

# THINKING STRATEGICALLY ABOUT POLITICS AND POVERTY

## IDS WORKING PAPER 101

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### SUMMARY

What are the prospects that governments and political systems in developing countries will be pro-poor? This synthesis of a large research exercise offers a series of guidelines for thinking about specific cases. The most general guideline is 'don't be (so) gloomy'. Political analysis does not serve only to explain why desirable outcomes are sometimes difficult to achieve. Good analysis also tells us about the wide range of opportunities that exist for pro-poor policies. There are five more specific guidelines:

- Democratic political systems are not necessarily pro-poor.
- The extent and ways in which poor people are mobilised politically depend to a large degree on the effectiveness and coherence of states and the policies they pursue.
- There is no reason to expect that decentralisation will be pro-poor.
- There is a wider range of possibilities for pro-poor political alliances than is widely believed.
- Many of the policies needed to improve governance will benefit the poor.

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## **BACKGROUND**

This was originally a background paper for the World Bank Team working on the World Development Report 2000/1. It is a synthesis of the conclusions of a research project on the Responsiveness of Political Systems to Poverty Reduction, commissioned by the Governance Department of the UK Department for International Development (DFID). It is based principally on the work of the following people, who wrote papers that were discussed at a meeting held on 16-17 August 1999: Michael Anderson, Richard Crook, George Gray-Molina, John Harriss, Ron Herring, Peter Houtzager, Marcus Kurtz, Jennifer Leavy, Mick Moore, Kimberly Niles, Jonathan Pattenden, Alan Sverrisson, Ashutosh Varshney, Howard White and Lawrence Whitehead. We are deeply grateful to them for the high quality of the work they did within a short time. The papers are listed in the Bibliography. Further, we owe a great deal to colleagues who, variously, attended that meeting as discussants, contributed to the framing of the project at a preparatory meeting held on 26-27 February 1999, or provided information and helpful comments on earlier drafts: Sunil Bastian, Catherine Boone, David Booth, Teddy Brett, Kathryn Clarke, Monica Dasgupta, Garth Glentworth, Merilee Grindle, E. Gyimah-Boadi, Ravi Kanbur, David Lehmann, Fernando Limongi, Ian McKendry, Joan Nelson, Dele Olowu, Elisa Reis, Alice Sindzingre, Rehman Sobhan, Richard Thomas, David Wood and Geof Wood. Roger Wilson, Head of the Governance Department of DFID, conceived the project and played a major constructive role at every stage.

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## **INTRODUCTION: PRACTICAL POLITICAL ANALYSIS**

There is a tradition in aid and development agencies of bringing in political analysis, if at all, in terms of problems and difficulties. 'Politics' is why desirable things may not happen. Politics is messy. Political analysis is used only to explain and to try to fix things that have already gone wrong. In reality, political analysis is not a gloomy science. It has a great deal to offer in understanding what to do about poverty. First, it provides policymakers with a more realistic perspective on their programs and projects, and increases the chances that they will be successful. Second, political realism is more optimistic than is much of our conventional wisdom about the scope for effective pro-poor coalitions, policies and programs. Where the documents of aid and development agencies make reference to politics and poverty, it is generally in a depressing tone. The politics of poverty is assumed to be only about fighting to divide up the cake. Someone's gain is always someone else's loss. We are told how difficult it will be to do anything for the poor because this means depriving the rich and powerful. The analysis centres on the conflict between the interests of the poor and of the non-poor. This is a partial view of politics and a biased reading of experience. The real world of politics is rarely a crude struggle of rich against poor; it is also about accommodation, compromise and joint gains. And politics is not driven solely by (material) interests: ideas and institutions also play a major role in shaping how far people have political choices, what they want from politics, and how they go about seeking it. By exploring what drives politics in poor countries, we can identify: openings for political coalitions and alliances that benefit the poor; ways in which 'friends of the poor' inside and outside government can shape public programs and policies to increase the political capabilities of the poor; and areas where there are common interests between poor and non-poor.

This kind of political analysis is not intrinsically difficult: politicians do it all the time. It is more difficult for the staff of aid and development agencies, who have to deal with many diverse situations to which they are outsiders. Angola is very different from Bangladesh, and Bangladesh from Chile. There is no substitute for detailed local, expert knowledge when it comes to country-level operations. Aid donors are increasing their capacity to undertake operational political analysis. They need to do more. They can however overcome some of their own bewilderment about the complexity and diversity of developing country politics by using a few basic concepts to map that diversity. Table 1 provides one such map in relation to the politics of poverty. It is based around two fundamental dimensions of national political systems. The first is the degree to which they are institutionalized, i.e. the extent to which countries are ruled and administered through established, stable organisations and procedures that are widely accepted as legitimate. The second is the extent to which, within the more institutionalised states, rulers are chosen through genuinely open, competitive processes - free elections of some kind. Electoral competition is impossible without institutionalisation.

**Table 1: Types of State, Politics and Poverty**

<b>Types of political systems</b>	<b>Characteristics</b>	<b>Types of policies in place</b>	<b>Role of poor in politics</b>	<b>What can be done to promote the interests of the poor?</b>	<b>Potential role of official external agencies</b>
<b>Collapsed states</b>	There is no effective central government	No policies	No distinct role; politics is dominated by force	Establishing effective central government.	Concentrate on helping re-establish central rule
<b>Personal rule</b>	Rule through personalities and personal connections. If political parties exist, they are based on personalities.	Policies are unstable; a major objective is to enrich those in power; few basic public services are provided	No distinct role, unless poverty overlaps with political networks based on ethnicity, language, religion or locality	More institutionalised rule will benefit most poor people and is a condition for effective organisation of poor above local level.	Improved governance, including effective central rule and human and civil rights
<b>Minimally institutionalized states</b>	An unstable mixture of personal and impersonal rule, with varying degrees of legitimacy. Parties are based partly on personalities	There exist organisations to provide a range of basic public and welfare services; coverage is patchy and often based on patronage	As above, except that there is more scope for political parties or social movements to have influence	There is some scope to organise around demands for improved public services and a less repressive system of governance	As above, with more scope directly to support pro-poor organisations and to condition aid on pro-poor policies and absence of repression
<b>Institutionalized non-competitive states</b>	Rule through stable and legitimate organisations and procedures; no open competition for power. Political parties serve the regime or are hindered and controlled by it	A wide range of basic and welfare services may be provided, but citizens have little influence over the range and type of provision	Regimes try to suppress or control all organisations, but may be responsive to popular concerns. Conflicts within ruling elites may provide opportunities for popular organisations	There is considerable scope to organise around demands for both improved public services and a less repressive system of governance	As above, with a case for stronger conditionality. More potential to help develop civil service expertise
<b>Institutionalized competitive states</b>	Rule through stable and legitimate organisations and procedures; open competition for power through programmatic parties	A wide range of basic and welfare services. The range and type of provision are major themes in politics	The poor have scope to organise; but other axes of political mobilisation, such as ethnicity and language, may dominate	Potentially high. Very disadvantaged groups (e.g. physically handicapped, small ethnic minorities) may find a voice	More potential to support appropriate decentralisation. Non-official channels are appropriate for much governance support

Table 1 provides us with guidelines about:

- The type of politics that are likely to dominate in different situations
- The roles that poor people and the organisations representing them might play in different situations
- The scope for both local political actors and external agencies to advance the interests of the poor in the political process

Those people we label 'the poor' are diverse, even within localities. Much has been said about that elsewhere. Table 1 illustrates the diversity of their political situations and opportunities at national level. It also reflects something they have in common - a critical feature of the politics of poverty that is explained in more detail below: the scope for the poor to organise, and the ways in which they organise, are highly interdependent with the character of the state or regime, the shape of public policy and the behaviour of ruling elites. Small communities, groups or localities can organise to tackle their immediate needs in the absence of effective government. But large populations of the poor organise in relation to the forces that they are trying to combat or influence. If the state is fragmented, unstable and incoherent, popular organisations will develop along the same lines. The existence of effective government is a condition for popular organisation that extends over large populations and has the potential to influence public policy. The development of the *political capabilities* of the poor should be an important objective of anti-poverty policy. That is partly true by definition: empowerment is itself a dimension of poverty alleviation. It is also true in a more instrumental sense: lasting, sustainable improvements in the position of the poor will depend on their collective capacity to defend and build on achievements.

