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# WORLD POVERTY

## G

### G-8

G-8 SUMMITS ARE THE annual meetings of the government leaders of the major industrial countries. The G-8, which was known as G-7 before Russia joined it as the eighth country, functions as a forum where heads of state can discuss economic, political, and financial issues of mutual interest and attempt common strategies.

Yet, with the rise of the antiglobalization movement in the 1990s, these summits have been widely contested. They have become the symbol of economic injustice and of those free-market policies that antiglobalization militants fault for reinforcing world poverty. Opposition groups to the G-8 have voiced their hostility to what they consider undemocratic meetings controlled by big corporations, demonstrating in large parades that have sometimes caused urban riots and violent clashes with police forces.

G-8 meetings have come to represent the central discrepancy of global economy: the huge decentralization of production processes, often moving to developing countries where manpower is cheaper, child labor can be exploited, and workers' rights are nonexistent is implemented through a simultaneous centralization of command and control processes in rich economies.

The G-7 was originally formed in 1976 when the leaders of the United Kingdom, France, Germany, Italy, Japan, the United States, and Canada met in Puerto Rico to discuss the efficacy of their economic and financial policies. The following year, the European Community (now European Union) was invited to take part in the meetings. Russia was first asked to participate in political discussions in 1994 and became a full member four years later, thus turning the G-7 into the G-8. The annual meetings of the G-8 take place in the home country of its chair, which is assigned on a rotating basis among the member states. The summits were originally intended to support economic growth and retain stability in the international financial markets. Yet, with the rise of globalization, the meetings have stressed the increased interdependence of markets and economies, with their goals shifting to the improvement of the cooperation among the G-8 member countries. Enhanced cooperation was soon perceived as the only way to ensure the efficient functioning of the different national economies.

In the late 1980s, such dramatic events as the Iran-Iraq war, the Chernobyl nuclear disaster, the Tiananmen Square massacre in China, the Gulf War, and the fall of communist regimes in eastern and central Eu-



*The 2005 G-8 Summit, with the eight leaders and accompanying dignitaries behind British Prime Minister Tony Blair.*

rope have made political issues just as central to G-8 summits as economic ones. The scope of G-8 meetings has expanded even more in recent years to include international political and social issues such as debt-relief to developing countries, the threats of terrorism worldwide, and organized crime, environmental, and health-care problems.

Poverty in developing countries has become an increasingly central issue in G-8 summits since 1996. The G-8 meeting in Lyon, France, that year witnessed the creation of the New Partnership for Africa's Development (NEPAD), which stated that industrial countries should support developing countries in their industrial development and in the transition to a global market economy.

In 1999, the discussion on debt relief led to the Cologne Debt Initiative to relieve heavily indebted poor countries (HIPC) from unsustainable debt. The strategies of the Cologne agreement were twofold. G-8 members decided to increase the official development assistance (ODA) to indebted countries while, at the same time, endorsing attempts for economic and political democratization. In 2002, the G-8 devised the Africa Action Plan, which commits the eight members to apply NEPAD provisions.

According to the Africa Action Plan, G-8 members should provide considerable financial aid to those African countries that have implemented institutional and structural reforms to strengthen democracy and a free-market economy. These plans to reduce poverty are always accompanied by suggestions that developing

countries liberalize large sectors of their economies and encourage private investments.

Since the 1990s, G-8 summits have been widely contested by the antiglobalization movement, which includes a diverse coalition of environmental groups, church and labor organizations, left-wing parties, and nongovernmental organizations (NGOs).

Antiglobalization activists point out the antidemocratic composition of G-8 summits, whose delegations are not elected by the people, and represent only a small number of countries. A few heads of state, critics claim, make decisions that will affect the entire world. In addition, the G-8 has become a symbol of the free-market economy. Thus, to many, in spite of its plans to fight poverty, it represents all those policies that have led to the heavy indebtedness of developing countries. The critics of economic globalization argue that the G-8 embodies such a process, one that has left out many disadvantaged groups and entire nations, reinforcing poverty and economic inequalities. To antiglobalization organizations, G-8 meetings are instrumental to big corporations to keep their hold on the global economy and use international financial institutions such as the International Monetary Fund and the World Trade Organization (WTO) to support their neoliberal policies.

G-8 plans against poverty have been described as timid and ineffectual. Corporations opening industries in developing countries often exploit the cheap labor force in those nations. While until the mid-1990s, Western investments in the Third World were considered as a first step to fight poverty, antiglobal activists are now seeking to show consumers how the alliance between corporate investment and many governments in the developing world is predicated on a mutual human rights violation.

The underlying assumption that increased foreign investment would lead to increased democracy in developing countries is exposed as an apparent lie, according to critics. On the contrary, big business frequently relies on local police and armed forces to quench any sort of peaceful demonstration and to evict peasants from lands needed by foreign conglomerates. The perceived alliance between the G-8 and corporate power has provoked anger against the annual summits. Since the 1999 protests against the WTO in Seattle, Washington, mass demonstrations have characterized the meetings not only of the G-8, but also of the International Monetary Fund, the World Economic Forum, and the World Bank.

These protests have sometimes degenerated into veritable urban riots, raising controversial debates

about police and protester violence. In the activists' eyes, the closure of areas in the vicinity of certain summits represents the Western impulse to fence itself off from poor countries. In the case of the riots that exploded in Genoa, Italy, in 2001, evidence suggests that the police fomented violence, infiltrating armed criminals within the demonstrators.

To counter the accusations of limited democracy, the 2005 G-8 Summit at Gleneagles, Scotland, tried to present a more inclusive image by inviting leaders from African nations as well as Latin American ones. It also coincided with Bob Geldof's next edition of Live Aid, Live 8, a series of rock concerts throughout the globe to raise popular awareness of world poverty. It still remains to be proven how effective G-8 measures are in countering world poverty.

SEE ALSO: Debt Relief; G-8 Africa Action Plan; Globalization; International Monetary Fund; Live Aid; Neoliberalism; New Partnership for Africa's Development; World Bank.

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## G-8 Africa Action Plan

IN 2002, AT THE G-8 SUMMIT held in Alberta, Canada, leaders of the G-8 countries (France, Germany, Italy, Japan, the United Kingdom, the United States, Canada, and Russia) adopted an Africa Action Plan (AAP). The plan was devised to enable G-8 nations to provide support for the New Partnership for Africa's Development (NEPAD), a newly launched program initiated by leaders of five African nations (Algeria, Egypt, Nigeria, Senegal, and South Africa).

The Africa Action Plan establishes out how each of the G-8 partners, together or individually, will enhance its engagement with African countries in support of NEPAD's fundamental objectives. The G-8 Africa Action Plan includes over 100 specific commitments,

which mirror the priority areas identified by NEPAD as the means to attain sustainable growth and eliminate poverty in Africa.

In the Africa Action Plan, G-8 partners reaffirm the need for broad partnerships with countries throughout Africa to address core issues of human dignity and development. The fundamental premise is to enter into enhanced partnerships with African countries whose performance reflects the NEPAD commitments, including a political and financial commitment to good governance and the rule of law, investing in people to help build human capacity, and pursuing policies that spur economic growth and alleviate poverty.

### MAIN POINTS OF THE AFRICA ACTION PLAN

1) An agreement to develop a plan for peacekeeping in Africa, since security is essential for community development. Greater security will likewise enable national development and greater foreign investment. The goal is to ensure that by 2010, African regional and sub-regional organizations are able to prevent or resolve violent conflicts on the continent effectively. The AAP calls for African governments to develop frameworks for regulating and making transparent the activities of international arms brokers and traffickers, to take active engagement to eliminate the flow of illicit weapons to Africa, and to broker peace countries are to develop measures to ensure greater accountability and transparency with respect to the import or export of Africa's natural resources from areas of conflict.

2) The expansion of capacity-building programs related to political governance in Africa, including support for African efforts to ensure that electoral processes are reliable and transparent and that elections are conducted in a manner that is free and fair in accordance with NEPAD's commitment to uphold and respect "global standards of democracy." There is a call to intensify international efforts to facilitate the freezing of illicitly acquired financial assets and for the return of previously illegally expropriated resources to the affected nation. The plan calls for development of programs to assist African countries in their efforts to combat money laundering and the financing of terrorist groups with unlawfully obtained monies.

3) A commitment to improve global market access for African exports by tackling trade barriers and farm subsidies that hinder Africa's competitiveness in the world market. The idea is to work toward the objective of duty-free and quota-free market access for all products originating from the Least Developed Countries

(LDCs), including African LDCs. The AAP calls for work toward enhancing market access—consistent with WTO requirements—for trade within African free-trade areas or customs unions and work to help African nations increase and stabilize agricultural productivity and develop water resource management systems.

4) The goal of spending half or more of the G-8 share of the \$12 billion per year in increased Official Development Assistance (ODA), which means at least \$6 billion per year in new resources will go to Africa. The plan calls for increasing the use of grants rather than loans for the poorest debt-vulnerable countries, and providing up to an additional \$1 billion to meet the projected shortfall in the highly indebted poor countries (HIPC) initiative.

5) Significantly increase the support provided by bilateral aid agencies to basic education for African countries with a strong policy and financial commitment to education and improved information and communication technology. The idea is to provide scholarships and other educational support for African girls and women, work with the pharmaceutical industry to make lifesaving drugs more affordable in Africa, and act with African countries and other stakeholders to ensure effective distribution of antiretroviral (ARV) drugs—especially with respect to HIV/AIDS and other communicable diseases. Plans for other medical interventions call for help in providing the resources needed to eliminate polio by 2005; continue funding and support for the Global Fund to Fight AIDS, Tuberculosis and Malaria; and helping Africa enhance its capacity to participate in and benefit from the Fund.

The key priority of NEPAD is to attract Foreign Direct Investment (FDI) in energy, agriculture, communications, and human resources. NEPAD's supporters hope that with an annual \$64 billion in public and private investment, a Gross Domestic Product growth rate of seven percent could be secured in participating countries. Under the terms of NEPAD, African countries guarantee good governance in return for financial aid. To guard against corruption, a system of peer review is proposed to monitor African countries' deployment of funds and progress toward good governance. The limitations of G-8 support are that the pledges of aid fall far short of Africa's financing needs, and they do not compensate for the steady decline in aid to Africa since the mid-1990s. The new monies are highly conditional and are restricted to those countries that meet the G-8's political and economic criteria.

The responses of African nongovernmental organizations (NGOs), unions, and intellectuals to NEPAD

largely criticize its neoliberal paradigm for being very much the language of the industrialized countries, particularly the G-8. NEPAD follows the same neoliberal principles that have come under heavy criticism by civil society worldwide, policies that are responsible for increasing gaps between the rich and the poor and that have resulted in economic disasters. Despite the recognition of the central role of the African people, civil society has not played any role in the conception, design, and formulation of NEPAD. A few African leaders, in consultation with G-8 leaders, developed NEPAD. Critics contend that NEPAD adopts social and economic measures that contribute to the marginalization of women and the poor and does not question the global economic system that plays a major role in Africa's continued marginalization.

With respect to Africa's external debt, NEPAD's proposal for debt relief represents a significant step backward from what the Jubilee movement in Africa continues to demand: 100 percent cancellation of low-income country debts without structural adjustment conditions, plus the assessment and cancellation of illegitimate debts that have their origin in apartheid and military dictatorships.

Many NGOs conclude that NEPAD is rather a continuation of the highly questionable Structural Adjustment Programs (SAP), now including privatization of public services such as water and electricity supply or health services.

SEE ALSO: Debt Relief; G-8; Disease and Poverty; Jubilee 2000; New Partnership for Africa's Development.

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## Gabon

THE GABONESE REPUBLIC is a country in western Africa with significant poverty, despite abundant oil and mineral reserves. Gabon's small population and oil revenues contribute to one of the highest per capita incomes in the region. Its Gross Domestic Product (GDP)

in 2004 was \$5,900 per person, which is four times that of most sub-Saharan African countries. There is a widening gap between the rich and poor, however. Approximately 80 percent of Gabon's population are classified as poor by Gabon's Department of Statistics.

Traditional sources of income in Gabon are timber and manganese production. The discovery of oil off the Gabon coast in the early 1970s led to a significant increase in the country's national income. Poverty remained widespread despite reductions in its severity. Oil revenues reduced extreme poverty from more than half of Gabon's population in 1968 to 11 percent in the early 1990s. Most of Gabon's population remains below the poverty line and people in rural areas have extremely limited access to basic social services. In spite of Gabon's abundance of natural resources, burdensome foreign debt and questionable leadership have hindered its economy. Gabon's foreign debt has made it difficult to devote significant financial resources to poverty reduction programs and economic development.

*In October 2000, the IMF granted Gabon \$119 million of standby credit.*

Developed nations and international organizations have worked with Gabon to reduce its poverty and improve the economy. Most of this aid has been conditional on improved fiscal discipline by the Gabonese government and agreements to privatize much of the publicly owned businesses. In 1994–95, the International Monetary Fund (IMF) provided a one-year standby arrangement. In late 1995, the IMF began a three-year Enhanced Financing Facility (EFF) at near-commercial rates. France provided Gabon with significant financial support in January 1997 after Gabonese leaders met IMF-mandated economic targets for mid-1996. Later in 1997, the IMF criticized the Gabonese government for overspending on off-budget items, borrowing too much from the country's central bank, and failure to keep the schedules for privatization and administrative reform. In October 2000, the IMF granted Gabon \$119 million of standby credit.

Gabon rescheduled the payment of its official debt by signing an agreement with the Paris Club in December 2000. The Paris Club is an informal group of creditor countries that work to find sustainable solutions to the debt repayment difficulties of debtor nations. Gabon signed an additional debt repayment agreement with the United States in December 2001. Further IMF

standby arrangements and Paris Club debt rescheduling occurred in 2004 and 2005.

The Gabonese government began a \$2.9 million anti-poverty program in January 2002. This included laws to fight corruption and the embezzlement of public funds. Fiscal mismanagement remains a problem in Gabon. In spite of official priorities to reduce poverty and reinforce state institutions, Gabon's 2003 budget included the construction of a senate building, presidential palace renovation, and vehicle purchases for members of the government. Critics claim the Gabonese government needs to introduce new technologies, improve the country's infrastructure, and train female farmers in order to effectively combat the nation's poverty.

Human Development Index Rank: 123

Human Poverty Index Rank: Not included.

SEE ALSO: Corruption; Debt; Debt Relief; Privatization.

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## Galbraith, John Kenneth (1908–)

JOHN KENNETH GALBRAITH was born in Ontario, Canada, and studied at the University of Toronto, the University of California, and Cambridge University. He immigrated to the United States in 1931 and became an assistant professor of economics at Princeton University in 1939. After holding a number of administrative positions, he became Paul W. Warburg Professor of Economics at Harvard University, a chair he held from 1949 to 1975. A politically active liberal Democrat, Galbraith became an adviser to Adlai Stevenson and Presi-

dent John F. Kennedy. Kennedy appointed him U.S. ambassador to India (1961–63) during the Chinese-Indian border conflict.

Galbraith has written many books in economics, and has also published works of fiction and nonfiction in other fields. His best known works are *American Capitalism* (1952); *The Great Crash* (1955); *The Affluent Society* (1958); *The Liberal Hour* (1960); *Made to Last* (1964); *The New Industrial State* (1967); *The Triumph* (1968); *Ambassador's Journal* (1969); *Economics, Peace and Laughter* (1972); "Power and the Useful Economist," *American Economic Review* (1973); *Money* (1975); *The Age of Uncertainty* (1979); *Annals of an Abiding Liberal* (1979); *A Life of Our Time* (1981); *The Tenured Professor* (1990); *A Journey Through Economic Times* (1994); and *The Good Society: The Human Agenda* (1996).

Some critics of the Kennedy and Lyndon Johnson administrations say *Affluent Society* most likely contributed to the War on Poverty being a disastrous government spending policy first brought on by Kennedy and Johnson. The main content of the book was not really the affluence of society. A major theme was the alleged contrast between private affluence and public squalor. Although the thesis was not astoundingly new, having long been argued by others, Galbraith's attack on the myth of "consumer sovereignty" went against the cornerstone of economics and, in many ways, the culturally hegemonic "American way of life."

*The New Industrial State* expanded on Galbraith's theory of the firm, arguing that the orthodox theories of the perfectly competitive firm fell far short in analytical power. Companies, Galbraith claimed, were oligopolistic, autonomous institutions vying for market shares (and not profit maximization), which wrested power away from owners (entrepreneurs/shareholders), regulators, and consumers via conventional means (such as vertical integration, advertising, and product differentiation) and unconventional ones (such as bureaucratization and capture of political favor).

Naturally, these were themes already well espoused in the old American institutionalist literature, but in the 1960s, they were apparently forgotten in economics. The issue of political capture by firms was expanded upon in his book *Economics and the Public Purpose*, published in 1973. But new themes were added, notably public education, the political process, and stressing the provision of public goods.

Galbraith is more or less influenced by the economist John Maynard Keynes for the relevance of government intervention to correct market failure when it is needed. There is an inbuilt public choice approach in

Galbraith's analysis of economics, like J.M. Buchanan's and others'.

SEE ALSO: Economic Liberalization; Johnson, Lyndon (Administration); Kennedy, John (Administration); Public Goods; War on Poverty.

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## Gambia

GAMBIAN POVERTY HAS BEEN on the rise since 1993, coinciding almost exactly with the rise to power of Yahya Jammeh, who has been president of the country since 1994. Today over 60 percent of the Gambian population live below the national poverty line. Poverty is largely concentrated in rural regions and the eastern half of Gambia. It is also markedly higher amongst women as a result of low income and marginal access to property.

The 1994 coup in which Jammeh proclaimed himself president of Gambia was accompanied by economic turmoil, which was precipitated by Gambian political instability. The country's Gross Domestic Product (GDP) growth plummeted in the 1980s and 1990s to below two percent, and the coup constricted aid flows and tourism, which alone accounts for about half of the GDP. During the period 1983–93, Gambia's population grew by 4.2 percent, creating a substantial increase in the competition for resources. During the last 25 years, migration to urban areas because of poor agricultural performance and scarce economic opportunities has left rural areas underpopulated, while urban dwellers have experienced a shortage of social services owing to crowding. Although favorable climatic conditions have recently yielded an agricultural renewal and the GDP returned to eight percent in 2004 as a result of broad-based structural reforms, poverty is a persistent problem in Gambia.

