

1 Introduction

Do reforming governments in poor countries have the *political* latitude to redistribute assets or income to the poor? Do redistributive initiatives stir up implacable hostility from the rich and powerful? In what circumstances can pro-poor reformism be effective?²

These are big questions. I address them not because I can offer answers valid for Bolivia today or Mozambique tomorrow, but in order to combat a set of misleading, pessimistic, *general* answers commonly found in the literature, debates, language and prevailing assumptions of international development policy. International development policy orthodoxies suggest that governments of poor countries enjoy little political latitude to practice redistribution policies. Better that they stick to market-conforming policies and the conservative New Poverty Agenda set by the World Bank in the 1990 *World Development Report*, i.e. 'pro-poor growth', better public services for the poor, and 'safety nets' (only) for those who really need them.

There are no grounds for such general pessimism. The first decade of the next millennium need not see a replay of the conservatism about income and asset distribution that has ruled in world politics and international development policy during the 1980s and 1990s. Indeed, the current upheavals in the international economy may provide opportunities for (radical) reformism. Aid donors and international financial institutions are unlikely to perceive and seize those opportunities because they, in particular, are the victims of two distinct sources of 'global pessimism' about the prospects that governments of poor countries will exercise some serious options on behalf of the poor.

The first source of pessimism is a familiar set of beliefs about the extent, nature and consequences of globalisation. In sum, it is argued that the increasing

¹ Alex Shankland made an important contribution to the first draft of this paper. For very helpful comments on earlier drafts, I am grateful to Stephen Devereux, David Leonard, Judith Tendler and participants at seminars at the Institute of Development Studies and the London School of Economics.

² This article deals with redistribution within developing countries, not with the issue of directing aid to the (within country) poor.

Politics Against Poverty?

*Global Pessimism
and National
Optimism*¹

Mick Moore

openness of poor economies to international trade, transactions and capital movements seriously compromises the capacity of governments to take 'leftish' policy positions. These globalisation arguments have received a great deal of scrutiny in recent years. We now know that they are much exaggerated. Globalisation certainly poses obstacles to leftist policies, but does not rule them out in any consistent fashion. I deal briefly with this issue in section 2.

The second source of pessimism, on which this article focuses, is not a substantive set of propositions about policy options, but a generic way of thinking about politics, here labelled 'interest group economism'. The implications of this approach for the concerns of this article are indirect and allusive – but still potentially powerful. In sum, the model of politics around which interest group economism is constructed implies that:

Redistribution initiatives will generate high levels of opposition, polarisation and conflict.

If they are to be successful, redistribution policies require the active, mobilised support of potential beneficiaries, i.e. the poor.

I label this the 'polarisation–mobilisation thesis'. Policymakers contemplating initiating or supporting the redistribution of income or assets will infer (a) that they risk generating (uncontrollable) conflict, that may do all kinds of unforeseen damage; and (b) that they need first to accomplish what is clearly a very difficult task: to line up mass, organised support from the poor to counter the opposition from the non-poor, who as always carry a great deal of political clout. In this non-revolutionary era in world politics, the broad message is clear and conservative: back off from redistribution.

I show in sections 3 to 5 that the polarisation–mobilisation thesis provides a partial, biased and unconvincing understanding of the politics of redistribution. It is based on a mechanical simplification of a general conception of politics – 'public choice' – that is itself narrow but increasingly popular with economists and with international development institutions because it is founded on the notion that

politics is fundamentally like economics. 'Political analysis' can therefore be undertaken by economists, using the algebraic, statistical and econometric techniques in which most economists specialise, for audiences used to talking about public policy in economic terms. The public choice approach to political analysis is concentrated within North American academia and conforms more closely to the realities of American politics than to the politics of any other countries. It is itself a manifestation of cultural globalisation: an initiative to disseminate to the whole world a peculiarly American way of both doing and analysing politics. Actual experience of redistributive politics in poor countries is very different (section 6). Redistribution does not have to lead to fierce conflict over a fixed and highly visible cake, in which there can be only winners and losers. Mobilising large numbers of poor people behind the redistribution agenda, while helpful, is not the key to success. In particular, there is scope (a) for the rich to gain – or to believe they gain – from making the poor better off; and (b) for creative politicians to manage the politics of redistribution to minimise conflict and opposition and maximise support.