There then emerges a new variant of a familiar paradox: development is often easier if you are already halfway there than if you are still near the starting line. The capacity for the poor to create effective organisations is greater in those - generally richer - states where the quality of governance is higher. In designing policy for specific countries, it is important to bear this paradox in mind. It is not however a cause for despair. In countries afflicted by poor governance, the poor have much the same primary interest as the great majority of the population: government that is less repressive and arbitrary, more accountable, and more bound by law.

This report is organised around five key propositions about politics and poverty that emerged from our extensive research and consultations. They are intended to help policymakers think strategically about poverty reduction policy:

- **Democracy has differential outcomes for the poor**
- **States create and shape the political opportunities for the poor**
- **There is no reason to expect that decentralisation will be pro-poor**
- **There are a wide range of possibilities for pro-poor political alliances**
- **Many of the policies needed to improve governance will benefit the poor**

This list refers almost exclusively to the internal politics of developing countries. Are we guilty, at this point in history when there is so much interest in the implications of globalisation, of ignoring the international political dimensions of poverty? This is an especially important issue because of the popularity of the view that globalisation reduces the scope for governments to attend to poverty alleviation. There are several variants of this argument. The core propositions are straightforward. They rest on the notion that globalisation has produced a relative shift of power away from states to the people who make decisions about large scale capital movements (the 'controllers of capital'). Capital has become more mobile internationally. The greater the efforts that governments make to tax or redistribute income or capital, preserve or increase social protection, or influence where and how the private sector invests, the more, it is claimed, they will be 'punished' by the controllers of capital. The controllers of capital will reduce investments in countries (and cities or regions) ruled by regimes lacking in 'realism' - or simply threaten to do so, pointing out how easy it is for them to move money and plant away to more favourable business environments. The spectre or the reality of declining tax revenues, rising unemployment and falling political support will be enough to persuade most governments to accept 'reality': to reduce business taxes, cancel promises to redistribute land, dilute proposals to extend employee rights, and postpone plans to provide a basic income to all destitute households.

There is some truth in these arguments. However, we do not in general believe that globalisation has reduced the scope for (developing country) governments to be pro-poor. There are powerful countervailing forces. Two are particularly important:

- First, there is an alternative, contrary interpretation of the political consequences of globalisation that is better supported by evidence: that the opening of national economies (i.e. globalisation) consistently leads to a larger economic role for governments, and more social protection, because openness generates economic instability that governments are obliged to mitigate (Rieger and Liebfried 1998; Rodrol 1998). Political arrangements underpin the market. Without social and political protection against the instabilities and uncertainties that it generates, the free market itself is at risk.
- Second, unprecedented pressures and incentives for poor countries to become more democratic are integral features of contemporary globalisation. Unlike the first and second waves of democratisation, after World War 1 and World War 2 respectively, the wave that developed in the 1980s has not foundered on international geo-political rivalries and the willingness of great powers to install and support despotic but pliable regimes in the poorer parts of the world. This third wave of democratisation has been unusually vigorous and sustained. It shows no signs of receding. While the connection between democracy and pro-poor policies is less close than many people believe (see below), there is a link. By promoting democracy, contemporary globalisation discourages governments from succumbing to pressures from internationally mobile capital to abandon social concerns.

It is then quite appropriate to focus our strategic guidelines about poverty and politics on the internal aspects of governance in poor countries.



## FIVE STRATEGIC GUIDELINES

### 1 DEMOCRACY HAS DIFFERENTIAL OUTCOMES FOR THE POOR

Democracy is desirable for many reasons. However, the democracies among contemporary developing countries are no better than the non-democracies at poverty reduction. This finding is not new. It was replicated in three of our papers, each of which examined the experiences of a large number of countries, and defined 'pro-poor' in a different fashion. Ashutosh Varshney (1999) examined the record of countries at reducing the numbers of people below the poverty line, defined in terms of income or consumption. Kimberly Niles (1999) measured the effort governments put into protecting the poor against the adverse effects of economic adjustment. Mick Moore et al. (1999) explored the extent to which national political-economic systems converted national income into longevity, literacy and education for the mass of citizens. All concluded that there was no consistent connection between pro-poorness and democracy. While the very worst performers tend not to be democracies - democracy does provide some kind of safety net - there are non-democracies among the best performers. Over relatively long periods of time some authoritarian regimes, like that which existed in Indonesia for over thirty-five years, made faster progress in reducing poverty than other states which have enjoyed long periods of democracy - like the Philippines, where the rate of poverty reduction has been much more modest. Table 2 illustrates the kind of inconclusive patterns that result when we classify poor countries according to their poverty reduction performance and degree of democracy.

**Table 2: Distribution of Countries According to Poverty Reduction Performance and Degree of Democracy**

No. of countries	More democratic countries	Less democratic countries	Undemocratic countries	Total
High poverty reduction performance	5	5	9	19
Modest poverty reduction performance	2	10	12	24
Low poverty reduction performance	4	3	11	18
<b>Total</b>	11	18	32	61

*Notes:* Poverty reduction performance is conceived as the efficiency of national political-economic systems at converting national income into longevity, literacy and education for the mass of the population. For more details on the measures used here, and the sample of countries, see Moore et.al. (1999). The measures of poverty reduction performance relate to 1995.

The measures of the degree of democracy are from the POLITY III database. An average was calculated for the period 1980-89, on the basis of annual scores on a scale of 0-10. 'More democratic countries' scored 8 or more, and 'undemocratic countries' scored 0.

What is going on here? Democracy does offer more voice and influence to the poor than most non-democratic systems. Why does this not result in a clear association between democracy and good performance in poverty reduction? There are two main answers to that question. The first is that some of the best performers in poverty reduction over the past half century have been the (former) socialist states, that were undemocratic by conventional criteria but highly focused on improving mass welfare for reasons of ideology and politics. The positive impacts of these histories of pro-poor mobilisation are still evident in the poverty and welfare statistics for China, Cuba and Vietnam. The impacts have faded in the case of most of the countries of the former Soviet Bloc after their transition to market economies, and have turned grotesque in North Korea. The residual effects of this experience of non-democratic but pro-poor socialist regimes is one reason why democracy is not associated with poverty reduction in the cross-national statistics. The other reason, of more relevance to the future, lies in wide variations in the substantive content of formal, electoral democracy.

If democratic politics were mainly about organising people to vote according to their broadly-defined economic interests, one would expect the poor to have considerably more influence and voice than they do (Varshney, 1999). There are three important reasons why democracy does not work in this way:

- The actual participation of the poor, particularly women, does not reflect their numbers in society. Many poor people are excluded from, or do not participate actively in, the political process.
- When the poor do participate, their 'class' identities - as poor people in general or, specifically, as small farmers, landless, wage workers, tenants, recipients of food subsidies, squatters etc.- are not the only influences on the way they vote or on the politicians, parties or programs that they support. The forces that move them are often more tangible, short-term, direct and local than relatively abstract notions about income group, class or occupational position: individual 'patronage' ties to politicians who promise something immediate in return; the ethnic, linguistic or regional identities that often prove so effective in creating emotional attachments to political ideas and programs; or the opportunity to sell a vote (Putzel, 1995).
- Poverty in developing countries is especially acute in rural areas, where, except at the very local level, it is particularly difficult to sustain effective organisations that involve poor people on a continuous basis. Communication and travel are difficult; information is scarce. Poor rural populations rarely sustain coherent, encompassing political organisations. They tend to be responsive rather than pro-active in politics.

In sum, in many democracies the poor are often badly organised and ill-served by the organisations that mobilise their votes and claim to represent their interests.

Nevertheless some democracies in developing countries perform well in terms of poverty reduction. This can be traced in part to differences in the quality of organisations in political and civil society, and the ways in which the poor realise voice within them. In every democratic system, different kinds of organisations mediate between various poor sections of the population and the state. Civil society is made up

of a wide range of associations rooted in and cutting across class, gender, income and other identities. Some of these emerge out of poor communities, or are organised explicitly to interact with and promote the interests of those communities. They include religious, community and non-governmental organisations (NGOs). Groups within civil society, whether aligned with the poor or with elites, such as business or professional associations, often serve as points of mobilisation and advocacy in relation to the state.