One of the most significant problems affecting poverty levels in Gambia is the high unemployment

rate, which in 2002 reached over 50 percent. The majority of Gambian unemployment and poverty is faced by the agricultural sector. Most of the impoverished farmers harvest groundnuts at the subsistence level, and these individuals constitute the majority of the poor in Gambia. The groundnut market value dropped 15 percent from 1991 to 1999, accounting for not only the endemic poverty faced locally by agriculturalists, but also a substantial decline in the GDP. On top of this, harvests diminished during the late 1990s because of poor weather, a depleted workforce, and insufficient facilities, while government subsidies failed to effect positive results.

The other most dramatic factor of Gambian poverty is the country's extremely poor health indicators. There are only three hospitals for a population of approximately 1.5 million people and four physicians for every 100,000 people. Communicable diseases are rampant in Gambia, and particularly prevalent in poor, rural areas. Malaria alone kills 350,000 people per year in Gambia. However, the spread of HIV/AIDS has been regulated to a one to two percent incidence rate in Gambia, which is remarkably low for the region. Approximately 38 percent of the population do not have access to clean water and 63 percent of the population are without sanitation services.

Beneficial child healthcare measures have been implemented in recent years, including an immunization program, which has infant immunization against tuberculosis and measles both in the 90th percentile and infant mortality down to 7.5 percent. However, public health programs have been economically biased, providing weaker health services to the already impoverished parts of the country. For instance, the maternal mortality rate in rural areas is twice that in urban areas.

Universal access to education is increasing in Gambia as a result of relief from the International Monetary Fund and the World Bank, and 73 percent of children now enter primary school. However, only a third of these children continue on to secondary school, and the adult literacy rate is an extremely low 34 percent. High dropout rates are a symptom of waning quality and relevance of the curriculum at the more advanced educational stages, as well as insufficient government funding for secondary education.

Human Development Index Rank: 155

Human Poverty Index Rank: 88

SEE ALSO: Agriculture; Maternal Mortality and Morbidity; Sanitation; Unemployment.

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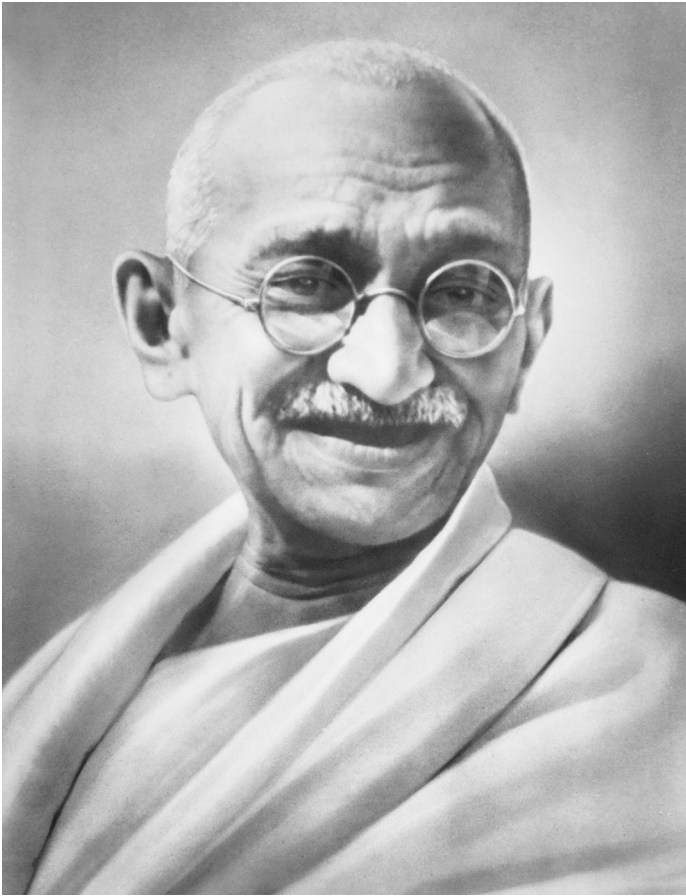
## Gandhi, Mohandas (1869–1948)

MOHANDAS KARAMCHAND Gandhi was born in Porbandar in Gujarat, India. After getting his legal education in Britain, he went to South Africa to practice law. Imbued with a high sense of justice, he was revolted by the injustice, discrimination, and degradation to which Indians had to submit in the South African colonies. Gandhi returned to India in 1915 at the age of 46. In 1916 he founded the Sabarmati Ashram at Ahmedabad where his friends and followers were to learn and practice the ideals of truth and nonviolence.

Gandhi took command of the nationalist movement to free India from British rule and died a martyr to the cause of unity on January 30, 1948. He is known as father of the nation of India, and popularly respected as Mahatma Gandhi.

Gandhi was neither an economist nor a politician. His was a socialist plan, based on nonviolence, truth, love, and sympathy. Gandhi wanted to have an ideal society of his own imagination. His ideas on economics are part and parcel of his philosophical, political, and sociological ideals. Gandhi was essentially concerned with the free growth of human beings and emancipation of the downtrodden and exploited masses. The economic ideas of Gandhi are scattered in his various writings.

Gandhi was in favor of maximization of social welfare, not in the material sense of the term, but in its more spiritual nature. His concept of welfare is based on the growth of the totality of human personality. Gandhi wanted reduction in inequalities and the free growth of human beings. To Gandhi wealth did not mean welfare. Gandhi was in favor of the satisfaction of basic human wants like food, clothing, and shelter. He was against the concentration and acquisition of wealth beyond the point of necessity. He was dreaming of a socialist type of society where the basic demands of the



Mohandas K. Gandhi was a utopian socialist who believed that voluntary poverty offered a better material and spiritual life.

people would be met. Gandhi was against the concentration and misuse of wealth. According to him, the capitalists should act as only the trustees of accumulated wealth. The poor workers, under trusteeship, should consider the capitalists as their benefactors and place every faith in their good actions. In this way, labor welfare can be maximized. Rich people should not use their wealth arbitrarily, but for the benefit of others. Trusteeship is a means of transforming the capitalist order of society into a socialist one. Trusteeship eliminates economic inequalities between the rich and the poor.

Gandhi was in favor of self-sufficient villages. He wanted to use a technique of cultivation that would not deplete the soil. Gandhi was against the individual ownership of land, and evolved the system of a village *Sarvodaya*. He proclaimed that the problems of villages must be solved properly so that poverty is eradicated and people can be happy and self-reliant.

Gandhi wanted a decentralized pattern of development because such a pattern is better normally and spir-

itually. Decentralized industries can play a crucial role in the development of a country. Village industries are highly democratic and also conducive to the growth of happiness between labor and capital.

Gandhi did not find any necessity for industrialization in any country, and seemed to be opposed to machinery, because machines establish “their own mastery over man and make him their slave.” He was reasonable enough to say that machinery is permissible if it does not deprive the masses of the opportunity of labor, increases humanity’s efficiency, and does not make people slaves. He welcomed the type of machinery that helped the workers and which worked as servants. He was influenced by the labor-absorptive power of cottage and village industries.

Gandhi considered *Khadi* industry as the symbol of unity, freedom, and equality. *Khadi* implies the decentralization of production and distribution of the necessary products. Gandhi expressed the idea that every man must earn his daily bread by his own labor. This is applicable to all types of labor. He condemned idle labor.

Gandhi favored the formation of trade unions in different production places, but the actions of the trade union should be based on nonviolence, arbitration, and truth. Trade unions should safeguard the rights and interests of their members. He advocated the participation of labor in management and equal pay for equal work. He wanted cooperation between labor and capital; capital should be the servant of labor, not its master. Gandhi understood the importance of the dignity of labor.

Gandhi is regarded as a utopian socialist. He was not a theoretical economist. To some extent, Gandhian economics seems to be relevant for the developing countries and also for those economies that are fed up with the excess of materialism and lack of human values and relations. The spirit of Gandhian economics seems to be still alive today in the form of a low-aspiration model of development.

In fact, Gandhi was the first Indian nationalist leader who identified his life and his manner of living with the life of the common people. In time he became the symbol of poor India, nationalist India, and rebellious India.

SEE ALSO: Community-Based Antipoverty Programs; India; Social Welfare; Utopian Socialists; Voluntary Poverty.

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## Garfield, James (Administration)

JAMES GARFIELD WAS FIRST elected to Congress from Ohio while serving as a Union general in the Civil War. After the war, he allied himself with the Radical Republicans. He supported strong protections for the freedmen and tough military measures to suppress the former rebels. He was one of the House leaders who impeached President Andrew Johnson in 1868.

Although no one believed government should be involved directly in resolving issues of poverty, government monetary policy could have a real impact. Hard money supporters believed gold and silver should back up U.S. currency so money would retain its value. This primarily benefited banks and the interests of merchants who had money. Others thought government should allow inflation to devalue currency so that people in debt, primarily farmers in the west, could escape the debts that made their life harder.

Garfield, although a westerner, strongly believed in a hard money policy. He viewed it as a moral issue, arguing that inflation was a form of legalized theft. He was also considered a moderate supporter of tariffs and civil service reform.

In 1872, Garfield was one of many congressmen embarrassed by involvement in the Credit Mobilier scandal. Congressmen received stock and generous dividends from a railroad company that had been given munificent government contracts. Although the scandal ended many political careers, Garfield's involvement was relatively minor and ultimately left him unscathed. He had also received other payments from government contractors while serving in the House, which, although legal at that time, seemed ethically questionable to many reformers. Garfield sat on the election commission in 1876 that controversially awarded the presidency to Republican Rutherford B. Hayes.

In a special election in January 1880, Garfield was elected to the U.S. Senate. But before he could take his seat, he went to the Republican Convention, where he nominated John Sherman for president. The convention became deadlocked. In order to block an attempt by supporters of former President Ulysses Grant to

take the nomination, the other major candidates compromised by nominating a surprised Garfield on the 36th ballot.

After the election, there was an unusually large flurry of demands for patronage government jobs. Garfield had spoken out generally in favor of civil service reform, though he was not considered a particularly strong advocate. He spent much of his first months dealing with job controversies, particularly a fight over jobs at the Port of New York. When Garfield proposed replacing a reformer with someone who had helped on his campaign, senators complained of the patronage appointment. When the Senate refused to confirm his appointment, he ceased making any further appointments until the Senate acted, resulting in a lengthy showdown. Eventually the Senate confirmed his nominee.

There was also a minor scandal involving kickbacks in government contracts for private postal routes out west. The president, however, was not directly implicated. Outside of the patronage controversies, the Garfield administration had little time to address any major domestic issues. One minor initiative recalled government bonds paying six percent interest and refinanced them at 3.5 percent, which saved \$10 million annually, about four percent of the budget at that time.

Given his short tenure, Garfield had little foreign policy. He proposed a conference of all American republics in 1882. However, it never took place. In July 1881, a disgruntled (and probably insane) office seeker named Charles Guiteau shot the president in the back. Garfield lingered for months before dying on September 19, 1881. Many experts attribute his death to infections caused by medical probes trying to remove the bullet. Outrage over the assassination resulted in the passage of the Pendleton Act in 1883. This was one of the first legislative acts aimed at civil service reform.

SEE ALSO: Corruption; History of Poverty; United States.

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## Gender Discrimination

WHILE POVERTY FAILS to discriminate on certain levels of human existence, its deleterious effects upon women over time and across the globe have been severely disproportionate as compared to men, especially in developing countries. This phenomenon, known as the feminization of poverty, is extremely significant in countries with transitional economies, as a result of the process of social and political transformation.

During the first decade of the 21st century, the United Nations estimated that a significant majority of the 1.5 billion persons who survive on \$1 a day or less are women. Poverty's discrimination against women is not limited, however, to a lack of income and other concerns that are strictly economic. Other manifestations of poverty that affect women excessively include the areas of illness, hunger and malnutrition, inadequate housing, violence, limited or lack of access to education, and the inability to participate in basic aspects of civil, social, and cultural life.

Researchers suggest that the reasons for gender discrimination in the area of poverty are related to issues of power and dominance that often stem from traditional and rigid gender-specific rights, roles, and privileges that are assigned at birth. Such gender stereotypes often restrict women's access to education and resources that would allow them to enjoy a just standard of living. These disadvantages stem from centuries of deeply embedded patriarchy, or male advantage exercised as oppressive power over women and disadvantaged males. Feminism seeks to deconstruct the horrors of patriarchy to liberate women from the destructive cycle of poverty and violence.

In addition to providing adequate training and means for women to liberate themselves from poverty, feminism addresses some of the structural issues related to gender discrimination in this area. Most recently, feminists have noted that the inability to provide a gender perspective in national and international economic planning and analysis will result in the continued victimization of women.

Despite feminism's exposure of the disproportionate feminization of poverty, women continue to be among the poorest of the poor across the globe. Although historically women are at the highest level of participation in the global workforce, their wages still are significantly lower than their male counterparts'. This injustice is intensified by the fact that women bear the majority of the burden of family responsibilities, which often is intensified by lack of access to family

planning and adequate childcare. Women work twice as many hours as men; however, they receive only one-tenth of the world's income, and own less than a hundredth of the world's property. In some countries, the loss of a husband results in a widow's loss of her land and possessions, since there are legal statutes that transfer inheritance to the deceased extended family, leaving his widow and children destitute.

Many other manifestations of poverty affect women disproportionately. In Africa, 55 percent of HIV-positive patients are women. In many developing countries, women who are pregnant, mothers who are nursing, and their children are at the greatest risk of undernourishment. In the United States, approximately one-half of homeless women are fleeing domestic violence. In Turkey, 58 percent of women are victims of violence. Of the approximately 875 million people worldwide who are illiterate, just over two-thirds are women. In terms of civil service, women hold less than 30 percent of the world's political, diplomatic, and bureaucratic posts.

*In the United States, one-half of homeless women are fleeing domestic violence.*

The United Nations has played a key role in the modern attempt to end gender discrimination with regard to poverty and other issues intrinsically linked to it. In 1975, Mexico hosted the United Nations' First World Conference on Women (UNWCW), a gathering that resulted in a Plan of Action setting minimum targets to be met by 1980, which focused on securing equal access for women to resources such as education, employment opportunities, political participation, health services, housing, nutrition, and family planning.

Copenhagen, Denmark, was the location for the second UNWCW in 1980, noting significant achievements in the status of women since the 1975 conference. By the same token, the conference declared that significant changes had to occur in the areas of equal access to education, employment opportunities, and adequate healthcare services in order to achieve a true end to the disparity between the socioeconomic status of men and women.

The third UNWCW occurred in Nairobi, Kenya, in 1985, continuing the agenda of the first two conferences and expanding its economic agenda to identify the genuine power and autonomy held by women, and promoting the value of women's unpaid domestic

work. The fourth UNWCW, convened in Beijing, China, in 1995, produced the Beijing Platform for Action, which is considered to be the most thorough document ever produced by a United Nations conference on the subject of women's rights. It stressed 12 central concerns, including the elimination of discrimination against women, the eradication of poverty, and the establishment of means of placing women in key governmental positions. In 2000, the United Nations held a follow-up session entitled "Beijing +5" to evaluate the resolutions of the 1995 conference. The final report resulted in a failing grade for advances in the area of women and poverty. Accordingly, it recommended a fourfold action plan that would research the feminization of poverty and provide concrete political and legal means to ensure women's equal access to economic resources.

In the spring of 2005, the United Nations sponsored a second review session entitled "Beijing +10," acknowledged both the successes and failures with regard to the feminization of poverty, and proposed 20 resolutions to end women's disproportionate struggle with poverty worldwide.

SEE ALSO: Feminization of Poverty; Gender Division of Labor; Maternal Mortality and Morbidity; Women and Poverty.

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## Gender Division of Labor

IN TODAY'S SOCIETY and in many countries, concepts of work and labor pools have undergone changes, with more women working outside the home than in past centuries. While "women invest significantly more hours in household labor than do men, despite the narrowing of gender differences," according to S.M. Bianchi et al., women now work part-time or full-time in jobs or careers as well.

As anthropologist Gary Ferraro states, "the household may be made up of a nuclear family (husband,

wife, and children) or a more elaborate family structure containing married siblings, multiple wives, and more than two generations," suggesting that all members of the household participate in household labor. Therefore, it is hard to believe that one aspect of the family has evolved very little over the course of history: the gender division of labor, wherein women and men are seen as responsible for different activities, is as strong today as it was decades ago.

This article will provide definitions of and examine how the gender division of labor has remained relatively unchanged over the years. In addition, it will examine the history of the gender division of labor in the workforce and in the family from a global perspective, as well as a Western culture perspective, and explore the modern challenges for women and men in the context of the gender division of labor.

### DEFINITIONS

According to Ferraro, "the process of production is the allocation of tasks to be performed—that is, deciding which types of people will perform which categories of work." In all societies, work to provide for family must be completed, whether the work is to hunt and gather, or cook and clean, or participate in wage employment. Societies have made distinctions for the production of work on the basis of gender and age. L.P. Cooke easily defines the division of labor as when a woman devotes all of her time to unpaid labor while her husband devotes all of his time to paid labor. Jackson states, "gender divisions of labour have been broadly thought of ... as the process by which men and women come to perform distinctive activities and roles, beyond the biological imperatives of biological reproduction."

Historically in Eurocentric terms, men have been known as "breadwinners" or providers for the family, while women are the reproducers and perform domestic tasks. Thus "the roles of wife and mother are intimately tied to expectations for doing housework ... and displayed through outcomes such as a clean house," as noted by Bianchi et al. Throughout history, however, women have eased into the public and paid work arena. As a result, the concrete definition of household gender division of labor has become more one of degrees.

### GENDER DIVISIONS IN THE WORKFORCE

Women have entered the workforce, defined here as paid labor outside the household setting, throughout history for different reasons. K.B. Graubart explains

that the textile industry was one of the first trades for women entering into wage labor. In 16th-century Peru, women and men worked alongside one another as *cumbicamayos* (“makers of cumbi”) weaving cloth for textile production. It was not until European colonizers arrived that a division of labor began to develop. According to M.J. Maynes, “one of the most significant and controversial aspects of globalization from a feminist point of view has been its disruption of local gender divisions of labor and its impact on women’s wage labor.” Before the European colonizers arrived, both men and women completed weaving; after Spanish colonization, weaving was considered a female activity or job. Widows and single women were put to work making clothing, while “men were assumed to be busy on mitas, in wage labor, fishing or working their plots of lands.”