2 Globalisation Dogma

We have in recent years heard a great deal about how globalisation is undermining the capacity of governments to take leftist or progressive policy positions, to redistribute assets or income to the poor, or to expand social provision. The underlying arguments are straightforward. They rest on the notion that globalisation has produced a relative shift of power away from states to the controllers of capital. Capital has become more mobile internationally.³ 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 they will be 'punished' by capital. To protect their assets, profits and prerogatives, capitalists do not need to get together to bribe governments or conspire against them. Adequate warnings will be conveyed and punishments inflicted by capitalists individually pursuing their own interests. They will individually reduce investments in countries (and cities or regions) ruled by regimes lacking in 'realism'

³ An excellent account of the political consequences of the mobility of capital is to be found in Winters (1994

and 1996: Chapter 1). Winters is not himself a proponent of globalisation arguments.

– 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.

These are elegant arguments that promise to explain a great deal about the contemporary world on the basis of a few simple premises and facts. They are powerful arguments that are used all over the world to persuade national, regional and city governments to pay special attention to the needs of capital and capitalists. ‘There is no alternative.’ ‘Be realistic.’ ‘You cannot fly in the face of globalisation’. They are even in some respects valid arguments. In particular, in the Organisation for Economic Co-operation and Development (OECD) countries – the only part of the globe for which we have good data – the burden of taxation has shifted from capital to labour as capital has become more mobile (*The Economist*, December 5 1998: 129). But the elements of truth need to be picked out carefully from a stew of hypothesis, projection, wishful thinking, propaganda and falsehood. There is no mechanism inherent in globalisation that forces governments and public policy to the right, out of the reach of the poor and vulnerable, and into the clutches of forces most accurately described as ‘business’, but often labelled ‘the market’.⁴ 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 it generates economic instability that governments are obliged to mitigate (Rodrik 1998; Rieger and Liebfried 1998). The economic and the political realms are not and cannot be hermetically sealed one from the other. The political underpins the economic. Without social and political protection against the instabilities and uncertainties that it generates, the free market itself is at risk.

⁴ There is a growing literature demonstrating the continuing power and autonomy of national states despite globalisation (Evans 1997; Weiss 1998). The welfare states of the OECD countries have been

We still have a great deal to learn about how the recent globalising phase in the world economy has affected the incentives and capacities of governments to pay attention to the needs of the poor and address demands for social protection and the redistribution of income and assets. However, we can reject – as propaganda masquerading as analysis – simplistic right-wing arguments that globalisation is undermining the scope for progressive social and economic policies because it has drastically shifted the balance of power from states to controllers of capital.

3 Economistic Models of Politics

Does this mean that the ideological playing field is now level? That we can now explore the political dimensions of poverty and anti-poverty interventions in poor countries free from the fear that our ideas are being shaped by ‘globalisation ideologies’, i.e. Western, American or capital-friendly doctrines disguised as universal truths? Unfortunately not. For a more amorphous ideological bias – a suggestion that attempts to redistribute resources from rich to poor are typically highly polarising, conflictual, politically difficult for governments, and therefore perhaps best avoided – is riding on the wings not of economic but of cultural globalisation. Policymakers worldwide are increasingly exposed to ideas about the fundamental character of politics that are (a) explicitly and intentionally economistic – i.e. based on the premise that politics is much the same kind of self-interested bargaining game that economics is generally held to be – and (b) in practice biased in the sense that they are:

United States-centric, i.e. reflections of America’s distinctive political culture, produced and shaped by people and organisations based in the United States, and propagated internationally by people who received their higher education there.

Universalising, in the sense that they are intended to fit all contexts and countries into the same (American) analytic mould.

Sceptical about the motivations for public action

reformed in a less savagely anti-poor manner than is suggested in much of the rhetoric. Public expenditure on welfare has been little reduced (Pierson 1996).

and the scope for governments to act effectively, especially in relation to the poor. In the case in hand, scepticism is achieved, via the polarisation–mobilisation thesis, by representing redistribution initiatives as (a) likely to lead to open conflict between socioeconomic groups and (b) requiring substantial political mobilisation of poor people to be effective. From a political perspective, redistribution appears to be both unwise and difficult.

