Poverty Reduction and Ethics

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Abstract: In this article we introduce an examination of the relevance of ethics to poverty reduction. Ethics examines the nature and scope of institutions as the deepest level of analysis. The ethics of poverty is understood as the principles and processes of justification employed to justify assisting people in poverty. We start by distinguishing and discussing three issues that are of importance for an ethical reflection on poverty reduction: the definitions of poverty and poverty reduction, the normative background theories of poverty reduction and results of institution’s activities of poverty reduction. After discussing these we present a brief overview of ethical perspectives are relevant to poverty reduction.

Keywords Poverty • Poverty reduction • Human rights • Distributive Justice • Humanitarian action • Institutions

1.1 Introduction

In today’s world, poverty is one of the most pressing social problems, and it is one that has gained significant and increasing attention from economists over the last years. Whilst most of them agree that global poverty is morally wrong and unjust we can find large disagreement on how we should solve this problem and how we should distribute the associated tasks and burdens of poverty reduction.

This article aims to contribute to this literature by focusing on ethical issues concerning the conceptualization, design and implementation of poverty reduction measures from the local to the global level. In this introduction we want to explore three issues that are closely connected with such an ethical exploration of poverty reduction: the definitions of poverty and poverty reduction, the normative background theories of poverty reduction and the results of activities of institutions for poverty reduction.

We think every attempt to ethically reflect on poverty reduction and every attempt to provide ethical guidance for the practice of poverty reduction has in some way or another to deal with these three issues. As we will see they are not completely separate but are interconnected.

Our objective is not to provide a comprehensive overview of ethical theories, but rather we focus on describing the relevant link between ethics and poverty reduction.

1.2 Objectives

The main question in my article is whether we have any moral obligation to help the poor people around the world. And if we have such duties, to what extent we are obliged to do so.
1.3 Poverty and Poverty Reduction: Issues of Multidimensionality, and Ethics

The first issue is that of defining poverty and poverty reduction. Unfortunately there is no consensus on both questions, but it is clear that they are somehow connected, in a way that every concept of poverty reduction includes a concept of poverty but not the other way around.

Hence we will begin with the question of what poverty is. In poverty research the distinction between absolute and relative concepts of poverty is sometimes used. Absolute poverty assumes capturing a minimum standard, while relative poverty is measured against the welfare or income level of a particular social context like a particular state. There has been some dispute among poverty researchers about this distinction and which approach is best suited to capture poverty (Sen 1983; Townsend 1985).

One absolute concept that is often used in debates about global poverty is the measure of the World Bank, maybe most famously the poverty line of 1.25$ per day (World Bank 2011; see for a critique: Pogge 2009). Using this poverty line around 1.2 billion people were living in severe poverty in 2011. The main idea behind such absolute poverty lines is to capture the minimum income that is necessary to survive.

But also other poverty measures have been developed, that goes beyond the measurement of income and try to capture the multidimensionality of poverty. For example Sabina Alkire of the Oxford Poverty and Human Development Initiative has developed a Multidimensional Poverty Index (MPI), based on the capability approach, which covers the three dimensions of health, education and standard of living (Alkire 2008).

This poverty measures produces different results, like on the one hand in the Democratic Republic of Congo around 87 % of the population lives of less than 1.25$ a day with around 75 % of the population being poor according to the MPI. In Chad on the other hand only 35 % have less than 1.25$ a day but the MPI counts 87 % as poor. Two different examples of so-called relative poverty measures would be the relative income poverty threshold and the concept of material deprivation that are both used by the official statistics office of the European Union (Guio et al. 2012).

Relative income poverty describes a person who has less than 60% of the equalized median income of the country in which he or she resides. And a person is severely materially deprived according to that indicator if he cannot afford four out of nine goods or services, which are deemed necessary for a decent living. As of today these nine goods and services are defined by people who cannot afford to (1) pay their rent or utility bills; (2) keep their home adequately warm; (3) face unexpected expenses; (4) eat meat, fish or a protein equivalent every second day; (5) enjoy a week’s holiday away from home once a year; (6) have a car; (7) have a washing machine; (8) have a colour TV; or (9) have a telephone. Currently about 48.7 million people in the European Union are severely materially deprived according to this measure, and about 84.1 million live in relative income poverty.( Deen K., 2016)

What does that have to do with the ethical issues in poverty reduction? We think that at least three points are important to make.