*Centuries later, gender divisions of labor among working-class women still exist.*

After Spanish colonizers introduced gender division of labor practices to Peru, 18th-century European spinsters felt the impact as well. In Ireland, “women soon gained a reputation as expert flax spinners, although much of the weaving initially was done by men,” explains Maynes. In 19th-century Europe, most spinners were unmarried or widowed women.

According to Maynes, when women did marry, they were still allowed to work; however, married women were not allowed to make as much money as their unmarried counterparts: “while older women were no doubt the most skilled spinsters, once they married, they devoted less time to spinning, which decreased their daily productivity and earnings.” Once married, women were expected to devote more time to families and less time to work outside the home for pay. Thus paid work to provision a family was a man’s responsibility.

Centuries later, gender divisions of labor among working-class women still exist. Even in small businesses, a gender gap remains. Women in modern businesses tend to work in the administrative realm. Even those who partner with their husbands in small business have their work centered on the clerical aspects of paid work, according to S. Baines and J. Wheelock. Although married couples share work responsibilities, the burden of housework still falls on the shoulders of the wife. As noted by Bianchi et al., “research has shown

that wives spend considerably more time in housework compared with husbands, even when they are working in the paid labor force.”

When combining family and work, women are generally the ones responsible for balancing all family duties, household work, and paid work, and typically sacrifice work for family. Thus according to one British study, given traditional divisions of labor, women are still universally responsible for the bulk of unpaid reproductive labor in the household and the wider community.

## GENDER DIVISIONS IN THE FAMILY

The gender division of labor not only exists in the workplace, but within the family as well. The family, as defined anthropologically by Ferraro, is the basic social unit and can include people who are related by marriage (legal and/or common law) or blood. Despite a narrowing gender gap, the responsibility of “unpaid labor,” or housework and child rearing, still falls on the shoulders of the wife/mother.

Therefore, according to Bianchi et al., “research has shown wives spend considerably more time in housework compared with husbands, even when they are working in the paid labor force.” According to current data, “estimates are that men do between 20 percent and 35 percent of the housework.” Women, then, are contributing between 65 percent and 80 percent of the household labor to ensure that a family’s needs are met. This holds true even when a woman has more education or a better job and has the role of the breadwinner.

The traditional definition of gender divisions of labor define women’s work as unpaid, domestic labor, while men’s work is described as paid labor, inferring that the male figure is normally the breadwinner of the family. Therefore, it is an interesting phenomenon that when the tables are turned and the woman becomes the breadwinner for the family, the unpaid labor does not fall on the shoulders of the husband/father in the unpaid or lesser labor position. Rather, the opposite is the case: “housework contributions do not follow ‘logical’ rules of economic exchange. Rather, the more a husband is dependent on his wife economically, the less housework he does, most likely as a way to reassert his masculinity,” as noted by Bianchi et al. Others elaborate by stating that some unemployed men with employed wives may refuse domestic labor in order to secure at least one arena where their masculinity is not under question.

According to experts, the masculine gender role is based, much as the feminine gender role is, on a set of behaviors, attitudes, and conditions that are generally found in men of an identifiable group. This concept is not to be confused with masculine stereotypes and/or ideals, which are based on general ideas or widespread notions about how society believes men should act. Although there are a variety of masculinities seen throughout the world and in different men's contexts, heterosexual, middle-class masculinity is the one most often cited when discussing gender divisions of labor with the male seen as the breadwinner and public provider for his family.

Bianchi et al. conducted a study in the United States from 1965 to 1995. They theorized three perspectives on the process of domestic labor allocation: "1) the time availability perspective, 2) the relative resources perspective, and 3) the gender perspective." They describe the time availability aspect as dividing the gender division of labor according to "availability of household personnel in relation to the amount of housework to be done." Since men participate in the paid labor force, women have more time at home for household chores. As women entered the paid labor force, their time spent on housework hours decreased; however, technological advancements allowed women to maintain housework standards and men were not seen as needed to aid in household activities.

Time plays another interesting role in gender divisions of labor when comparing women's domestic work hours to those of men. The question arises if men and women's domestic tasks should be compared by time spent and level of excursion. For instance, do men's tasks, such as lawn mowing or chopping wood, equal a woman's time and labor in cleaning the kitchen and helping the children with homework?

Some analysts state that hours of work covering diverse levels of effort cannot easily be compared as a basis of establishing equity in divisions of labor, and time input studies as a basis for evaluating equity contribution may be systematically biased against recognition of male effort where hours worked are fewer than those worked by women but physical intensity is higher.

The relative resources perspective, described by Bianchi et al., suggests that "the allocation of housework reflects power relations between men and women" and that "higher levels of education and income relative to one's spouse ... are expected to translate to more power." They go on to cite Becker's microeconomic theory "in which households divide labor in ways that maximize efficiency and output spe-

cialization of partners." Therefore, since men have an advantage in wage earnings, they participate in market work, while women's roles as mothers result in their advantage to nonmarket work. Both men and women seemed to be motivated to reduce their share of housework.

The third theory, the gender perspective, is described by Bianchi et al. as a "combined gender ideology with the theoretical construct of 'doing gender.'" They describe the gender perspective as disadvantaging to women because women's household tasks are typically socially defined as the least attractive, such as meal preparation and laundry. Bianchi et al. also suggest that women hold a higher expectation of cleanliness than men, and that "housework is a reflection of a woman's competence as 'wife and mother'—but not men's competence as a 'husband and father.'"

## IMPLICATIONS

As more women are entering the labor force and continuing to perform domestic tasks, implications surrounding women in a variety of areas, for example women's health, should be explored. More information is needed about linking women's work habits to such diseases as cancer, heart disease, and depression. There is little research concerning this aspect of the gender division of labor. One study from Germany, however, has explored whether or not the gender division of labor practices has an implication for second births and divorce rates.

*Modern women still perform the largest quantity of domestic labor.*

Cooke's article explores the possible connection between gender division of labor and second births and divorce rates in German households. While there is no significant connection between gender divisions of labor and divorce rates, Cooke did find data related to second births tied to the amount of time men spent on household chores. German women are no different from other women—they tend to do more housework than their male counterparts. Thus as many authors note, "in industrialized countries, husbands' average domestic participation is about one third of the time contribution of wives." Cooke credits a woman's wage earnings as the indicator for second births. The study indicates that for each hour a woman is employed, the

odds of a second birth decrease by three percent—“her greater wages are expected to decrease the likelihood of second births because they increase the cost of children.” Consequently, “male breadwinner families in which women are out of the labor force are significantly more likely to have second children.”

## CONCLUSIONS

The process of household production governs all societies by distributing tasks among people. Task distribution has linked women, men, and children to certain gender-defined tasks and activities. However, as women have crossed over into the public sphere of wage labor, the easily defined gender distribution of men performing wage labor and women performing domestic tasks has become more complicated. Both women and men are working in wage labor, and men are doing more housework; however, modern women still perform the largest quantity of domestic labor. More studies need to be done to discuss the implications for women’s health in connection to the added workload women experience working outside the home, as well as continuing to perform the largest portion of domestic activities.

SEE ALSO: Gender Discrimination; Family Budgets; Family Size and Structure; Feminization of Poverty; Women and Poverty.

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## Genetic Explanations of Poverty

GENETIC EXPLANATIONS OF poverty focus mainly on differences in intellectual ability as measured by intelligence quotient (IQ). According to this view, an important cause of poverty is that on average, people with low incomes are less intelligent than people with higher incomes. If true, this view means that some people are poor because of inherent personal limitations that might be impossible to remedy by education or job training. It thus has implications for what societies can—and cannot—do to combat poverty.

### ARGUMENT FOR GENETIC BASIS OF POVERTY

The argument proceeds in three main steps. First, it contends that intelligence is largely genetic and cannot be significantly improved by environmental factors such as better education or nutrition. *The Bell Curve*, written by R.J. Herrnstein and C. Murray in 1994, gives the canonical statement of this view and stimulated much of the later debate about genetic explanations of poverty. The authors argue that “a half-century of IQ data [indicate] that differences in intelligence are intractable and significantly heritable and that the average IQ of various socioeconomic and ethnic groups differs.”

Second, it contends that IQ accurately measures intelligence and that intelligence itself is a useful concept. Herrnstein and Murray review the history of intelligence testing from the late 19th to the late 20th centuries and conclude that IQ tests indeed measure what we would normally call intelligence: that is, the “ability to reason, draw analogies, and identify patterns ... [and] a general capacity for inferring and applying relationships drawn from experience.”

Third, the argument employs statistical methods in an attempt to show that income is strongly correlated with intelligence. Herrnstein and Murray found that as intelligence decreased, the likelihood of poverty increased. Only two percent of individuals with IQs in the top five percent of the population had incomes below the poverty line; for those with IQs in the 20 percent below that, three percent were in poverty; for IQs in the 50 percent below that, six percent were in poverty; for IQs in the 20 percent below that, 16 percent were in poverty; and for IQs in the bottom five percent, 30 percent were in poverty. The authors also found that parental IQs were a better predictor of their grown children’s poverty than the family’s socioeconomic status.

In 2002, another controversial book applied the same type of argument to countries that *The Bell Curve* had applied to IQ groups within countries. *IQ and the Wealth of Nations*, by R. Lynn and T. Vanhaver, uses statistical methods to correlate countries' average IQs with their real Gross Domestic Product (GDP) per capita. The authors found a strong correlation (0.675 in 1998) between national average IQ and per capita GDP. They conclude, "Differences in national intelligence provide the most powerful and fundamental explanation for the gap between rich and poor countries."

### CRITICISMS OF THE THEORY

All three steps in the genetic argument have been hotly disputed. The late Stephen Jay Gould, a professor of biology at Harvard, argues that a correlation between the IQs of parents and children does not prove that IQ is mainly genetic. "Suppose that I measure the heights of adult males in a poor Indian village beset with nutritional deprivation, and suppose the average height of adult males is five feet six inches," Gould writes. "Heritability within the village is high, which is to say that tall fathers (they may average five feet eight inches) tend to have tall sons, while short fathers (five feet four inches on average) tend to have short sons. But this high heritability within the village does not mean that better nutrition might not raise average height to five feet ten inches in a few generations." Likewise, Gould argues, education and social programs could raise the average IQs of disadvantaged groups in society.

In addition, various studies have disputed the soundness of the statistical arguments for the genetic explanation of poverty. One study at the University of California at Berkeley used the same data as *The Bell Curve*, but weighted the variables differently and got far different results. Michael Hout, one of the Berkeley statisticians, notes that "socioeconomic background affects poverty far more than Herrnstein and Murray claimed. Our estimate of the effect of socioeconomic background on whites' risk of being in poverty in 1990 is 66 per cent higher than theirs; our estimate for African Americans is 53 per cent higher than theirs," as quoted from an article by N. Lemann. Apart from the merits or demerits of the genetic theory of poverty, many critics are no doubt spurred by fears that the theory could be used to justify heartless or racist policies.

It is important not to caricature *The Bell Curve* or genetic explanations of poverty. At one point, Herrnstein and Murray estimate that the genetic contribution to intelligence is "between 40 and 80 percent," which

concedes, conversely, that the contribution of environment is 20 to 60 percent. This amounts to a retreat from their earlier claim that IQ differences are "intractable." They also concede that "the IQ score of an individual might have been higher if he had been raised in more fortunate circumstances," which comes close to admitting that education and social programs can, after all, have some effect in reducing poverty. In addition, they warn against overestimating the importance of intelligence: "Cognitive ability accounts for only small to middling proportions of the variation among people. The identification of IQ with attractive human qualities in general is unfortunate and wrong."

Based on the evidence, it seems clear that intelligence has at least some influence on the likelihood of poverty. Less clear, however, are the extent of that influence, the extent to which intelligence is genetically determined, and the extent to which IQ and economic well-being can be improved by education, social programs, and nutrition.

SEE ALSO: Darwinism; Education; Human Development; Nutrition.

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## George, Henry (1839–97)

HENRY GEORGE WAS BORN in Philadelphia, Pennsylvania. Dropping out of school in seventh grade, he worked as a cabin boy and sailed around the world. Halfway through his second trip, he settled in San Francisco, California, and became a journeyman printer. The city was transforming from a tent encampment to an emerging metropolis before his eyes. But in the midst of the city's wealth and beauty, George also saw poverty and misery. In his leisure hours he wrote an essay that eventually became the book for which he is best remembered: *Progress and Poverty*, his attempt to explain the simultaneous emergence of wealth and pauperism in

modern industrial society. Because he was unknown, George had to typeset and print the book, with the help of sympathetic friends. This original edition was eventually “discovered” and published by D. Appleton & Company in New York. An edition in England created a sensation in literate circles.

The English scientist and writer Alfred Russel Wallace declared it “the most remarkable and important book of the present century.” George was soon an international figure. Leo Tolstoy, John Dewey, and Bernard Shaw were among the multitude of George’s admirers. Said Dewey, “Henry George is one of a small number of definitely original social philosophers that the world has produced. It would require less than the fingers of the two hands to enumerate those who, from Plato down, rank with Henry George among the world’s social philosophers.”

After meeting Irish radical Michael Davitt in New York in 1879, and hearing of widespread peasant evictions in Ireland, George applied his theories to the Emerald Isle. Shortly thereafter he began lecturing on behalf of the Irish Land League in New England and Canada, and ultimately visited Ireland to wide acclaim. George made six lecture tours of Europe, where his ideas were more enthusiastically embraced than in the United States. In 1886 George honored the appeal of numerous labor groups and ran, unsuccessfully, for mayor of New York City. He spent the rest of his life arguing for social reform.

Labor, George argued, was the only real source of wealth in the world. With the wild land speculation in the American west, however, landowners reaped huge profits simply by holding on to land as the populations around them increased. Meanwhile, those who owned no land saw almost all their living expenses rise as a result. To combat this unhealthy social and economic bifurcation, George proposed a property tax that would confiscate the landowners’ “unearned increment”—any increase in value that did not arise from improvements made directly by the owner.

Since the value of the land was created by society and not by the landowner, society should reap the benefit. This 100 percent tax on the increased value of land, which George’s followers began to call the “single tax,” would bring in so much capital, he argued, that all other taxes would be unnecessary.

The collected fees could be used to equalize wealth, raise revenue to aid the poor, and stabilize society through the creation of excellent schools, museums, theaters, and other social and cultural institutions. “Ignorance and vice, the recklessness and immorality en-

gendered by the inequality in the distribution of wealth,” would be replaced by an “increase in wages, and the opening of new avenues of employment which would result from the appropriation of rent to public purposes,” as phrased in *Progress and Poverty*. As Fred Nicklason has ably demonstrated, George’s vision was not simply economic but also religious in nature. George fiercely believed that “man’s errors, not God’s providence, caused poverty.” The right to tax land, he believed, was “natural and cannot be alienated. It is the free gift of his Creator to every man who comes into the world—a right as sacred, as indefeasible as his right to life itself.” Though the single tax was never adopted by any government, it influenced progressive tax policy in the United States, the United Kingdom, and New Zealand; inspired a large number of local and state politicians; and influenced a generation of investigative reporters, including Benjamin Flower, Ida Tarbell, Charles Edward Russell, Lincoln Steffens, and Upton Sinclair.

SEE ALSO: Industrial Revolution; Industrialization; Irish Famine; Public Goods; Redistribution.

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## Georgia

GEORGIA IS A POVERTY-stricken country in southwestern Asia that borders the Black Sea between Russia and Turkey. The region of present-day Georgia was formerly part of the kingdoms of Colchis and Kartli-Iberia; the Roman, Ottoman, Persian, and Russian Empires; and the Union of Soviet Socialist Republics (USSR). The current republic gained its independence from the Soviet Union on April 9, 1991. Since then, Georgia has progressed with market and democratic reforms despite significant poverty, civil strife, and other social problems.

In 1994, 80 percent of the Georgian population were considered poor. This poverty rate fell to 60 per-



cent in 1995, and 46 percent in 1997. As of 2001, 54 percent of Georgia's population lived below the poverty line. In recent years, the poverty rate has stabilized at around 51–52 percent. In 2002, 15 percent of the population were considered extremely poor. This was a reduction from previous years.

Primary causes of poverty in Georgia are unemployment, insufficient education, lack of infrastructure and social services, and external shocks such as droughts. Unemployment is a significant factor in defining who is poor. As of 2001, 17 percent of Georgia's labor force was unemployed. One-third of Georgia's extremely impoverished households have no employed members. Insufficient education is another important influence on poverty. One-third of Georgia's extremely impoverished households have average or lower education levels. External shocks, such as the Russian financial crisis of 1998 and the droughts in 1998 and 2000, increased Georgian poverty. The low quality of roads and the lack of sufficient energy, education, and healthcare also contribute to poverty in Georgia.

Accessibility to education and healthcare services is better in urban areas, which improves the prospects of employment. Yet urban poverty in Georgia is deeper and more severe than rural poverty. In urban areas, poverty is related to an insufficient food supply. In rural areas, households consume whatever food they produce. The primary poverty issue for rural families is a lack of financial resources and insufficient infrastructure, such as roads, which would improve their access to social services. Because rural Georgians have the capacity to grow food and raise livestock and poultry, the poverty level for rural Georgians is lower than that for city-dwellers. The level of rural poverty fluctuates with the climate, however. The droughts in 1998 and 2000 increased rural poverty in Georgia.

Despite damage to the economy caused by civil strife, Georgia has made significant economic gains since 1995, such as achieving positive growth of its Gross Domestic Product (GDP) and the reduction of inflation. This turnaround has been achieved with assistance from international organizations, such as the World Bank and the International Monetary Fund (IMF).

Georgia has made limited progress in fighting poverty because of insufficient financial resources. This is in large part because of its chronic failure to collect tax revenues and other government fees. Poverty reduction efforts focus on reforming the country's tax code, enforcing tax levies, and reducing corruption. In an ef-

fort to reduce energy shortages, Georgia privatized the Tbilisi electricity distribution network in 1998. The resulting private company suffers from continued low rates of payment collection, however. Current plans for economic development focus on the construction of oil and gas pipelines to transport the energy resources of neighboring countries.

Human Development Index Rank: 100

Human Poverty Index Rank: Not included.

SEE ALSO: Agriculture-Nutrition Advantage; Communism; Drought; Privatization.