While civil society organisations are important sources of assistance and mobilisation for specific groups among the poor, it is the organisations of political society within democratic systems that are crucial to the character and conduct of public policy. Chief among these are political parties. Political parties can range from temporary alliances of powerful individuals, through more stable organisations constructed around regional, patronage, ethnic or religious networks, to organisations based on clearly defined ideologies and programs, and run by committed voluntary members operating through a democratic institutional structure. The more that parties are located toward this latter end of the spectrum, the more likely they are to represent the poor effectively.

#### **Box 1: Competitive Politics and the Poor in Two Indian States**

The Indian states of Karnataka and Andhra Pradesh have a number of significant features in common. Both are middle-income states in the south, generally considered to be both economically more dynamic, and socially more progressive than the states of the north. Yet research has shown that, while Andhra Pradesh has a good record in poverty reduction, Karnataka has not. Amongst the reasons for this contrast are that the local political dominance of particular landed castes persists in Karnataka, while party competition in the state is fragmented and involves different factions headed by members of those same castes relying on clientelistic recruitment. The structure of local power in Karnataka means that agricultural growth is less pro-poor than it might otherwise be. The nature of party competition makes the political system less responsive to poorer people. In Andhra Pradesh, on the other hand, local-level political dominance has been reduced to a greater extent, and agricultural growth has been more pro-poor (having created more productive employment, with rising real wages) while stable two-party competition has created conditions in which political leaders are more responsive to poor people. A populist party, relying initially on charismatic leadership, has become fairly well institutionalised, and in competing with the Congress party, has successfully delivered pro-poor programmes. Through the extension of the public food distribution system into rural areas in the later 1980s, rural poverty continued to decline in Andhra Pradesh, in spite of a down-turn in the rate of agricultural growth in the state. Though there are legitimate concerns about the extent to which the costs of the public distribution system have eroded public investment, and hence about the sustainability of poverty reduction, the growth rate of state domestic product has been higher in Andhra than in most other states, including Karnataka. It does not seem to be the case, therefore, that poverty reduction has been achieved at the expense of economic growth, though the state government does now face difficult choices in the allocation of public finance.

Contrasts between the states of India illustrate how variations in the pattern of democratic political competition affect the extent to which governments are pro-poor. India has enjoyed a relatively stable system of competitive elections and basic formal democratic rights since independence in 1948. The southern state of Kerala has long enjoyed very high levels of mass literacy, education, health and longevity in relation to its average income levels. There is a large literature that attempts to explain this 'Kerala exceptionalism', and no consensus on the relative roles of the various explanatory factors - a strong popular communist movement, a particular caste structure, or a range of contingent historical factors. Even if one can explain exceptional cases, there may be no policy implications, because exceptional combinations of historical conditions cannot be replicated. However, the Kerala experience is becoming less exceptional as other South Indian states begin to reproduce key elements: the mobilisation of the lower class/caste groups around stable political parties that, once in government, redistribute resources to the poor in ways that lead to permanent reductions in poverty. John Harriss (1999) demonstrates that this kind of democratic politics does make a difference. Indian states that have elected to office well-institutionalised populist or social democratic parties have performed better in poverty reduction than underlying patterns of agricultural growth would predict, and better than comparable states where clientelist patterns of politics have persisted (see Box 1). Where the rule of upper class/caste alliances has been challenged, the political parties have actively sought the support of the poor.

Where there are political parties actually competing for the votes of the poor, the poor have a better chance of influencing policy or seeing policy formed that addresses their needs. In the 1980s, competitive politics in Peru allowed the women's movement, organised through a vast network of community-based kitchens known as *comedores*, to exercise limited but substantive influence over social policy, including the enactment of new legislation (Houtzager, 1999). Kimberly Niles (1999) explains the way in which the pattern of party competition affects the extent and way in which parties compete for the votes of the poor. She compares countries in terms of the extent to which parties are stable or fluid and fragmented. Where parties are stable, elections are generally dominated by two to three competing programmatic parties with a degree of party discipline. Each party needs to win a high proportion of votes to enter government. Parties operate with relatively long time horizons. They accumulate a great deal of information about potential voters and the potential pay-offs to different political strategies. Each tries to appeal to a broad constituency of voters. The system tends to produce parties and governments with high commitment to the poor. In fragmented systems, politics are personalistic. There are many poorly disciplined parties, that do not need to obtain a large proportion of votes to have a chance of entering government. They have shorter time horizons and face higher information costs because politicians are continually engaging in new activities, with new allies or opponents, and seeking the support of different voters. These systems tend to produce governments with low commitments to the poor.

Many developing country democracies remain characterised by just such fragmented party systems. In some cases, social movements – or broad alliances of organisations from within civil society – have emerged to give the poor a voice in national politics. In other cases, civil society organisations are weak, or completely out of touch with large poor populations, notably rural people. Large numbers of the rural poor in South

Africa, for instance, were never reached by political organisations during the many years of apartheid rule. Their influence over national policy-making cannot be expected to rise simply with the abolition of apartheid or the introduction of a democratic constitution. Democratic transition, however, created new opportunities for both the rural poor and their supporters to begin to organise, to become aware of their rights and create new possibilities for voice. It may be that the first step in creating political capabilities of the rural poor is simply providing a network of legal aid services to inform the community of their rights under the law.

Even when allied together in broad social movements, local community and non-governmental organisations cannot play the same role in shaping public policy that is played by well institutionalised programmatic democratic political parties. In particular, they lack the mandate granted by the ballot box. These organisations can help increase the political capabilities of the poor, influence national politics, and perhaps lay the basis for more enduring, institutionalised and accountable political parties.

While the poverty reduction record of democracies in developing countries is an ambiguous one, there are reasons to believe that the opportunity for cohesive competitive politics and the space for the poor to organise within civil society permitted by democracy can contribute positively to poverty reduction. In the absence of democratic politics, anti-poverty policy tends to be reactive and overly determined by the legitimacy needs of a particular regime, or the preferences of those who happen to be in power. It rarely contributes to increasing the political capabilities of the poor. In Mexico, the long period of dominance by a single party has led to an unstable anti-poverty policy dependent on the character of the sitting president and marked by a lack of independent organisations among the poor (Kurtz, 1999). Some recently authoritarian regimes (South Korea, Taiwan, Indonesia) acted positively to reduce poverty in order to gain and maintain legitimacy for their rule. The challenge in developing countries today is how to make similar accomplishments in poverty reduction a criterion for the legitimacy of modern democratic parties and governments. This cannot be done through conditionality imposed from the outside, but must come about as the product of domestic political mobilisation and education.

## **2 STATES CREATE AND SHAPE THE POLITICAL OPPORTUNITIES FOR THE POOR**

Empowerment of the poor is both an instrument to reduce poverty and, insofar as powerlessness is part of the meaning of poverty, itself an aspect of poverty reduction. It is useful to think of empowerment in terms of increasing the *political capabilities* of the poor: personal political capabilities, self-confidence, capacity for community organisation, recognition of dignity, and the collective ideas available to support effective political action (Whitehead and Gray-Molina, 1999). It is the political capabilities of the poor that will determine whether they can employ social capital (the shared networks, norms and values created through social interaction) constructively or create social capital where it is lacking. One of the problems in the way social capital has been discussed to date is that scant attention has been paid to the content and practice of politics within social networks (Foley and Edwards, 1997; Putzel, 1997).

What circumstances lead to the enhancement of the political capabilities of the poor? Citizens of developing and transitional economies have had so much experience of oppressive and ineffective states over recent decades that the answer to this question is often seen to lie in some kind of autonomous popular action. Citizens' movements, NGOs, and civil society are seen as the alternatives to failing states. This is a misleading myth. It is especially misleading in relation to movements of the poor. It is certainly true that failing states can in some circumstances stimulate local level alternatives. There are many accounts, for example, of how Ugandan rural communities coped with a long period of civil war and then of a fragile peace by taking control of and financing their own primary schools. But the operative word here is *local*. Effective, large scale organisation by poor people - the kind of organisation that can make a consistent difference to public policy and affect a large population - is dependent on the character of the state and the policies it pursues. One can illustrate how states affect the scope for building the political capabilities of the poor by examining three different levels of state capacity and action:

#### **a The macro-level: the character of states**

People try to create the political organisations that will be most effective in the policy arena where they wish to have influence. An important feature of that arena is the pattern of organisation of the groups with whom they are likely to ally or compete. National employers' organisations emerged in most industrial countries in response to the creation of national trades union federations. National farmers movements emerged only after governments began to intervene consistently in agricultural markets, and there was a perceived need to deal with government at a national level. Conversely, the mass-based civil rights movements that emerged to challenge so many authoritarian Latin American and Central European regimes in the 1970s and 1980s fell apart once democracy triumphed and their focus - a consistently oppressive state - had disappeared.

