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### THE MILLENNIUM DEVELOPMENT GOALS (MDGS) AND GLOBAL POVERTY: HAVE WE REALLY FAILED?

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#### Abstract

*MDGs was implemented over the period 2000-2015 by the United Nations along with 189 members states to tackle several crucial issues, namely 'extreme poverty and hunger, universal primary education, gender equality and woman empowerment, child mortality, maternal health, HIV/AIDS, malaria and other diseases, environmental sustainability and globally developmental partnership' (United Nations 2014). After 2015, the MDGs which was adopted by 189 members states was evaluated by comparing between the MDGs' targets and its results. By using archival research data, this paper argues that the MDGs have not really failed in fighting against global poverty, because the MDGs showed a global willingness to alleviate numbers of poverty and the MDGs have achieved prominent improvement.*

*Keywords: Poverty Reduction, Millenium Development Goals, Global Poverty*

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#### INTRODUCTION

The Millennium Development Goals was a program from the United Nations to solve globally developmental issues, in which one of the issues is global extreme poverty. MDGs is a program aimed to eradicate global poverty which, according to the traditional perspective, states that poverty cannot totally be eradicated. Many

scholars criticise the program, because MDGs' achievement is only in point 1 (a), namely halving poverty, but other targets are not achieved. Clemens et al. (2009) underline MDGs as a program with poor designed measures. Vandemoortele (2009) argues that MDGs' indicators are poor to capture poverty reduction progress. Reddy and Minoiu (2007) investigate the claim that

poverty has fallen by using international poverty line and headcount and aggregate headcount ratio. They find that the world poverty has reduced, but the change of poverty just happens in China. If China is excluded from the calculation then, the fact that the world poverty increases. But, have we really fallen in eradicating poverty? How does MDGs perform so far? This paper argues that the MDGs have not really failed in fighting against global poverty, because the MDGs showed a global willingness to alleviate numbers of poverty and the MDGs have achieved prominent improvement. First, this paper provides a brief background of the MDGs. Second, this paper analyses several contestable aspects of MDGs achievement. Finally, this paper provides other perspectives to judging the MDGs achievements.

## **BACKGROUND OF MDGS**

MDGs was implemented over the period 2000-2015 by the United Nations along with 189 members states to tackle several crucial issues, namely 'extreme poverty and hunger, universal primary education, gender equality and woman empowerment, child mortality, maternal health, HIV/AIDS, malaria and other diseases, environmental sustainability and globally developmental partnership' (United Nations 2014). After 2015, the MDGs which was adopted by 189 members states

was evaluated by comparing between the MDGs' targets and its results. Then this showed that based on aggregate results of MDGs implementation in all member states, the MDGs goals were achieved for the first goal in point (a), namely halving global extreme poverty, and other goals has not been achieved. World extreme poverty rate in the 1990 was 36 percent based on \$1.25 poverty line a day, and after MDGs was implemented over the period 2000-2015, the world extreme poverty rate became 16 percent. In other words, the target of reducing the world extreme poverty rate 15 percent over the period 2000-2015 has been met.

## **CONTESTABLE ASPECTS OF MDGS ACHIEVEMENT**

Even though the target of reducing the world extreme poverty has been met, there are still several contestable points of the achievement, which are as follows. First, decreasing the world extreme poverty is caused by rapid growth of Asian countries especially China, India and Indonesia. Economic growth of Asian countries increased over the period of MDGs implementation. Economic growth has a big role in reducing poverty in these countries, because economic growth provides more jobs and a slice of economic pie which is distributed to all people within these countries is also bigger. These countries

have big leverage to the world poverty rate because of population numbers, in which these countries are first, second and fourth countries respectively, which have largest population in the world. So that if the poverty rate in these countries decreases dramatically, the world poverty numbers also will decrease dramatically. Several pieces of evidence show that global poverty has declined due to only these countries. Chen and Ravallion (2007) argue that China has big leverage on the world poverty rate, because when China is not taken into account, the world poverty rate is static, and when China is taken into account, the world poverty rate will decrease dramatically. Same as the findings of Reddy and Minoiu (2017), which it showed that poverty reduction in developing countries is slow except in China and India. The United Nations (2014) reports that in China, the proportion of people population who are under US\$ 1.25 per day of poverty line in 1990 were 60 percent, while in 2010 the proportion of people population who are under US\$ 1.25 per day of poverty line were 12 percent, and the target in 2015 the proportion of people population who are under US\$ 1.25 per day of poverty line are around 30 percent.