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## Germany

THE ECONOMY OF contemporary Germany, Europe's most populous nation at around 83 million inhabitants, is the largest in Europe and ranks fifth largest in the world. In the early modern period, from around 1500 to 1800, Germany was a relatively backward country when compared to the other developed nations of the Western world. But as a result of economic modernization and unification in the latter half of the 19th century, Germany leapfrogged into third place as an industrial giant, ranking just behind the United States and Great Britain by the start of World War I. The devastation caused by the two world wars set Germany back.

Its eastern half, under Soviet control, languished with the rest of the communist command economies from 1949 to 1989. West Germany rose from the ashes of war to be a leading economic, though not military, power from the late 1950s onward. West Germany

adapted competitive capitalism with government-targeted support to key industries. The government created large social programs that provided an economic safety net for most of its citizens.

The two Germanys were united in 1990. The new federal republic has had to invest billions of dollars per year to modernize the outdated infrastructure of the east, create jobs and protect its citizens from social dislocation (the average annual transfer is currently about 70 billion euros). As a result, the 1990s were turbulent times in the economic life of Germany, with persistent high unemployment and low growth. The government has had to cut back on some of the generous welfare benefits that were common under the old federal republic.

*It was not until the 1800s that the European states became involved in poor relief.*

As a result, the number of people who have fallen below the poverty line has risen. When speaking about poverty in a rich, advanced nation, however, one must frame the issue in comparative, not static, terms. Germany is still a very wealthy country, but one that is struggling with problems left over from unification and because of birth pains related to the new, enlarged European Economic Union.

Poverty should always be defined in relative terms. In so-called underdeveloped countries (for example in Asia and sub-Saharan Africa), poverty might mean lacking in livestock or farm equipment to grow food, adequate housing, access to medical care, or having to make children work, or even selling them to make ends meet. Poverty in this context can translate into conditions of chronic poor health, disease, and even death. By this definition, virtually nobody in Germany could be considered poor.

In a rich nation, by contrast, economists try to define a poverty line, which means an annual income below which a family has a lower standard of living relative to the majority in the society. This means worse food, housing, medical care, and enjoyment of life than others, but does not mean poverty in the life-threatening sense that citizens of underdeveloped nations may experience.

Even inside advanced economies, absolute and relative poverty must be distinguished. Economists refer to absolute measures of poverty as a comparison between household income and the cost of a basket of specific

goods and services, while relative poverty measures compare the spending patterns of households or individuals with the spending patterns of the general population.

By the absolute measure, the percentage of absolute poor in Germany is very high at 30 percent, but the relative percentage of poor is only six percent. The large discrepancy can be explained by taking into account government assistance that helps the poor by providing rent subsidies, food vouchers, and child support. One area that has been well studied in this regard is child poverty.

## THE TWO GERMANYS

In 2001, the number of children living in poverty in western Germany was almost 17 percent before government transfers (welfare assistance), but only 9.8 percent after transfers. In the east, the difference was even more substantial, almost 27 percent before and 12.6 percent after. Social scientists are almost all in agreement that the continental European welfare state substantially reduces poverty rates, even though welfare creates dependency on the state and contributes to chronic unemployment and an inflexible job market. By contrast, the United States has less unemployment and a dynamic job sector, but a larger number of citizens living in relative poverty, around 18 percent.

The role of the state in reducing poverty is relatively recent. In the Middle Ages and early modern period, the church was primarily responsible for aiding the poor. The rich gave alms and the ecclesiastical authorities distributed food and small amounts of money to the wretchedly poor who gathered outside the church. Many of these poor were debilitated by disease, old age, or other afflictions. Most of the population was made up of peasants, who were poor by any definition, living in unsanitary conditions and eating primarily bread and root vegetables like turnips and potatoes. The price of rye and potatoes (after its introduction from the New World) determined poverty levels. But the peasants in Germany, especially in the eastern lands, were bound to the land and dependent on their lords rather than the state for survival in periods of economic crisis.

It was not until the 19th century that the European states became involved in the issue of poor relief, or the "Social Question," as it was then called. The chancellor of Germany, Otto von Bismarck, decided in the 1880s to strongly oppose the burgeoning Social Democratic Party, whose leaders wished to radically alter capitalism

and the face of industrial society. Bismarck wooed the workers by introducing government programs that first provided health and disability insurance (1883, 1884) and then insurance for old age and invalidity (1889). These programs initially covered only the top segment of the blue-collar workers, so while they did little to alleviate poverty, many workers' lives were cushioned from economic hardship.

These initiatives also created precedents for the modern welfare state that came into existence in Germany after World War I. During the Weimar Republic (1918–33), welfare programs were expanded to include war victims' benefits to aid the hundreds of thousands of returning soldiers from the front. Germany paved the way to reducing child poverty with the Youth Welfare Act, passed in 1922, which still serves as a model for youth-related welfare programs all over Europe. During the Weimar period the various forms of unemployment and poor relief were consolidated into one program, paid for equally by employers and employees.

These initiatives worked well to provide all needy citizens with basic assistance in times of need, but with the arrival of the Great Depression in the early 1930s, the government found itself unable to afford the high costs of the program. In fact, angry voters, who much resented the austerity programs introduced by various German governments from 1930 to 1933, helped catapult Adolf Hitler into power.

## NATIONAL SOCIALISM

The National Socialists promised full employment and a reconstitution and expansion of many of the welfare programs introduced during the Weimar period. They were able to do this by deficit spending and centralization of all the social insurance programs. By 1942 all wage earners, as long as they were "Aryan," were covered by accident and health insurance, women were guaranteed 12 weeks of paid maternity leave, and the poor received housing and food assistance. These programs were progressive, and popular, but they came at a high cost. German citizens traded their freedom and autonomy and gave the government a blank check to impose a genocidal dictatorship and ultimately lead the nation into a catastrophic war.

After World War II, two German states came into existence; the one in the west had a free-market economy, the one in the east had a communist, centrally controlled command economy. In the latter, the German Democratic Republic, the state had a monopoly on all the welfare programs. The system was extremely hi-

erarchical and highly subsidized. The state guaranteed full employment by paying workers in inefficient or unnecessary industries. Food and housing were heavily subsidized for all citizens so that despite extreme shortages, all basic needs were met. The standard of living was much lower than in West Germany, but so was inequality. Except for a small stratum of privileged Communist Party members, everyone was equally poor. Even the luxuries enjoyed by the elite were very modest when contrasted with the living standards enjoyed by average Europeans in the capitalist West.

After 1950, the West Germans decentralized the administration of welfare programs and returned to the Weimar system, in which social insurance and public assistance were administered differently in the various German states. Some states means-tested social insurance and public assistance programs, some did not. Some occupation groups, like civil servants, had better insurance than other public-sector workers. In the 1970s an attempt was made to standardize social compensation and welfare programs at a federal level, but inequities remained.

When the two Germanys were reunited in 1990, these inequities only increased. Both the conservative Christian Democrats and the liberal Social Democrats today wish to placate voters and retain the overall structure of the welfare state, which has guaranteed a social safety net ever since the days of Bismarck. The programs are very popular, and a national consensus exists that Germans do not wish to have an "American system," where the poor are allowed to fall through the cracks. But paying for these programs has put extreme pressure on the government, which is running at ever-increasing deficits. Painful reforms will be necessary if Germany is going to be able to both afford both its extensive welfare state and continue to succeed in a very competitive global economy.

Human Development Index Rank: 20

Human Poverty Index Rank: 6 (HPI-2)

SEE ALSO: European Relative-Income Standard of Poverty; European Union Definition of Poverty; Social Democracy; Social Insurance; Welfare State.

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## Ghana

GHANA PRESENTS interesting scenarios for understanding the complexity and difficulty of analyzing poverty in Africa. Ghana is one of the least-developed countries in the world, according to standards set by the United Nations. To put it into perspective, the poverty rate was 46 percent in 1994 and decreased to 39 percent in 2000; it was 40 percent at the end of 2004. It should be noted that the population in 1994 was about 18 million and in 2004 it was 20 million. The type of economy in Ghana will partly explain the level of poverty.

The economy is heavily dependent on subsistence agriculture that is carried on by mostly illiterate rural folks. According to 1999 estimates, 60 percent of the workforce were employed in agriculture and contributed about 60 percent of the Gross Domestic Product (GDP). In contrast, industry accounted for 15 percent of GDP, and services 25 percent. Unemployment has always been high, standing at 20 percent in 1997. High unemployment rates have coupled with an inflationary rate of 13 percent.

The result has been that many Ghanaians depend on remittances by those living abroad, reflected in the fact that in 2004 alone, Ghanaians working in other countries made remittances totaling \$1.5 billion. This is money in individuals' pockets that increases their purchasing power, hence the unusually high GDP per capita of \$1,305, although in essence people who live this way live precariously.

Other manifestations of poverty in Ghana include the high level of illiteracy and inadequate healthcare facilities, especially in rural areas. Nationally, the literacy rate stands at 73 percent. Government expenditure on education is only 2.8 percent of GDP, in spite of high-sounding rhetoric of reform of the education sector enunciated in Vision 2020. Similarly, patient-to-doctor ratios are disappointingly low, even in urban areas, while people in rural areas do not see actual doctors where there are clinics. Health superintendents who do not have the expertise to diagnose complex health problems

man rural healthcare centers. Government allocates two percent of GDP to the health sector. Understandably, life expectancy is low. According to World Health Organization figures for 2002, life expectancy at birth is 57 and 60 years for males and females respectively, while infant mortality per 1,000 births is 352 for boys and 295 for girls.

In spite of this appalling picture, the international donor community holds Ghana up as a model of growth and stability in sub-Saharan Africa. Shortly after passing the African Growth and Opportunity Act (AGOA) in 2000, the U.S. government declared Ghana eligible. Similarly, Ghana has since 2001 been admitted to the World Bank's Highly Indebted Poor Countries (HIPC) initiative. Thus we are left with an obvious conundrum. The country with nearly half the population living in poverty is also held up as a model of growth and hope.

There are two ways to understand the situation. The first relates to Ghana's former colonial status and what that has meant for its place in the global political economy. An erudite Ghanaian put it best when he said that Ghanaians under colonial rule were encouraged to "produce what they do not consume and consume what they do not produce." Ghana is endowed with natural and human resources, two of three essential elements needed to start a process of industrialization.

But instead of starting the country on that path (as they themselves had done in a previous era), the British colonialists encouraged Ghanaians to engage in primary production in order to keep the country as a market for British manufactured goods. Bereft of an industrial base, Ghanaians developed consumption of foreign manufactured goods that created a dependency syndrome that carried into the postindependence period.

With the increasing pace of globalization, Ghana is caught in yet another level of difficulty. Donor countries and institutions argue that globalization will help poor countries like Ghana if they embark on democracy and good governance. Democracy leads to freedom of choice, but it does not create equitable relations between poor and rich countries, especially when the former are restricted by tied aid that requires a percentage of goods to be channeled between donor and recipient countries. Critics charge that tied aid undermines the very concept of democracy and trade liberalization. And when a country does not price its produce on the international market, it cannot engage in mutually beneficial trade regardless of the type of government.

However, the problem of poverty in Ghana is not entirely foreign-generated. There is so much corruption

in Ghana that it will require a complete overhaul of the social, economic, and political systems to rid the country of poverty. The deputy chairperson of the National Commission for Civic Education did not mince words when she said that “corruption is the bane of development; we all recognize it yet we pretend it does not exist.” Government policy of “zero tolerance” has not worked, and some have alleged that government officials themselves are deeply implicated in corrupt practices. A professor has suggested that electronic surveillance and hidden camera operations should be adopted to curtail corrupt practice. At the individual level, people generally do not feel a sense of accountability or responsibility when they work for the government, or for someone else. Thus the international donor community may forgive Ghana’s debts, but until Ghanaians themselves change their attitudes, the alleviation of poverty might remain only a wish.

Human Development Index Rank: 138

Human Poverty Index Rank: 62

SEE ALSO: Child Mortality; Corruption; Economic Liberalization; Structural Dependency; Subsistence.

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## Giddens, Anthony (1938–)

AS AUTHOR OR EDITOR of 30 books, and as director of the London School of Economics and Political Science, Anthony Giddens’s interests and influence have been broad. Two features of his work are most pertinent here. First, there is his effort to rethink the theory of social sciences, what he terms *structuration* theory, and second, his efforts as the prominent theorist of the so-called Third Way.

Structuration theory is an extended gloss on the famous remark of Karl Marx that we make history, but not with materials of our own choosing. It attempts to overcome all the troublesome dualisms in social theory, but prominently agency/structure, micro/macro, and

subjective/objective. Giddens argues that social structure presupposes action and vice versa. Social structure is both “enabling and constraining,” and has but “virtual reality” as both medium and concrete product of action. When we speak we use language and reproduce it, and it “exists” only insofar as it is spoken or written. One can buy a hot dog with a \$5 bill only because people have beliefs about what it is and what it can do. These are “objective” facts even if unlike (say) salt’s solubility, they are facts only because of what we believe and do. And this is true of all our actions.

In contrast to Durkheimian accounts of structure as causal, persons working with materials at hand are the causal agents of society and history. Other consequences follow: ethnography will be an essential first step, followed by an effort to understand why members believe what they do, and indeed, whether what they believe about their “world” is true. As with Marx, a good deal of social life is sustained only because members have false beliefs, uncritically taken for granted.

Consider poverty. One side holds that it is explained by the culture of poverty: beliefs held by poor people, which cause their poverty. In this view, society needs to change the poor’s beliefs. The other side argues that it is explained by objective circumstances of the social position the poor find themselves in, their lack of resources given the objective conditions of the labor market. But this bifurcates structure and culture. Of course, the poor act on their beliefs, but the alternatives available to them depend upon features of the world that require human institutions for their reality. Of course, those lacking skills encounter external constraints on action. There is inequality of opportunity and there are no jobs. But these facts are not external to the activities of persons; they are a consequence of the actions of capitalists, government actors, consumers, etc., each of whom are acting with materials at hand.

An essay in *The New Yorker*, “The Two Tonys,” identified Giddens’s close association with Tony Blair’s Third Way politics. But this Third Way is certainly not the traditional social democratic way between communism and liberal capitalism. Indeed, it is not easy to characterize it, except perhaps to say that it seeks to join the values of social democracy with market liberalism. This can be illustrated by considering poverty.

Giddens offers that the key element in Third Way welfare reform is a focus on *social exclusion*. The term “directs our attention to the social mechanisms that produce or sustain deprivation,” Giddens says. This would seem promising, but Giddens also argues that since “it refers to circumstances that affect more or less

the entire life of an individual, exclusion contrasts with being 'poor,' 'deprived' or 'on a low income.'" Exclusion would seem to refer to a small subset of the poor and, accordingly, would take us a long way from concerns about jobs or income inequality.

Similarly, "countering mechanisms of social exclusion ... meshes closely with other themes in third way politics, including that of personal responsibility. But, presumably, the well-worn catchphrase that 'welfare should offer a hand-up not a handout' takes on flesh in the emphasis placed upon labor-market reform and job creation."

Again, this seems encouraging except that, writing in 2000, Giddens strongly endorsed Bill Clinton's 1996 effort to "end welfare as we know it." Of course, the proportion of people receiving benefits went down, but the evidence also suggests that in the absence of any effort to create decent jobs, like so many of the world's poor who lack benefits, the poor in the United States are also adept at survivalist strategies, including their unidentified efforts in the informal economy.

SEE ALSO: Clinton, William (Administration); Culture of Poverty; Social Exclusion; Sociology of Poverty; Third Way.

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## Giffen Goods

ONE OF THE BUILDING blocks of economics is the law of demand. If the price of a good goes up, quantity demanded goes down (hence the so-called demand curve is downward-sloping). Yet, there is allegedly a situation when this does not hold, as there are some goods that are demanded more with their higher price.

Alfred Marshall, in his famous 1895 *Principles of Economics*, attributes this finding to a British statistician and economist, Sir Robert Giffen (1837–1910), after whom such goods are named (though as George Stigler points out, it seems that Giffen himself was unwilling to accept the existence of Giffen goods and we should rather refer to these goods as Marshall goods). Giffen behavior seems to emerge under these particular cir-

cumstances: a good is an inferior good (that is, a good for which demand decreases when income rises), lacks close substitutes, and constitutes such a substantial portion of the buyer's budget that one may become so impoverished by an increase in the price of such a crucial good that one cannot afford to buy other goods and has to buy more of this basic good. Hence a quantity demanded for the Giffen good goes up. Potato, grain, and rice in underdeveloped economies are often mentioned as potential candidates of such a good.

*Attempts were made to identify Giffen behavior among poor Chinese families.*

Though theoretically possible for some very poor households who consume only a few basic goods, economists were not able to find examples of such behavior. The potato example, during the Irish famine of 1845–49, has sometimes been used, but has not survived historical scrutiny. Recently some attempts were made to identify Giffen behavior in the case of rice and noodles among poor Chinese families, but the findings are still only preliminary.

Regardless, even if some goods of this kind can be identified, their existence does not disprove the law of demand or the overall economic theory. They should only remind us that standard supply-and-demand schedules are derived under the assumption of *ceteris paribus*, that is, no other changes than changes in price of a good in question are allowed.

In "normal" analysis, however, economists do not stick to a strict interpretation of the *ceteris paribus* assumption. They allow for negligible changes throughout other markets. When these changes become nonnegligible, though, such as if the real income is substantially affected by the rise in the price of one good (or, for example, if a decline in the price of a good causes the good to lose its prestigious status and hence is demanded less rather than more), we see the inherent limits that lie within the particular use of an analytical apparatus, not within the law of demand or economics as such.

SEE ALSO: Economic Definitions of Poverty; Irish Famine; Marshall, Alfred; Needs.

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## Gilder, George (1939–)

GEORGE GILDER IS A libertarian social philosopher and futurologist. After attending Exeter Academy, he graduated from Harvard University in 1962. After a brief stint in Washington D.C., he returned to Harvard's Kennedy Institute of Politics as a research fellow and became the editor of the *Ripon Forum*, a magazine informally affiliated with the Republican Party. During this time, several prominent public figures, including Nelson Rockefeller, George Romney, and President Richard Nixon, employed him as a speechwriter.

