..                                | ..     | 39.8   | 33.7   | ..                               |
| Rural          | 36.1                    | 20.4   | ..                                | ..     | 16.0   | 8.0    | ..                               |
| Frontier Govs: | 61.6                    | 46.5   | 81.5                              | 74.7   | 31.4   | 22.3   | 8                                |
| Urban          | 72.1                    | 58.8   | ..                                | ..     | 39.0   | 30.3   | ..                               |
| Rural          | 45.9                    | 29.1   | ..                                | ..     | 20.0   | 11.1   | ..                               |
| Egypt:         | 55.5                    | 43.5   | 80.9                              | 76.3   | 29.3   | 23.5   | 40                               |
| Urban          | 69.9                    | 61.6   | ..                                | ..     | 40.2   | 35.6   | ..                               |
| Rural          | 43.7                    | 28.9   | ..                                | ..     | 20.3   | 13.6   | ..                               |

Source: Egypt Human Development 1998

**Table A4. Health Profile**

|                | Household with Piped Water % 1996 | Access to Sanitation % 1996 | Physicians Per 10,000 people MOH 1997 | Nurses Per 10,000 people MOH 1997 | Maternal Mortality Rate Per 100,000 Live births 1992 | Beds Per 10,000 people 1997 | Health Units per 100,000 Population 1997 |
|----------------|-----------------------------------|-----------------------------|---------------------------------------|-----------------------------------|--|-----------------------------|--|
| Urban Govs     | 98.2                              | 90.5                        | 11.7                                  | 9.1                               | 233  | 41                          | 4.7                                      |
| Lower Egypt:   |                                   |                             |                                       |                                   |  |                             |  |
| Urban          | 81.4                              | 38.1                        | 6.5                                   | 13.5                              | 132  | 17                          | 3.1                                      |
| Rural          | 95.7                              | 75.1                        | ..                                    | ..                                | ..   | ..                          | ..                                       |
| Rural          | 75.4                              | 22.5                        | ..                                    | ..                                | ..   | ..                          | ..                                       |
| Upper Egypt:   |                                   |                             |                                       |                                   |  |                             |  |
| Urban          | 74.7                              | 27.4                        | 5.5                                   | 8.7                               | 217  | 15                          | 3.4                                      |
| Rural          | 94.2                              | 57.9                        | ..                                    | ..                                | ..   | ..                          | ..                                       |
| Rural          | 65.0                              | 12.4                        | ..                                    | ..                                | ..   | ..                          | ..                                       |
| Frontier Govs: |                                   |                             |                                       |                                   |  |                             |  |
| Urban          | 80.7                              | 15.4                        | 8.4                                   | 21.9                              | ..   | 22                          | 7.4                                      |
| Rural          | 99.9                              | 21.9                        | ..                                    | ..                                | ..   | ..                          | ..                                       |
| Rural          | 52.5                              | 5.8                         | ..                                    | ..                                | ..   | ..                          | ..                                       |
| Egypt:         |                                   |                             |                                       |                                   |  |                             |  |
| Urban          | 82.6                              | 45.1                        | 7.1                                   | 11.0                              | 174  | 21                          | 3.6                                      |
| Rural          | 96.5                              | 77.0                        | ..                                    | ..                                | ..   | ..                          | ..                                       |
| Rural          | 70.7                              | 17.9                        | ..                                    | ..                                | ..   | ..                          | ..                                       |

Source: Egypt human Development Report (1998)

**Table A5. Poverty Estimates from Various studies**

|                   | Lower Poverty Line            |                            |                    | Cardiff<br>95/96 | Upper Poverty Line            |                            |                    |
|-------------------|-------------------------------|----------------------------|--------------------|------------------|-------------------------------|----------------------------|--------------------|
|                   | El-Leithy &<br>Osman<br>95/96 | El-Leithy<br>& al<br>95/96 | Datt et al<br>1997 |                  | El-Leithy<br>& Osman<br>95/96 | El-Leithy<br>& al<br>95/96 | Datt et al<br>1997 |
| Head count index  |                               |                            |                    |                  |                               |                            |                    |
| All Egypt         | 22.9                          | 29.3                       | 8.6                | 44.3             | 48                            | 42.5                       | 26.5               |
| All Urban         | 22.5                          | 29                         | 5.3                | 30.8             | 45                            | 42.9                       | 23.1               |
| All Rural         | 23.3                          | 29                         | 11.1               | 55.2             | 50.2                          | 41.9                       | 29.1               |
| Metropolitan      | 16                            | 24.8                       | 4                  | 25               | 34.2                          | 38                         | 26.1               |
| Lower Urban       | 21.7                          | 28.7                       | 7.3                | 32.7             | 48.2                          | 45.8                       | 24.2               |
| Upper Urban       | 35                            | 35.5                       | 5.2                | 40.3             | 59.6                          | 47.6                       | 17.1               |
| Lower Rural       | 15.4                          | 25.2                       | 12.7               | 46.4             | 40                            | 39.3                       | 27                 |
| Upper Rural       | 33.7                          | 33                         | 9.2                | 67.5             | 63.4                          | 43.6                       | 31.7               |
| Poverty Gap Index |                               |                            |                    |                  |                               |                            |                    |
| All Egypt         | 4.6                           | 5.8                        | 2                  | 6.9              | 12.7                          | 10.1                       | 6.7                |
| All Urban         | 5                             | 6.5                        | 1                  | 4.4              | 12.8                          | 11.7                       | 5.7                |
| All Rural         | 4.3                           | 5.6                        | 2.7                | 8.8              | 12.5                          | 9.3                        | 7.5                |

**Table A6. Summary of SFD Core Programs and Sub-Programs: Objectives, Target Groups, Selection and Appraisal criteria**

| Objectives   | Target Groups  | Selection & Appraisal Criteria  |
|--|--|---|
| <p>The Public Works Program (PWP)</p>  |  |   |
| <p>1) Provide &amp; improve essential infrastructure and services in low income rural and urban areas.</p> <p>2) Generate temporary employment for skilled and unskilled labor through public works sub-projects.<br/>Create long-term employment through operation and maintenance activities</p>   | <p>1) Low income families in rural and poor urban areas</p> <p>2) Unemployed, particularly new graduates</p> <p>3) Individuals living in unserved areas</p> <p>4) Small local contractors</p> <p>5) Individuals working in public works projects</p> | <p>1) Promotion of labor intensive projects</p> <p>2) Environmental and social impacts</p> <p>3) Participation of the target groups in project implementation</p> <p>4) Managerial capacity of the sponsoring agencies.</p>   |
| <p>The Community Development Program (CDP)</p>   |  |   |
| <p>1) Strengthen institutional capabilities of regional NGOs and PVOs,</p> <p>2) Mobilize local grassroots community initiatives: Productive/income generating activities, social development activities,</p> <p>3) Enhance women's participation in socio-economic development</p> <p>4) Establish links between local and international NGOs</p> | <p>1) Low income families with emphasis on governorates with high incidence of poverty,</p> <p>2) Women and children in rural and urban zones with high incidence of poverty,</p> <p>3) Unemployed youth.</p>  | <p>1) Securing income generation opportunities,</p> <p>2) Provision of credit with flexible collateral for the poor,</p> <p>3) Creation of training opportunities,</p> <p>4) Encouraging women's participation,</p> <p>5) Strengthening institutional capabilities of NGOs and PVOs.</p>        |
| <p>The Enterprise Development Program (EDP)</p>  |  |   |
| <p>1) Promote employment and income-generating opportunities in small and micro enterprises by creating new businesses and expanding existing productive activities</p> <p>2) Provide small business and potential entrepreneurs with credit, technical assistance, training and know-how.</p>   | <p>1) Small entrepreneurs,</p> <p>2) New graduates,</p> <p>3) The unemployed,</p> <p>4) Women,</p> <p>5) Employees wishing to leave their jobs in public enterprises.</p>  | <p>1) Expanding employment and income generating opportunities in the small enterprise sector,</p> <p>2) Utilizing appropriate technology,</p> <p>3) Providing marketing and quality control,</p> <p>4) Ensuring financial viability,</p> <p>5) Managerial capacity of sponsoring agencies.</p> |