Second, poverty is not only unidimensional aspect based on an indicator of welfare namely income or monetary aspect, but also multidimensional aspect

based on many indicators of welfare. Evaluating MDGs which showed that this has been successful because the target of halving extreme poverty or MDGs 1 (a) has been met, shows that poverty is only unidimensional aspect. The unidimensional aspect only pays attention on income or monetary aspect and does not pay attention to other factors which influences poverty. This ignores other MDGs goals, for instance hunger and primary education. Using the monetary aspect as a single poverty measure has several critics. The OECD (2006) argues that monetary aspect is just one aspect of many dimensions of well-being. Also, Sen (1985) argues that the monetary approach will ignore physical condition, valuation and other poverty factors because it just focuses on utility and commodities. In physical condition, poor people will be happy even though they suffer in physical conditions, because they have learned to be happy in their conditions. While in valuation aspect, the monetary approach has failed to capture that the life's value is decided by life itself. For instance, people who are addicted to drugs, will be happy when they have drug access. Also, the monetary approach ignores crucial aspects of well-being, namely violence, security, shelter, creativity, rights and freedom. If the poverty view just focuses on the unidimensional aspect, then this has failed to understand that many standards of life

cannot be captured only by income, for instance, people can be happy even though they do not have freedom. This has also failed to capture that there are several people who are deprived of monetary aspect or income, but they are not deprived of non-monetary aspect for instance, poor people in a system that gives them a voice to participate. There are also several people who are not deprived of monetary aspect or income, but they are deprived of non-monetary aspect for instance rich people in a system that does not give them a voice to participate. Income is just a proxy or intermediary factor, this is not an end to poverty.

Calculating the MDG 1 (a), this is measured by using the headcount ratio and the poverty gap ratio, of which both measures have shortfalls. The headcount ratio measure of the MDG 1 (a) is based on numbers of the population proportion where their incomes are under US\$ 1.25 per day of poverty line. One of the shortfalls is that the headcount ratio ignores quality differences between different poor. For instance, the world poverty line is US\$ 125 and four individuals of country A have income US\$ 120, US\$ 120, US\$ 160 and US\$ 160, while four individuals of country B have income US\$ 90, US\$ 90, US\$ 160 and US\$ 160. Then the headcount ratio of this case is 50 percent of both countries, because the number of individuals in countries A and B

which are below the poverty line US\$ 125 are two individuals. This does not take into account the difference between poor individuals in both countries which show that country A has poor individuals with income of US\$ 120 and US\$ 120 while country B has poor individuals with income of US\$ 90 and US\$ 90.

Poverty gap measure of the MDG 1 (a) is to calculate the poverty depth. This measure tries to find how far people fall under US\$ 1.25 per day of the poverty line. This ratio has a shortcoming, in which this neglects inequality between the people who fall under US\$ 1.25 per day of the poverty line, in other words the measure does not pay attention about transfers between the people who fall under US\$ 1.25 per day of the poverty line. For instance, the world poverty line is US\$ 125 and four individuals of country A have income US\$ 100, US\$ 100, US\$ 150 and US\$ 150, while four individuals of country B have income US\$ 80, US\$ 120, US\$ 150 and US\$ 150. Then the poverty gap is 12.5 or 10 percent of poverty gap index. However, the poverty of country B is worse than the poverty of country A, because there is an extremely poor person who has income of US\$ 80. The poverty gap does not change, even though there is an extremely poor person who has income of US\$ 80, because the poverty gap does not take into account if the second poorest person of country B with

income US\$ 120 give to the poorest person of country B with income US\$ 80.