Poor peoples' movements respond to the same logic. Where the state is fragmented, organisations of the poor hardly exist, or are the creation of external actors, like international aid donors or non-governmental organisations (Houtzager, 1999). The modern state eliminates rival centres of authority within society. This provides the basis for social groups to organise on a national scale and to create collective identities that cut across geographic regions. Whether social groups organise to influence the state depends on whether they believe the state has the authority and capacity to meet their demands. If the national state has little authority, why bother to organise at the national level? Better to concentrate limited political resources - and political resources are always limited - on exercising influence in different ways: negotiating an acceptable level of informal taxes with the guerrilla movement in this region; using ethnic linkages with a minister to remove oppressive policemen from this town; building up connections with the aid donors who might provide money for local NGOs in that district. Building large membership movements of the poor is unlikely to be the most efficient means of exercising influence through these kinds of channels. Global maps of effective states and effective social movements would look very similar. Where the state is ineffective, social movements are rare, weak, exclusive, localised and often closely connected with armed secessionists

and smugglers. Where states are ineffective, improving their capacity may be the best way to stimulate effective organisations of the poor.

### **b The meso-level: the pattern of public policy**

Political resources are scarce. Political organisation is costly, especially for poor people. They are more likely to organise when there is an incentive. Government programs can provide powerful incentives. The mechanisms are sometimes obvious and direct. If there is known to be a procedure for allocating public land to poor people for house plots, there is an evident incentive to organise to try to secure access to land. Similarly, the existence in the Philippines of a 'permanent land reform' - legislation that enabled government to choose when and where to initiate the implementation process - provided a standing incentive for potential beneficiaries (and potential losers) to organise (Houtzager, 1999). However, many of the mechanisms through which public policy affects the mobilisation of the poor are indirect and less obvious:

- 'Perverse' mobilisation takes place when, for example, governments succeed in mobilising the poor by provoking them in some way - failing to truck in emergency drinking water supplies into urban areas during drought, or forcibly displacing people to build highways. This may be a powerful - but temporary, localised and arbitrary - stimulus to the organisation of the poor.
- Unfulfilled promises may provide a more permanent stimulus. The success of land reform in Kerala, India was precipitated by reform initiatives that were too ambitious for the state to fulfill. Laws were passed but not implemented. However, this encouraged the rural poor to mobilise to claim their legal rights (Herring, 1999).
- Some of the most powerful incentives for the poor to organise can stem from a sense of exclusion - the existence of a public program that benefits some people but not other people who appear to have an equally valid claim. For example, one reason why Sri Lanka became an early 'welfare state' and an exemplar of high levels of human development at low levels of per capita income was the existence of health and education services for the immigrant estate labour force. These services were mandated by the British colonial government of Sri Lanka (then Ceylon), at the insistence of the British colonial government of India, whence the immigrants came. Their existence led to demands, from the 1930s, that similar services be extended to the entire population (Wickremeratne, 1973).

Poor people are at a permanent political disadvantage. By providing incentives for organisation, government programs can mitigate these disadvantages. If we are to take a pro-poor perspective on public policy, the extent to which programs might contribute to mobilising the poor should be one of the assessment criteria used. This criterion may also lead us to think differently about the public-private divide in general, and especially the issue of the role of NGOs in implementing public programs. Like any other form of organisation, NGOs have advantages and disadvantages. One of their disadvantages, from a perspective of those concerned with the political capabilities of the poor, is that they are not governmental. They are not legitimate objects of popular political mobilisation in the way that governments are. Governments have

widely understood obligations. It is legitimate in most political systems to criticise governments for failing to provide for the poor, or for performing badly. These concerns can be framed in terms of an accepted discourse of rights. It is not possible to do the same thing in relation to NGOs. They are not authorities against which rights can be asserted. All else being equal, the use of NGOs as implementers of public programs is likely to de-mobilise the poor.

### **c The micro-level: the shape of government programs**

Public programs have political and economic costs as well as benefits. It is not being suggested here that, because they help increase the political capabilities of the poor, more government programs are better than fewer. Many other concerns enter into that judgement. One of them is the extent to which particular programs are effective at encouraging sustained political organisation by the poor. Little thought appears to have gone into that question. It is one of the more obvious gaps in our knowledge. Joshi and Moore (1999) explore these issues on the basis of comparative case material, stressing that the most important role for external agencies (government agencies, NGOs) may not be directly to support the mobilisation of the poor, but to create an *enabling environment* - an environment in which the poor have an incentive to mobilise. At present, the environment in which poor people and external organisations interact is frequently hostile to collective action by the poor, because characterised by uncertainty, arbitrariness and inequality. External agencies should focus more on creating incentives to collective action, above all by removing the obstacles that they themselves create. Four dimensions of the performance or behaviour of external agencies are cited:

- **Tolerance** - collective action on the part of the poor is more likely where the political environment is not hostile and punitive.
- **Credibility** - the extent to which, in their relations with the poor, public officials can be relied on to behave like good partners in an enterprise, i.e. to do their job correctly, and to be reliable.
- **Predictability** - this refers to the form of external programs: the extent to which they are stable over time in content, form, and procedural requirements.
- **Rights** - the extent to which (a) the benefits received under external programs are recognised as moral or, better, legal entitlements, and (b) there are recognised (preferably legal) mechanisms that the beneficiaries can access to ensure that these entitlements are actually realised.

One of their case studies is the Employment Guarantee Scheme in Maharashtra, India. Over the 23 years from 1975/6 to 1998/9, this massive scheme has provided an annual average of 132 million work days, on 341,661 separate work sites - soil and water conservation, small scale irrigation, reforestation, and local roads. When first introduced, the Employment Guarantee Scheme appeared innovative and received considerable attention from the outside world. It has received much less attention over the past decade, and is gradually shrinking in scale, in large part because economic growth has reduced the demand for off-season manual work at minimum wages. Despite its many problems, the Employment Guarantee Scheme has been a success. It continues to provide relatively cost effective and reliable income support for significant sections



of the rural poor of Maharashtra. Joshi and Moore demonstrate that a major reason is that jobseekers, via political representatives of various kinds, have continuously been mobilised to demand their rights. And that in turn stems from the ways in which the framing and implementation of the Scheme contribute to creating an *enabling environment* for mobilisation. These include:

- Incentives to collective action are built into the Scheme: a minimum number of people need to be in search of employment before work sites can be opened.
- The public agencies involved enjoy a degree of *credibility*, and the Scheme is *predictable* in important respects. It has been in place a long time, is likely to continue because it is legally mandated, and is implemented effectively partly because, unlike many (emergency) public works programs, it is being implemented continuously. Public officials are skilled in managing public works projects.
- Above all, there is a legal right to employment provided certain conditions are met. These rights can be pursued through the courts, and have a great deal of moral force.

The Employment Guarantee Scheme is far from perfect. It is unlikely to be directly replicable elsewhere. It does however illustrate how clever political and institutional design of public programs can encourage the mobilisation of the poor while helping to make those programs more effective. And that in turn suggests the importance of examining these kinds of political considerations when assessing the potential poverty impact of public programs.

### **3 THERE IS NO REASON TO EXPECT THAT DECENTRALISATION WILL BE PRO-POOR**

Decentralisation is a popular prescription for the governance problems affecting poor countries in particular. It is widely believed that decentralisation will also have pro-poor impacts. The most common argument is that, because decentralisation by definition involves bringing government closer to the governed in both the spatial and institutional senses, government will be more knowledgeable about and hence more responsive to the needs of the people. This is expected to lead to pro-poor policies and outcomes. It is difficult to evaluate these kinds of arguments, because 'decentralisation' covers a very diverse range of phenomena. Two people can be arguing about 'decentralisation' and have very different things in mind. The following are some of the main questions one has to bear in mind about the character of decentralisation:

- Is it political and administrative **devolution** - the assignment of more power to lower levels within a nested hierarchy of territorial administration - or **deconcentration** - the shifting of functions and personnel to a lower level unit within a centralised administrative hierarchy?
- Does it also involve (more) democracy? This is often a tricky question, since a programme may promise more democracy but, by empowering local elites may actually reduce the possibilities for the voices of poor people to influence policy outcomes.

