

BOOK REVIEW

**Daniel Rauhut and Neelambar Hatti (Eds), *Poverty, Politics and the Poverty of Politics*,
B.R.Publishing Corporation, Delhi, 2018**

**By: Anca Dachin, Bucharest University of Economic Studies, Department of Economics and
Economic Policies**

E-mail: ancadachin@yahoo.com

The main problem addressed in this book is poverty and the different policies and specific instruments applied by governments in various countries of the world. The volume presents methodological aspects regarding the measurement of the level of poverty, analyzes the evolution of this phenomenon in the historical context of the last decades and performs a critical analysis of the results obtained as a consequence of the measures applied to reduce poverty. As this is a phenomenon present all over the world, but with different characteristics, the authors have grouped the scientific contributions that illustrate the situation of several countries in three chapters, depending on the inclusion of these countries in the post-industrialized world, the transition economies and the developing countries.

The starting point is the introduction, where *Daniel Rauhut* and *Neelambar Hatti* show that the problem still is the vicious circle of poverty. The knowledge about the cultural, economic and historical context continues to be the key to understanding and eradicating poverty, which is the subject of this work, in a new perspective. The authors criticize the neo-liberal austerity policy that aggravated the phenomenon in developing countries, stating that poverty is political. The higher rates of economic growth in many developing countries did not have the expected results, while the redistribution of income becoming unsustainable aggravated social tensions. The authors formulate the framework for the following chapters with the aim to identify integrated solutions, respectively to find out how to create new opportunities for poor people. Emphasis is placed on the need to refocus the debate on poverty towards creation of available jobs in the private sector.

The conceptual and methodological aspects regarding poverty are in academic debate, being evident that the phenomenon is multidimensional. Since it is a relative dimension, poverty implies an analysis beyond income (GDP / capita) or the threshold of absolute poverty. Since it is not only about the material living standard, but also about how we relate to each other, the book's publishers invite for an analysis of poverty from a new perspective.

Part 1 of the volume includes the analysis of poverty in countries belonging to the post-industrialised world: Australia, United States, Spain and Sweden. The chapter shows that poverty, especially relative poverty, also exists in developed countries. The diversity of these countries from the point of view of historical evolution, size and socio-economic and cultural particularities makes the difference in approaching policies against poverty.

In the chapter “The Politics and Policy of Housing Income Poverty in Australia” *Andrew Beer* focuses on housing poverty. Australia did not experience recession after 1991, but there are people living below the internationally accepted poverty line which belong to vulnerable groups (unemployed, single parents and persons with disability). Referring to causes of housing affordability crisis, which is a multifaceted problem, the author discusses the nature of neoliberal policy. With no welfare state after the World War, the income support has been only for the most disadvantaged people within the society. This policy has shaped the housing poverty. In the discussion about efficiency over fairness, the author criticizes this policy and its effects especially on categories such as Aboriginals and Torres Strait Islanders.

Benny Carlson presents some trends in poverty research in the chapter “Poverty and Welfare in the United States”, by focusing on the analysis of poverty indicators in the USA compared to rich European countries. The research provides valuable information about poverty rate in the USA among selected groups, by type of household, age, race/origin, as well as at regional level. The discussion about causes of poverty reveal important aspects, such as people living over generations in a culture of poverty and figures showing that there is a substantial group of so-called working poor. The author addresses some myth about poverty, one of them being that most people are trapped in poverty, while in fact there is a constant flow of people in and out of it. Finally, there is a presentation of different ideological views about poverty and welfare and the possible cures of poverty, which differ radically.

In the chapter “The Rise of Poverty and Inequality Aftermath of the Spanish Crisis” *Marcos Fernández-Gutiérrez* describes the long road of Spain towards economic and social convergence with Europe, by reviewing historical periods starting with the long period of dictatorship (1930-1970). Later the situation has improved, while the development of the welfare state became similar to the western European countries. The author points out unemployment as the main social problem. In 1990, the welfare state was abandoned and the government turned to job creation as policy against poverty. Even if 7.8 million new jobs were created until 2007, they were concentrated in activities with low productivity and low value added. The stages of the long lasting Spanish crisis are presented in detail, starting with the economic collapse in 2009. The critical approach to austerity policies reveals that macroeconomic constraints led to reduction in public expenditures and a rise in tax on consumption. Considering this general context, the author explains how poverty and inequality

became chronic. The detailed analysis of poverty rates by types of population, as well as of the GINI coefficient, leads to the conclusion that the situation deteriorated in relation to the years before the crisis and compared to the EU average. There is a need for change of economic specialization and for public policies addressed at reducing the level of multiple inequalities.

“Policy Changes and Implications on Poverty in Sweden 1991-2014” is the chapter written by *Lovisa Broström* and *Daniel Rauhut*, which mainly refers to the increase of economic inequality in Sweden and to how poverty was included on the political agenda in 2014. The early 90s crisis affected primarily the rural and peripheral areas. The trend of unemployment and its relationship to social assistance is illustrated by comparing the metropolitan regions with other regions. The authors present the changes imposed by Sweden’s accession to the EU in 1995 regarding the traditional tools and regional support strategies which were not compatible with EU competition rules. A substantial part of this chapter is devoted to the analysis of the shift from the Swedish welfare model in the ’60s and ’70s to the new one. The authors' evaluation leads to the conclusion that the new regional policy was unable to meet expectations, since peripheral regions suffer from obsolete branch structure, rural/urban income gaps are higher and therefore young adults leave the rural areas.