Firstly, it is necessary to define and measure poverty in order to know what poverty reduction is in the first place. If we confine poverty to income poverty like the 1.25$ a day line of the World Bank, then the most effective, maybe the only possible, measure of poverty reduction would be to raise the daily income of these people. This would be effective regardless if that income raise comes from state benefits, development aid or labour. If one agrees that poverty is not only about income but a multidimensional phenomenon that also has something to do with health, housing, education or participation then poverty reduction would also be more complex. An increase in income will affect some of these areas but not all. A child who has no opportunity to go to school or is not allowed to go because she is a girl would still be poor – at least in that dimension – even if the income of her parents rises.
Secondly, and closely connected to the first point, the ethical issues do not begin with poverty reduction and how the poor should be helped and who should do it. The ethical issues are present in the definition and measurement of poverty itself. There is no neutral poverty definition, which does not rest on certain assumptions about what a decent minimum or a good life or a just society is. Every poverty measure tries to capture something that is of the utmost importance for a decent human life, whether it focuses merely on biological survival, material well-being or social inclusion. This means that the ethical questions begin here. What should be deemed part of such a decent life? How can we define what a human being needs to live a life of a minimum standard? What role should choice and autonomy play in our measures of poverty?

Thirdly, also within this distinction of absolute and relative poverty, ethical issues are present. Sometimes it seems that absolute poverty, especially if it is used to identify the bottom billion, the most deprived people in this world, is by definition morally worse than relative poverty. Although we do not want to disagree with such a statement, it says something about the entanglement of ethical judgements and poverty research and poverty reduction. If one form of poverty is morally worse or more unjust than another this certainly affects how we should design poverty reduction and what kinds of poverty we should target with higher priority. But there is also another issue present in the distinction between absolute and relative poverty, namely the differentiation between sufficiency and inequality. Both are terms that are very important in ethical debates about justice and morality.

So what is then poverty reduction? Poverty eradication, or poverty alleviation, is a set of measures, both economic and humanitarian, that are intended to permanently lift people out of poverty. Poverty occurs in both developing countries and developed countries. While poverty is much more widespread in developing countries, both types of countries undertake poverty reduction measures.

Poverty reduction also involves improving the living conditions of people who are already poor. Aid, particularly in medical and scientific areas, is essential in providing better lives, such as the Green Revolution and the eradication of smallpox. (Newsweek, 2012)

Broadly speaking it is every effort to alleviate the effects of poverty or to help people to escape poverty. Obviously this can be done in many different ways and there is no agreement within poverty research which ways work best. At least three aspects need to be considered in any poverty reduction measure.

(a) What is the target group? The answer to this question is closely tied to the conception of poverty that is used. If only income poverty is deemed relevant, then those who live above the income threshold but are deprived in other areas will not be targeted by poverty reduction measures. Other restrictions – or decisions that need to be made – are relevant as well: what about illegal migrants? Does the state also provide for these or can and should it restrict its poverty reduction measures to the regular citizens? It is also an important difference whether poverty reduction aims to prioritize those who are worst off or if it aims at those who are not so far below the threshold and hence can be helped most effectively to escape poverty.

(b) What are the intended effects? Poverty reduction measures can have multiple intended effects. The aim can be just to push those below above the income threshold regardless of how that is achieved. Or the main goal may not be to increase income but to help them to find employment and to become independent from state money. Poverty reduction measures that are based on a multidimensional understanding of deprivation will have to acknowledge that it is very difficult to tackle all deprivation simultaneously. Should education, employment, housing or health be prioritized and supported?

(c) What is known about the side-effects? Every poverty reduction measure affects many dimensions of a single life, the local community and if it is a large scale measure maybe even the global community. A good example is the increase in productivity and hence consumption of poor people that affect the
environment and may add to ongoing climate changes. On a smaller scale it is possible that well intentioned humanitarian actions of poverty reduction have a negative impact in the long run. The provision of second-hand clothes for free can destroy local clothing industries.

As one can see in all these three aspects of poverty reduction we encounter ethical issues that need to be addressed. Under circumstances of scarcity very difficult questions of trade-offs and prioritizing have to be answered. These are present at all levels where poverty reduction takes place or is supported. An individual in the rich west can only give a certain amount of money but has more than enough options about what to give it for: the beggar on the streets in his neighbourhood, the NGO (Non government organization) that supports street children in Bangladesh or UNICEF that supports children in a refugee camp in Somalia. All those poor people are obviously in need. Similar decisions have to be made by the state in regard to poverty within its own borders and in regard to global poverty. Compared to what the western states invest in local poverty reduction within their countries the sum they give for global poverty reduction is tiny but is that unjust?