**Table 3: Review of Studies on the Impact of Decentralisation**

Country	Outcome						
	Participation by and responsiveness to the poor			Impact on social and economic poverty			
	<i>Participation</i>	<i>Representation</i>	<i>Responsiveness</i>	<i>Growth</i>	<i>Equity</i>	<i>Human Development</i>	<i>Spatial Equity</i>
<i>W. Bengal, India</i>	Improved	Improved	Improved	Improved	Improved	Improved	No evidence
<i>Karnataka, India</i>	Fair	Improved	Low	Low	Low	Fair	Fair
<i>Colombia</i>	Ambiguous	Ambiguous	Improved	Inadequate evidence		Improved	Improved
<i>Philippines</i>	Improved	Improved	Ambiguous	Inadequate evidence			
<i>Brazil</i>	Low but limited evidence			Little evidence	Mixed*	Mixed*	Low
<i>Chile</i>	Inadequate evidence			Improved	Improved	Ambiguous to Low	
<i>Cote d'Ivoire</i>	Low	Low	Very Low	No evidence			Improved
<i>Bangladesh</i>	Fair	Very Low	Low	Very Low			
<i>Ghana</i>	Improved	Fair	Low	Low but little evidence			Fair
<i>Kenya</i>	Very Low			Low			Fair
<i>Nigeria</i>	Low	Low	Very Low	Low	Very Low		Low
<i>Mexico</i>	No evidence			n.a.	Low	Low	Low

\* = Improved only in exceptional states

- What level are we talking of? The implications of devolving authority from central to state governments in Nigeria may be very different from those of devolving from the township to the village level in China.
- Is decentralisation part of a broader change in the allocation of administrative and political authority that also has centralising components? Many contemporary public sector reforms involve shifting authority for operational decisions to lower levels while granting higher levels increased power to establish performance targets, monitor performance, and allocate resources. An example would be giving school principals direct control of school budgets and of personnel decisions, but requiring them to follow a detailed curriculum and an intensive program of student and teacher performance assessment, with rewards for improved performance and penalties for bad. This kind of 'decentralisation' is often employed to give central government more control over rural areas and outlying provinces and cities. The proponents of decentralisation sometimes see only one aspect of a two-way process.

Given the great diversity of processes labelled decentralisation, it is not surprising that an intensive study of all available evidence by Crook and Sverrisson (1999) yielded no support for the contention that decentralisation is intrinsically or generally pro-poor. Indeed, they found little hard evidence of any kind about impact. The conclusions from twelve cases on which there was the most reliable information are summarised in Table 3. Crook and Sverrisson assessed the programs along two main axes: (1) impact on participation by, representation of, and responsiveness to, the poor; and (2) impact on the social and economic position of the poor measured by growth, equity, human development and spatial equity (between regions/localities). They found an unambiguously positive impact of decentralisation only in West Bengal

state, India. The study suggested that four key sets of variables determine performance in terms of both responsiveness and pro-poor social and economic outcomes:

### **a The politics of the relations between newly empowered local government and central government**

Central government needs to support the decentralised system with financial and administrative resources and legal powers and also needs to have the capacity to control and monitor their use. It also needs to have both an ideological commitment to pro-poor policy and an active engagement with local politics to challenge local elite resistance. In West Bengal and some parts of Brazil, pro-poor outcomes were the product of this kind of synergy between action at the local and central/state government level. Conservative local elites were challenged by local groups who had the support of central authorities. In Bangladesh, Nigeria, and Kenya, although substantial resources were transferred, central governments failed to ensure their proper use. Conservative elites were empowered through decentralisation because the main concern of central government was to create a power base in the countryside. This eventually happened in Ghana as well. In Cote d'Ivoire and Mexico, decentralisation was used by ruling parties intent on renewing party support without any commitment to pro-poor policies, which might have threatened those networks. These cases stood in contrast to apparently more successful programs in parts of Colombia, where a strong political party or local elites seeking legitimacy were committed to poverty reduction. In Bolivia, decentralisation has meant not the abolition of long-established clientelist networks from the centre to the local areas, but the introduction of competition in the form of newly empowered local networks that contain some poor people (Whitehead and Grey-Molina, 1999). Evidence from comparative work on Indian states reinforces conclusions about the pivotal role of central-local relations in making decentralisation more favourable to the poor. In India, the federal system has allowed enough room for state governments controlled by alliances favourable to the poor to implement programs with more positive poverty reduction outcomes than elsewhere. At the same time, the existence of central government programs has often proved crucial to providing both the resources and political leverage necessary for local authorities to implement policies favourable to the poor (Harriss, 1999; Herring, 1999). Only after a national constitutional amendment in 1993 did four states adopt a local government reform that reserved 33% of seats for women and seats for Scheduled Castes and Tribes according to their proportions in the population.

### **b The extent to which enhanced participation established accountability of local governments**

Fair and competitive elections were crucial to establishing accountability in the more successful cases. In Colombia, the most successful mayors in terms of responsiveness and pro-poor outcomes were those who relied on a public constituency for their office. More negative outcomes were seen in Cote d'Ivoire, where

## Box 2: Decentralisation in Colombia

The decentralisation reforms in Colombia after 1982 attempted a democratic opening in local government and reallocated sectoral functions to municipalities, away from quasi-autonomous agencies. Mayors were to be elected, plebiscites on particular issues allowed, and consumer and local voices were to be represented on local development agencies. The reforms can be interpreted either as a significant democratic opening, or as an attempt to devolve conflict to the local level, making it more manageable for the national government. The major motivation behind the reforms was an attempt by the two traditional parties to restore legitimacy and rebuild local power bases in the face of growing opposition from sub-municipal *juntas*.

There is some evidence to suggest that democratic decentralisation has *increased the representation of non-elites* in Colombia. In 1988, the Liberal and Conservative parties – an effective oligarchy at the municipal level for a century - had 80% of the popular vote, increasing to 90% in 1990, and controlled almost 90% of municipalities. By 1992, this had decreased to 65% of the popular vote and non-traditional parties controlled about 300 of Colombia's 1,007 municipalities.

Some municipalities have *adopted a participatory approach* to local governance. In Valledupar, local government staff wear badges which proclaim “we govern with your participation”, and the mayor has established various means of dissemination through local media. In other municipalities, community participation occurs in just one sector, or independently of the municipal administration. Some of these participatory practices pre-date decentralisation and in many places traditional elite run patronage politics remain strong.

In terms of *responsiveness*, a key element of the Colombian reform programme is the move towards a ‘demand-driven’ approach to public services, involving extensive participation. Competition for political office acted as a catalyst for responsible leadership, which in turn became the driving force behind capacity building, but performance still depends heavily on the leadership qualities of individual administrations. There has been an increase in ‘voice’, with protests leading to local government action and some local governments establishing channels for systematic expression of needs and problems by the community. The World Bank team studying this case found quite reliable evidence of improved performance in the fields of education, water supply and local roads. (Crook and Sverrisson, 1999)

mayors had almost no connection with the electorate. At the institutional level, it was important that, even where the interests of poor people were represented, there was a proper balance between political control and the legal accountability provided by a well-established and reasonably autonomous administration.

### **c Successful decentralisation required central authorities to provide some key inputs**

These included in particular: secure and adequate earmarked funding; targeted poverty reduction programs with built-in accountability; and support for a hierarchy of authorities where intermediate levels of government (regional, district or state level) could handle resources, raise additional revenues and provide administrative support to local governments. Experiments in decentralisation in Ghana, Bangladesh and Nigeria all suffered from inadequate staffing and poor management in newly established local authorities.

#### **d Decentralisation required long term central support**

West Bengal state, India had twenty years in which to develop its decentralisation program, and achieved considerable success as a result.

What emerges clearly is that the success of decentralisation programs in securing pro-poor outcomes depends in important ways on the role of central governments. In the history of the United States, the role of the federal government has often been pivotal in programs aimed at poverty reduction. Its failure to act on behalf of the poor at key moments had devastating effects. The failure to break local landed power in the South after the Civil War reinforced the long-term deprivation of the former slave population (Herring, 1999). A wide range of evidence seems to warn against what Herring calls 'a premature celebration of the local' in development strategies that aim to reduce poverty.