The Population Activities Program (PAP)

Sub-Program of the Community Development program

- |  |  |  |
|--|--|--|
| 1) Reduction of rapid population growth and promotion of population characteristics, | 1) Women in rural communities,                             | Activities funded through PAP  |
| 2) Support women's status in the community,  | 2) Married and newly married couples,                      |  |
| 3) Creation of an appropriate social environment for promoting small size families,  | 3) Low-income groups in areas with high poverty incidence, |  |
| 4) Facilitate access to health services (particularly for women and children),       | 4) Youth and religious leaders.                            |  |
| 5) Increase women's awareness concerning child culture and nutrition.                |  |  |
|  |  | 1) Increasing awareness of population concepts and their importance at the national level, |
|  |  | 2) Education and eradication of illiteracy,  |
|  |  | 3) Increasing awareness of male and female roles in community,                             |
|  |  | 4) Training religious leaders,   |
|  |  | 5) Encouraging youth to participate in local community development,                        |
|  |  | 6) Motherhood and childhood.   |

The Gender Unit \*

- 1) Achieve effective and efficient development through women's direct participation and identify constraints and impediments to their participation,
- 2) Gear SFD's development interventions taking into account the multiple roles and responsibilities of women and their integration into the development process,
- 3) Support innovative activities that benefit women in line with national and regional development priorities and corresponding to women's needs,
- 4) Establish criteria to ensure incorporation of women into the mainstream of development activities according to the needs of SFD' five core programs,
- 5) Ensure sufficient institutional mechanisms to promote gender mainstreaming.

Source: Kheir El-Din, (1998) based SFD/GOE: SFD Mission objectives, (1996)

## ACRONYMS IN THE REPORT

|        |   |
|--------|---|
| CAPMAS | Central Agency for Public Mobilization & Statistics |
| CDP    | Community Development Program                       |
| CEOSS  | Coptic Evangelical Organization for Social Services |
| CPM    | Capability Poverty Measure                          |
| EDHS   | Egypt Demographic Health Survey                     |
| EDP    | Enterprise Development Program                      |
| EHDR   | Egypt Human Development Report                      |
| EIHS   | Egypt Integrated Household Survey                   |
| ELMS   | Egypt Labor Market Survey                           |
| ERSAP  | Economic Reform & Structural Adjustment Policies    |
| HIECS  | Household Income & Expenditure Consumption Survey   |
| HIO    | Health Insurance Organization                       |
| IFPRI  | International Food Policy Research Institute        |
| INEP   | Institute of National Economic Planning             |
| LFSS   | Labor Force Sample Survey                           |
| MISA   | Ministry of Insurance & Social Affairs              |

|      |                                  |
|------|----------------------------------|
| MOH  | Ministry of Health               |
| PHC  | Primary Health Care              |
| PWP  | Public Works Program             |
| SFD  | Social Fund for Development      |
| SSHS | Social Spending Household Survey |

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**JORDAN**

## 1. INTRODUCTION

Since its foundation, Jordan witnessed remarkable economic, social and demographic changes. These changes' affected the Jordanian population structure and economic performance. However, the population of Jordan has been doubled more than seven times during the period 1952-1998, of which about 40% are in the age group of less than 15 years old.

As a small country with limited natural and financial resources, the economy of Jordan is characterized by a high rate of population growth, low participation rates in employment, a limited size of domestic market, and a high dependency on external sources. In addition, the economy is service oriented and characterized by a high degree of openness [measured by the ratio of (Export + Imports) to the GNP].

During the 1970s and early 1980s, Jordan enjoyed relatively high growth rates reflected in an annual growth rate in real GDP of 10.9%, with an average of 7.5% growth rate in real per capita income. This period witnessed also an expansion in the basic infrastructure and welfare services; education, health care, transportation, communication, etc. Accordingly, by the mid 1980s poverty was negligible.

The series of economic set-backs which faced Jordan from the beginning of the recession in 1983 to the end of the Gulf Crisis led to the emergence of a new class of urban poor. The economic recession, prompted by a decline in regional oil revenues, as well workers' remittances led to high unemployment and inflation rates necessitated the implementation of an economic structural adjustment program.

Although there has been a modest economic recovery following 1991, the economic recession and subsequent stringent economic adjustment program have resulted in lower living standards and higher rates of unemployment and poverty incidence than at any time before (unemployment rate was 18% in 1992, and absolute poverty incidence 21.3%). This has occurred despite governmental and non-governmental programs to alleviate poverty.

Despite the number of studies dealt with poverty since 1987 and the adoption of Social Productivity program in 1997, the concept of poverty

still not clear to identify who are the poor? Poverty has been discussed from the income/expenditure needed to satisfy basic needs' perspective<sup>46</sup>.

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<sup>46</sup> These studies' methodologies and results will be analyzed in section II.

## 2. SOCIO-ECONOMIC DEVELOPMENTS

The social and economic developments, which faced the Jordanian economy during the last two decades, influenced the emergence of unemployment and poverty. These developments will be addressed as follows:

1. Economic Developments
2. Labor Market Characteristics
3. Social Developments

### 2.1. Economic Developments

During the 1970s and early 1980s, Jordan enjoyed relatively high growth rates in real GDP; as well an expansion in the basic infrastructure and welfare services. These achievements has been assisted by external finance, mainly from oil exporting Arab countries as a result of the increase of oil prices, workers' remittances, and the expansion of the Jordanian agricultural and manufacturing exports to these markets.

However, despite these achievements, Jordan could not overcome the basic imbalances in its economic structure, namely budget and balance of trade deficits. The increase in GNP led to increase total consumption to levels higher than GDP levels, resulting in negative domestic savings, as well imports. Accordingly, dependency on external resources increased to bridge the consumption gap and to finance the gross domestic formation.

As a result of the decline in oil prices in 1983, which accompanied by a recession in the region. The economy of Jordan has been affected negatively by reducing the demand for its exports to these markets, lowering the demand for Jordanian labors, and reducing regional assistance to Jordan due to the decline in the regions' revenues. These factors produced a decline in real GDP growth rates from about 11% in the 1973-1980 period, to about 2.5% during 1983-1987, as a result per capita income decreased and unemployment increased to about 9% in 1988.

As the situation continued to deteriorate, and grants and workers' remittances continued to decline, the government covered its deficits (trade and budget deficits), in addition to the withdrawal of foreign exchange reserves at the Central Bank, by internal and external borrowing, where total external debt constituted about 173% of the GDP, and 303% of the exports of goods and services in 1988. As a result, the foreign reserves at the Central Bank declined considerably and the Jordanian Dinar devaluated by about 50%, accordingly the cost of living increased by 6.6% compared with 0% in 1986 and 1987.

As the measures taken by the government to improve the foreign exchange position and the budget deficit were not sufficient<sup>47</sup> without debt rescheduling and external resources, the costs of these measures would be too high. Accordingly, the government reached an agreement with IMF and the WB for an economic adjustment program for the 1989-1993 period, in order to revitalize economic activity, and overcome the economic crisis. This program was amended to the 1992-1998 period, because of the Gulf Crisis in 1990.

Due to a weak industrial base, the performance of the Jordanian economy in average, during the program period was below the targeted levels. Therefore, the government of Jordan adopted a privatization program in order to enhance the efficiency of the economy by greater role of the private sector.

According to the Central Bank of Jordan (CBJ) 1998 annual report, real GDP growth rate (market prices) was 2.2% compared to 1.3% in 1997. At the sectoral level, despite the government efforts to enhance the share of commodity producing sectors in GDP, since these sectors are seen as income and job creation sectors. The services producing sectors kept leading the economy of Jordan, and increased their share from about 64% in 1992 to about 68% in 1998. Table (1) indicate major economic indicators during the program period (1992-1998).