Political science is far from a corpus of agreed ideas and techniques wielded by neutral experts. There is a great deal of controversy. Analytic techniques and methods may be used to promote positions based more on values than on disinterested science. Analytic procedures that are uncontentious in the abstract may be used with consistent bias. The conventional term for the type of economic analysis of politics that comes under fire here is ‘public choice’.⁵ I have no general quarrel with public choice, and often find it very useful and illuminating. My quarrel is with a particular, biased use of the public choice approach that I label interest group economism. However, the non-specialist reader will have little use for abstract discussions of political science procedure and method. Let us proceed straight to a concrete example of how interest group economism is used to convey negative messages about the political feasibility of redistributive policies.

4 Interest Group Economism in Action

Our star exhibit is a recent World Bank paper that conveys clear pessimism in a title: *More for the Poor is Less for the Poor. The Politics of Targeting* (Gelbach and Pritchett 1997). That title is flanked on the cover page by a very simple 14-word summary of the argument: ‘Will means-tested targeting help the poor? Economics might say yes, but politics say no’. No qualifications. No countries mentioned. How did the two *economists* who authored this paper reach such a dramatic and gloomy conclusion about politics? Not by the reference to facts or experience. The only poverty-related fact in 27 pages is found

in the first paragraph, and concerns a verbal exchange in the American House of Representatives between Newt Gingrich and a Democratic Congressman about the means testing of Medicare benefits. The argument in the paper is purely deductive and abstract.⁶ Stripped of its extensive algebraic decoration, it is at heart very simple:

- Citizens will give political support only to public expenditures that benefit them and their families directly and materially.
- Attempts to limit (‘target’) any income transfers only to poorer people will mean that the bulk of the population will not provide political support because they obtain no benefit.
- Therefore, income transfer programmes will survive the competitive business of politics only if they are not ‘targeted’, i.e. if large proportions of the population are in principle eligible.

This may not be a very pessimistic conclusion in the US context. Indeed, many American ‘progressives’ argue the same line (e.g. Skocpol 1990), and are forced to do so by the unusual degree to which the American political system encourages and rewards narrowly self-interested voting behaviour (see below). But Gelbach and Pritchett are writing for the World Bank about poor countries, where ‘universalism’ in public transfers is just not on the cards. Poor governments cannot afford it, and the World Bank does not encourage them to try. What are the logical implications of their analysis for poor countries? The first and most evident is that attempts to redistribute incomes through the public budget will not work because there will not be enough political support. The second implication is less evident at first sight: a tacit endorsement of the polarisation–mobilisation thesis: that redistribution initiatives are likely to be conflictual, dangerous and difficult, and that politicians should beware getting involved.

The polarisation–mobilisation thesis is implicit in the way in which Gelbach and Pritchett model the political process. We need to examine that in more detail.

⁵ For an introduction to public choice, see Dunleavy (1991).

⁶ Note that the issue dealt with by Gelbach and Pritchett is not novel; there is already a considerable

literature on it, much of it more empirical material, and some published by the World Bank itself. See various contributions to Van Der Walle and Neat (1995); and Van Der Walle (1998).

But first a disclaimer. I am *not* criticising Gelbach and Pritchett for their use of the core assumption that underlies public choice analysis in all its forms: that political action is driven by the rational pursuit of material self-interest. They could have stuck to the rational self-interest assumption and yet produced a very different picture of the politics of redistribution if they had made different assumptions in operationalising that core assumption. The public choice paradigm is not intrinsically right-wing. However, it may easily be used in this way through the choice of simplifying assumptions (Dunleavy 1991: 4–6). Gelbach and Pritchett descend to interest group economism through the following procedure:

- First, they have a narrow conception of self-interest. They decided that political actors (actually, voters) would be acting in their rational self-interest solely and simply if they tried to minimise their personal contributions to government revenue and maximise the subsidies they could receive from government. There is no scope for taxpayers to conclude, for example, that it might be in their own self-interest to pay for governments to provide the poor with housing, health care, drinking water, education or other resources.
- Second, they reduce the number of potential political actors and the interactions between them by assuming that individuals will aggregate into interest groups without ambiguity or choice. They need only one piece of information about a person, e.g. that she is rich, middle income or poor, to assign her to an interest group.
- Third, they assume that interest groups are united and divided along class-like lines at a national level: political competition is some variant of rich against poor (rich/middle against poor; rich against middle/poor, etc.). Considerations of ethnicity, region, language, ideology, belief, religion and established party loyalty play no role in the process in which individuals gang up into groups.
- Fourth, the relative influence of interest groups is measured mechanically in terms of numbers of members (votes). No account is taken, for example, of differential political commitment or differential leadership skills.

- Fifth, it is assumed that there is a high level of public awareness of any attempts to redistribute income or assets, and that people understand the net implications for them personally of attempts not only to, for example, double public pension benefits but also to change the basis on which the prices of subsidised foodstuffs are adjusted for inflation, or alter budgetary allocations for public works projects. Every piece of the public budget is the subject of highly informed political competition, between those asked to fund it and those who might hope to benefit from it.
- Sixth, it is assumed that policy decisions will be made solely as a result of the interaction between interest groups. Politicians and governments are not actors in their own right, but passive puppets of these interest groups. (There are no international influences: this is a model only of domestic politics.)

Why these assumptions? The immediate answer is technical. Each of these analytic choices simplifies the political scenario, and helps make it possible for Gelbach and Pritchett to achieve their goal of modelling, with algebra, the politics of redistribution. While the conclusion of their paper, cited above, is pithy and in plain English, almost all the content is algebra or text that explains the algebra. To the non-economist, it appears to be complex material. In reality, it describes a very elementary model of the political process involving very few actors, with unambiguous identities and preferences, and single objectives. Had Gelbach and Pritchett not made all these simplifying assumptions, the algebra would have failed them. There would have been far too much to put in the model: too many political actors, too many interactions, too many potential coalitions or deals to consider, too much ambiguity about the objectives of actors, and too many potential sets of groups into which they might organise themselves. Many academic journals are full of similar pieces of public choice analysis, some containing facts and quantitative analysis, but all making very similarly sparse assumptions about the game of politics, justified in terms of making algebraic modelling or statistical analysis feasible.

Even if innocent in intention, this simplification is not innocent in terms of consequences. For the

simplifications produce a *consistently biased* image of the nature of politics. Let us list their simplifying assumptions in a more abstract form and think about the implications of the image of politics that emerges:

- All actors pursue short-term self-interest.
- Individuals aggregate into interest groups that are exclusive in membership (i.e. non-overlapping) and constituted according to national level 'class-like' criteria (i.e. rich-poor, capital-labour) that almost automatically imply conflicting interests.
- Policy is made by the interaction of competing interest groups, with politicians acting simply as figureheads and the state merely providing the arena and rules for the competition. There is no possibility that policy could be shaped by a state or a government motivated by some encompassing, long-term appreciation of the public interest.
- There is a very high level of information about the actual and potential uses of public resources, and the implications for individuals and groups. Every element of public policy becomes the potential subject for political conflict between citizens.
- Each policy decision is treated by the combatants as a unique event. They do not concern themselves about how their attitudes and behaviour in a given case might affect their chances of finding cooperative allies in other (simultaneous or later) contests.

Start from these assumptions, and you are virtually bound to end with the conclusion that politics, however civilly conducted, is at heart a dog-eat-dog business. The real worlds of politics are not just different, but *consistently* different. I argue this point in more detail in section 6. Let us for the moment focus on one dimension: the fact that the real world complexities that Gelbach and Pritchett filter out from their model in most cases reduce the heat of political conflicts and increase the prospects for compromise.