#### **4 THERE IS A WIDE RANGE OF POSSIBILITIES FOR PRO-POOR POLITICAL ALLIANCES**

When international aid and development agencies produce reports on poverty, they rarely say much about the political dimensions. What they do say typically focuses on conflicts of interests between poor and non-poor, and the need somehow to overcome the resistance of the rich if governments are to be more committed to poverty reduction. Some reference may be made to the need for political movements that mobilise large numbers of poor people in order to counteract the influence of the rich.

This perspective on the politics of poverty alleviation is especially attractive to economists. Let us label it 'interest group economism'. It is not merely simplistic, but also consistently misleading and pessimistic. It exaggerates potential political obstacles to public anti-poverty action, and ignores some of the opportunities. Unfortunately, ideas about public policy that are consistently wrong may nevertheless survive and thrive. Political scientists working on poverty and reform in poor countries have regularly come face to face with the misleading negativism of interest group economism, and have exposed its shortcomings (Hirschman, 1963: chapter 5; Ascher, 1984; Moore, 1999). We do so again here, beginning from a single counter example.

Most members of the Brazilian political, business and governmental elite are in favour of land reform (Reis, 1999). We can assume that the supporters do not include the minority of that elite who themselves are landowners. Even so, this finding will surprise people who believe that political divisions will generally reflect economic self interest, and that rich and poor will generally find themselves on different sides. Why is the idea of land reform so appealing to rich Brazilians? Part of the explanation does lie in perceived self-interest: '... the optimistic expectation that land redistribution would improve living conditions in the large cities where members of the elite live. They appear to have a dream of exporting the poor to the countryside where they could not only produce for their own consumption but even generate a marketable surplus. .... (elite) respondents would systematically mention high criminality rates and pressure on the provision of public goods in large cities as the major consequences of poverty and inequality. They would blame poverty and inequality for the lack of personal security, dirty and dangerous public spaces, and related problems' (Reis, 1999: 131-2). But surely the Brazilian elite are deluded? No feasible land reform is actually going to

reduce the numbers of the poor in Brazil's big cities. It will at best reduce the rate of rural-urban migration. True. But the fact that members of the elite are willing to believe something different reflects the skill of many politicians, especially those associated with the influential Landless Workers Movement, in constructing a case for land reform that is both plausible and congruent with what elites like to believe about themselves and the world. In this case, an important element of the story is that ('feudal') landlordism is seen as old-fashioned, a constraint on the modernisation of Brazil, and a potential stain on the image of Brazil as a fast developing industrial nation. Elite Brazilians are open to arguments for land reform that have little to do with their self interest in any direct sense of the term.

The Brazil case helps illustrate some points about the politics of anti-poverty policy that are easily overlooked by people who begin from those assumptions about the political process that we have labelled interest group economism:

#### **a Poverty alleviation can be a public good**

The non-poor often will have a better life when there is less poverty, will recognise that, and be prepared to support public action against poverty. The non-poor may suffer from poverty because of the links to crime, disease, social unrest and poor national economic performance through an inefficient (because unhealthy, uneducated) labour force (Toye, 1999; Hossain and Moore, 1999). In addition, as the Brazilian case illustrates, the wealthy may find poverty disturbing in less tangible ways.

#### **b A sympathetic and politically-intelligent presentation of the 'facts' of poverty can mobilise a great deal of political support for public anti-poverty action**

Specialists debate endlessly whether poverty is better defined in terms of income/consumption or more diffuse concepts of 'deprivation'. This is an important issue from a political perspective. Presenting poverty in terms of deprivation (or 'lack of capabilities') may often elicit the sympathy of the non-poor more effectively than defining it purely in terms of low income or consumption levels. Publicising the fact that X% of the population live below some poverty line of \$1 or \$2 per day is very attractive to economists, statisticians and people involved in making international comparisons. However, it may be an ineffective way of obtaining the support of non-poor groups for public action against poverty. First, this poverty line measure lacks moral content. There does not appear to be anything intrinsically wrong with \$1 or \$2 per day. Second, it may signal to the non-poor that poverty reduction is primarily a matter of dividing up a fixed cake: more dollars for the poor clearly implies fewer dollars for someone else. By contrast, presenting poverty as deprivation - the inability to feed children, to send them to school, or to give young women an alternative to prostitution; powerlessness in the face of policemen extorting protection money; or the helplessness of sick people who simply have no access to medical treatment - has much more constructive political implications. These deprivations are intrinsically moral. People who are not poor may imagine or perceive themselves as sharing similar problems, and therefore empathise. In thinking of solutions, they may believe that their

interests overlap with those of the poor, rather than compete: better schooling/security/public services may be a platform around which all can unite.

This contrast between deprivation and income concepts of poverty illustrates wider points about poverty and politics. First, 'as politicians know only too well but social scientists often forget, public policy is made of language' (Majone, 1989:1). The terms in which issues are presented for public debate can greatly influence the outcome of that debate. Second, there is a wide range of choice about how one presents poverty issues. Neither the character, the causes of, nor the solutions to poverty are immutable facts, clear to and agreed by all parties concerned. On the contrary, they are all malleable concepts, which can be reinterpreted and represented in a variety of ways, many of them conducive to public action against the poor. In late Victorian Britain, Charles Booth helped effect a major opinion shift in favour of public action to support the majority, ordinary working poor, by presenting the middle and upper classes with a new interpretation of 'poverty'. Although he invented the concept of the 'poverty line', Booth defined it more in social than in material terms. This was the line below which even decent working families were likely to lose the battle for *respectability* and fall into the ranks of *paupers* - the exotic, feckless, threatening, immoral class against whom public 'poverty' policy had traditionally been directed. The notion of *respectability* at risk was something to which the British middle and upper classes could relate in a positive manner. Booth "re-moralized" the poor by separating them from the "very poor" and freeing them from the stigma of pauperism and degradation' (Himmelfarb, 1991: 11). In the immediate aftermath of Booth's work, 'Instead of yet another revision of the Poor Law dealing with paupers, Parliament enacted laws for the benefit of the laboring poor; housing, workmen's compensation, extended schooling, school meals, old age pensions, cheap trains, labor exchanges, unemployment and health insurance' (Himmelfarb, 1991: 12). In the early twentieth century, American state governments were persuaded, mainly by national middle class women's organisations, to spend public money on supporting poor families on the grounds that this was the only way to protect the moral and physical integrity of the nation (Skocpol, 1992).

### **c The poor and the 'middle strata' often have common interests**

The extent to which different fractions of a population have a common interest varies widely. It depends in part on the policy issue involved and in part on the way in which populations are divided into social or political groupings. If ethnic and religious distinctions cut across income categories, the more prosperous groups may actively support pro-poor policies that they believe will benefit poor members of their ethnic group. Indeed, it is those aspects of shared identity cutting across class that have achieved many gains for women. If income is relatively equally distributed, there will be more similarities of income and lifestyle between different strata, and thus more common interests, than in situations where income distribution is very unequal. If poor and non-poor live in the same localities, they are likely to work together to press for better roads, water supply or health services. If they are physically segregated, each group may seek to solve its own problems separately. The complexity and uncertainty of the possibilities for political alliances involving the poor may be frustrating for people searching for general truths. However, it can be a source of

inspiration for politicians seeking widespread support. They have incentives to identify public programs that will benefit many people, alienate few and, if possible, remain affordable. We can learn from their insights.

In 1980, the Government of Sri Lanka introduced a program to provide schoolchildren with free textbooks in three major subjects (mathematics, first language and religion). The education professionals and aid donors have accepted that the program has a positive educational impact, and have considered extending it. In a country where school attendance is almost universal, the program has been popular and has benefited poor households significantly. After a decade, a later government added in the provision of free material for school uniforms - a significant bonus to most of the population, but above all to the poor, in a country where school uniforms are obligatory. There were no popular demands for these programs. They were conceived by politicians in power who were seeking to consolidate their electoral support by demonstrating their understanding of the problems of ordinary people, and providing visible benefits to large numbers of people at low cost and in ways that would pass the scrutiny of aid donors in terms of educational and poverty impact. The programs became popular only after people experienced them (Sunil Bastian, private communication).