In the 1970s Gilder's research into society and poverty resulted in a string of influential books. In his 1972 book *Men and Marriage* he reaffirms the traditional gender roles as a critical underpinning for the stability and advancement of society (as it was seen as one of the first serious intellectual attacks on the modern feminist movement, Gilder was awarded the "Male Chauvinist Pig of the Year" award in 1974 by the National Organization for Women).

This was followed in 1978 by *Visible Man: A True Story of Post-Racist America*, titled in contrast to Ellison's *Invisible Man*. Following the story of a young African American falsely accused of rape, Gilder makes the case that much of his plight, like that of others in the lower socioeconomic classes, can be traced back to perverse antisocial incentives and designs of policies of the welfare system. Thus Gilder claims that liberalism, rather than alleviating social ills, perpetuates them. Many themes from both of these earlier works are found again in Gilder's 1981 best-seller *Wealth and Poverty*, a book closely associated with the advent of supply-side economics and sometimes referred to as "the bible of the Reagan revolution."

Indeed Gilder's association with pioneering supply-side economics was furthered by his involvement in several public forums, such as the Lehrman Institute's Economics Roundtable, the Manhattan Institute, A.B. Laffer's economic reports, and contributions to the



George Gilder's research into society and poverty resulted in a string of influential books on supply-side economics.

*Wall Street Journal's* editorial pages. The term *supply-side economics* is in contrast to Keynesian economics with its emphasis on fostering economic growth by stimulating demand, often with the use of government spending programs. Thus, supply-siders view creating individual incentives to encourage the supply of labor and capital as key to securing economic growth and alleviating poverty.

The main instruments to this end are viewed as reducing disincentives to supplying labor by reducing effective marginal tax rates on labor (including a reduction in many welfare programs) and creating higher return on capital by letting entrepreneurial efforts develop through a reduction in regulations and a reduction in marginal tax rates. On the whole, it is an optimistic philosophy of increasing wealth at all levels through the creation and protection of individual opportunity. During his presidency, Ronald Reagan frequently cited Gilder for his supply-side theories.

It has been said, "If everybody working for the government is Orwellian, then Gilderian would be nobody working for the government." Nevertheless, it is argued

that a desirable side effect of supply-side policies is that the stimulated economic growth increases the size of the tax base to such a degree that government revenues increase despite the reductions in the tax rates. In the end, while many propositions associated with supply-side economics have gained increased acceptance in the academic community over the last several decades, there is no overall consensus concerning their broad validity and applicability.

Through his study of entrepreneurship, Gilder became particularly interested in the technology sector, and he has turned his attention to this area after 1980, contributing regularly to *Forbes ASAP* and the *Gilder Technology Report*. He is a sought-after speaker on technology and the future, working out of the Discovery Institute, a conservative think tank that he cofounded in 1990.

SEE ALSO: Economic Growth; Reagan, Ronald (Administration); Supply-Side Economics; Welfare State.

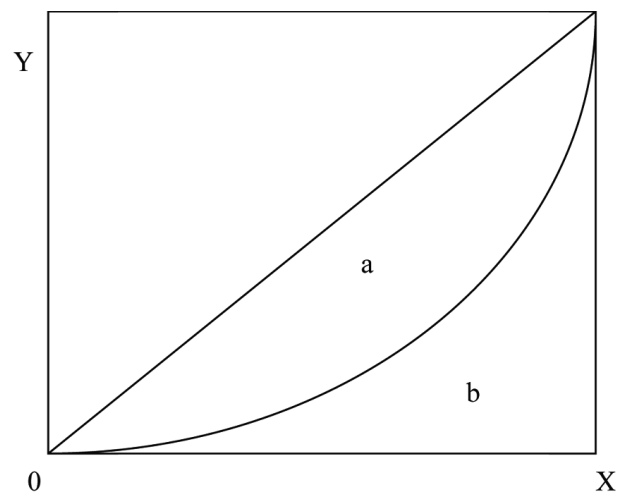
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## Gini Index

THE GINI INDEX IS a summary measure of income inequality that was developed by the Italian statistician and demographer Corrado Gini (1884–1965). It is an application of his theory of dispersion in a concentration and is best illustrated using the so-called Lorenz curve, named after the American economist Max Lorenz (1880–1962). It is used to illustrate the size distribution of income. A hypothetical Lorenz curve is presented below.

In the figure, Y represents the cumulative percentage of income and X the cumulative percentage of households, and therefore the horizontal and vertical axes add up to 100 percent. The diagonal (45-degree line) in the box represents a perfectly equal distribution of income, each quintile (that is, each 20 percent) of



households receiving exactly 20 percent of total income. The Lorenz curve under the diagonal represents an actual distribution of income and tells the extent of income inequality. Low-income households (toward the origin on the X-axis) have a relatively low share in total income, whereas high-income households, for instance in the top quintile, have a higher share in total income. The more bowed out (convex) the Lorenz curve, the higher the income inequality.

The Gini Index ( $G$ ) is a summary of statistics of the extent of income inequality. It is calculated simply as the area under the diagonal and above the Lorenz curve (area  $a$ ) divided by the entire area under the Lorenz diagonal (area  $a+b$ ):

$$G = a/(a+b) \text{ and } 0 \leq G \leq 1$$

The Gini Index is equal to 0 when income distribution is perfectly equal and 1 when income distribution is perfectly unequal. Intercountry and, over time, intracountry comparisons of the Gini coefficient are often made, even though such comparisons have statistical measurement limits and depend on the accuracy of the data. For instance, according to the U.S. Census Bureau, income inequality in the United States increased steadily from 1970 to 2000. The Gini Index in 1970 was .394 and increased to .403 by 1980, to .428 by 1990, and to .462 by 2000.

High income inequality is one of the main causes of overall poverty. The disparity in income shares indicates that low-income groups receive a disproportionately low share in total income, are unable to meet their basic needs, and hence are poverty-stricken. It is, therefore, not surprising to note that countries with a high Gini Index are also countries with high poverty rates. According to the United Nations Development Pro-



gram (UNDP), Botswana, the Central African Republic, Lesotho, Sierra Leone, and Swaziland are among the countries with the highest income inequality. Not surprisingly they are also the countries with the lowest rankings in terms of Human Development (HDI, available for 177 countries) and Human Poverty (HPI-1, available for 103 countries) Indexes. A sampling includes:

Country	Gini Index	HDI	HPI-1
Botswana	.630	131	94
Central African Republic	.613	171	92
Lesotho	.632	149	91
Sierra Leone	.629	176	98
Swaziland	.609	147	97

Perhaps a strategy to fight poverty should start with measures aimed at reducing income inequality.

SEE ALSO: Income Inequality; Income Poverty; Luxembourg Income Study; Poverty Rate.

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## Global Commons

GLOBAL COMMONS ARE large resource domains that do not fall within the jurisdiction of any one country. Antarctica, the oceans, the atmosphere, and space are typically considered global commons. Two commonly ascribed attributes of such resources are the difficulty of excluding others from using them (exclusion) and the degree to which one appropriator's use of the resource diminishes that consumption of the resource left for others (subtractability).

Also termed *common-property resources*, these resources can be defined by four categories of property rights, namely open access, private property, communal property, and state property. These categories differ in nature of ownership, rights, responsibilities of owners,

rules of use, and center of control. In practice, however, many resources are held in overlapping and sometimes conflicting combinations.

The global interconnectedness between the commons and their various resources is extensive. The local commons co-constitute and determine the global commons, highlighting a close and symbiotic relationship between local ecologies and large resource domains. Numerous human activities at the micro level, such as the cutting of firewood in rural areas of South America, can have causes and consequences measured at small, medium, and large spatial and temporal scales. In grazing systems, overuse of grasslands has led to increased rates of wind erosion, with local losses in soil fertility and regional to global consequences for the atmosphere.

Local activities have fundamentally and globally altered the atmosphere's composition and function. There is a widely held view that commons are inherently disaster-ridden because of overpopulation and technological innovation, allowing for an even more intensive exploitation causing the depletion and ultimate collapse of a range of common-pool resources.

There are several links that exist between poverty and the environment at the local level. For one, poor people rely heavily on natural resources for subsistence and employment. The poorest are often landless laborers who depend on soil, fish, and other natural resources for food and income. Poorer households tend to depend more on environmental resources/commons. Since poor people have limited options and alternatives, they are said to deplete resources faster—often impoverished by a declining resource base, they are in turn often forced by their circumstances to degrade the environment further. This can lead to soil erosion, land degradation, and deforestation.

Second, poor people are more likely to be exposed to polluted water and air, which cause illness and premature death. Poor people are commonly bound to reside in areas with poor environmental quality. Many poor people live close to factories that pollute the air, contaminate water, and produce hazardous and solid waste. They often live closest to the sources of pollution in urban centers and have to rely on wood and charcoal, which produce poor air quality in their own homes.

Disease (cholera, malaria) frequently removes people from the workforce for long periods. Respiratory infections and waterborne diseases (due to the low quality of the air and water supply) are two of the biggest causes of death among the poor. By far the largest cause

of disease is the lack of access to adequate water and sanitation.

Third, poor people are more vulnerable to environmental disasters and changing climate. They suffer more losses, injuries, and deaths from natural disasters than the rest of the population since they are more likely to live in unsafe housing and in areas prone to disasters such as floods, landslides, and drought. The impacts of global climate change—declining water supplies, poor harvest, and increasing spread of disease—will further affect poor people who already live in areas susceptible to disease and with limited savings, food, and other assets to help them cope in the event of fluctuating climates and extreme weather. Environmental stress can force the poorest to temporarily or permanently leave their homestead to seek survival elsewhere (environmental refugees).

Last, many poor people have ill-defined land rights. In urban areas, for example, slum dwellers, squatters, and migrants often lack tenure security over the land they inhabit. The illegal nature of settlements, combined with poor public infrastructure provisions, is seen as reducing the individual's incentive for managing local surroundings.

The poverty-environmental spiral occurs for several reasons. Some observers believe that inadequate economic growth and insecure property rights are the key causes of poverty, while others tend to focus on the role of weak government services. Some critics ascertain that it is the inequalities of the global economy that marginalize people and place them in precarious situations that often result in environmentally damaging outcomes.

According to this rationale, states and corporations are the culprits that have taken control over the global commons. These powerful actors in the global economy have managed to confiscate the property rights of the poor, ultimately forcing them onto marginal lands and into fragile existence. They also tend to emphasize excessive overconsumption in the developed world as inflicting more damage on the natural environment than is necessary.

SEE ALSO: Drought; Environmental Degradation; Globalization; Natural Disasters; Public Goods.

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## Globalization

BROADLY SPEAKING, the term *globalization* means the integration of economies and societies through cross-country flows of information, ideas, technologies, goods, services, capital, finance, and people. The essence of globalization is connectivity. Cross-border integration can have several dimensions—cultural, social, political, and economic. The term *globalization* is used in the more limited sense of economic integration, which can happen through three channels: trade in goods and services, movement of capital, and flow of finance. There is also the channel through movement of people, or migration.

Globalization is defined as a higher stage of internationalization. It can be considered as the predominance of world-market orientation in trade, investment, and other transactions; the special and institutional integration of the markets; and the emergence of global problems, like environmental degradation and population growth, the management of which requires global cooperation.

In the forefront of the globalization process are international money capital and information flows, over which the national legislations have little or no control in the era of liberalization. In order to understand the different opportunities and conflicts claimed to be the consequences of globalization, one can find the analytical disintegration of the process into internationalization, transnationalization, and universalization, which are more relevant and scientific than the use of the globalization concept as an overall intellectual straitjacket.

The historical roots of globalization are in the internationalization process; from the perspectives of countries, internationalization developed in two main directions. The inward direction of the process has been the increase (or penetration) of the external sources of goods, capital, services, technology, and information in the domestic consumption of any given country; the outward direction of the process has been

the predominance of world-market-oriented countries and global expansion of firms in trade and investment. Internationalization, in essence, promotes economic progress. It increases the exchange of material and intellectual values and has been beneficial to contacts among peoples.

## TRANSNATIONALIZATION

A very important component of the internationalization process, and one of the main sources of globalization, is transnationalization, in the framework of which the given proportions of output, consumption, exports, imports, and income distribution of a country are subordinated to the decisions of international centers, outside the frontiers of the country.

The central forces of the process are the transnational corporations, which are the results and at the same time the main actors of internationalization through foreign direct investments, global production, and outsourcing. The process of globalization of the world economy accelerated during the past decades as the diverse markets, particularly capital, technology, and goods, but also to a certain extent labor, became increasingly interconnected and integrated into the multiplier networks of international corporations.

These are the most important organizations, which are constantly creating a number of new linkages, in output, product development, design, product universalization, and marketing. These transnational economic centers of power are pushing for constant expansion of new markets and for relatively liberal and uniform values in the business environment. They are also serving as important instruments for the globalization of the markets with the spread of the information infrastructure, which increases the speed and reduces the cost of transactions.

While a certain number of transnational corporations are in the traditional commodity sector, international firms contributed to industrializing countries through the establishment of new industries, particularly car manufacturing, petrochemicals, machinery, and electronics, and to the modernization of traditional industries, like textile and food processing.

Universalization is characterized, on one hand, by the growing identity or similarity of national economic regulations, institutions, and policies across national boundaries due to multilaterally agreed patterns. This means the spread of certain values and modes of doing things, including the identical postulates of new technology and homogenization and standardization of

production and consumption. The other dimension of universalization is the increasingly universal approach to human rights, or the universalization of culture by mass media. The latter is in serious conflict with the diverse cultures of the globe.

Globalization in economic terms is nothing more than integrating national markets with global markets. It has some very clear implications. Globalization puts an emphasis on consumer concerns, delivering to the consumer the very best quality in the most cost-efficient manner possible.

Globalization therefore encourages competition within or beyond the nation to earn consumer support. It is this competition that results in the continuous global search for what the consumer needs and an ongoing program seeking how to create and deliver the best products. In other words, it is based on Darwinian selection and “survival of the fittest” theory.

In the search for existence, globalization leads to partnerships and networks, ultimately leading to identifying who can do what best, thereby building on each other’s strengths. Globalization therefore becomes a cooperative venture whereby organizations and people complement and supplement each other in the service of the consumer. As a result, globalization helps lead to synergies in the role of each country.

Globalization leads to quality assurance, and it is as a guarantee of their quality that manufacturers brand their products, trying continuously to upgrade quality at reduced unit costs. Globalization therefore relies on the quality of people: their vision and their commitment happen to be the very foundation of globalization, since all initiatives, innovations, and solutions ultimately rest on the outstanding quality of the people.

Proponents of globalization promote an economically borderless world where there is a free exchange of money, ideas, and expertise, fostering partnerships and alliances to serve the consumer best. Globalization means the smallest interference by the government in economic activities, so that the talents of the people can grow to fruition. In the ultimate analysis, globalization leads to consumerism.

## INTERNET BIAS

The globalized economic system has an internet bias in favor of the large, the global, the competitive, the resource-extractive, and the short-term. But our challenge is to create a global system that is biased toward the small, the local, the cooperative, the resource conservation, and the long-term. The crisis of deepening poverty,

growing inequality, environmental devastation, and social disintegration in the developing and developed countries must be resolved for the world to survive. Surely, a rational system of truly free global trade can be built only upon the free and equitable use of all global natural resources, including land and minerals; the free global movement of all factors of production, including labor and capital; and the global allocation of resources and benefits by a democratic and just global authority.

*There is efficiency to the market mechanism;  
no state exists to match the world market.*

It is true that the market, national and international, is a gigantic voluntary mechanism of choice, rejection, and adjustment, another kind of democracy in which people of all strata vote with their money. But it has serious limitations and imperfections. To moderate its imperfections, to help bring about economic justice, and to regulate the market's negotiations, the polity and state need to play a regulatory role, not that of a failed monopolist and an unproductive drainer of wealth; be a promoter of infrastructures to enable the people's efficient participation in the market; be a promoter of human development in education and health, to enable more millions to enter the market as employers and employees and as consumers with a higher quality of life; and be a provider of law and order, for the people and market to grow in peace. Polity and society also need to encourage the growth of intermediate organizations between state and market for the growth of a civil society.

## MARKET AND POLITY

It must be noted that in their different roles, the market and the polity have complementary roles, especially in democratic politics. Both are imperfect human institutions; only the market is more easily correctable in a functioning democracy—not state capitalization—than the state of most polities in the real world. There is the inherent efficacy and efficiency of the market mechanism. No world state exists to match the world market.

However imperfect, the market provides the world with a better-coordinated supply of a thousand goods and services than the United Nations' services to peace, international order, security, or health and culture. No government or international organization can match the systematic coordination of millions, which creates the

market, that silent, unsung institution. Indeed we cannot close our eyes to the wonders of the market. It is, however, preposterous to say that it benefits all in the economy equally and equitably and is flawless. It has its own quota of ills. What we need today is a clear perception about the roles of the two—the state and the market. This need not be mutually exclusive; their roles may in fact be complementary. We must not forget that the market benefits the “haves” alone, and hence the state must come forward to take care of the “have-nots.” There has been a synthesis of state control and marketization and liberalization.

The emphasis on free trade has widened to include flow of investment and finance. The world economy has become more and more structurally interdependent, so that the use of the concept “global,” as distinct from “international,” became acceptable and justifiable.

Technological developments in computing and telecommunications have reduced transaction costs and these costs will continue to fall further. Globalization is thus a supernational phenomenon that transcends national frontiers. It has shrunk the world through the enmeshing bonds of new technology in the context of a “global neighborhood,” “global village,” or “world without borders.” It is not the same as the increasing degree of openness of countries witnessed earlier. It involves fast growth of trade in goods and services, much higher growth in international financial transactions, very fast growth in foreign direct investment, a deeper form of internationalization resulting from production networks of multinationals, emergence of global markets, rapid diffusion of knowledge and technology, globalized communication and transport networks, and changes in thinking and the model of operations of international institutions.

The process of globalization has continued and may intensify further. At the microlevel, there is more and more pressure on business enterprises, from both competitors and consumers, to continuously innovate and improve the quality of products. As the product life cycle has reduced, there is a need for more expenditure on research and development and searching for new markets. For increasing the core competencies, there is a need for combining expertise with others through mergers and acquisitions.