For inflation, it is kept within the accepted levels for the second year, as measured by the percentage change in cost of living index; inflation rate

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<sup>47</sup> These measures were rationing public expenditure, increasing the tax base to include more items and increasing tax rates for certain items.

was 3.1% compared to 3% in 1997. If measured by the percentage change in GDP deflator, it is declined to 3.6% compared to 3.7% in 1997.

As a consequence of these developments, per capita Gross Domestic Product at current prices increased by 2.4% to reach US\$ 1553 in 1998, while at constant prices (1985 prices), decreased by 1.2% in 1998 compared to its level in 1997 (US\$842).

**Table 1: Major Economic Indicators (1992-1998)**

| Item\Year   | 1992  | 1993  | 1994  | 1995 | 1996  | 1997 | 1998 |
|---|-------|-------|-------|------|-------|------|------|
| Population(Mil)                                   | 3.84  | 3.99  | 4.14  | 4.29 | 4.44  | 4.60 | 4.76 |
| Real GDP growth rate (%)                          | 16.1  | 5.6   | 7.6   | 3.9  | 1.0   | 1.3  | 2.2  |
| Per Capita income (US\$)*                         | 1297  | 1362  | 1447  | 1499 | 1495  | 1516 | 1553 |
| Inflation rate as % change in CPI                 | 4.0   | 3.3   | 3.6   | 2.4  | 6.5   | 3.0  | 3.1  |
| <b>As Percent of GDP at Market Current Prices</b> |       |       |       |      |       |      |      |
| Total Consumption                                 | 98.5  | 93.9  | 89.7  | 87.8 | 94.6  | 96.4 | 96.3 |
| Gross Capital Formation                           | 34.6  | 37.4  | 32.8  | 30.6 | 30.7  | 26.8 | 25.0 |
| Domestic savings                                  | 1.5   | 6.1   | 10.3  | 12.2 | 5.4   | 3.6  | 3.7  |
| Total revenues                                    | 38.9  | 37.0  | 33.5  | 35.5 | 35.0  | 33.8 | 32.2 |
| Total Expenditures                                | 33.7  | 35.2  | 35.4  | 37.2 | 38.2  | 35.8 | 39.1 |
| Outstanding External Debt                         | 131.1 | 111.3 | 102.2 | 97.9 | 100.3 | 92.6 | 95.5 |
| Trade Deficit (-)                                 | 41.9  | 41.7  | 32.1  | 29.5 | 37.2  | 32.5 | 27.5 |
| Debt Service ratio(commitment basis)              | 39.5  | 31.2  | 29.1  | 26.4 | 25.9  | 24.1 | 21.4 |

\*Per Capita Gross domestic Product at Current Prices

Source: Central Bank of Jordan, the Thirty-Five annual Report 1998.

**Table 2: The Relative Importance of Economic Sectors Contribution to GDP 1992-1998 (at constant factor cost)**

|  | Year         |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 1992         | 1993         | 1994         | 1995         | 1996         | 1997         | 1998         |
| Agriculture                                | 11.0         | 7.7          | 6.4          | 6.0          | 6.3          | 5.3          | 4.9          |
| Industry                                   | 16.1         | 15.4         | 17.7         | 17.8         | 16.2         | 16.8         | 16.9         |
| Electricity & Water                        | 3.1          | 3.3          | 3.2          | 3.6          | 3.7          | 3.9          | 3.9          |
| Construction                               | 7.2          | 8.7          | 9.0          | 8.5          | 7.9          | 6.9          | 6.5          |
| <b>Total Commodity Producing Sectors</b>   | <b>37.4</b>  | <b>35.1</b>  | <b>36.3</b>  | <b>35.9</b>  | <b>34.1</b>  | <b>32.9</b>  | <b>32.2</b>  |
| Trade                                      | 3.4          | 4.1          | 4.7          | 4.7          | 5.0          | 5.8          | 6.0          |
| Transport & Communication                  | 14.6         | 14.4         | 13.9         | 14.3         | 15.3         | 15.2         | 15.3         |
| Finance, real estate and business Services | 20.2         | 22.0         | 21.7         | 21.7         | 21.8         | 21.9         | 22.1         |
| Producing of Government Services           | 21.7         | 22.5         | 21.3         | 20.9         | 21.2         | 21.5         | 21.6         |
| Other Services                             | 2.7          | 1.9          | 2.2          | 2.5          | 2.6          | 2.7          | 2.8          |
| <b>Total Services</b>                      | <b>62.6</b>  | <b>64.6</b>  | <b>63.7</b>  | <b>64.1</b>  | <b>65.9</b>  | <b>67.1</b>  | <b>67.8</b>  |
| <b>Gross Domestic Product</b>              | <b>100.0</b> |

Source: Central Bank of Jordan, Annual Report 1996-1998

### 2.1.1. Privatization in Jordan

In general, the Jordanian economy is private-sector oriented. Accordingly, direct state ownership is relatively small. It is significant only in the mining sector (phosphates and potash) and in public utilities (electricity, water, communications and bus, railway and air transport). In 1992, before the privatization program began, the proportion of GDP from public sector establishments, excluding producers of government services, reached only 14%. The private sector share of GDP in 1992 was concentrated in construction (100%), manufacturing (94%), and in financial, business, community and personal services (95%).

However, Jordan recognizes that the continued recovery and future growth of the economy depends on a more proactive role of the private sector and a redefinition of the role of the government in the economy. Therefore, the privatization program aims at enhancing enterprise efficiency through the sale of shares to technically advanced strategic investors, deepening the financial market through public share offering, and reducing subsidies and consolidating public finances.

A series of policy initiatives were launched to downsize the government's direct participation in the productive sectors and allow the private sector to manage these sectors in a more efficient and cost-effective manner. In order to facilitate the process in a speedy and transparent manner, an Executive Privatization Unit (EPU) has been established at the Prime Ministry. The objectives of this unit are:

- Coordinate the preparation of the divestiture transactions within an overall framework based on comprehensive guidelines and regulations
- Manage the technical experts and consultants
- Manage the marketing efforts of enterprises being divested
- Execute transactions
- Negotiate with concerned parties, and
- Disseminate information regarding the progress of the program.

The privatization program is being implemented in two phases. During the first phase, several entities within the telecommunications, tourism, energy, industrial, transportation, mining, and water sectors are at some stages of privatization. The second privatization phase looks at all the restructuring options available for privatizing the National Petroleum Corporation, Arab Potash Company, Jordan Phosphate Mines Company, Royal Jordanian Airlines, Jordan Investment Corporation's shareholdings, and the Postal Saving Fund.

Due to the side effects of the privatization process on employment of privatized enterprises, the government of Jordan tailored its solutions to the labor redundancy issues on a case by case basis, but there were some common underlying threads. These measures and solutions are as follows:

1. Set up general rules preserving the rights of employees in all privatized enterprises and institutions either when corporatizing or privatizing, by developing a fair, equitable and compassionate labor transition program for workers affected by privatization.
2. Negotiate special labor transition packages to suit each transaction, thus enabling these transactions to proceed, such as the agreement between the Royal Jordanian and the labor union of Air Transport and Tourism.
3. In the more difficult rural areas, where alternative employment opportunities are limited or where skill levels of workers were limited, Jordan decided to privatize and at the same time solve the redundancy problem. For example, in the case of Aqaba Railway Corporation, none of the employees were laid off. All employees that would be redundant were absorbed at other government bodies and Jordan Phosphate Mining Company. Not only this, but the government will compensate those employees affected by privatization. Classified employees, employees of fourth category and contracted employees will be paid a grant equal to their basic salaries plus personal allowances for every year of services.