The provision of free textbooks in Sri Lanka is a small scale program in a relatively small country. A similar conclusion about cross-class political alliances emerges from the history of welfare states in Western Europe. Attempts to explain the extent of welfare provision in terms of class politics - 'a scenario pitting upper and lower, rich and poor, middle and working class in combat for redistributive advantage' - will only take us so far. Such 'simple polarities are deceptive'. Welfare states do not only redistribute income. They also protect against risk. And risks affect many groups. 'Agriculture, once among the safest occupations and therefore unconcerned with accident insurance, became mechanized and perilous'. 'The growing chances of surviving to the age of unaffordable diseases ... has made health insurance a matter of concern for even the otherwise best-positioned classes, leaving only the specifics of its implementation to debate ...' The politics around social insurance are complex. Groups are defined less by their relations to the means of production than their interests as a risk category. Groups of the poor have interests that are either identical to groups of the non-poor, or sufficiently close to make coalitions feasible (Baldwin, 1990: 11, 14-15).

#### **d Governments have scope to take major initiatives in anti-poverty policies**

The case of school textbooks in Sri Lanka illustrates two important, related dimensions of the politics of poverty alleviation. The first is that governments are not passive instruments of voters, pressure groups, party coalitions or socio-economic forces. Especially in developing countries, where civil society groups are often poorly organised and fragmented, governments have considerable scope to take policy initiatives, to shape political debate, and to define what kinds of action are appropriate for public agencies and technically feasible (Grindle and Thomas, 1991). The issue of free school textbooks was a Sri Lankan government initiative. It was not a popular or party demand, and had not been raised in election campaigns. The second point is that, especially where government takes initiatives, the political feasibility of anti-poverty strategies may depend more on avoiding opposition than on mobilising societal support. It is easy to make the



### Box 3: Agrarian Reform and Poverty Reduction: New Political Possibilities

In recent years there has been a revival of interest in redistributive agrarian reform programmes in many developing countries due to both changes in agriculture and the possibilities for new coalitions in support of reform as one component of a fight against rural poverty. Agrarian reforms were central to poverty reduction in countries and regions such as China (and Taiwan), Vietnam, South Korea, and the Indian states of West Bengal and Kerala and in recent years reform has been on the agenda in the Philippines, Colombia and South Africa. New demands for agrarian reform have animated politics in Brazil, Thailand and other developing countries. Agrarian reform constantly reappears on the public policy agenda due to persistent rural poverty and landlessness in countries where a substantial number of people still depend on agriculture for a sizeable proportion of their income. With overwhelming evidence of the positive economic potential of small farming across a wide range of agricultural and ecological environments and the removal of Cold War ideologically inspired opposition to property rights reforms, new possibilities have emerged to employ agrarian reform in the fight against poverty.

In a study of the political conditions for agrarian reform, Ron Herring (1999) identified seven reasons why the prospect of using agrarian reform to fight poverty has become politically more possible:

- Both the *nature of agriculture* and its place in most developing economies has changed and landownership is less central as a site of accumulation than it once was, which has reduced its political salience;
- Land is more clearly understood as an *anchor of natural systems* and redistributing ownership and stewardship rights has become important to those concerned with environmental sustainability;
- Increased *recognition of the gender differences* in patterns of poverty has opened up a new public policy debate about the distribution of rural assets and brought women more clearly into the possible alliances backing redistributive agrarian reform;
- New forms of organisation of *indigenous peoples and claims for ancestral domain* and world-wide interest in their cause form yet another potential political ally backing redistributive reforms;
- Democratic transitions have offered new possibilities for putting reform on the political agenda and there is some grounds for understanding that redistributing rural assets is crucial to developing a sense of *citizenship among the rural population*;
- *Technological changes* in agriculture have made it increasingly possible to farm productively, whether on a part-time or full-time basis, on smaller areas of land in many agricultural systems;
- The proliferation of NGOs and human rights movements has created a more conducive environment for the development of rural agrarian movements.

Redistributive reforms have known and proven results in reducing poverty which makes the ethical case for supporting them much more clear cut than many indirect approaches to poverty reduction. Where thorough going reforms have been carried out, the political power of the minority who might oppose other poverty reduction measures has been significantly reduced. Even in sites of partial reform, like in the Philippines and Brazil, new possibilities for the mobilisation and organisation of rural poor people and their allies have been created (Putzel, 1999; Houtzager, 1999).

assumption that pro-poor policies require the political mobilisation of the poor, to overcome the (potential) opposition of the non-poor. In some contexts, notably most land reform, this is the right assumption. Even if legislation is passed, the mobilisation of potential beneficiaries is often needed to ensure implementation in the face of opposition at local level from property owners (Box 3). These landowners are being deprived of

something they wish to cling on to. They will naturally use their influence to resist. Even in the case of 'market-led land reform', the mobilisation of potential beneficiaries is generally needed to ensure that they get a reasonable deal, and that landowners' considerable informal local power is offset. But this kind of direct asset redistribution is but one of many kinds of pro-poor policies. The nature of politics varies widely according to the context. In the case of school textbooks in Sri Lanka, the main potential sources of opposition lay within the government itself, particularly the Ministry of Finance. In the absence of opposition from this source, the program was quickly implemented and accepted as routine. It is not a cure for poverty but makes a significant contribution at low cost.

Provided they can avoid stirring up opposition, governments can often take positive pro-poor initiatives without the support of the poor. Indeed, the support of the poor can sometimes be a problem, because it does threaten to stir up the non-poor, and to mobilise opposition that might otherwise lie dormant. Let us conclude with some quotations from the most extensive study ever undertaken of the politics of 'reformist' pro-poor redistribution in poor countries (of Latin America) - William Ascher's Scheming for the Poor (1984):

“The case studies show that the image of the poor confronting the rich is profoundly misleading. On the one hand, the most effective strategy for securing the political viability of a redistributive policy often is to gain the backing of a selected part of the higher-income population. .... On the other hand, one of the most serious problems of carrying out redistributive programs is that the already-benefited poor often resist the spread of benefits to other segments of the needy” (Ascher 1984: 34).

“... the support of beneficiaries is of limited political value: those who have already benefited from redistribution are not likely to behave in grateful ways, and those who may benefit from contemplated redistributive policies are often incapable of being mobilized sufficiently to help the government vis-à-vis typical opposition tactics” (Ascher 1984: 310).

“There are many sub-sets of ‘the poor’, often with opposing interests with respect to a given economic policy. Food subsidies for the urban poor, generally engineered to the detriment of the rural poor, are the classic example. The implication is that mobilizing ‘the poor,’ far from being a straightforward task, turns out to be a complicated and often unrewarding exercise insofar as the differences among lower-income segments are likely to be substantial and politically divisive ” (Ascher 1984: 310-11).

Contrary to the pessimistic 'interest group economism' discussed above, there are many reasons why non-poor groups and actors are willing and able to support pro-poor policies, and a wide range of potential pro-poor alliances. We have not explored the full range of possibilities. In particular, we have not discussed the important contribution that religious organisations have often made to the creation of pro-poor alliances and movements. To emphasise the role of non-poor groups is not to lose sight of the importance of building up the *political capabilities* of the poor. That only happens when organisations representing the poor develop some autonomy. In this respect, non-poor allies can be both a help and a hindrance. Social science throws

light on the subtleties of such relationships, but warns us against drawing simple conclusions (Houtzager and Kurtz, forthcoming).

## **5 MANY OF THE POLICIES NEEDED TO IMPROVE GOVERNANCE WILL BENEFIT THE POOR**

Improved governance has been a development policy priority for some years. The current focus of aid donors on poverty reduction might be thought to compete or conflict with this. In fact, there is no competition. The two are in most respects consistent with one another. Indeed, they are to a large degree complementary: better governance is good for the poor, and many pro-poor policies imply or promote better governance. One aspect of this complementarity has already been discussed above: the fact that effective states are a condition for the creation of effective poor people's movements. The basis for what is potentially the widest and most significant pro-poor political alliance lies in the high incidence of bad governance in much of the developing world: governments that are simultaneously oppressive and unaccountable and lack the capacity and resources to provide basic services, including law and order, for the mass of their populations. Almost everyone has an interest in better governance; the poor feel this most strongly.

At one end of a combined poverty-governance agenda are tangible and relatively straightforward measures in the fields of law and policing. Examples of how lawlessness exacerbates poverty are given in Box 4. Lawlessness and oppressive policing are not marginal or 'luxury' concerns as far as poor people are concerned. The World Bank has recently sponsored a participatory assessment of poor people's problems at 468 sites in 23 developing countries. Oppressive policing was identified as a problem at the majority of sites. Oppressive policing is of course not an easily soluble problem. But a start can be made by changing statutes that give the police (prison officers, other public officials) almost unrestricted power over people who have no effective access to courts, i.e. the poor. Unrestricted power breeds oppression and extortion.