As consumers reorient their choices to superior products and services, the producers also have the capacity for continuous product and process innovation through technological and organizational improvements, especially through computer-aided manufacturing, and the link between the producers and consumers

is quickly established through electronic media, the internet, and e-commerce. At the macrolevel, more and more countries are following policies of liberalization, privatization, deregulation of markets, removing of structural distortions, and liberalizing foreign direct investment. Thus there are rapid shifts toward market-oriented policies, wherein profit motives and market mechanisms determine the allocation of scarce resources. At an international level, there is replacement of nonconditional sources of finance by portfolio investment. The International Monetary Fund, World Bank, World Trade Organization, and other international and regional organizations frame new and “level-playing-field” rules for international transactions.

This supranational phenomenon of globalization has far-reaching economic, social, political, cultural, environmental, and technological consequences. Global forces now play a much greater role in the determination of cropping patterns, investment levels and patterns, price structure, quality of production, occupational structure, and the direction of economic activities. Interest market access, reduction and removal of tariff and nontariff barriers, investment measures, and intellectual property rights have a tremendous bearing on the economies of all countries.

Globalization has the potential of raising employment levels, improving living standards, improving a consumer’s product choice, expanding exchange opportunities, and raising national income levels. It is expected to involve greater international division of labor and more efficient allocation of resources, thereby making economies of scale and specialization available to the producers of the world. Consumers can enjoy a wide range of products at the cheapest rates. Globalization provides new opportunities to developing countries to derive benefits from foreign direct investment. Further, the efficiency of banking and financial sectors is expected to improve with opening of these sectors to foreign competition. Globalization is also expected to improve efficiency in domestic economies through an increase in competition and cost-consciousness.

## RISKS OF GLOBALIZATION

On the other hand, there is a long history of strong hostility toward international trade effects, including unequal exchange, secular deterioration of terms of trade, and new protectionism. High volatility is a part of globalization, which is the result of a sharp increase in short-term funds and the increased use of private funds to finance external debt.

Financial globalization creates the possibility of speculation bubbles, and economies become more and more prone to exogenous financial and other disturbances. Economic shocks in any one of the five or six economies are electronically and instantaneously transmitted across the globe, and there may be devastating effects. All countries are facing structural unemployment brought by competitive pressures, new technologies, and market-oriented policies. There have been market failures in the past, and there will be new cases of market failures. The blind race of competition has created concerns regarding ozone depletion, global warming, and lack of biodiversity, which may have disastrous consequences for the world.

## GLOBALIZING POVERTY

Emerging poverty and increasing unemployment and inequalities have created doubts whether this process has been instrumental in globalizing poverty. The gap between the earnings of the skilled and the unskilled workers has widened. Small-scale industries in many countries are facing closure, thereby intensifying the problem of unemployment. Economic efficiency is hardly a desirable end in itself; it has relevance only in relation to the ultimate social end, which must encompass elements of economic justice.

*The dictum “Poverty anywhere is a threat to prosperity everywhere” has become relevant.*

The process of globalization may be unstoppable and irreversible. All international institutions, organizations, and banks have pro-globalization policies and programs. There will be further integration of markets of commodities, services, and financial assets. Even the regional grouping may become building blocks for creating a new global architecture. Earlier, there was a dependency on the dollar as an international currency, now the euro has emerged, and tomorrow the yen or yuan zone may also emerge. No country can afford to remain isolated.

Therefore the need for effective and accountable global governance has become increasingly obvious. The dictum that “poverty anywhere is a threat to prosperity everywhere” has become all the more relevant under the globalized poverty regime. There is a need to change the situation from a “winners and losers” to “win-win” situation. The global awareness of common

issues like environmental pollution, ozone depletion, climatic changes, loss of biodiversity, infectious diseases, drug smuggling, and other such public problems that have cross-border spillover effects is increasing, which also requires global cooperation. All economic ills like poverty, unemployment, and child labor are globally owned.

SEE ALSO: Capitalism; Economic Liberalization; Environmental Degradation; Financial Markets; Foreign Direct Investment; International Nongovernmental Organizations; Public Goods; Sustainability; Technology.

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## Goodwill Industries

GOODWILL INDUSTRIES International is one of the largest nonprofit organizations in the world devoted to helping the poor. It provides education, training, and career services to people who are disadvantaged by physical, mental, and/or emotional challenges and by social conditions such as lack of education, or work experience, welfare dependency, and homelessness.

In 2004 Goodwill Industries provided employment and training to about three-quarters of a million people. The motivation for this work-oriented assistance arises from the belief that work has the power to transform lives because it builds self-confidence, personal independence, creativity, trust, and friendships. Belief in the creative value of work is central to the Goodwill Industries work philosophy, which is that everyone should have a chance to be gainfully employed. Goodwill Industries provides that chance for many who would otherwise probably not find employment. Its key mission is to give people the training and skills they need to become excellent workers in the American economy.

Goodwill is funded in several ways. Donations of clothing and household items are sold at over 2,000

Goodwill retail stores. In addition some items are sold through the internet site, which also functions as an online auction service. Money is paid to Goodwill as income when it helps businesses fill gaps caused by labor shortages or other factors. Also, it earns money by training workers hired by some businesses to fill labor shortages, or by filling gaps that occur in the labor needs of industry. It also helps to train contract workers who can then fill in as needed.

Over 80 percent of the income that Goodwill Industries receives is used to fund education and career services to those who seek help as workers. In this way Goodwill Industries serves as both an employment trainer and a jobs center.

Well over a quarter of a million people are helped by Goodwill with job assistance each year. Fully 100,000 are placed in competitive employment. The full Goodwill Industries program generates over \$2 billion annually. Over 50 million people give donations and many are repeat donors.

Goodwill is now international in scope. It has a public policy agenda that is concerned with the disadvantaged. Some come from low-income backgrounds. Many come with a criminal record. To serve the people who come to Goodwill seeking help who have a criminal record an ex-offender program has been developed. The goal is to reduce or eliminate recidivism and to successfully enable the reentry of the ex-offender into society as a responsible citizen and taxpayer.

Goodwill Industries International has become truly international with its network of over 200 community-based organizations in 24 countries. Its work overseas is essentially the same as in the United States. It provides job training and career services to people everywhere that it has been able to develop a center.

The socially complicated world of today is often a challenge to job seekers. They are often unable to work until issues of childcare, transportation, emotional stability, language skills, literacy, and math skills are settled. For some people, the need is to acquire life skills, such as balancing a checkbook, developing a family budget, or other need. For others the need is to get educational qualifications, such as gaining a high-school-equivalency diploma. Goodwill seeks to provide ways to handle these issues so that people can develop employability or can actually be available for work.

To further the educational needs of the people it serves Goodwill Industries is developing computerized courses that are taught online. Since 2003, Goodwill Virtual Community has developed e-learning programs to help people with employment. The courses are web-

based and free to users. Some are in English and others are in Spanish. Some involve basic computer skills and include learning proficiency in Microsoft Office programs such as Word, Excel, Access, and PowerPoint.

The Reverend Edgar James Helms, a Methodist minister founded Goodwill in 1902 in Boston. He was an early social innovator who collected household goods and clothing from the wealthy and then used the goods to train or to hire the poor to repair the used goods. These were then either sold or given to the poor. From this the Goodwill philosophy of “a hand up, not a hand out” began.

Helms viewed Goodwill as more than a social service program. It was also an industrial program to meet the new industrial age. Helms’s ultimate goal was to courageously face poverty and to defeat it with prayer and service until poverty is banished.

SEE ALSO: Charity; International Nongovernmental Organizations; Nongovernmental Organizations; Welfare.

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## Grant, Ulysses (Administration)

HIRAM ULYSSES GRANT was born the son of a tanner in Ohio on April 27, 1822. He joined the military so that he could receive a free education at West Point (where he changed his name to Ulysses S. Grant). After exemplary service in the Mexican War, he resigned his commission and began several failed attempts at farming and business.

When the Civil War began, Grant received a state appointment as colonel of the 21st Illinois Infantry. His abilities quickly led to his promotion. Successes in the western theater eventually led President Abraham Lincoln to put Grant in charge of the Army of the Potomac. His successful efforts led to the surrender of

General Robert E. Lee on April 9, 1865, effectively ending the Civil War. Grant remained commander of the army after the war. He briefly served as secretary of war under President Andrew Johnson, but resigned that commission because of congressional objection to the president’s firing of his predecessor.

Despite never having held elective office and having almost no political experience, Grant received the Republican nomination and was easily elected. Unfortunately, his lack of experience quickly showed. Grant was generally content to let the leaders of the Radical Republican Congress set policy. He appointed friends and financial contributors to most appointed offices.

The Grant administration is probably most remembered for its many scandals. One of the largest was the Whiskey Ring Scandal in which numerous officials skimmed federal taxes on liquor for personal benefit. Another major scandal in Congress during this time was Credit Mobilier, in which members of Congress benefited personally from railroad contracts. Other scandals involved retroactive pay raises for top officials and misuse of Native American funds for personal benefit. Grant was not directly implicated in any of the scandals, but his refusal to maintain oversight and his continued support of some of those implicated encouraged corrupt practices.

The main issue during the Grant administration was reconstruction of the former Confederacy. Initially Grant had seemed to favor the policies of Lincoln and Johnson to bring the south back into the Union quickly and try to heal old wounds. But by the time he became president, Grant had allied himself with the Radical Republicans, supporting greater military occupation and protections for the freed slaves. The Grant administration enforced the newly passed Fifteenth Amendment guaranteeing voting rights to former slaves by passing several voting rights laws. It also enacted laws designed to suppress the Ku Klux Klan and other groups hoping to suppress minority rights. Weak enforcement of those laws, however, led to most freed slaves being denied the right to vote and other basic rights.

The administration also oversaw the postwar western expansion. More railroad lines to bring people west assisted with commerce between the east and west and fueled much of the expansion. Government subsidies to railroads greatly encouraged the movement. Westward expansion also led to greater disputes with the Native Americans living in the territories. The Indian Appropriation Act of 1871 nullified treaties with many of the tribes and made natives impoverished wards of the federal government. White settlers were free to re-

ceive homestead land while natives were placed on reservations under the care of the U.S. Army in an attempt to “civilize” and ultimately integrate Native Americans into the American mainstream. Native refusal to comply led to the Indian Wars, which continued until the 1890s.

Grant also maintained a hard monetary policy. That is, money would remain backed by gold. This kept the value of the dollar high, benefiting business interests and eastern establishment banks. Farmers in the south and west suffered from this because they hoped that inflation would devalue the debts they owed. This helped to start populist movements in those areas that would grow over the next few decades. The hard-money policy also led to a shortage of capital for industrialization and western expansion. The situation became worse when several large, overextended companies were forced to declare bankruptcy, leading to the Panic of 1873. Bankruptcies and unemployment soared over the next few years.

Despite his record, Grant was easily elected to a second term in 1872. He broke with tradition to run for a third term in 1876, but the Republicans denied him the nomination. After leaving office, he became involved in several failed businesses and found himself facing poverty. He began writing his memoirs in order to provide for his family. He died on July 23, 1885, a few days after finishing them. The memoirs were published soon after his death and were a great success.

SEE ALSO: Corruption; Johnson, Andrew (Administration); Lincoln, Abraham (Administration); Republican Party.

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## Great Society Programs

THE GREAT SOCIETY WAS a term coined by President Lyndon B. Johnson to describe his program to eradicate poverty in the United States and create a fairer

society. Described by some as a second New Deal, Johnson hoped to move the federal government to attack poverty, racism, and environmental issues. Johnson’s Great Society ideas were outlined in a speech at the University of Michigan in Ann Arbor, delivered to students at a commencement on May 22, 1964.

In the speech, Johnson said the nation had an opportunity “to move not only toward the rich society and the powerful society but upward to the Great Society.” He went on to say, “The Great Society ... demands an end to poverty and racial injustice. ... But that is just the beginning. The Great Society is a place where every child can find knowledge to enrich his mind and enlarge his talent ... where leisure is a welcome chance to build and reflect, not only the needs of the body and the demands of commerce but the desire for beauty and the hunger for community,” and “where man can renew contact with nature.”

*Areas like central Appalachia continued to languish in desperate conditions.*

Johnson used this speech to embark on the most ambitious domestic legislative agenda ever attempted by a president and Congress since the 1930s New Deal. The central piece of this Great Society was a War on Poverty designed to eradicate the causes of poverty within the United States. Johnson was concerned by statistics that showed that almost 25 percent of American families were living below the poverty line. He was even more concerned by the idea that entire regions of the country were almost totally oblivious to the economic growth and prosperity associated with the post-World War II era.

Areas like central Appalachia continued to languish in desperate conditions, despite the material advancement of American society. Johnson was also concerned about the changing technology associated with industry, which required advanced training and skills for existing employees.

He saw the handwriting on the wall, which pointed to the disappearance of well-paying, low-skilled jobs. He also understood the relationship between education and economic opportunity. Those whose educations failed them were the least likely to succeed in the increasingly technological society. Johnson believed that he had to act quickly to attack the causes of poverty and despair to ensure a stable and successful workforce in the future.



The first piece of legislation passed by Congress as part of this Great Society was the Economic Opportunity Act of 1964, which called for nearly \$1 billion in government spending to attack poverty. In a message to Congress, he called for a War on Poverty that would strike “at the causes and not just the consequences of poverty, one which would treat not just poor individuals but poor communities as well.” On March 16, 1964, Johnson sent Congress his controversial Economic Opportunity Act, and on August 20, 1964, Johnson signed the legislation. The bill was far-reaching and future-oriented. The bill created 12 new programs designed to attack the causes of poverty. It created the Job Corps, which was modeled on Franklin Roosevelt’s Civilian Conservation Corps. It provided job training to dropouts and other low-skilled people. College Work Study programs designed to help more lower- and middle-class students attend college. It created a domestic version of the Peace Corps called VISTA, Volunteers In Service To America.

This program enlisted college and high school students and housewives to perform social services for poverty-stricken Americans. Earning just \$50 a month, volunteers spent a year of their lives living in urban slums, in Appalachian valley communities, and on Native American reservations, where they taught basic reading and writing, got people jobs, helped with medical problems, started credit unions, created recreation programs, and brought the poor legal help.

#### HEAD START AND MEDICARE

The legislation also created Head Start, which took disadvantaged preschoolers and introduced them to education early in life with hopes of preparing them for first grade. The Head Start program was an unqualified success, raising IQ scores and reading scores and reducing dropout rates and failing rates. There was a high school dropout employment program, a Rural Loan Program, a Small Business Development Center, a Migrant Farm Workers program, a Community Action Program, a program for neighborhood health centers, Upward Bound to help minority students attend college, legal services for the poor, and a small-business incentive program designed to help minority business owners. To coordinate these programs and ensure their success, the bill created the Office of Economic Opportunity.

The second piece of legislation that was part of this Great Society program was the Medicare program. Johnson wanted to provide medical insurance for the poor and elderly. In 1964, 44 percent of people over 65

had no medical insurance. He was also concerned about the high level of poverty amongst the aged. He maneuvered around the criticisms of the American Medical Association and his Republican opponents and created a program that was revolutionary for Americans. The program called Medicare provided medical assistance to those on Social Security. The system required a deductible and low premium and in return the patients received up to 90 days’ hospitalization and other medical services.

*Racial tensions posed one of the greatest threats to Johnson’s Great Society.*

There was another small provision, which initially went unnoticed. It created a program called Medicaid, which paid the medical bills of the poor regardless of age. This was a joint state-federal program, which shared the cost of healthcare for welfare recipients. Johnson proudly stated as he signed the bill on July 30, 1965, in Independence, Missouri, in front of Harry Truman, “No longer will older Americans be denied the miracle of modern medicine.”

The next part of Johnson’s Great Society programming was designed to improve education. Johnson believed that one of the major causes of poverty was the poor quality of education in certain regions of the country. In 1964, there were more than eight million American adults who had not completed five years of schooling. There were an additional 20 million who had not completed eight years and almost one quarter or 54 million Americans had not completed high school.

Johnson viewed this as a major cause of poverty. On April 11, 1964, Johnson signed his Elementary and Secondary Education Act, which provided for a dramatic increase in education spending. Johnson signed the bill in a one-room schoolhouse in Stonewall, Texas with Mrs. Kathryn Deadrich Loney, the teacher who had taught him to read, looking on. The bill called for more than \$1 billion in federal spending for textbooks, library materials, and special-education programs for poor children. To increase college enrollments and help poverty-stricken students who wanted to attend college, he signed the Higher Education Act, which created federal college scholarships for needy students, government-insured loans for students whose families made less than \$10,000 a year.

Racial tensions posed one of the greatest threats to Johnson’s Great Society. Johnson wanted to end the

racial war and open a more fair society. He believed that one could not have a great society as long as civil rights were denied to a significant proportion of the American people. He wanted to legislate away the crisis by outlawing segregation and discrimination. He saw a two-part problem: racial discrimination and a flawed immigration policy. The Immigration Act of 1965 abolished the quotas that favored European immigrants and established a system based on family relations and occupational qualifications. This allowed more immigrants from other parts of Europe and Asia.

The other problem was racial discrimination against African Americans. His answer to this problem was the Civil Rights Act of 1964. This piece of legislation would become the most far-reaching bill involving civil rights ever passed by Congress. Johnson signed it on July 2, 1964. The 1964 Civil Rights Act provided equal access to public accommodations, strengthened existing laws preventing employment discrimination by government contractors, empowered the government to file school-desegregation suits, and cut off funds wherever racial discrimination was practiced in the application of federal programs. The law was also controversial because it outlawed employment discrimination based on gender. The bill created the Equal Employment Opportunity Commission and gave it authority to investigate charges of discrimination in employment along lines of sex, race, color, religion, and national origin. Johnson understood the controversial nature of the bill predicting that the bill would cost the Democrats the south for the foreseeable future.

Johnson's Great Society programs included other pieces of legislation, which were designed to attack the root causes of poverty. He raised the minimum wage to \$1.60 an hour. Johnson signed the Clean Waters Restoration Act, which provided funds for constructing sewage treatment systems and cleaned up the nation's drinking water. This act passed overwhelmingly in both houses of Congress, providing federal standards for water quality. In 1967, Johnson signed the Air Quality Act, which virtually allowed the federal government to set national standards for industrial air pollution, which led to the unleaded gasoline movement. He also signed the Model Cities and Metropolitan Area Redevelopment Act, which rehabilitated cities and slum areas.

Other provisions included funds for urban renewal, Appalachian development, urban housing, and rent supplements for the poor. In 1965 Johnson signed the Urban Development Act, which created the Department of Housing and Urban Development. Johnson's legislations were part of his attempt to eradicate the

root causes of poverty in the United States and offer those caught in its grip an alternative.

