

Recovery with a Human Face?

A note by Frances Stewart, Richard Jolly and Andrea Cornia

The debt crisis of the 1980s led to a severe recession in almost all African and Latin American countries. IMF and World Bank adjustment programmes required countries to cutback on their expenditures, introduce charges for health and education, and reduce or abolish the minimum wage. Reductions in protection led to the collapse of industrial sectors in many countries, and to high unemployment. Poverty rose and income distribution worsened. Most countries had no or very limited programmes of social protection. This was what came to be known as the 'lost decade'.

UNICEF responded with *Adjustment with a Human Face* which argued that children MUST AND COULD be protected during economic crisis and explained how this could be done – through more expansionary macro-programmes, redirection of meso-policies to protect crucial social and economic sectors serving the poor, and the introduction of social protection programmes.

Since then the world has generally acknowledged the critical importance of reducing poverty and of protecting children in difficult circumstances. Worldwide agreement on the Millennium Development Goals is the outcome of this consensus.

Yet in 2008, a new global recession suddenly developed – the consequence of irresponsible lending by Western banks. The poor in developing countries are again suffering – this time from a crisis that is entirely due to actions taken in the developed world. It is critically important that this does not lead to a new lost decade, and that the poor, especially children, do not suffer as they did in the 1980s.

Fortunately, the world has moved on since the 1980s and developing countries are more in control of their own destiny. Being less indebted, they do not need to turn to the IMF in large numbers; many have initiated their own macro-economic stimulus, instead of the cuts of the 1980s. More social protection programmes are in place, like employment guarantee schemes, cash transfers and micro-finance. Nonetheless, many millions are likely to suffer from the depressed world markets, reduced employment, and falling remittances.

It is of crucial importance for the poor of the world that as the global recession recedes there is *Recovery with a Human Face*, which is a recovery that is inclusive, expands employment opportunities, sustains health and education services, and provides support for those below the poverty line. Like adjustment with a human face, this can be achieved. It requires that aid to poor countries is sustained, that expenditure to social services is maintained, and that new schemes are introduced which promote employment, extend decent health services to all and provides cash support, where needed, for the poorest. Some countries are taking action in this direction, but many are not, either because they lack the financial or human resources, or because of political obstacles. It is imperative that those who care about the well-being of the children of the world should help these countries to achieve the conditions for recovery with a human face.