In the real world, political identities are ambiguous and plastic. Jose might waver and oscillate between

regarding himself primarily as a banana grower, a proud citizen of Paraiba Province, an ardent Protestant, a firm supporter of the Federalist Party, a man of pure Castilian descent, and loyal to everyone who can claim kinship. Self-interest is complex and malleable. I might welcome the banning of street-traders from the area where I have my store because it will attract more wealthy customers; but I might also perceive a threat to my quality of life if this pushes more people into street crime and petty theft. Interest groups are multiple and overlapping. The potential opposition of taxpayers to food subsidies may be much muted if landowners' associations decide that this will expand the market for farm produce. The political alliances and understandings that exist in relation to one policy issue carry over into others. The National Industrial Workers Federation and the Manufacturers Association know they need to cooperate to defend industrial subsidies from budget-cutting neo-liberals. That knowledge tempers the aggression each might otherwise display in contesting new employment legislation. In the language of game theory, politics is a set of repeated (and simultaneous) games, not a series of one-shot games that have no connection one with another.

5 Progressive Interest Group Economism?

Interest group economism represents a boiling down of both the realities of political life and the potential analytic insights of public choice theory into a simple, mechanical evaluation of the assumed relative weights of citizens' assumed policy preferences. It is consistently right-wing in implication when used to address the politics of redistribution. It is not, however, right-wing in inspiration. There are left-wing versions, intended to help define the conditions under which public policy will be pro-poor. The work of Alain de Janvry and other economists at the University of California, Berkeley exemplifies the best of this tradition: technically sophisticated, grounded in a more realistic model of political society than the work of Gelbach and Pritchett, informed by understandings of the effects of policy choices on the (rural) poor in Ecuador and India, and driven by the search for policy coalitions that will support pro-poor policies (De Janvry *et al.*, 1990).⁷ De Janvry and collaborators summarise their work as follows:

Policy reforms and, more specifically, anti-rural poverty programs can only be implemented and sustained if politically feasible. While economists have learned to calculate the growth and welfare effects of policy reforms, using in particular computable general equilibrium and market models, the calculus of political feasibility is still in its infancy. Based on the body of theoretical and empirical knowledge about the determinants of political influence and the relative autonomy of the state in policymaking, we have specified an index to measure the political feasibility of alternative reforms directed at rural poverty alleviation. This has allowed us to identify a number of promising avenues to politically feasible reforms, in particular by choosing programs that induce the emergence of supportive coalitions dominated by the urban sector and the nonpoor. Key for that purpose is to choose programs that minimise the incidence of costs on the rich, that allow for leakages to groups of nonpoor, that create general equilibrium effects that benefit the urban sector, and that induce linkage effects that promote growth and urban incomes [p. 366].

There is no space here fully to explain the analytic procedures followed by de Janvry and collaborators. It is sufficient for present purposes to highlight a few points. On the positive side, they accept that 'the state' might be a political actor along with interest groups. Their basic model incorporates five political actors: rural poor; rural rich; urban poor; urban rich; and the state. Further, they attempt in principle to integrate political with economic analysis. This increases the chances of identifying common interests between rich and poor: the economic cake is assumed to be growing; and some of the mechanisms for expanding it, such as subsidising chemical fertilisers for the rural poor, might at the same time make urban populations better off by providing them with cheaper food. However, this

attempt to integrate political and economic analysis leads to problems. First, it implies some heroic assumptions about information: that, for example, the rich will support subsidies for poor farmers' fertiliser because they understand the complex economic interactions through which this will ultimately make them (the rich) better off. Second, this integration cannot be achieved in the analysis for reasons that our previous discussion allows us to predict: the econometrics would be too complicated (p. 252). The methods actually used to construct the index of political feasibility are much more intuitive and subjective.⁸

My fundamental concern about the work of de Janvry and collaborators is not how they construct the index of political feasibility, but their very conception of 'political feasibility'. It is evident from the quotation above that they define this in terms of the relative weights of self-seeking interest groups for and against a particular policy. This has elsewhere been termed 'power-balance determinism' (Ascher 1984: 6–7). A policy is considered 'feasible' if it has more weight of self-interest for it than against it. The evidence that it is 'feasible' is that it happened. Other development economists talk in the same way.⁹ All variants of this narrow interest group economism are going to lead to pessimism about redistribution via the polarisation–mobilisation thesis – unless one really believes it is feasible to mobilise the poor and thereby shift the balance of power in their favour. To tell politicians that that they should only take a pro-poor policy stance if they can first achieve great feats of political mobilisation is to discourage them. Even if possible, such mobilisation could be self-defeating, through evoking the defensive counter-mobilisation of the non-poor. And, especially in the present world climate of political conservatism, the idea of large-scale antagonistic mobilisation is likely to frighten governments. Stirring calls to solve poverty by mobilising the poor are probably counter-productive. It is disappointing that the