SEE ALSO: Antidiscrimination; Head Start; Johnson, Lyndon (Administration); Medicaid; Medicare; United States; War on Poverty.

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## Greece

LOCATED IN THE underdeveloped Balkan region of southeastern Europe, Greece is home to 10,668,354 people. About 68 percent of the labor force work in the service sector, which constitutes an increasingly large share of Greece's economy. Approximately 20 percent of Greece's labor force are in industry, the other 12 percent in agriculture. The nation's principal industry is tourism, followed by food and tobacco processing, textiles, chemicals, metal products, and petroleum. Agricultural products include wheat, corn, barley, sugar beets, olives, tomatoes, wine, tobacco, potatoes, beef, and dairy products.

Greece experienced considerable turmoil in the mid-20th century when it was occupied by Nazi Germany during World War II, and then was wracked by a brutal civil war. The democratic republic that emerged from those years was overthrown by a military dictatorship in 1967, but the military regime was itself overturned in 1974 and civilian, democratic rule was reestablished. The Socialist Party (PASOK) has ruled for most of the last quarter century, beginning with its victory in the 1981 elections. The conservatives (ND) were elected in 2004.

In 1981, Greece joined the European Economic Community and adopted the euro as its currency at the

beginning of 2002. Despite an economic downturn in the early 1990s and a burgeoning national debt since the 1980s, Greece's economy has grown fivefold over the last 20 years, and for five years at the turn of the century outperformed the average growth rate of the European Union (EU), according to World Bank statistics and G. Pagoulatos. Yet Greece's per capita income is roughly 56 percent of the EU's average, according to D. Sotiropoulos.

The Statistical Office of the European Communities (EUROSTAT) documents and reports economic statistics of EU members. In 2000 EUROSTAT reported that Greece had a poverty rate of 21 percent, second in the euro-zone only to Portugal's 22 percent. In mid-2005, EUROSTAT reported that 14 percent of Greece's population were "at persistent risk of poverty," compared to nine percent for the entire euro-zone. Greece's National Center for Social Research (EKKE) determined that 20 percent of Greece's people were in poverty, and that 7.2 percent subsist on an income of less than 10.5 euros per day.

The National Center for Social Research used Greece's official criteria for poverty. As of 2002, poverty was defined as an income of under 4,800 euros a year for one-member households, 8,640 euros for a couple with one child, and 10,080 euros for four-member families. This report also determined that 28.1 percent of Greeks over the age of 65 are poor, as are 15.7 percent of employed workers.

In September 2005 the EKKE estimated that 21 percent of the Greek population were "bordering on extreme poverty." Another report, by M. Matsaganis et al., indicated that elderly citizens were at the greatest risk, with 14.2 percent of them living in "extreme poverty." Greece also has a high level of income inequality at 6.6; as in many negative statistics, Greece ranks second in the EU behind Portugal in this regard, according to EUROSTAT. EUROSTAT explains this statistic as "the ratio of total income received by the 20 percent of the population with the highest income (top quintile) to that received by the 20 percent of the population with the lowest income (lowest quintile). Income must be understood as equalised disposable income." Further, Greece is the only country in the EU that does not have a minimum-income guarantee, as noted by Sotiropoulos.

According to EUROSTAT, Greece had an unemployment rate of 10.2 percent in May 2005, the third highest within the euro-zone. Greece also had a very high level of unemployment among young (under 25 years of age) workers, at 26.2 percent, compared to 17.8

percent for the euro-zone as a whole. A large majority of unemployed workers receive no unemployment benefits at all. Greece has a very large underground economy, a serious and growing problem that makes it difficult to calculate with precision many economic and social statistics. Most sources estimate that the unregulated, untaxed economy is at least half as large as the officially reported economy.

The official statistics also mask the living and working conditions of Greece's substantial immigrant population. Resulting from its own economic growth as well as the collapse of nearby communist-ruled nations from 1989 to 1991, over the last two decades Greece has evolved from a source of emigration to a magnet for immigration. Today immigrants constitute approximately one-fifth of the labor force. Workers from Albania, the largest source of immigration to Greece, are concentrated in seasonal agricultural labor and other low-paying occupations and receive approximately 80 percent of the wages paid to their Greek counterparts in the same jobs, as explained by authors A.C. and C.P. Danopoulos.

*Yet this spending has produced no more than a negligible effect on poverty.*

The Greek state has not fared well in its efforts to confront poverty. Since 1981, which marked the election of the socialists, the Greek government has steadily increased its social spending, which today constitutes 22 percent of Gross Domestic Product (GDP), a figure consistent with the entire EU, as shown by Sotiropoulos and EUROSTAT. Greece continued to expand social spending throughout the 1990s, an era that saw many western European states undermine their commitment to the "welfare state."

Yet this spending has produced no more than a negligible effect on poverty, according to Sotiropoulos. Some economists have found that antipoverty measures introduced in the early 2000s failed to alleviate poverty because of a "very low take-up": 25.3 percent of Greece's poor decline to avail themselves of social services because of excessive bureaucracy, lack of information, and long waiting lists. Entering the second half of the 2000s, the state is constrained by an unusually large military budget—officially justified by Greece's continued tension with Turkey—and a large debt burden. Athens's 2004 Olympic Games exacerbated the debt, according to analysts; shortly after the Games' conclu-

sion, the deputy economy minister estimated that the Olympics would cost his country at least seven billion euros.

Human Development Index Rank: 24

Human Poverty Index Rank: Not included.

SEE ALSO: Debt; European Relative-Income Standard of Poverty; European Union Definition of Poverty; Unemployment.

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## Greeley, Horace (1811–72)

BORN IN AMHERST, New Hampshire, Horace Greeley was known as a journalist and political leader. Like many of his day, Greeley did not receive significant schooling. However, through self-study and apprenticing for newspapers, Greeley worked to become one of the most influential political voices and literary leaders of his time.

Because he was founder and longtime editor of the *New York Tribune*, Greeley's thoughts became well-known through much of America. His tenure as editor of the *Tribune* was influenced by his conservative upbringing and strong moral beliefs. He spoke relentlessly

against various social ills, such as liquor, tobacco, gambling, prostitution, and capital punishment.

Living through the depression of the late 1830s, Greeley was profoundly influenced by his observance of urban poverty. He believed that rural life and farming would serve to resolve this poverty, and starting in 1837, through the rest of his life, he encouraged the poor to "Go west, young man." He believed populating the western territories with the poor of New York City would serve multiple purposes—it would help relieve the suffering masses of New York City, strengthen the nation by populating its midsection, and ultimately lead to economic growth and good for those who would work hard to build farms and communities in these developing lands. However, Greeley did lament that expanding the United States too far west might make it difficult to maintain democratic rule.

Greeley believed strongly in the nobility of farming as a profession. He purchased a farm in Chappaqua, New York, and experimented with various crops and technologies before exploring and explaining this work in his newspaper as a resource for the farming community. Throughout his life he was disappointed by the scarcity of farming resources, but he took advantage of the available information and reported it for his farming readership.

News reporting and newspapers, in general, were transformed through the influence and leadership of Greeley. At the *Tribune*, he established the first modern newspaper staff. He expanded news coverage into fields such as book reviews, serial novels, cultural activities, and foreign news. This expanded newspaper helped to educate the masses and expand their understanding not only of American society but of international culture as well.

It is within the *Tribune* that Greeley was able to share his strong beliefs about key issues in the United States. His outspoken opinions on occasion seem to be in contradiction. While he supported feminist issues, such as equality of education and employment, he spoke strongly against suffrage and expanding divorce laws. He vocalized support for the Free Soil movement, actively supported antislavery sentiment, and opposed secession of the south. He was a prominent promoter of the Homestead Act, signed into law in 1862.

In pursuance of his beliefs in social equality, despite various discrepancies, Greeley argued broadly for basic human rights and equality. His support for the end of slavery was complemented by his belief that impartial suffrage of men was important for reconstruction after the Civil War. While he advocated the importance of

agricultural development, Greeley also understood the importance of industrialization. He understood that multiple tactics for economic growth were necessary for national economic progress and the elevation of the masses.

Throughout his life Greeley was tremendously interested in politics. He spoke loudly on behalf of various social issues, but he also sought to be actively involved in the political workings of the United States. Initially aligned with the Whig political party, he later joined the newly emerging Republican Party in 1854. He often sought political office in the House and Senate, but was seldom elected to office. He did serve a brief term in Congress (1848–49). Near the end of his life he even ran for the office of president of the United States. He overwhelmingly was defeated by Ulysses Grant. A combination of exhaustion, the death of his wife after a long illness a week before the election, and the electoral defeat resulted in Greeley collapsing, becoming demented, and dying on November 29, 1872 (before the electoral votes could even be counted).

SEE ALSO: Grant, Ulysses (Administration); Poverty in History; United States; Urban Antipoverty Programs.

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## Grenada

WITH AN AREA OF 344 square miles and a population of less than 90,000 people, the Caribbean island of Grenada has a poverty level of 32 percent and an unemployment rate of 12.5 percent. Although Grenada is considered an upper-middle-income nation, it is severely indebted. Close to one-fourth of the labor force is involved in agriculture, mostly in tropical fruits.

However, tourism has become the dominant revenue producer for Grenada, and the addition of an international airport in 1985 substantially increased the numbers of tourists who visit the island. Grenada's diversified economy also includes construction and manufacturing and an offshore financial industry. Analyzing poverty in Grenada is made more difficult by the fact

that data on important social indicators are often not reported.

Grenada has developed its healthcare system according to guidelines established by the World Health Organization. The projected life span in Grenada has been steadily rising over the past decades, and Grenadians experience a life expectancy of 62.74 years. Women generally outlive men by four years. The median age is 21.26 years. Over one-third of Grenadians are under the age of 14, and 3.4 percent have lived to see the age of 65. About 95 percent of the population have access to safe drinking water, and 93 percent have access to proper sanitation. There are 81 physicians for every 100,000 residents, and 95 to 100 percent of Grenadians have access to affordable essential drugs.

The infant mortality rate is rapidly declining in Grenada. Out of every 1,000 live births, 14.62 infant deaths occur. Between 1990 and 2003, infant mortality dropped from 30 to 18 deaths per 1,000 live births while the mortality rate of all children under 5 decreased from 37 to 23. Nine percent of all babies are underweight at birth. Officials place strong emphasis on improving the health of the island's children, and childhood immunization rates on the island are almost universal, ranging from the mid-to high 90s.

Estimates for 2000 show that on the average, women on the island produce 2.37 children each. The fertility rate has declined since 2003 when a rate of 3 children per woman was reported. Out of every 1,000 births, 77 infants are born to females between the ages of 15 and 19. As a result, the government has developed programs to combat teenage pregnancy. Some 54 percent of Grenadian women use contraceptives to prevent pregnancy. Only one percent of all births on the island take place outside the province of trained medical staff. No data are available on maternal mortality.

Grenadians are highly literate, and only two percent of the population over the age of 15 cannot read and write. There is no gender difference in literacy rates. In 2000 the net primary school enrollment rate was 89 percent for males and 80 percent for females, as compared to 96 and 94 percent rates for the Latin American and Caribbean area as a whole.

Human Development Index Rank: 66  
Human Poverty Index Rank: Not included.

SEE ALSO: Agriculture; Debt; Education; UNICEF.

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## Growth with Redistribution

GROWTH IS DEFINED AS an increase in the output of goods and services by an economy within a specified period of time, usually a year. Since output is typically measured in monetary terms, economists distinguish between growth in real and nominal terms. *Real economic growth* refers to an increase in output that has been adjusted for inflation.

Every government—local, state, and central—aspires to promote economic growth for a number of reasons. First, growth raises the living standards of the residents of an economy by enabling them to consume a larger volume of goods and services—including health and education. The Gross Domestic Product (GDP) per capita, which divides a country's total output by its population, is a measure of a country's standard of living. Second, growth enables the residents of a country to have access to essential social services like health and education.

However, experience has shown that growth does not automatically lead to higher living standards for everyone in the economy. The notion that growth leads automatically to higher living standards for everyone is called “trickle-down economics.” In other words, trickle-down assumes implicitly that everyone benefits from growth—a claim that has been widely disputed by evidence. In the late 1960s, for instance, many newly independent African states achieved impressive growth rates that surpassed the targets set by the United Nations. Despite those stellar growth rates, many Africans continued to live in abject poverty, squalor, destitution, and misery. The coexistence of poverty and affluence in developed countries also casts doubts on the trickle-down effect of growth.

Rather than assuming that growth translates automatically into higher living standards for everyone, liberal economists believe that growth should be accompanied by explicit policies, programs, and actions for ensuring that the majority of the residents of an economy benefit from growth by way of more and bet-

ter jobs, rising incomes, better health, higher life expectancy, and more access to quality housing and clothing. This is what is called growth with redistribution. Growth with redistribution is said to be sustainable because it ensures that the number of people living below the absolute poverty line does not increase (a person is said to be absolutely poor if his or her income is so low that he or she cannot afford the basic necessities of food, health, shelter, and clothing); the distribution of income does not become more unequal; and the number of unemployed persons does not rise.

Policies that promote growth with redistribution include:

1) Fiscal policy. Governments could place a higher tax burden on those who benefit disproportionately from growth, and use the proceeds to finance government expenditures that benefit the poor.

2) Subsidies. Governments could also subsidize the goods and services that are typically consumed by the poor. These include education, health, housing, and nutrition.

3) Price controls. Some governments place binding price ceilings on goods and services that are essential for the livelihood of the poor.

4) State ownership of key economic resources. To ensure equity, governments may own or control some of the key economic resources in a country. These include power and water supply, transportation, health, and some manufacturing activities. This is common in socialist economies, and is still practiced to some extent in welfare states such as the Scandinavian countries—Denmark, Norway, and Sweden. In these countries, the state imposes higher taxes and uses the proceeds to provide social services to its residents.

5) Charitable organizations. Some countries use charitable organizations to ensure that the poor benefit from growth. They encourage the rich to make tax-deductible contributions to charitable organizations that provide social services to the poor. These countries believe that this approach is more efficient than one in which the state intervenes directly in redistributing wealth. The opponents of state intervention contend that socialism or central planning reduces the size of the economic pie available for redistribution.

## OBJECTIONS

Neoclassical or conservative economists object to the notion of growth with redistribution because it serves as a disincentive for people to work hard. The concept has come to be seen, rightly or wrongly, as a way of

transferring income from the rich to the poor. The rich are thus discouraged from generating more income, while the poor, expecting largesse from the government, have no incentive to work at all. The result is a lower output in the economy and a smaller economic pie to be redistributed. This is why some analysts euphemistically refer to growth with redistribution as the redistribution of poverty.

SEE ALSO: Charity; Distribution; Equality; Fiscal Policy; Sustainability; Welfare State.

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## Guaranteed Assistance

GUARANTEED ASSISTANCE programs seek to assure aid to the impoverished. Guaranteed assistance programs can take various forms as they seek to remedy poverty in diverse manners, ranging from guaranteed minimum income, guaranteed healthcare, guaranteed education to conception of a guarantee of minimum nutrition and so forth.

Most of these programs approach remedying various social problems affiliated with poverty by ensuring a minimum attainment level. The basis for these types of policies is an assertion of basic human rights and needs—that there should be minimum standards that all persons should be able to meet.

A guaranteed income is a type of policy that would ensure all citizens have an income above a set standard. This type of policy can be constructed as a basic income, wherein the government would pay a standard minimum income for the year to each citizen. This income would be substantially larger for adults than for children and this type of income would be supported by a high tax base, but a significant proportion of one's tax could be returned in the basic income, contingent upon a person's income from work. C. Clark (1997) suggested that a 36-percent flat-tax in the United States could support a system with a basic income of \$8,000

per adult and \$2,000 per child. Tied to the concept of a guaranteed income are the minimum-wage policies that exist in many countries around the world, particularly in developed nations. A minimum-wage policy differs from a minimum income in that it is often structured around a minimum value or wage paid per hour of work. While variations exist, minimum wage may not allow an individual to live above an established poverty line.

Guaranteed assistance programs are often thought of in purely economic terms. However, this concept can be expanded to be inclusive of policies that seek to ensure educational attainment, childcare, healthcare, adequate food resources, housing, and other essential needs. A guaranteed minimum income for a family does not ensure that all basic needs will be met. Guaranteeing education, or education loans perhaps, can enable individuals to attain higher-paying jobs and move out of poverty more readily than a minimum income.

When contrasting the policies in developed nations with those of lesser-developed nations, a stark contrast may be seen. In developed nations, such as in Europe and the United States, there are more policies that will guarantee education and healthcare. In lesser-developed nations, the basic needs of the people may indicate a more substantial need for a guarantee of nutrition. Clearly, developed nations are likely to ensure basic adequate nutrition, but in the impoverished cultures of south Asia and Africa where famines may be occurring, the need for education is less essential.

Guaranteed assistance programs in their various incarnations are essentially ensuring that all people of a society can reach a minimum standard of living. These programs have visible short-term effects, as they improve citizen lifestyle, but also have long-term effects, as people are able to maintain better health and nutrition and attain better education and healthcare, and they enable a society to reach for the ultimate goal of eradicating the most severe forms of poverty.

SEE ALSO: Economic Dependence; Medicaid; Medicare; Welfare; Welfare Rights; Welfare State.

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## Guatemala

HISTORICALLY, THE REPUBLIC of Guatemala was part of the Mayan civilization during the first millennium. In 1821, Guatemala won independence from Spain after nearly three centuries of harsh repression. The dissolution of the United Provinces of Central America in 1839 led to the formation of the republic. During the latter half of the 20th century, political power in Guatemala changed hands frequently among various military and civilian governments. A guerrilla war that lasted for three and one-half decades ended in 1996 after more than 100,000 people had died and a million more had become displaced.

Within Central America, Guatemala is the largest and most populous country. However, its per capita income of \$4,200 is around half that of Brazil, Argentina, and Chile. Approximately 50 percent of the labor force are involved in the agricultural sector, chiefly in coffee, sugar, and bananas. Agriculture accounts for about a fourth of the Gross Domestic Product. Services employ 35 percent of the labor force, and the remaining 15 percent are engaged by various industries. Current employment stands at 7.5 percent.