However, the revenues of privatization, will be used in the following:

3. Compensate the employees
4. Training and rehabilitate affected workers.
5. Set up the debt of privatized enterprises.

6. Maintain infrastructure where private sector is not willing to invest.

## 2.2. Labor Market Characteristics

The major structural characteristics of the labor market were a direct result of the economic and demographic developments that Jordan has witnessed. These characteristics are; receiver and sender of labor, low participation rate, unbalanced sectoral and geographical distribution of labor force, and disequilibrium in the labor market.

### One) Receiver and Sender of Labor

It is estimated that there are about 300 thousand Jordanians working abroad, mainly in the Gulf States (about 70%), in the same time there are about 120 thousand officially registered guest workers in Jordan, of which 90% are Egyptians<sup>48</sup>.

### Two) Low Participation Rate

Due to the low participation rate of female in the labor force, and a high percentage of population in the aging groups below 15 years and above 65 years (45% of the population). The Department of Statistics (DOS) estimated the crude participation rate in 1998 by about 26% (total labor force estimated by 1.25 million). For the aging group 15-64, the participation rate increased to about 47%, of which 69% for male and 13% for female.

### Three) Unbalanced sectoral and Geographical Distribution of labor Force

The sectoral distribution of labor force has been unbalanced since late 1970s. In 1998 about 70% of the total labor force were engaged in the

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<sup>48</sup> Unregistered figure is estimated by more than double of the one registered.

services sectors<sup>49</sup>. This reflects the services oriented characteristics of the Jordanian economy.

At the same time, there has been unbalanced geographical distribution of labor force. This reflected by the fact that Amman governorate accounted for 39.3% of the total labor force, Irbid (18.3%), Zarqa (15.5%), Balqa (6.7%), and goes down till 1.3% in Tafila governorate. The reasons behind these phenomena have been the concentration of population in Amman and other major cities, due to the internal migration seeking for job opportunities and better services.

#### **Four) Disequilibrium in the labor Market**

The socio-economic changes that influenced the Jordanian economy since its foundation have resulted in disequilibrium in the domestic labor market. This disequilibrium reflected in the unemployment rate, where unemployment has become a serious problem since the mid-1980s, manifesting the widening gap between the demand for and the supply of labor. However, due to the internal and external factors, unemployment has been in increase since 1986, and it reached its peak in 1991 because of the Gulf Crisis implications, it was accounted of about 19% of the labor force.

Since 1992, the government of Jordan adopted many policies to solve this problem, accordingly unemployment rate fall to about 15.2% in 1998, tables 3&4 represents unemployment rate by level of education and age groups.

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<sup>49</sup> Department of Statistics, employment and unemployment survey 1998, first and second rounds, 1999.

**Table 3 - Unemployment Rate by Sex and Level of Education, 1998 (%)**

| Level of Education        | Male | Female | Total |
|---------------------------|------|--------|-------|
| Illiterate                | 10.3 | 5.6    | 9.8   |
| Elementary                | 14.5 | 15.6   | 14.6  |
| Preparatory               | 11.3 | 20.1   | 11.6  |
| Basic Education           | 24.3 | 39.4   | 25.5  |
| Vocational Apprenticeship | 21.0 | 20.0   | 21.0  |
| Secondary                 | 10.5 | 24.9   | 13.0  |
| Intermediate Diploma      | 9.5  | 34.2   | 20.5  |
| University Graduate       | 9.9  | 26.8   | 14.5  |
| Total                     | 12.7 | 27.6   | 15.2  |

Source: DOS, Employment and Unemployment Survey 1998, 1999

**Table 4: Unemployment Rate by Sex and Age Groups, 1998 (%)**

| Age Group | Male | Female | Total |
|-----------|------|--------|-------|
| 15-19     | 29.3 | 25.0   | 29.0  |
| 20-24     | 22.5 | 51.3   | 28.0  |
| 25-29     | 11.6 | 34.0   | 16.5  |
| 30-39     | 6.3  | 16.0   | 8.2   |
| 40-49     | 7.5  | 5.9    | 7.3   |
| 50-59     | 8.6  | 2.4    | 8.2   |
| 60        | 5.4  | 8.0    | 5.6   |

Source: DOS, Employment and Unemployment 1998, 1999

## 2.3. Social Developments

The developments of the social basic indicators, refers to the interest of the government of Jordan in building the capacity of its human capital, which is the main motivator and source of its development. These indicators are summarized as follows:

### 2.3.1. Health Indicators

As a result of the expansion of the health services provided allover the country, as well public awareness campaign regarding family planning, and the increasing number of doctors and technical assistant staff. The infant mortality rate declined from about 7.8% in 1973 to about 2.9% in 1998. The life expectancy at birth increased, for both male and female, from about 57.4 years for males and 59.8 years for females in 1973, to about 66 for males and 70 for females in 1998.

Due to the increase in number of doctors and assistants staff, the number of inhabitants per doctor decreased from about 2480 in 1973 to about 607 in 1996, as well for nurse from about 870 in 1973 to about 347 in 1996<sup>50</sup>.

However, these services have been provided, in addition to the Ministry of Health, by both the private sector and military forces, through 83 hospitals with 8565 beds (population/bed ratio is 555 persons/bed), and health centers (369), village centers (277), and maternity and childhood centers (322).

### 2.3.2. Education

Due to the limited natural resources, human resources in Jordan considered the mean and source of development. Therefore, the government of Jordan emphasized the quality and quantity of educational services and facilities in building the capacity of its human capital, by providing educational services

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<sup>50</sup> Ministry of Health, Annual Statistical Yearbook 1996.

and facilities in two parallel systems, the formal and informal systems of education<sup>51</sup>. However, the formal system consists of 12 years of education, of which 10 years are compulsory education. Accordingly, due to the well distribution of schools providing this type of education, the enrollment ratio in Basic education (age group 6-15 years) reached 93.39 in the scholastic year 1997/98 (93 for male, and 93.8 for female), and in the secondary education (age group 16-17 years), was 72.53 (70.28 for males and 74.95 for females). As a result illiteracy rate declined from about 15% in 1996 (21% among females and 9% among males) to about 12% in 1998 (17.5% among females and 6% among males).

According to the DOS<sup>52</sup>, the total number of schools in Jordan reached 4492 in 1997/98, with 45893 classrooms. The students number 1.33 million, of which 49% female. The total number of teachers is 64761, of which 62% are female.

At the higher education level, the number of universities increased to reach 21 universities in 1998, of which 14 are private, some are providing M.A. and Ph.D programs. The number of students in the Jordanian universities estimated by about 94146, of which 44% female. The number of the academic staff is 4214, of which 13% female.

There are also, 48 community colleges (19 are private), with a total number of students estimated by about 24657 in the academic year 1997/98, of which 66.6% female.

Furthermore, there are 29696 Jordanian students enrolled in higher education institutions abroad, (about 20% of the student at the higher education level).

However, it is worth noting that, education services and facilities are provided, in addition to the government, by the private sector, military forces, and the UNRWA.

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<sup>51</sup> Informal education system consists of vocational training and literacy & adult education.

<sup>52</sup> Department of Statistics, Statistical Yearbook 1998.

### 2.3.3. Population

The population of Jordan has been doubled more than seven times in the last 50 years, due to the regional instability, mainly the Arab-Israeli wars (1948 and 1967), and the gulf crisis. These factors influenced the population structure and growth rates. The population growth rate was estimated by about 3.7% during the period 1979-1996, while it is estimated for the 1997-1998 by about 3.3%.

As for aging groups, about 42% of the population are below the 15 years old, and about 2.5% are over 65 years old. This reflects the high dependency rate, and indicates the need for more attention to be devoted for job creation policies in the development process, to meet the increasing demand for jobs and other social services.

As for population by sex, it is estimated that about 48% of the population are female, of which 43% below 15 years old. This reflects the increasing challenge facing the developmental efforts to enhance female participation, since they constitute almost half of the population with limited participation rate in labor force (13%).