1.4 Normative Background Theories of Poverty reduction

Having said that every conceptualization of poverty and poverty reduction brings forward normative questions of ethics, it becomes clear that we face the task of identifying a normative background theory that guides the analyzation and criticism of poverty as well as poverty reduction measures. Philosophy has many possibilities to offer in that respect and we cannot hope to discuss or even name all of them. Also the chapters in this book give only a limited and incomplete picture of the philosophical discussions that have unfolded around poverty over recent years. We chose to focus on three concepts – one might also call them approaches: human rights, distributive justice and humanitarian aid.

1.4.1.1 What are the characteristics of human rights?

Human rights are agreed standards which human beings. They civil, cultural, political and social the Universal Human Rights (UDHR

The key international treaties – the Covenant on Social and Cultural (ICESCR 1966) and International Covenant Political Rights – further elaborate the rights set out in the contain legally binding the Governments that to them.

Building upon these core documents, other international human rights treaties have focused on groups and categories of populations, such as racial minorities\(^1\), women\(^2\), children\(^3\), migrants\(^4\), and persons with disabilities\(^5\), or on specific issues such as enforced disappearance\(^6\) or torture\(^7\).

Human rights law recognizes the severe constraints that poor countries face and allows for the fact that it may not be possible to realize all economic, social and cultural rights for everyone immediately.

However, Governments are obliged to provide a long-term plan that will lead to the progressive realization of human rights. They should also take immediate concrete steps, including financial measures and political commitments in accordance with available resources, targeted deliberately towards the full realization of all human rights. In situations where a significant number of people are deprived of human rights, the State has the duty to show that all its available resources – including through requests for international assistance, as needed – are being called upon to fulfil these rights.

### 1.4.1.2 What are the links between human rights and poverty?

Poverty has conventionally been defined in economic terms, focusing on individual and household, relative or absolute financial capacity. It is now generally recognized that poverty is multidimensional and not only defined by a lack of material goods and opportunities. The UN Committee on Economic, Social and Cultural Rights has defined poverty as:

> "a human condition characterized by sustained or chronic deprivation of the resources, capabilities, choices, security and power necessary for the enjoyment of an adequate standard of living and other civil, cultural, economic, political and social rights." (United Nations, 2001)

Human rights standards set out the different objectives of development that have to be achieved in order to eliminate poverty, including health, education, freedom from violence, the ability to exert political influence and the ability to live a life with respect and dignity. Human rights principle underscore all civil, cultural, economic, political and social rights and provide the foundation for building interventions to achieve the realization of human rights and the elimination of poverty. Some human rights principles, including participation and non-discrimination, are also standards. This means that they should be incorporated into both the processes and objectives of development. Human rights principles include:\(^8\)

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1. International Convention on the elimination of all Forms of racial Discrimination [www.ohchr.org](http://www.ohchr.org)
7. Convention against torture and Other Cruel, inhuman or Degrading treatment or Punishment [www.ohchr.org](http://www.ohchr.org)
8. adapted from: Frequently asked questions on a human-rights based approach to development cooperation, op. Cit.
**Indivisibility:** Indivisibility means that civil, cultural, economic, political and social rights are all necessary for the dignity of the human person and are interlinked. The principle of indivisibility implies that responses to poverty should be cross-sectional and include economic, social and political interventions.

**Equality and non-discrimination:** Human rights standards and principles define all individuals as equal and entitled to their human rights without discrimination of any kind, such as race, colour, sex, ethnicity, age, language, religion, political or other opinion, national or social origin, disability, property, birth, physical or mental disability, health status (including HIV/AIDS), sexual orientation or any other status as interpreted under international law. Inequality and discrimination can slow down economic growth, create inefficiencies in public institutions and reduce capacity to address poverty. (World Bank, 2005)

Human rights law and jurisprudence recognize the importance of both formal and substantive equality. Formal equality prohibits the use of distinctions, or discrimination, in law and policy. Substantive equality considers laws and policies discriminatory if they have a disproportionate negative impact on any group of people. Substantive equality requires Governments to achieve equality of results. (Elson, 2007) This implies that the principle of equality and non-discrimination requires poverty reduction strategies to address discrimination in laws, policies and the distribution and delivery of resources and services.

**Participation and inclusion:** The human rights principle of participation and inclusion means that every person and all peoples are entitled to active, free and meaningful participation in, contribution to, and enjoyment of civil, economic, social, cultural and political development in which human rights and fundamental freedoms can be realized. It implies that people who are poor are entitled to participate in decisions about the design, implementation and monitoring of poverty interventions. This requires access to information, and clarity and transparency about decision making processes. It also means that all people are entitled to share the benefits of the resultant policies and programmes.