Third, the MDGs do not cover all aspects of poverty so that the MDGs need to broaden coverage. Poverty views of multidimensional aspects argue that the poverty concept is beyond income or consumption. MDGs themselves have used several multidimensional aspects in their eight goals. However, these multidimensional aspects of MDGs has not covered other crucial multidimensional aspects of poverty, namely the capability approach and the participatory approach. The capability approach defines poverty as deprivation condition of people in basic freedom or opportunity to achieve valuable functioning. So that MDGs need to cover basic freedom or opportunity in its goals for instance political freedom and freedom of violence. The participatory approach defines poverty as the deprivation condition of people when they do not have a voice in the policy making process. So, the MDGs need to give a voice to the poor to giving information about what poverty is and who is the poor. This approach will focus on poverty measure process, poor's perception, poor people-based analysis and poor empowerment. This can create a better diagnosis of poverty issues and implementation of the solvers (Robb 2002). Fourth, progress of the MDG 1 (a) is uneven because the poverty rate is still high in Latin

America and sub-Saharan Africa (Reddy & Minoiu 2007). The United Nations (2014) report that the proportion of sub-Saharan African population who were under US\$ 1.25 per day of the poverty line in 1990 were 56 percent while in 2010 the proportion of people population who were under US\$ 1.25 per day of poverty line were still 48 percent, while the target in 2015 the proportion of people population who were under US\$ 1.25 per day of the poverty line are around 26 percent. In Southern Asia, the proportion of people population who were under US\$ 1.25 per day of the poverty line in 1990 were 51 percent while in 2010 the proportion of people population who were under US\$ 1.25 per day of the poverty line were still 30 percent, while the target in 2015 the proportion of people population who were under US\$ 1.25 per day of the poverty line were around 24 percent. Also, the United Nations (2014) argues that in 2015 around 970 million people would still be in poor conditions under US\$ 1.25 per day of the poverty line and Southern Asia and Sub-Saharan Africa would contribute to 40 percent of the extreme poverty, which is under US\$ 1.25 per day of the poverty line. Uneven progress also happens in fragile and conflict countries, in which most fragile and conflict countries do not meet the MDGs. The World Bank (2013) reports that only 20 percent of fragile and conflict countries have met the target of halving extreme

poverty below poverty line US\$ 1.25 per day, in which fragile countries contribute more to halve the extreme poverty than conflict countries do.

Fifth, the MDGs 1 (a) does not capture inequality of all people. Poverty is not only an absolute measure but also a relative measure. Absolute poverty is a concept based on an argument when people who become poor because they do not have basic necessities of life for instance minimum calories, income, clothing, health care, shelter and sanitation, then these are measured by using the concept of purchasing power parity. Finally, US\$ 1.25 per day was the result of measure of purchasing power parity, then US\$ 1.25 per day was applied by the MDGs as an international poverty line. The absolute poverty can be used to make comparisons between countries because this applies equal standards across countries and time. This measurement is based on purchasing power parities which show the amount of money being used by people for purchasing equal commodities, namely goods and services in two countries. However, the purchasing power parities have several shortcomings, namely different necessary goods and time period of collecting. There are many different needs across different areas between countries, so that whether the necessary goods which are internationalised can be posited equivalence. For instance, in

China, the people will face a cold climate and they will need necessary cold clothing. While in Indonesia, the people will not face the same issue like in China, because in Indonesia there is no cold climate, so they will not need any cold clothing.

The purchasing power parities is collected infrequently over the time period, in which the purchasing power parities is collected in the last two rounds which were in 2005 and 2011. For instance, purchasing power parity in 1985 was used to set international poverty line in 1990, then the purchasing power parity was replaced by purchasing power parity in 1993. In 2008, the World Bank use the international poverty line of US\$ 1.25, which was based on purchasing power parity in 2005. Then the international poverty line was last revised in 2015, by using the poverty line of US\$ 1.90 which was used as the purchasing power parity in 2011. So, based on these two purchasing power parities shortcomings, these show that the poverty line which is used by MDGs does not reflect the real condition of every country because there are different basic needs which are not covered, and it does not reflect the most up to date and frequent measurement of purchasing power parity.