As for geographical distribution, about 72% of the population are concentrated in the more developed three governorates; Amman (38%), Irbid (18%), and Zarqa (16%). With regard to population density, Amman ranked fifth with 220 persons/Km<sup>2</sup>, Irbid ranked first with 523 persons/Km<sup>2</sup>, Zarqa ranked sixth with 183 persons/Km<sup>2</sup>, while the lowest is Ma'an governorate with 3 persons/Km<sup>2</sup> (about 2% of the population).

As for urbanization<sup>53</sup>, it is estimated by about 78.7% of Jordanian population living in urban areas. By governorates, the highest in Zarqa (95.2%), followed by Amman (91.4%), and the lowest in Mafraq with 33% of its population living in urban areas.

The following table (table 5) represents these indicators.

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<sup>53</sup> Urban areas are those localities of 5000 population or more.

**Table 5: Main Population Indicators, 1998**

| Governorate | Population | Sex Ratio* | Pop. Density<br>(Person/Km <sup>2</sup> ) | Urbanization<br>(%) |
|-------------|------------|------------|---|---------------------|
| Amman       | 1809775    | 1099       | 220                                       | 91.4                |
| Balqa       | 312155     | 1109       | 290                                       | 63.9                |
| Zarqa       | 747860     | 1088       | 183                                       | 95.3                |
| Madaba      | 121275     | 1088       | 60  | 58.9                |
| Irbid       | 848340     | 1073       | 523                                       | 76.4                |
| Matraq      | 219040     | 1099       | 8   | 33.1                |
| Jarash      | 139815     | 1085       | 348                                       | 50.7                |
| Ajloun      | 105520     | 1039       | 256                                       | 67.4                |
| Karak       | 191405     | 1095       | 59  | 35.4                |
| Tafielah    | 72465      | 1085       | 34  | 74.9                |
| Ma'an       | 92745      | 1184       | 3   | 42.7                |
| Aqaba       | 95355      | 1288       | 14  | 85.7                |
| Total       | 4755750    | 1096       | 53  | 78.7                |

\*Refers to the number of males per 1000 female.

Source: Department of Statistics, Statistical Yearbook 1998, No.49, 1999.

#### 2.3.4. Democracy in Jordan

In recent years, Jordan has made remarkable progress toward establishing the basics of a pluralistic, organized political structure that can serve as a model for the region. Since Jordan resumed its commitment to parliamentary politics in 1989, a number of sweeping reforms have been adopted to ensure that the venture is placed on a solid footing. Most notable among these are the reintroduction of political parties to Parliament, the drafting of the National Charter, the expansion of press freedom and a firm commitment to pluralism and human rights.

In 1989, political reform began with parliamentary elections that were hailed internationally as the freest ever held in the Middle East. The new parliament emerged as a political force that exercised full legislative powers. In addition, the formulation of the National Charter established the framework for organized political activity in the country. The Charter, which guarantees the protection of human rights, offers an indigenous model of democratic pluralism based on the only true guarantors of stability: public participation and collective responsibility. Furthermore, the Charter outlines general guidelines for constructive dialogue between the executive and legislative organs, as well as between decision-makers and political and intellectual elites concerning questions of authority, rights and responsibility. It enunciates the terms under which political parties could operate—namely, within the framework of the Constitution and free of foreign funding—and also emphasizes broad agreement on the need for the political reflection of Jordan's culture pluralism. Perhaps most importantly, the Charter has given Jordanian leaders a sense of direction, an insurance policy against outbidding by unrestrained groups, and a degree of predictability in political affairs. It has also eased concerns about the consequences of unbridled freedom of expression. The National Charter, along with the Jordanian Constitution, provides a compass for the national debate on fundamental issues.

Freedom of press, one of the cornerstones of democracy, was enhanced with the enactment of new legislation on press and publications. In the area of human rights, the government repealed martial law, which had been enforced in the aftermath of the 1967 War. The government also encouraged the stationing of several international and regional human rights organizations in Jordan, and ratified a number of treaties on human rights.

These reforms resulted in greater empowerment and involvement of everyday citizens in Jordan's civic life, contributing to increased stability and institutionalization that will benefit the country far into the future.

### 3. POVERTY IN JORDAN

Before mid-1980s poverty in Jordan was not seen as a problem, where interest was emphasizing income distribution. Due to the economic and social achievements during the 1970s and early 1980s, Gini co-efficient decreased from about 38% in 1973 to about 32% in 1982<sup>54</sup>. However, since the mid-1980s poverty became one of the challenges facing the Jordanian economy, due to certain policies and procedures taken to tackle the economic deterioration. These policies, which were a helpful ones from an economic perspective, they were a harmful ones for low income and vulnerable groups of the society.

#### 3.1. Poverty Definition and Measurement

There is no agreement in defining poverty, since it is a humanitarian problem affected and influenced by the interaction of economic, social, and political factors. Because of the difficulties in measuring poverty if defined from a social and psychological perspective, poverty in Jordan was defined from the standard of living and satisfaction of basic needs' perspective. Accordingly, poverty defined as "the inability to satisfy the minimum standard of the basic needs; food, shelter, clothes, education, health, and transportation"<sup>55</sup>.

However, to identify who are the poor, and their characteristics (poverty profile), a poverty line should be drawn to distinguish between the poor and non-poor. This poverty line approach, which is widely used, is followed in Jordan, to estimate total income or expenditure needed to satisfy the basic needs. Therefore, two poverty lines were identified, abject poverty line and absolute poverty line. Abject poverty line is the minimum value of the nutritional items that generate the daily needed calories to preserve humans' life and ability to work. Absolute poverty line, is the minimum income or expenditure that satisfy basic human needs (nutritional and non-nutritional).

<sup>54</sup> Adeep Haddad, *Jordan's Income Distribution in Restrospects*, in Kamel Abu Jaber, Matthes Buhbe, and Mohammad Smadi "Income Distribution in Jordan", 1990.

<sup>55</sup> Ministry of Social Development, *Pockets of Poverty in Jordan*, 1989, (Arabic).

Several studies were discussed poverty in Jordan by using poverty line approach, these studies' methodologies and results will be the focus of the following section.

## 3.2. Previous Studies

### One) Pockets of Poverty(1989)

It is the most comprehensive study, it was conducted under the supervision of the Ministry of Social Development by a technical team. In this study, the minimum amount of calories needed to keep individual active and carry on his duties were calculated from various food items, and the cost of certain baskets of food according to 1987 prices were calculated for different regions<sup>56</sup>. Age, sex, and activities of family members were considered as well differences in prices, taste, and consumption patterns for different regions.

By using family expenditure data, the study estimated abject poverty line for a family of 7.2 persons by JD 40.5 per month (US\$ about 120)<sup>57</sup>, and absolute poverty line by JD 89. Accordingly, by using 1987 Income and Expenditure Survey data, about 18.7% of the Jordanian families were in absolute poverty, of which 1.5% in abject poverty. Therefore, poverty gab estimated by JD 25.4 million.

### Two) Poverty Report: Status and Characteristics (1993)

Since changes in poverty indicates whether economic policies and the external environment have favored or harmed the poor, comparing poverty overtime allows the government to assess its policies and determine which actions are most effective. Therefore, the government of Jordan in 1992 nominated a national team to study poverty in Jordan.

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<sup>56</sup> The cheapest among 12 baskets formulated, was used by the team to draw poverty lines.

<sup>57</sup> The JD average exchange rate was US\$ 2.954.

By applying the same methodology used in the previous study, and using both; 1991 Employment, Unemployment, Returnees and Poverty Survey (EURPS), and 1992 Income and Expenditure Survey (IES). This study estimated abject poverty line for a family of 6.8 persons by JD 61 per month (US\$ about 90)<sup>58</sup>, and absolute poverty line by JD 119 for families paying rent and JD 97 for families did not pay rent. Accordingly, about 21.3% of the Jordanian families were in absolute poverty, of which 6.6% in abject poverty in 1992. Poverty gap increased to about JD 61.5 million.