**Accountability, transparency and the rule of law:** Processes of accountability determine what is working, so that it can be repeated, and what is not, so that it can be adjusted. (Hunt, 2007)

Accountability plays a key role in empowering poor people to challenge the status quo, without which poverty reduction is unlikely to succeed. It is generally recognized that both the State and private sector are insufficiently accountable to support effective and equitable service provision. (Gauri, 2003)

Accountability has two elements: answerability and redress. Answerability requires Governments and other decision makers to be transparent about processes and actions and to justify their choices. Redress requires institutions to address grievances when individuals or organizations fail to meet their obligations. There are many forms of accountability. Judicial processes are one form of accountability used to support the implementation of human rights. Human rights law means that States and other duty-bearers are answerable for the observance of human rights. Where they fail to comply with the legal norms and standards enshrined in human rights instruments, rights-holders are entitled to institute proceedings for appropriate redress before a competent court or other adjudicator in accordance with the rules and procedures provided by law.

Some processes of accountability are specific to human rights, for example inquiries by national human rights institutions and reporting to the UN human rights treaty-monitoring bodies. Others are general, including administrative systems for monitoring service provision, fair elections, a free press, parliamentary commissions and civil society monitoring. (Paul, 2007)

The principle of accountability requires that PRS processes of design, implementation and monitoring should be transparent and decision makers should answer for policy process and choices. In order to
achieve this, the PRS should build on, and strengthen links to, those institutions and processes that enable people who are excluded to hold policymakers to account.

Now try to flesh out the relationship between poverty reduction and human rights and what the human rights agenda has to offer in terms of a normative and not merely political background theory. The first important point is that many scholars argue that poverty, at least in its most severe forms, is a violation of human rights and that it should be alleviated for that reason. The human rights agenda is obviously broader than the problem of poverty but to tie poverty and human rights together has significant normative force. Human rights are universal and must not be violated under any circumstances and – at least as many scholar argue – they are binding for each and every individual as well as institutions and states. No one is allowed to violate the human rights of another person and if poverty is such a violation the claims of the poor to being helped and supported are very strong. Thomas Pogge is one of the most prominent philosophers who have argued in this direction (Pogge 2008). He aims to show that global poverty is a human rights violation because it is based on a violation of the negative duties of rich countries not to harm others. Trade agreements and other international institutions are all set-up and work in the favor of rich countries while they produce and sustain global poverty, especially in the poorer countries. Poverty reduction is hence not a demand of charity or benevolence.

1.4.2 Distributive justice

which refers to what society owes to its individual members i.e. the just allocation of resources. Distributive justice is closely linked to the concepts of human dignity, the common good, and human rights. Considered as an ethical principle, distributive justice refers to what society or a larger group owes its individual members in proportion to:

1. The individual needs, contribution and responsibility;
2. The resources available to the society or organization; and
3. The society or organization’s responsibility to the common good.

The principle of distributive justice implies that the society has a duty to the individual in serious need and that all individuals have duties to others in serious need.

There are three interrelated and distinct ethical variables approaches to distributive justice. These are: libertarian, utilitarian and egalitarian influences. They have influenced the economic, political and moral values as well as relationships regarding distribution of social and economic benefits and related costs in any given society.

The libertarian explanations for poverty, (explained as unequal distribution of wealth and income), are varied but all focus on “rights”. For instance, Nozick’s libertarian theory of economic distribution asserts that individuals possess what he describes as “Lockean rights (1974). According to McEwan (2001:274-275), acknowledgement of these rights imposes “side constraints’ on how individuals may behave towards other persons, so that each individual remains responsible for his/her own unique life without coercion from others.

Utilitarianism, another popular theory of distributive justice, is concerned with the maximization of personal happiness, which should ultimately determine what is just, or unjust behavior. However, it is not easy to identify which activities will promote human happiness for want of a reliable standard of utility. Ultimately, the attainment of justice is a matter of pursuing social well being which is tied to the question of promoting happiness through economic distribution. This reasoning supports the utilitarian view of Brandt (1979:312-13) that a more equal distribution of income from those with more to those with less is likely to increase the overall happiness of a society.
Another theory of distributive justice, which explains why poverty exists in society, is egalitarian. This approach is associated with the views of John Rawls (1971:11-15). Egalitarian doctrines maintain that all humans are equal in fundamental worth or social status, according to the Stanford Encyclopedia of Philosophy. (Arneson, 2002)

These are the distributive justice theories, which explain why poverty exists in society. Their respective explanations differ in terms of their varying, yet competing standpoints.

