

**ILO Online – No. 56 – Monday 16 October 2006**

## **International Day for Poverty Eradication 2006**

### **Working Together out of Poverty**

**This year's theme for the International Day for Poverty Eradication is "Working Together out of Poverty". Nearly half of the world's 2.8 billion workers are unable to earn enough to lift themselves and their family members above the US\$2 a day poverty line. Promoting decent work opportunities for all is therefore vital for global efforts to achieve international development goals to cut the numbers of people living in extreme poverty by half by 2015, according to ILO Director-General Juan Somavia.**

**ILO Online: There is a growing feeling worldwide that the rich are becoming richer and the poor are getting poorer. Do you share this view?**

**Juan Somavia:** Nearly half of the world's workers are unable to earn enough to lift themselves and their family members above the US\$2 a day poverty line. This is roughly the same total as in 1994 – but it now accounts for just under half of the world's labour force, compared to 57 per cent at that time. With the exception of sub-Saharan Africa, all other developing regions have seen a decline in the share of working poverty in total employment. China and its East Asian neighbours show the most dramatic decline. This is welcome progress but, for example, even if India's strong growth and poverty reduction performance in 2000-2005 continues, it will still take a century to catch up with today's high income countries. On the other hand, inequality within countries is increasing. Of the 73 countries for which data are available, 53 representing more than 80 per cent of the world's population have seen inequality rise, while only nine have seen it narrow <sup>\*/</sup>.

**ILO Online: Is poverty only an issue in the developing world?**

**Juan Somavia:** No. The average poverty rate, defined as less than half of median incomes, for 20 OECD countries in 2000 was 10.6 per cent. This is higher than the level in the mid-1990s when the average was 10 per cent. Poverty rates were above 15 per cent in Ireland, Japan, United States and Turkey, and above 20 per cent in Mexico. Child poverty was rising in the 1990s and progress in reducing old-age poverty slowed.

**ILO Online: Do increasing income inequalities go hand in hand with rising wage inequalities?**

**Juan Somavia:** Inequality has risen dramatically in most transition economies and has also grown sizeably in some Latin American countries. The picture is mixed in Asia, where some countries have managed to reduce income inequality; but others, such as China and Sri Lanka, have witnessed sharp increases. Gross earnings inequality – measured over the employed population – has increased on average in OECD countries, for which data are available.

The widening dispersion of wages and concerns over poverty amongst more vulnerable workers has focused attention on minimum wage systems. A number of countries have made remarkable efforts to extend minimum wage protection to workers that were previously not covered. These include: South Africa's inclusion of domestic and farm workers in 2000-01; Bolivia's extension of the minimum wage to agricultural workers in 2005; and China's inclusion of domestic workers in 2003.

**ILO Online: Still, many of the world's poorest people live from subsistence farming. How extensive is this sector and what can be done to improve the situation?**

**Juan Somavia:** With three-quarters of the world's poorest people living in the rural areas of developing countries, improved productivity, incomes and working conditions in farming are vital to development. Reducing extreme poverty is thus to a large extent a question of improving the earning power of agricultural workers and small farmers, together with developing non-farm employment opportunities in rural areas. In addition to investment in infrastructure and education, breaking rural poverty traps requires a major effort to develop collective organizations of workers and small farmers, such as cooperatives.

**ILO Online: To what extent can social security contribute to reducing poverty and inequality?**

**Juan Somavia:** A number of developing countries have in recent years introduced basic pensions or child benefit schemes financed from the general exchequer which are proving to be a powerful means of combating poverty. Strong evidence of positive experience comes from countries as diverse as Brazil, Mauritius, Namibia, Nepal and South Africa. Although these countries show the way in combating poverty through social security mechanisms, only one in five people in the world has adequate social security coverage. The other four need it too, but somehow must manage without. This is why the ILO launched a *Global Campaign on Social Security and Coverage for All* to encourage the extension of social security coverage as a means for combating poverty and social exclusion.

**ILO Online: What else can be done to reduce poverty worldwide?**

**Juan Somavia:** A major effort is needed to improve productivity, earnings and working conditions in order to reduce working poverty that affects nearly half of all the workers in the world. We live in a time of opportunity and uncertainty in which some of the barriers that have prevented women and men from fully realizing their capabilities are coming down, but in which good jobs that provide the foundation of security to build better lives are increasingly difficult to find. The need to reduce absolute poverty and narrow income gaps is widely accepted in both developed and developing countries as essential on moral grounds, as well as a means to fight the underlying causes of social, economic and political instability. Elections in all parts of the world are frequently won and lost on the issue of jobs.

**ILO Online: How can we integrate the ILO's Decent Work Agenda with strategies for poverty reduction and a fair globalization?**

**Juan Somavia:** Our organization has a mandate to support governments, employers' and workers' organizations in their efforts to achieve the goal of decent work for all. And in a world where the international influences on work and labour markets are becoming ever stronger, the ILO, through the engagement and commitment of its constituents, could make an important difference to the way the world of work changes in the future. However, translating the goal of decent work for all into practice requires a range of policies that stretch beyond the main areas of expertise of the ILO and its constituents. Decent work as a global goal requires a concerted approach by the entire multilateral system, with the ILO playing a major role in facilitating the integration of the Decent Work Agenda into strategies for poverty reduction and a fair and inclusive globalization.

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<sup>\*/</sup> For more information, see *Changing Patterns in the World of Work*, Report of the Director-General to the International Labour Conference, 95<sup>th</sup> Session 2006, International Labour Office, Geneva, ISBN 92-2-116623-6; *Working out of Poverty*, Report of the Director-General to the International Labour Conference, 91<sup>st</sup> Session 2003, International Labour Office, Geneva, ISBN 92-2-112870-9 To order copies of these publications, please visit: [www.ilo.org/publns](http://www.ilo.org/publns).