Providing police and other public officials with coercive legal authority can often be a significant obstacle to the functioning of poor people's political organisations and development of the political capabilities of the poor. Even in democratic India, magistrates retain the statutory power to ban public assemblies - a power that dates from colonial times and appears blatantly to violate the constitutional right to freedom of assembly.

At the other, more complex, end of the combined poverty-governance agenda lie a set of issues about the interactions between public expenditure, taxation, citizenship and accountable government that are certainly not amenable to quick or simple solutions, but are fundamental to both poverty reduction and good government, and merit attention because they are so frequently overlooked.

#### Box 4: Lawlessness Contributes to Poverty

- At a hospital in Babati district in Tanzania, a new delivery of essential medical supplies purchased with foreign currency disappears from the public dispensary within hours but is available for purchase at a doctor's home that evening. The poor do not receive the free medical care promised by the government, but those with the right connections who are able to pay are able to secure pharmaceuticals in abundance.
- In Muzaffarpur, Bihar, a man found innocent at a criminal trial is illegally imprisoned without explanation. He is held in Bihar's notoriously harsh prison conditions for 9 years before the government enquires into his condition, but he is still not released for another five years. When he is finally freed after 14 years of wrongful imprisonment, the Bihar government is unable to come up with an explanation for his detention, although his innocence is in no doubt. During his time in jail he has not only suffered irreparable injury to his physical and mental health, he has also lost wages from fourteen of the most productive years of his life.
- In Johannesburg, South Africa, rates of theft and violent crime are some of the highest in the world. Wealthy residents are able to employ sophisticated alarms, security guards, and other forms of private policing to protect their property and persons, while the poor are stuck in poorly-built homes sometimes without even simple locks, and are left vulnerable to theft, assault, murder, and other violent crimes.
- A man who is too old to work is left without assets or income after his son is murdered. In order to gain access to his son's estate, he requires a 'succession certificate' from the civil court of first instance in Lahore, Pakistan – over 160 kilometres to the south of his village. The cost of the train journey and the bribe demanded by the clerk of the court send him deeper into debt, but after five separate trips to the court over as many months, he has still not been given the stamped piece of paper to which he is legally entitled. Each trip to court send him further into debt, but the clerk refuses to produce the certificate while the authorities in his home village refuse to give him access to his son's assets until the certificate is produced.
- Government-promoted oil development in the Oriente region of Ecuador has disrupted the lives of the Huaorani people who have lived in the area for centuries. The oil operations have driven away wildlife, disrupted food supplies, polluted drinking and bathing water, and introduced new diseases. Both oil company security men and police have been involved in killing members of the free clans of Huaorani living in the forest. In these circumstances, malnutrition and disease have increased among the Huaorani. While most of these activities clearly plainly amount to violations of the right to life as well as other rights guaranteed under the 1983 Ecuador Constitution, there are no effective means of redress before the Tribunal of Constitutional Guarantees.

(Anderson, 1999)

Public spending does not necessarily contribute to poverty reduction. But it clearly plays an important role in effective public action. And public spending, as a percentage of GDP, is not high in developing countries. Indeed, it is low by any comparative standard. It is low partly because overall levels of taxation are low. And they are low in large part because the better-off people - those who could afford to pay income, consumption, turnover or property taxes - actually pay relatively little tax in most developing countries. The

reasons for this are various. They include the fact that structural adjustment programmes have generally involved a reduction in the export and import taxes that have been a major source of public revenue in poor countries. While this has been balanced by the gradual spread of value-added taxes, that are often effective at raising resources, aid and development agencies have not in practice placed sufficient emphasis on increasing governments' tax take to pay for the programs that are needed to reduce poverty and meet other urgent needs. The OECD-based culture of capping total taxation and public expenditure at current levels has in effect been exported to poor countries where levels are too low. In some cases at least, this is because aid and development agencies are wary of upsetting the elites with whom they do business - who would be visible losers from, for example, the introduction and enforcement of reasonable levels of property and corporate taxation.

The link from taxation and public expenditure to poverty reduction is in principle clear. There is however another causal link - from taxation and public expenditure to citizenship and governance - that is less evident but no less important. There is a long tradition in political science of viewing taxation as one side of a social contract between citizens and states. The other side of the contract comprises the services that states provide to citizens in return. This contract is more easily enforced by citizens in a democracy. But the underlying dynamics still operate in non-democratic environments. Where states are dependent for their incomes on taxing their citizens, they face incentives (a) to treat their citizens reasonably and indeed to help enrich them, in order to increase the tax base; and (b) establish a competent public bureaucracy to raise tax revenues, with positive spill-over effects on the quality of public services generally. The poor governance of many developing states stems in part from the fact that their governments are largely independent of most citizens for revenue: they are funded by large revenue inflows from direct control over oil wells or other sources of mineral revenue and, to a lesser extent, large aid inflows.

This notion of a tax-mediated social contract leads to the expectation that the developing country governments that are most dependent on their own citizens - for revenue and other resources - would tend to perform best in terms of poverty alleviation. This was the finding of one of our papers, that used cross-national statistical analysis to examine the relative performance of national political-economic systems at converting national income into human development (longevity, adult literacy, school enrolment) for the mass of citizens (Moore et. al., 1999). Where governments are dependent on their citizens for revenue, levels of human development are high in relation to average levels of income. Where governments have access to substantial mineral and aid revenues, levels of human development are low in relation to income levels.

In sum, better governance and poverty reduction to a large degree go together. Measures to tackle one objective will tend also to contribute to the other. However, a note of warning is needed: that conclusion depends in part on how one conceives and defines 'good governance'. Different groups do have different needs in relation to government. The type of governance that meets the urgent needs of the poor may not much overlap with the needs of other groups. This was strikingly confirmed in the statistical analysis by Moore et. al. mentioned above. There was a strong statistical correlation between poverty reduction performance and the scores that countries were allocated for 'quality of government institutions' by a reputed agency that works for international investors. But the connection was perverse: countries with high

ratings performed badly at poverty reduction! Good governance as defined by international investors - basically security of investments and reliability of commercial contracts - appears to be distinctively different from the more fundamental type of good governance that we have identified as pro-poor.

## **LESSONS FOR THE DONORS**

Those working in international development have long known that domestic politics often determine whether an aid program or project can be effective in contributing to poverty reduction. Nevertheless, little attention has been paid to increasing the capacity within the agencies to carry out political analysis. It has often been easier to approach development intervention as a series of technical problems abstracted from the 'messy' world of politics, which in any case, is a domestic affair. In addition to the strategic guidelines presented above, a number of other lessons emerge for aid donors out of the study of political systems and poverty reduction:

- Donors need to undertake political analysis to understand the actual workings of the political systems in the countries where they operate. The economic logic of a particular project, program or policy intervention may be flawless, but political analysis may reveal an entirely different set of concerns and conclusions.
- Donors must also recognise that they are, in fact, political actors. The choices they make about the countries in which to work, about whom they consult and with whom they deal are all highly political. Understanding who the potential participants in reform coalitions are in any given situation will allow donors to provide encouragement and support.
- Just as awareness of the social costs and environmental effects of alternative projects, programs and strategies has led both governments and donors to undertake their own social and environmental impact assessments, so donors should undertake political impact assessments before embarking on major projects and programs. Corporations often carry out political risk analysis and donor agencies could learn from this practice.
- Simplistic assumptions about formal democratic institutions or transplanting political standards of rich developed countries to developing country situations through conditionality will not advance the cause of poverty reduction. Donors need to acquire specific and expert knowledge about the political systems in which they intervene and the dynamics that drive them if they are to understand both the political determinants and consequences of their intervention.
- Developing the political capacities of the poor is a long-term enterprise which cuts against the grain of the donor mentality (and domestic politics in the donor countries) that wants to assess the 'return on investment in aid' over relatively short periods of time. In terms of policy intervention, donors might be best advised to adopt as a first principle, 'to do no harm'. This implies that in some cases, rather than trying to promote pro-poor policy, they should instead encourage governments, in the first instance, to at least eliminate those aspects of current practice and policy that are clearly 'anti-poor'.

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