Part 2 of the book includes the analysis of poverty in countries belonging to the transition economies: India, Russia, Romania and Brazil. The common feature of these countries is the effort to enter a sustainable path of development in a democratic framework. Poverty is a permanent reality and one of their vulnerabilities.

In the chapter “Pursuit of Poverty Alleviation in India: Academic Simulations of Hypothetical Situations” *M. H. Suryanarayana* starts with the presentation of the poverty level, measured by both absolute and relative poverty rates. These have declined gradually in the period 1990-2010, but still remain very high. A short history of economic deprivation during the pre-independence period raises the issue of how difficult it is to estimate poverty in a large heterogenous developing country, by taking into account the different dimensions of deprivation. A major subject of the chapter is about the methodology for assessing the poverty line and the potential of the economy to produce for the subsistence of the entire population. The author strongly criticizes the academic simulations in the pre-reform era (1973-1979) for the technical errors of the statistical exercise on growth and income redistribution. In the reform era initiated in 1991 the public distribution system (PDS) was quite costly for the state budget. There is also a critical evaluation on the implementation of the PDS. Regarding more recent periods, the discussion focuses on inclusive growth as a new concept included first in the five year plan 2007-2012, but not yet well measured by the indicators in use. The author explains the need for realistic appraisal of the situation and the constraints of the development process.

The case of Russia is presented in the chapter “Poverty and the Poor in Post-Soviet Russia” by *Lilia Ovcharova* and *Svetlana Biryukova*. The context of the analysis consists of the great economic and social transformations associated with the crisis of the 90s, followed by a period of rapid growth and a new crisis starting with 2008. The authors draw attention to the fact that measuring poverty is a main issue of the politics of poverty and the estimation could be used as instrument of political manipulation. The chapter provides a consistent discussion about how the transition to market economy was accompanied by changes in the method of estimation of the minimum of subsistence level. The authors give details about the legal framework and economic impact of regulations during the three main steps of the Russian social policy: in the early 90s, then 1996-2005 and after 2006. Finally the analysis of the poverty in Russia presents statistical data and a multidimensional approach to the social policy development.

The chapter “Poverty in Romania: Regional Variation” written by *Daniela Constantin*, *Cristina Șerbanică*, *Constantin Mitruț* and *Bogdan Ileanu*, focuses on the population at risk of poverty or social exclusion in Romania, which had in 2014 the highest level within the EU. In the context of dramatic economic and social transformations after 1990 and later after the accession to the EU, Romania registered regional variations in poverty. The authors highlight the most vulnerable groups, such as young unemployed (in urban and rural areas) and the Roma population and provide a regional analysis. They describe the steps in setting up the legal and institutional framework for social inclusion, which were a real effort started in the pre-accession period. In many ways there was a progress, but the global crisis has exposed the weaknesses of the social protection system.

Igor Martins and *Andrés Palacio* discuss the case of Brazil in the chapter “Poverty and Democracy: The Brazilian experience”. This country, which is the most populated in Latin America, had a decline in poverty in the recent time. Authors mention the conditional cash transfer as the key policy against poverty along with the critics addressed to the impact of this instrument. They also introduce a structural change perspective to assess the evolution of poverty, by showing evidence of how the shift from agricultural to non-agricultural activities have reduced poverty. In addition, in 1988 the change of the legal framework in favour of decentralization was an important step aiming at the decrease of the historical regional inequality. The authors tested the link between poverty, sectoral growth and social policy. An important finding is that decentralization of social policies contributes the most to poverty reduction.

Part 3 of the book includes the analysis of poverty in countries belonging to the group of developing countries: South Africa, Nigeria and Haiti.

In the chapter “Motion without Movement: Poverty Reduction through Embedded Liberalism in the Post-Apartheid South-Africa” *Lere Amusan* examines how poverty is conceptualized in South

Africa, by reviewing many theories from extreme utopian liberalism to socialism. The country faces poverty, social disintegration and unemployment, so choosing an applicable solution is a big challenge. The author presents data on percentage of people depending on social grant, the majority being involved in agricultural activities. The analysis refers also to the distinction between the provisions of the constitution regarding the care for the poor and poverty eradication and the effective way in which the political elites put into practice these principles.

The case of Nigeria is presented in the chapter “Making the Poor Poorer: the Irony of Poverty Alleviation Policies and Programmes in Nigeria“ by *Ogundiya Ilufoye Sarafa*. While Nigeria is one of the richest states in Africa, it also faces poverty with a multifaced character. The author provides a consistent discussion about the need to understand the nature of poverty in this country in a certain historical and cultural context. Data illustrate de poverty profile and show that this problem remains at the center of the political discourse. Since the adoption of anti-poverty policies used in other countries has not produced results, these policies must be reconsidered at the same time with the implementation of the anti-corruption fight.

The chapter “Poverty and Social Division in Haiti: The Role of the Elite” written by *Mats Lundhal*, deals with the reasons why Haiti is the poorest country in the Western Hemisphere. The author describes the historical context in which the country became a divided nation with a small, rich elite and a mass of poor peasants. The earthquake in 2010 showed the vulnerability of poor people. The paper surveys the debate on the possible decrease of poverty.

Conclusions

The contributions to this book help to improve understanding the poverty problem from many angles and highlight the need to identify the general historical, economic and social context in every country, because it shapes the path of development. Measuring poverty is a central issue which points to the responsibility of scientists to use the suitable methodology, as well as to choose the right policy to eradicate poverty.