1.4.3 humanitarian action or charity

The third normative background theory that might be employed is that of humanitarian action or charity (Langlois 2008). Those theorists argue that there is no duty of justice towards the poor to help them and that neither richer individuals nor states or global institutions are obliged as a matter of justice of poverty reduction. Still they argue that it would be good to help the poor. Two important points should be made here: firstly, it is possible to differentiate between different groups of poor people. For some scholars who are particularists – for example David Miller (2007) – important differences exist between duties we have towards fellow citizens and towards foreign people living in other countries. Such an approach argues that because of the particular relationship that citizens have – a shared identity, interest in the common good etc. – duties of justice exist between them while such duties do not exist on a global and international level. For poverty alleviation this has interesting and important consequences. Particularists can bring forward important and strong arguments for why poverty reduction within a state is a matter of justice and why the set-up of a functioning welfare state is necessary but they will deny that international development aid or other duties towards the global poor exist for the same reason or can claim the same normative force. Secondly, charity often only refers to individuals or institutions – for example companies etc. – to give to the poor but they seldom call for a change of rules and institutions themselves. Furthermore charity, as we have said, is not a duty of morality or justice, it is something that should be done but the poor have no claim or right to be helped. That also influences the relationship between those who give and those who receive.

Human rights, theories of distributive justice and approaches to humanitarian aid based on moral duties are just three examples of normative background theories to poverty reduction. They also can have significant overlap.

1.5 Institutions of Poverty Reduction: Results of their activities

There are some Institutions (Govt. & Non-Govt.) who work for poverty reduction, simply we mark them MFIs (Non-Govt.). Most of the literature on microfinance benefits deals only with the borrowing effects of microfinance programs. However, microfinance programs provide a variety of services including awareness building among the poor, especially women, skill-based training, marketing support for products, extension services for inputs, plus mobilizing savings in small amounts and of course, lending. That is, MFIs provide both financial and non-financial services. While mobilizing savings and extending credit are the financial services which account for the highest shares of services provided, training and extension services constitute non-financial services, which also explains a prominent visible product of MFIs in many countries.

Microfinance and poverty reduction have become the two sides of a coin. The role of microfinance on poverty reduction is well accepted in the arena of economic development. My research (Rahman, 2017) analysed the impact of microfinance on poverty reduction of poor households of Fatikchari Upazilla of Chittagong district and Ashugonj of B.Baria district. Field survey was conducted on the rural part of these two Upazillas. Data have been collected through a well-structured questionnaire from 299 microcredit borrowers of BRAC and GB (Grameen Bank) -two giant microcredit providers of Bangladesh and from 199 non-borrowers from the sample area. Respondents were selected by cluster sampling. Tabular method was used to describe the data. Hypothetically the findings are found significant resulted from chi-square
test, regression and ANOVA. The study revealed that microcredit disbursed through BRAC and GB play a dynamic role to reduce poverty in the study area by income generating activities of the women borrower. It was found that microcredit has a positive impact on expenditure, consumption, condition of house, education, health and decision making ability of the women borrowers household who spent five years in BRAC and GB comparing with the non-borrower who are not facilitated through any microcredit program.

1.6 Understanding poverty: A proposal
The way forward lies in recognizing and accepting the influences and impacts of human rights, humanitarian aid and distributive justice on the redistribution of wealth in society. This shows the powerful influence of ethical values on distribution of wealth and income in society. It follows that to deal with poverty, ethical values are of paramount importance. This is so because they influence people’s attitudes and perceptions – behavior. So to address poverty in society, attention must also be paid to ethical values. By so doing, efforts towards eliminating vast inequality in incomes, in assets (including education and health status), in control over public resources, and in access to essential services, as well as pervasive insecurity can be realized. In addition, macroeconomic and structural policies that encourage growth and employment require ethical fertilization for them to become essential for any poverty reduction strategy. In fact, poverty challenges today require ethical considerations to be key ingredients of any poverty reduction strategy in society.

1.7 Concluding remarks
In this article, I have attempted to show that poverty reduction is the ethical problem in society. Efforts to address poverty will be inadequate without taking on board ethical imperatives. This situation calls for, rethinking about understanding and explaining poverty. In this connection, it has been argued that ethical values have an important role to play. The analysis of poverty calls for ethical issues. As a result, human rights, humanitarian aid and distributive justice becomes a starting point for exploring the appropriate distribution of social and economic benefits and related costs in any given society. On the other hand the activities of institutions of poverty reduction play a dynamic role to reduce poverty by income generating activities of the women without harming others. This type of program contains many elements of an ethical response to poverty reduction.

Therefore, in my conclusion, I will say that we are morally required to help the poor people. If we do not take serious consideration and do something about the issue, we are acting wrongly. We have to give away our money to a certain extent in order to help relieve the worldwide poverty.

References