However, this study referred to the implications of the increase in the public sector employees' salaries in early 1993, which led to decrease the percentage of families in absolute poverty to about 18.3%, and those in abject poverty to about 5.3% in 1993.

### **Three) Towards Nutritional Budget to Alleviate Poverty (1992)**

By using the Cost of Living Index to modify the results of Pockets of Poverty study, this study estimated abject poverty line for a family of 6.9 persons by JD 68.1(US\$ 100), and absolute poverty line by JD 130.9. For poverty incidence, a field survey for a representative sample of 2304 families carried out. Accordingly, about 33% of the Jordanian families were in absolute poverty, of which 5.8% in abject poverty.

### **Four) The World Bank Study: Poverty Assessment Report (1994)**

By using per capita annual expenditure rather than monthly expenditure per household, and IES-1992 data. This study estimated abject poverty line for an individual per year by JD 104, and absolute poverty line by JD 139. Accordingly, about 15% of the Jordan population were in absolute poverty.

However, by adjusting the Poverty Report (mentioned above) poverty lines to per capita annual expenditure, and using EURPS-1991 data, the study estimated abject poverty line by JD 102, and absolute poverty line by JD 137. Accordingly, about 19.8% of the Jordan population were in absolute poverty, of which 8.9% in abject poverty.

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<sup>58</sup> Since 1992, the average JD exchange rate is US\$ 1.4.

### **Five) Poverty Measurement in ESCWA Region (1996)**

By using the detailed data with regard to quantity and value of the per capita consumption for 177 food items, and the IES-1992 data. This study estimated absolute poverty line by JD 398 per person/year. Accordingly, about 24% of the population of Jordan were in absolute poverty.

### **Six) Poverty and Unemployment in Jordan (1998)**

By using the 1997 prices of the nutrition basket, and adjusting expenditure items by excluding non-basic ones. This study estimated abject poverty line for a family of 6.1 persons by JD 79.8 per month, and absolute poverty line by JD 191. By applying these findings to the 1996 Employment, Unemployment and income Survey data, it is estimated that about 26% of the Jordan Families were in absolute poverty, of which 4.5% in abject poverty.

To sum up, poverty seems to have a steady increase and become more severe over the decade 1987-1997. Despite disagreement about the definition and measurements of poverty, these studies confirmed the main characteristics of the poor by:

- Higher rates of illiteracy, about 42% of the adult poor are illiterate.
- Unemployment rate among poor families is much lower than among non-poor families, since they cannot afford remain unemployed, they accept any job, even temporary or casual, in the informal economy. Therefore, poverty can be seen as low wages rather than unemployment<sup>59</sup>.
- Poor families with heads employed in the private sector are poorest.
- Poor families with married heads have highest poverty than families with widowed heads. This is because of the NAF's eligibility criteria, where poor families whose heads are widowed are recommended before married ones.

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<sup>59</sup> A minimum wage Law was approved this year, where the minimum wage is JD 80 per month.

- Poor families have higher numbers of children; average family size is about 9 persons' compared with 6 at the national level, therefore, higher dependency rate and lower per capita income and expenditure.
- Despite higher rates of poverty in the rural areas, about two-thirds of the poor are in the urban areas. About 78% of the population living in urban areas.

However, these characteristics have been supported by interviewed expertise (annex 1, list the experts names and position), who referred to the strong correlation between GDP growth and poverty, and emphasized the importance and need for a comprehensive survey devoted for poverty. Since the studies discussed poverty so far, used data available in surveys not designed for the poor and poverty related issues. This suggested survey could help in overcoming differences in poverty definition and measurement, as well poverty mapping and portfolio.

### Poverty Indicators in 1992 and 1997

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|  | 1992 | 1997 |
|--|------|------|
| Absolute poverty line(JD/Family/Month) | 119  | 191  |
| Headcount ratio (% of Families)        | 21.3 | 26.0 |
| Poverty incidence (% of population)    | 33   | 35   |
| Poverty gab (JD Million)               | 61   | 104  |
| Poverty gab as % of GNP                | 2.2  | 2.1  |
| Poor population below 15 years old (%) | 51   | 53   |
| Poor family size (person)              | 9    | 8.7  |
| Unemployment among the poor (%)        | 26   | 9    |

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**Poverty by region in 1992 and 1997**

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|                           | 1992 | 1997 |
|---------------------------|------|------|
| Amman (& Madaba)          | 16.2 | 23.8 |
| Zarka                     | 19.5 | 29.1 |
| Irbid (& Ajloun & Jreash) | 29.2 | 26.5 |
| Mafraq                    | 29.5 | 30.5 |
| Balq'a                    | 27.2 | 29.0 |
| Kerak                     | 28.6 | 27.1 |
| Tafeela                   | 25.9 | 24.1 |
| Ma'an (& Aqaba)           | 23.5 | 25.0 |

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### 3.3. Combating Poverty

Within the national policy framework to alleviate poverty, non-governmental organizations (NGOs), and international agencies were encouraged to participate. The main concern of the NGOs is to help certain groups to improve their quality of life, by enhancing voluntary work and women participation, especially in the rural and poor areas. This is done through soft loans for family projects and training programs provided to the beneficiaries. However, due to weak performance of some current programs, the government adopted in 1997 a Social Productivity Program consist of four components.

#### 3.3.1. Institutional Setup

There are about 47 institutions and organizations involved in the social work in Jordan, of which 13 are governmental, 7 national, 8 non-governmental, 15 are regional and international, and 4 are private institutions. However, some of these are involved in more than one program targeting poor people.

There are 15 international, governmental and non-governmental organizations sponsoring around 14000 income generating projects for women, the disabled, the unemployed and underprivileged individuals.

Prominent among these organizations is the Development and Employment Fund (DEF), which enables needy individuals and households to engage in work and production by extending soft loans of up to JD 10,000 (US\$ 14,000), to help them set up small scale projects that would contribute to further job opportunities and alleviate severity of poverty. The DEF also gives loans indirectly through the Jordanian Hashemite Fund for Social Development<sup>60</sup>, the Agricultural Credit Corporation, the General Union of Voluntary Societies, and the Noor al-Hussein Foundation.

The National Aid Fund (NAF) has also financed over 6000 income-generating projects, the loans that will be repaid over a period of ten years

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<sup>60</sup> Before 1999, it was named the Queen Alia Fund for Social Development.

with no interest. The Noor al-Hussein Foundation also provides interest-free loans.

Projects by non-governmental charity and development organizations have also addressed the challenge of poverty in Jordan. A partial list of these organizations includes The Zakat Fund, and The General Union of Voluntary Societies, which consist of more than 600 public service societies and charities, along with several foreign agencies.

In addition, the Jordanian Hashemite Fund for Social Development plays a leading role in promoting social and economic development in rural areas. Perhaps most effective of all, however, are the strong, tightly-knit family structure and tribal links which help ease the plight of the poor and protect them from becoming homeless, as well increasing women participation in development (Box 1, summarizes the progress made in women issues).

Furthermore, there is the Social Security Corporation, which aims to improve and expand the protection it provides to all members of the community across the full range of contingencies: basic income security, as a result of old age and invalidity, work injury, disability and death. An important theme in the work of the Corporation is to ensure that Social Security Policies are consistent with other policies related to poverty alleviation and that they are also compatible with economic constraints and institutional capacities. However, currently the Social Security System covers employees in the following fields:

- Employees in private sector firms that employ five or more persons.
- All employees and workers of government, ministries, public departments, and organizations that are not subject to the civil or military pension schemes.
- All workers of greater Amman jurisdiction, municipalities, village councils, universities, and institutions.