The Guatemalan government has begun wooing foreign investors who ignored the country during the years of political strife. However, widespread government corruption and excessive criminal activity, including drug trafficking and gang violence, present major obstacles to economic prosperity. The weather also plays a role in Guatemala's economic health because of its vulnerability to volcanic activity, occasional violent earthquakes, and hurricanes.

Income is unequally distributed in Guatemala. The richest 20 percent of the population hold 64.1 percent of resources while the poorest 20 percent share 2.6 percent. Guatemala is ranked 48.3 percent on the Gini Index of Human Inequality. Three-fourths of the population lives in poverty; 24 percent live in extreme poverty. Some 37.4 percent of Guatemalans live on less than \$2 a day, and 16 percent on less than \$1 a day. The poorest segments of the population are women, chil-

dren, rural residents, and members of the indigenous population. Within this group, 54.3 percent are poor and 22.8 percent are extremely poor. It is estimated that 75,000 children in Guatemala are malnourished, and 67 percent of them are of indigenous ancestry. Elderly women are also particularly vulnerable to poverty in Guatemala because 84.1 percent of them have no social security coverage.

In 2001 the Guatemalan government passed a value-added-tax bill and earmarked five percent of the revenue for food security programs. The National Food Security and Nutrition Council was created to oversee the distribution of food, giving priority to children and pregnant and nursing mothers.

Guatemala has a relatively young population and a life expectancy of 65.14 years. The projected life span has increased considerably since 1980, when life expectancy was 55 years for males and 59 years for females. Among the population of 14,655,189, the median age is 18.47 years. Over 42 percent of the population are under the age of 14, and 3.2 percent have reached the age of 65.

The medical system is in crisis in Guatemala because hospitals do not have necessary medicines and social security does not function. Some 2.4 million people have no access to the healthcare system at all. There are only 109 physicians for every 100,000 residents, and from 20 to 50 percent do not have access to affordable essential drugs. With a prevalence rate of 1.1 percent, HIV/AIDS is raising concern in Guatemala.

In 2003, 78,000 people were living with this disease, which had caused the deaths of 5,800 people. Around eight percent of the population lack access to safe drinking water, and 19 percent lack access to improved sanitation. Because two oceans border Guatemala, the country is a breeding ground for the blackflies that cause river blindness. Guatemalans in 518 communities receive biannual treatments for this disease through the efforts of the Carter Center of Emory University, founded by former president Jimmy Carter.

Infant mortality rates are high in Guatemala, particularly among the indigenous population, where 46 deaths occur out of every 1,000 births. In the most isolated areas, mortality may be as high as 92 deaths per 1,000 live births. Overall mortality rates have declined over the past decades. Between 1970 and 2005, infant mortality fell from 115 to 35.93 deaths per 100,000 live births. During that same period, the mortality rate among all children under the age of 5 plummeted from 168 to 49 deaths per 1,000. Nearly a fourth of all children under the age of 5 are malnourished, four percent



severely so. About 13 percent of infants are underweight at birth. Almost half of all children under 5 suffer from moderate to severe stunting. Childhood immunization rates range from 84 to 96 percent among children from birth to 23 months.

Fertility is also high in Guatemala, and women bear an average of 4.53 children each. That rate has decreased from 6.3 children per woman in 1980. Among teenage mothers, the birth rate is 97 per 1,000 births. Around 40 percent of Guatemalan women use some method of contraception. Approximately 59 percent of all births in Guatemala take place outside the presence of trained medical staff. As a result, maternal mortality is also unusually high for the region, occurring at a rate of 240 deaths per 100,000 live births. Rates are higher in predominantly indigenous regions.

Among Guatemalans over the age of 15, 70.6 percent can read and write. With a literacy rate of 78 percent, males have a distinct advantage over females (63.3 percent). Progress has been made in this area. In 1980, 39 percent of males and 55.1 percent of females were illiterate. Most Guatemalan students attend school for at least nine years. Primary school completion rates have increased significantly in the last few decades. Between 1980 and 2003, rates for males increased from 52 to 66 percent and from 47 to 63 for females.

Human Development Index Rank: 117

Human Poverty Index Rank: 51

SEE ALSO: Healthcare; Income Inequality; Maternal Mortality and Morbidity; Nutrition.

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tions in the world. Guineans survive on an annual income of approximately \$410. Some 40 percent live below the national poverty line, and nearly a quarter of all children under the age of 5 are malnourished. In rural Guinea, 35 percent of all households lack access to safe water, as do 28 percent in urban areas. Some 58 percent of Guineans lack access to adequate sanitation.

*With a life expectancy of 49.86 years, the median age of Guinea's population is 17.67.*

Even though only 3.63 percent of Guinea's land is arable, 80 percent of the labor force are engaged in the agricultural sector. Approximately 80 percent of all agricultural workers are unpaid female workers. International efforts are now being directed toward increasing rice production in Guinea. Teams from the Japanese government and from Emory University's Carter Center are working with Guineans to enhance agricultural knowledge and technology to increase food production.

Some three-fourths of all Guinean exports derive from the mining sector. Guinea is the second largest producer of bauxite in the world but has been unable to adequately develop a substantial potential for mineral and hydropower resources. Electing only two presidents since 1958, Guinea has traditionally enjoyed political stability, but the addition of approximately one million refugees from four bordering countries has threatened this stability and added to the ranks of those who rely on the government's social net for survival. In 2003, the International Monetary Fund and the World Bank cut off all assistance to Guinea.

With a life expectancy of 49.86 years, the median age of Guinea's population of 9,467,866 is 17.67. Some 44.4 percent are under the age of 14, and 3.2 percent are over the age of 65. Guineans have a 35.9 percent chance of seeing a 40th birthday.

Guinea suffers what the World Health Organization calls a "galloping" HIV/AIDS rate of 3.2 percent. Estimates for 2003 place the number of current HIV/AIDS cases at 140,000, and 9,000 Guineans have died from the disease and its complications. Guineans have a very high risk of contracting food- and waterborne diseases such as bacterial and protozoal diarrhea, hepatitis A, and typhoid fever. In certain areas, the risk of contracting malaria and yellow fever is also high.

Other common diseases that affect Guineans are meningococcal meningitis, a respiratory disease; schistosomiasis, a disease spread through contact with in-

## Guinea

LOCATED IN SUB-SAHARAN Africa and bordering the Atlantic Ocean, Guinea is one of the poorest na-

fectured water; and Lassa fever, which is contracted through exposure to infected aerosolized dust or soil. About 23 percent of all children under 5 are moderately to severely malnourished. Some 26 percent of these children suffer from moderate to severe stunting, and nine percent suffer from moderate to severe wasting. Guinea's infant mortality rate is high at 90.37 deaths for every 1,000 live births, but female infants are somewhat harder than male infants (84.76 to 96.82).

Childhood mortality for children under 5 is declining, but high incidences of diarrhea, malaria, and acute respiratory infections contribute to the 160 out of 1,000 mortality rate. Through the National Safe Motherhood Program, the Guinean government has pledged to reduce neonatal mortality by 50 percent by 2010. Since the creation of the Expanded Program on Immunization, Primary Health Care and Essential Medicines, Guinea has been able to provide basic healthcare to 60 percent of the population, and to increase the number of childhood vaccinations to 69 percent.

Guinean women bear an average of 5.83 children each. Estimates in 2003 placed the fertility rate of women aged 15 to 19 at 149 per 1000 births. Less than 10 percent of all women use contraceptive measures. Educating Guineans about family planning is essential to controlling poverty in Guinea, and the government has pledged to reach at least 80 percent of all women in the 21st century.

Guinea's maternal mortality rate of 1,600 deaths per 100,000 live births is one of the highest in the world. Trained medical staff attend only 25 percent of births in Guinea, but new initiatives have led to a monitoring program that reaches 65 percent of Guinean women. Much attention has been paid to eradicating genital mutilation. In 2001 the government launched a plan to encourage practitioners to surrender excision knives in exchange for retraining for new jobs.

Literacy rates in Guinea remain low. While nearly half of male Guineans over 15 can read and write, only 21.9 percent of women in this group can do so. Efforts to address this inequality led to the creation of a literacy program for training 2,000 literacy workers. Only 54 percent of Guinean children attend primary school regularly, and females lag behind males in attendance rates. In 2001 a new emphasis on female education led to the institution of the Education for All program, which improved access to education for girls by building new classrooms, creating multigrade classrooms, reducing costs, furnishing free books and supplies, rewarding academic excellence, and developing female-centered curricula. The success of the program was ev-

ident in the fact that female school attendance rose from 31.5 percent in 1995 to 63 percent in 2002.

Human Development Index Rank: 156

Human Poverty Index Rank: Not included.

SEE ALSO: Disease and Poverty; HIV/AIDS; Maternal Mortality and Morbidity; Women and Poverty.

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## Guinea-Bissau

THE LOW-INCOME, severely indebted, sub-Saharan nation of Guinea-Bissau is ranked as one of the 10 poorest countries in the world. Just under half of the population lives below the national poverty line. At least 26.2 percent live in extreme poverty, and 22.5 percent are considered moderately poor. Poverty is more prevalent in rural areas, with 84 percent of the poor living in the three poorest regions.

Education is crucial to breaking the Guinean poverty barrier given the fact that 84 percent of those who are poor have no formal education. Some 44 percent of Guineans have no sustainable access to improved water and sanitation sources. A severe lack of adequate healthcare continues to create an environment in which diseases flourish. There are only 17 physicians for every 100,000 Guineans, and half of the population lacks access to lifesaving drugs.

Guineans suffer greatly from an extensively unequal distribution of income. The poorest 20 percent of the population share 5.2 percent of all income while the richest 20 percent share 53.4 percent. The country ranks 47.0 on the Gini Index of Human Inequality.

Decades of civil war have strained Guinea-Bissau's economy to the limit. Although the country has not completely recovered from the damage to its infrastructure, the economic outlook has improved to some ex-

tent since 1999. Some 82 percent of Guinea-Bissau's labor force are involved in agriculture and fishing. Ranking sixth in the world in the production of cashews, the country also exports fish and seafood, peanuts, palm kernels, and timber. Although undeveloped, Guinea-Bissau has the potential to profit in the future from its offshore oil reserves. In 2004 the International Monetary Fund and the World Bank granted Guinea-Bissau \$107 million in emergency budgetary support. Current levels of foreign aid are not enough, however, to end the country's abject poverty.

Like most African nations, Guinea-Bissau's population is young, with a median age of 18.97 and a life expectancy of 46.97 years. Between 1980 and 2005, male life expectancy increased from 37 to 45.09 years, while female life expectancy rose from 40 to 48.92 years. Some 41.5 percent of the population are under the age of 14, and only three percent are over the age of 65. Guineans have a 41.3 percent of not living to see their 40th birthdays.

The 10 percent HIV/AIDS prevalence rate for Guinea-Bissau is extremely high, even by African standards. Some 17,000 Guineans live with the disease, which has caused at least 1,200 deaths. The people of Guinea-Bissau are stricken with many of the same infectious diseases that plague other poor African countries. Risks of contracting food- and waterborne diseases such as bacterial and protozoal diarrhea, hepatitis A, and typhoid fever are very high. Guineans are also vulnerable to infectious diseases such as malaria, yellow fever, schistosomiasis, and meningococcal meningitis.

Poverty affects Guinean children disproportionately. While infant mortality rates have begun to drop, they remain high. Between 1990 and 2000, rates decreased from 153 to 130 deaths per 1,000 live births, followed by a decline to 107.17 in 2005. The mortality for children under the age of 5 likewise decreased. Between 1990 and 2003, that rate declined from 253 to 204 per 1,000 live births.

Fully a quarter of all Guinean children under the age of 5 are malnourished, and seven percent are considered severely underweight. About 10 percent of under-5s suffer from moderate to severe wasting, and 30 percent suffer from moderate to severe stunting. Immunizations against measles for children from birth to 23 months reached 61 percent in 2003, and DPT3 immunizations rose to 77 percent. Approximately 75 percent of infants were immunized against polio, and 84 percent received tuberculosis immunizations. Less than a quarter of Guinean children who are ill receive lifesaving rehydration therapy. A scant seven percent of children

under 5 sleep under treated bed nets to protect them from insects, and only 58 percent receive antimalarial drugs when necessary.

Among all women of childbearing age, the fertility rate was 4.93 per woman by 2005 estimates. In 2003, fertility rates were even higher at 6.6 children per woman, with a rate of 210 per 1,000 for women between the ages of 15 and 19. Less than 10 percent of Guinean women use contraceptives of any kind. Maternal mortality rates are abnormally high in Guinea-Bissau. In 1995, maternal mortality was estimated at 910 deaths per 100,000 live births. By 2000, that number increased to 1,100. Access to healthcare continues to be limited, and trained medical staff attend only 34.7 percent of Guinean births.

The majority of Guinean children receive no more than six years of schooling, but illiteracy rates have declined through efforts to promote education and literacy. However, in 2003 the 27.3 percent literacy rate for Guinean females lagged far behind the 58.1 percent rate for males. Between 1980 and 2000, primary school enrollment dropped from 63 percent to 53 percent for males, but the percentage of females enrolled in primary school increased from 31 to 38 percent.

Human Development Index Rank: 172

Human Poverty Index Rank: 93

SEE ALSO: Children and Poverty; Disease and Poverty; HIV/AIDS; War and Poverty.

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## Guyana

THE COOPERATIVE REPUBLIC of Guyana was originally home to Dutch, English, and French colonies.

The Dutch obtained possession of most of Guyana by the early 17th century. During the Napoleonic Wars, Great Britain gained possession of three Dutch colonies and established British Guiana in 1831. As a result, Guyana is the only English-speaking country in South America.

After slavery was abolished in 1834, Guyana experienced a period of black urbanization. Indentured servants from east India were brought into the country to work the vast sugar plantations. Guyana's population still mirrors the ethnic diversity of its history, and ethnicity plays a major role in political strife. Half the people are east Indian, 36 percent are black, seven percent are Amerindian, and the rest are white, Chinese, and other mixtures.

*The government has done a great deal to reduce poverty since 1988.*

After winning independence from Great Britain in 1966, the name of the country was changed back to its original form, Guyana. The nation was subsequently ruled by a succession of socialist-oriented governments. In 1992 the first democratic elections in 28 years were held. Since 2000, Guyana has been involved in disputes with Venezuela and Suriname over contested territory. The outcome of the dispute with Suriname could have a significant impact of the economy on both countries because the land in dispute is coastal land with huge oil reserves.

Guyana has experienced moderate economic growth in the 21st century by expanding agricultural and mining sectors, attracting foreign investors, and enacting a more realistic exchange rate than in the past. Further economic growth has been hampered by a shortage of skilled labor and an infrastructure in need of restructuring. Prospects for a more prosperous economy are dependent on continued privatization, expanded public investment, and the exploitation of bauxite deposits.

Guyana's other resources include gold, diamonds, hardwood timber, shrimp, and fish. The agricultural sector generates 38.3 percent of revenue for Guyana. Industry accounts for almost a fifth of the Gross Domestic Product, and services produce the remaining 41.8 percent. While the unemployment rate is officially 9.1 percent, it is widely believed that this figure is under-representative of the extent of unemployment in Guyana.

Despite great potential for economic growth, Guyana's per capita income of \$3,800 is one of the lowest in the western hemisphere. Payments on substantial external debts drain the country of resources needed to deal with domestic issues. Currently, poverty in Guyana is estimated at 35 percent. However, the government has done a great deal to reduce poverty since 1988, when the poverty rate rose to 65 percent. Within four years, the number of people living in poverty had been reduced to 43 percent.

Guyana's antipoverty program is based on World Bank guidelines and is geared toward social inclusion and economic growth. There are no current data on particular aspects of poverty in Guyana, but a Household Income and Expenditure Survey that is under way will improve poverty assessments. Data from other sources reveal that 61 percent of Guyanese live on less than \$2 a day, and 14 percent of the general population are undernourished. Inequality of resources is prevalent in Guyana. The richest 20 percent claim 49.7 percent of resources while the poorest 20 percent share only 4.5 percent. Guyana is ranked 43.2 percent on the Gini Index of Human Inequality.

Access to healthcare is limited in Guyana, particularly in rural areas. There are only 26 physicians for every 100,000 residents. Hospitals do not always receive drugs, and most of the population lacks access to affordable essential drugs. Six percent of Guyanese lack access to safe drinking water, and 13 percent lack access to improved sanitation. Among Guyana's current population of 765,283, life expectancy is 65.5 years. With a projected life span of 68.28 years, females outlive males (62.86 years) by more than five years. The median age is 26.91 years. Over 26 percent of the population is under the age of 14, and 5.1 percent have reached the age of 65. Guyana is facing a growing HIV/AIDS epidemic, with a current prevalence rate of 2.5 percent. Around 11,000 people are living with this disease, and 1,100 others have died.

Infant mortality in Guyana is unacceptably high, but incidences have been reduced significantly in the last several decades. Between 1970 and 2003, the Guyanese infant mortality rate fell from 81 to 52 deaths per 1,000 live births. The mortality rate of all children under the age of 5 dropped from 101 to 69 deaths per 1,000 during that period.

About 14 percent of all children under the age of 5 are malnourished, and 12 percent of infants are underweight at birth. Approximately 11 percent of the under-5 population suffer from moderate to severe wasting and/or stunting. Immunization rates for children be-

tween the ages of 12 and 23 months range from 89 to 95 percent.

According to estimates for 2005, Guyanese women bear an average of 2.05 children each, a decline from 4.9 children per woman in the 1970s. The fertility rate for adolescents is 58 per 1,000 births. Only 37 percent of Guyanese women use contraceptive measures. The number of births attended by trained medical staff declined from 95 percent in 1995 to 86 percent in 2005. Based on modeled estimates for 2000, maternal mortality occurs at a rate of 170 deaths per 100,000 live births.

The Guyanese population is highly literate, and 98.8 percent of the population over the age of 15 have attended school at some point in their lives. Illiteracy has decreased steadily in Guyana since 1980, when 3.7 of males and 6.4 percent of females were illiterate. Only two percent of children are not enrolled in primary school, but dropout rates are high. Three-fourths of the relevant age group attends secondary school, but many fail to complete the program.

Human Development Index Rank: 107

Human Poverty Index Rank: 31

SEE ALSO: Debt; Education; International Monetary Fund; Poverty Rate; Sanitation; World Bank.

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