Relative poverty reflects a measure of individuals comparison in a population and core principle of relative poverty is inequality. If inequality is included in the

measurement of MDG 1 (a), then this shows that outcomes of MDGs is much more for the top 60 percent than the bottom 40 percent. Oxfam (2018) states that in 2017, global wealth grew 82 percent and all of the growth went to the top one percent and there was no increase of the bottom 50 percent. Moreover, the trend of national inequality tends to increase between 1980 and 2010 (Bourguignon 2013), in which inequality of developed countries, for instance Sweden, France, Japan, the UK and the US in 1980 were around 13 percent, 19 percent, 20 percent, 19 percent and 22 percent respectively. Then in 2010, inequality of Sweden, France, Japan, the UK and the US reached around 23 percent, 26 percent, 28 percent and 33 percent respectively. While change of inequality of developing countries between 1980 and 2000, for instance, urban area of India, rural area of India, Ghana, the Philippines, Indonesia, urban areas of China and rural areas of China were around 2 percent, 0.3 percent, 6.5 percent, 3.7 percent and 9 percent, 5.3 percent respectively.

#### **OTHER PERSPECTIVES OF ACHIEVEMENT**                      **JUDGEMENT OF MDGS**

Based on these contestable aspects of the MDGs achievement, many people argue that MDGs has been really failed against global poverty. However, there are other arguments which state that people

need to see the MDGs by using different perspective. The MDGs is a powerful tool to advance human development as a global vision. The MDGs was set with time-bound and concrete targets, and also the targets have achieved significant progress. Based on this perspective, Fukuda-Parr and Greenstein (2013) argue that the MDGs is progress benchmarks. They evaluate the MDGs' performance based on pace of the MDGs progress over the period 2000-2015 and compare the progress with the MDGs' result. Analysing criteria of MDGs' successes need to focus on pace of the MDGs progress, in which since 1990 MDGs' targeted countries have become better after implementing MDGs. MDGs has become a tool to boost actions of the targeted countries in reaching improvement rapidly. Based on their research, they find that African countries perform well in meeting the MDGs' goals. The MDGs' targeted countries conduct better and faster progress than before MDGs was implemented in 2000. Relying on the United Nations Statistical Division data of MDGs' indicator, they analyse by comparing progress among the world progress in aggregate, least developed countries and sub-Saharan Africa. The result shows that after MDGs is implemented, positive progress have been achieved by least developed countries and sub-Saharan

Africa, and also their progress are more than world progress in aggregate.

These findings support latest MDGs report of Hailu and Tsukada. Hailu and Tsukada (2011). They find that the most performing progress in accelerating MDGs are African countries especially Sub-Saharan Africa. This shows that even though the countries do not meet the MDGs targets, the countries perform more progress than others, so that the countries need to be judged as not failed countries to meet the MDGs targets. Because there are different starting points between MDGs' targeted countries. In other words, starting point of Sub-Saharan Africa is different with other African countries, Asian countries and Latin America countries. Based on eight MDGs' targets, Sub-Saharan Africa have the most progress in goals of reducing poverty and hunger, providing primary education, reducing mortality of child, eradicating HIV/AIDS, preserving sustainable environment and ensuring partnership of global development.

## CONCLUSION

MDGs was implemented over the period 2000-2015 by the United Nations along with 189 members states to tackle several crucial issues, namely 'extreme poverty and hunger, universal primary education, gender equality and woman empowerment, child mortality, maternal health, HIV/AIDS, malaria and other

diseases, environmental sustainability and globally developmental partnership' (United Nations 2014). After 2015, the MDGs which was adopted by 189 members states was evaluated by comparing between the MDGs' targets and its results.

Several arguments state that MDGs have been failed against global poverty because all MDGs' member states just can achieve MDGs 1 (a) and there are several contestable points of the MDGs 1 (a) achievement itself. However, judgement of MDGs should be based on another perspective. MDGs has shown to be a powerful tool to advance human development as a global vision with achievable targets. Significant progress has been made, although there are still many challenges.

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