### **Women in Development**

*During the past four decades, Jordan has achieved considerable progress in the sphere of socio-economic development. This has positively influenced the role of women in the society and their ability to make an effective contribution to economic development and to the social aspiration of all Jordanians.*

*To reflect the desire of the government to optimize the participation of women in economic, social, and political life, the Jordanian National Committee for Women (JNCW) was formed in 1992. It is presided over by Her Royal Highness Princess Basma Bint Talal, and includes representatives of those public and private bodies concerned with women's issues. Heading the list of priorities in the work of this committee has been the drawing up of a National Strategy for Women in Jordan.*

*The Strategy is distinguished by the fact that it was the outcome of a number of studies, meetings and seminars conducted throughout the Kingdom, in which a large number of men and women representing a wide sector of society took part. All these efforts culminated in a national conference held in June 1993. The conference resolved to adopt a fully integrated proposal for a National Strategy for Women which would combine modernity with respect for our national heritage. National heritage relates to Arab and Islamic principles and values, as well as to the ways in which these have been developed throughout human history. Modernity, on the other hand, involves keeping up to date with modern technology, methods and trends which would enhance the status of women in Jordan and support their role in the reconstruction of society, the consolidation of social progress and the realization of social development.*

*The main objectives of this Strategy were:*

- *To amend legislations obstructing women's participation in development, and enacting new legislations and policies that guarantee the completion of a legal legislative framework emphasizing and actuating their full participation.*
- *To unify efforts of organizations working on women issues, and to coordinate programs aiming to providing care for women and upgrading their status and to evaluate these programs, and to follow up their implementation to achieve an effective incorporation of women in the economic and social development process in the country, including the provision of orientation and training to ensure their participation in economic activity and provision of support services to working women.*
- *To create public awareness regarding the importance of women's role and their status in the progress of the Jordanian society.*
- *To increase women's participation in development, and to create job opportunities for them in the public and private sectors.*

#### **PROGRESS IN WOMEN ISSUES OVER THE YEARS**

*1977 By Royal Decree, the Queen Alia Fund for Social Development (QAF) was established to enhance sustainable development, through an extensive outreach throughout the Kingdom. Women have always been a central component on QAF's programs, which include educational awareness raising, health and income generation. Women's committees play important roles in all of QAF's centers, organizing activities and acting as links with their local communities.*

*1977 The National Consultative Council was formed, nine women appointed over six years.*

*1977 The first women minister was appointed, five more ministerial appointments were made subsequence years.*

*1977 Comprehensive socio-economic needs assessment of Jordanian women in rural and urban areas conducted, forming the basis for economic and social services in QAF's strategic plan.*

*1984 With the establishment of QAF's community centers, the post of rural women leaders is created, enabling women to play an integral role in each community.*

*(Continue)*

*PROGRESS OVER THE YEARS (continue)*

- 1986 *Women's committees are established in QAF's community centers to participate in setting up programs directed toward women, according to the needs of their local communities.*
- 1987 *QAF's "Home Garden" program is launched, enabling rural women to engage in self-sustaining agricultural work.*
- 1988 *The idea of QAF's rural markets develop, enabling women with previously unavailable opportunities for marketing their produce to sell their agricultural produce and handicrafts in their own communities.*
- 1989 *First appointment of a woman to the Upper House.*
- 1990 *HRH Princess Basma Bint Talal is asked by the government to establish and head the Jordanian National Committee for Women (JNCW), the highest policy-making body for women in Jordan.*
- 1991 *To implement the National Strategy and raise awareness of its content, women's committees emerge as the grassroots level as advocacy groups for women. These committees played a role in the 1995 municipal elections.*
- 1992 *At JNCW's initiative, ninety nine women were appointed to municipal councils. In the same year the Directorate of Women's Affairs was established at the Armed Forces to safeguard the rights of women in the Jordanian Army and allow them reach their full potential. Initiatives from the Directorate, headed by Princess Aisha, have resulted in legislation lengthening maternity leave to 90 days and procuring equal rights to housing, as well assisted military women by upgrading training requirements, providing better opportunities for advanced training needed for promotion, and by instituting job placement programs designed to match women's skills and ambitions with an appropriate career path.*
- 1993 *-Jordanian women and men from all walks of life participated in the Fourth World Conference on Women and accompanying the NGO Forum, HRH Princess Basma heads the official and non-governmental delegation to Beijing.*
- *Ten women and first Jordanian mayor selected to municipal councils.*
  - *The Jordanian National Forum (JNFW) established by HRH Princess Basma to represent the women's committees with a current membership of more than 120,000 women.*
- 1992 *The Princess Basma Women's Resource Center (PBWRC) opens to support the activities of the women's committees and other organizations around the Kingdom.*
- 1993 *Municipal elections held in twenty eight newly created municipalities, three JNFW members elected*

### 3.3.2. The Current Response to Poverty

The current programs to assist the poor fall into three main categories: public assistance, physical and social infrastructure, and income generation.

#### a) Public Assistance program

This program provides direct cash and in-kind transfers to the poor. In addition to other local NGOs, the National Aid Fund (NAF), as the major governmental agency, is the key player in this program. It provides monthly cash transfers to the unemployable poor and to households without source of income. The number of household beneficiaries increased from 22382 in 1992 to 37342 in 1998. Disbursed cash increased from about JD 5.7 million in 1992 to about JD 14.3 million in 1998. In addition to recurrent cash transfers, NAF also provides loans for self-employment, as well provides access to subsidized health care for poor household. The total cost of NAF increased from about JD 7.4 million in 1992 to about JD 18 million in 1998, of which 79% is in cash transfers<sup>61</sup>.

Due to certain weaknesses in its eligibility criterion, it reached only about 23% of the poor. These weaknesses are:

- excludes the working poor,
- reduces benefits Dinar-for-Dinar when beneficiaries earn income, a work disincentive for some, and
- it over-assists the smallest households at the expense of the larger households.

In order to overcome these weaknesses, within the framework of the Social Productivity Program, the government of Jordan launched in 1998 a Project for Restructuring NAF. The main achievements of this program are<sup>62</sup>:

<sup>61</sup> The National Aid Fund, Annual Report 1998.

<sup>62</sup> Dr. Fayiz Suyyagh, and Ibrahim Hejoj, Poverty Alleviation in Jordan, Project for Restructuring National Aid-Social Productivity Program, (unpublished paper), 1999.

- Increasing the upper limit of cash transfers from JD 60 to JD 82.
- Increasing the number of beneficiary household members' from 7 persons to 10.
- For a beneficiary household with total income up to JD 250, and having two single unemployed members (above 18 years old), in stead of stopping aid, it is reduced by 15% for each single unemployed member.
- For a beneficiary household with total income up to JD 250, and having an employed member, in stead off stopping aid, it is reduced by 25% for each employed member.

#### **b) Physical and Social Infrastructure**

The largest ongoing efforts to improve the physical environment and services for the poor are through UNRWA, the Department of Palestinian Affairs (DPA), and the Housing and Urban Development Corporation (HUDC), though funding has been geared towards keeping services going rather than making capital improvements. Over 80% of the UNRWA's budget went for education and health services. A further 10% is used to operate training centers for women, rehabilitation centers for disabled, a program of food aid and other relief to the poorest, and a small self-support program for income generation. DPA also provides some similar services. The HUDC and the Housing Bank have been the main sources of upgrading plans and funds for squatter settlements, assisting over half of the inhabitants in 13 settlements. In addition, several NGOs operate small service operations in the low-income settlements, but they lack the fund for major capital improvements.

#### **c) Income Generation**

Finding or creating jobs for the employable poor is the best long-term solution to the poverty problem. The two main avenues for this: I- support and incentive to help the poor take jobs; and II- services for small and microenterprises.

Since small and microenterprises are Jordan's best hope to provide jobs for rapidly growing labor force. They create new jobs at a much lower cost than larger firms, and are especially suitable for women and the disabled find employment. To expand successfully, they required entrepreneurship, business management skills, technical and marketing expertise, and often credit. Most involved credit, including programs to meet these needs run by the Development and Employment Fund (During the period 1991-1998, the total number of projects had been directly financed by the DEF were 3475 projects with a total of JD 16.3 million created 7835 jobs. While the total number of projects been financed indirectly during the period 1991-1998, were 2313 projects with a total value of JD 5.85 created 2764 jobs. As by sex, the total number of projects were 810 {227 indirectly}, with a total value of JD 3.02 million {JD .418 million indirectly} created 1463 jobs)<sup>63</sup>, UNRWA, NAF (the total cost in 1998 reach about JD 2 million, for professional and physical rehabilitation), the Ministry of Social Development, the Agricultural Credit Corporation, and several NGOs; including the Jordanian Hashemite Fund for Social Development, the Noor al Hussein Foundation, Save the Children, and Near East Foundation.

However, the impact of these programs has been limited. With strong institution-building efforts, they could become intermediaries of commercial banks lending to small and microenterprises.

### 3.3.3. Social Productivity Program<sup>64</sup>

The Government of Jordan has launched the Social Productivity Program (SPP), in early 1998. The SPP is a national program aim to compact the problems of poverty and unemployment, by enhancing the overall social productivity of the nation with a focus on poor households. SPP will be implemented in two phases; the First is expected to last about three years, while the Second phase would last for seven years. During phase-1, the Government would launch the basic activities including pilot programs, and monitor and evaluate to provide guidance for their improvements during the second phase.

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<sup>63</sup> It is approaching two types of lending, direct and indirect, indirect lending through certain NGOs. Such as the Noor al Hussein Foundation and the Jordanian Hashemite Fund for Social Development.

<sup>64</sup> This section heavily based on the Ministry of Planning files.

The main goals of this program are:

- To increase the income of the poor in order to lift all Jordanian households above the absolute poverty line
- To improve the economic and investment opportunities for the poor and the unemployment through supporting and financing small and micro enterprises projects
- To provide the poor and the unemployed with access to productive job opportunities through training and employment facilities, and
- To improve living conditions of the poor through providing good public infrastructure facilities and services.

This program aims to combat poverty, by approaching two parallel tracks. The First dealing with poverty alleviation in the short-term, while the Second dealing with combating the causes of poverty in the medium and long-terms.

### **One) Poverty alleviation in the short-term**

This track, the direct attack on poverty, has the following components;

- **Restructuring and Expansion of National Aid Fund**, the implementation agency is the Ministry of Social Development, and the National Aid Fund (NAF). The main activities of this component are; developing the institutional capacity of NAF in order to improve the efficiency and effectiveness of its services and its targeting practices, expanding the NAF's coverage base to reach a larger percentage of the poor by modifying its eligibility criterion, introducing a complementary income project to bridge the gap between available income and poverty line, and introducing a pilot Wage Subsidy Scheme to encourage the private sector in providing employment opportunities for the able and productive poor.
- **Community Infrastructure Development Program**, the implementation agencies are the Cities and Villages Development Bank, Housing and Urban Development Corporation, Ministry of Environment, Municipalities and Rural Affairs, and Ministry of Planning. The main

activities of this component are; to upgrade the essential physical and social infrastructure in poor communities, covering 300 municipality and village councils, 14 squatter settlements, and 13 refugee camps, strengthening the institutional capacity of infrastructure services providers including the implementation agencies, and implementing an integral community development project in five pilot communities.

- **Small and Micro Enterprises Development Program**, the implementation agencies are the Governmental and Non- Governmental Organizations, and Local Banks. The main activities of this component are; developing and enhancing the capacity of micro-finance intermediaries to be more efficient and effective in delivering sustainable financial and non-financial services, developing an effective and proactive financial mechanism with commercial banks that provides small and micro entrepreneurs with sustainable access to financial services, creating a client- friendly environment for small and micro enterprises through implementing reforms in the policy and legal framework, and providing small entrepreneurs with access to business services in order to develop their entrepreneurial traits and skills.
- **Training and Employment Support Program**, the implementing agency is the Ministry of Labor. The main activities of this component are; developing and financing market-driven formal and on-the-job training which is responsive to the private sector needs, facilitating job placement through market-based incentive system for the private sector and promoting the development of private job placement agencies for workers seeking employment domestically and abroad, and developing and building a Labor Market Information System to monitor the operation of labor markets, and make more efficient use of the existing sources of labor market information.

## Two) Combating poverty

This track aims to increase social productivity at the macro level, in order to combat poverty causes by:

- Enhancing the improvements of the available programs in the fields of education, health care, and information technology.

- Maintain and develop the infrastructure.
- Increasing job opportunities.
- Improving public administration quality, and economic environment.

However, in order to ease and facilitate the implementation of the SPP, the Ministry of Planning adopted a Public Awareness Program.

The main objectives of the program are:

- Increase the level of awareness for the Jordanian people about the real situation of poverty and unemployment in Jordan.
- Increase the level of awareness of the Jordanian people about the SP programs, accomplishments, and activities.
- Increase the level awareness of the Jordanian people about the services available through the SPP
- Contribute to human behavior change of the Jordanian people about the shame culture from some jobs they don't like.
- Focus and shows the role of sectors of special importance (like students, women, people of special needs, and others) in compacting poverty and unemployment

#### 4. CONCLUDING REMARKS

The concluding remarks joins on the more fundamental causes of poverty in Jordan. Despite the achievements in certain areas of human and social welfare, as well in economic indicators, these achievements have been supported by external sources, which increased dependency in these sources.

This dependency of the Jordanian economy of the neighboring economies led to inappropriate outcomes of the most two essential sectors; education and industry. Since these two sectors were geared towards the neighboring economies' needs rather than local economy needs. However, For education, due to the expansion in development in these countries, there was an increasing demand for certain professions, such as teaching and engineering. As the demand for more skilled and educated Jordanian labors in these countries' labor markets declined, Unemployment among educated labor increased locally, this in turn affected the position of less skilled and less educated labor (the poor). For industry, it has been affected by this dependency, where most of the industries established in the 1970s, were established under high tariff protection, and targeting these markets. Due to economic recession and political developments in the region, most of these markets closed for the Jordanian products. This closure negatively affected industrial sector in Jordan, which in turn affected economic growth, as well unemployment. Moreover, wages went down, living conditions for certain groups worsened, and poverty increased. This is because the industrial sector in Jordan found to be lacking competitiveness in other markets, and lacking a proper infrastructure to meet the international developments, especially globalization. Therefore, at least in the short-run, globalization will not be a beneficiary for the Jordanian economy in general, and the poor in particular.

However, the above mentioned factors formulated the main characteristics of poverty in Jordan, therefore, any attempt to solve this problem should seek to cure the roots of this problem rather than temporary solutions. Since, despite the achievements in this respect, poverty increased during the 1992-1997 period.

While it is too early to judge the Social Productivity Program, it worth referring to the following notes;



- The dependency of financing these programs on external sources may affect their implementation and performance.
- The lack of poverty database may lead to inappropriate decisions. Since most of the studies and reports dealt with poverty issues based on surveys not designed for poverty and other related issues.

Therefore, it is recommended that:

1. A comprehensive survey devoted for poverty-related issues; definition, causes, types, and proper measures, in order to determine poverty line(s), characteristics of the poor, and poverty mapping.
2. Establishing database for poverty related issues.
3. Enhancing cooperation and coordination among institutions and other local and international NGOs and agencies, in order to utilize the available resources and increase the benefits.
4. Emphasizing the role of EU in modernization of industry in Jordan, as a prior step towards an Industrial Policy, by providing technical assistance, as well participating in the Human Resources Development programs.

## **ANNEX 1: INTERVIEWED EXPERTS AND THEIR POSITION**

1. Al- Otoum, Radi., Director of the Planning Department at the Development and Employment Fund.
2. Al- Shakhatreh, Husseeein., General Director of the Department of Statistics.
3. Al- Shareef, Nawal., Director of the Social Development Training Center at the Queen Zein Al-Sharaf Institute for Development.
4. Al- Suyyagh, Fayes., Director of the NAF's Restructuring Program.
5. Mrayyan, Nader., Director of the Employment and Training Prrogram.

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