⁷ For similar work in relation to land reform, see De Janvry and Sadoulet (1989). Their work enters into UN documents on poverty alleviation strategies (e.g. Gaiha 1993: Chapter 10).

⁸ 'Since a political feasibility index is too demanding to estimate econometrically, there are two approaches that we combine to specify and quantify this index. One is to use the vast theoretical and empirical literature on collective action and the ideas that it suggests as to what

should enter in this index and what is the relative importance of its components. The other is to calibrate *ex post* the index on some well known policy patterns that the index should be able correctly to predict' (p. 352).

⁹ For example, Rich *et al.* (1997) attempt to estimate the effect of African structural adjustment programmes on income distribution, but title their work 'Political Feasibility of Structural Adjustment in Africa'.

interest group economism that underlies this emphasis on mobilising the poor should have penetrated the thinking of the United Nations Development Programme, one of the most influential and pro-poor of the UN agencies. The UNDP's 1997 *Human Development Report* (UNDP 1997) states that 'Achievements in eradicating human poverty depend *first and foremost* [emphasis added] on people's ability to articulate their demands and mobilize for collective action' (p. 95). That, as experience demonstrates, is a misleading simplification.

6 The Real Politics of Anti-Poverty

Simplification is no sin. We are not interested in pillorying interest group economism, or public choice theory more generally, for presenting a streamlined picture of the real political world. Simplification is the price we pay to test general propositions and thus advance our knowledge on some kind of scientific basis. Simplification only becomes sinful if it leads to consistently biased conclusions. In this case it does. Interest group economism propagates consistently biased, misleading analyses of the politics of redistribution in four main ways, that fall neatly into two pairs. First, as has already been suggested in section 4 (the polarisation–mobilisation thesis), it *exaggerates* two things:

- The societal conflict and polarisation that redistribution is likely to generate.
- The extent to which success depends on mobilising large numbers of beneficiaries – the poor – behind a redistribution agenda and movement.

Second, it *underestimates* two things:

- The extent to which members of political, governmental and other elites – and indeed middle classes more generally – may perceive themselves to have a positive interest in the redistribution of income or assets to the poor.
- The autonomy that governments and political leaders enjoy to exercise political leadership in favour of redistribution – to control information,

manipulate symbols, determine agendas, take initiatives, define the public interest, create coalitions, and confuse opponents.

6.1 Polarisation?

The canard that redistribution initiatives will typically polarise society between haves and have-nots has been exposed in abstract terms in section 4. There are typically many actors and interests, and complex, unstable patterns of competition and cooperation between them. The politics of redistribution is more like recurrent, shifting squabbles within extended families than the fierce antagonism of divorcing couples. We can conclude that discussion by looking at the lessons from experience in William Ascher's *Scheming for the Poor: The Politics of Redistribution in Latin America* (1984). This book draws some general conclusions about the politics of redistribution in poor countries by examining the experiences of Argentina, Chile and Peru between the 1940s and the 1970s. I know of no other attempt to uncover the general principles underlying the politics of redistribution in poor countries, and rely on it substantially in this section.¹⁰ The following quotation, and the material and analysis that underlie it, drive a stake through the heart of the polarisation thesis:

The most common image of the struggle for redistribution has been one of open confrontation between the fully committed pro-distributionist leader and the united, devious, unqualifiedly vindictive opposition. If valid, this image of the hero of the poor confronting the united front of the rich would be a gloomy one for the reformist, though perhaps a source of inspiration for the radical. The image is at once pessimistic and cynical. It is rare enough to find a leader who is fully committed to redistribution when his own political survival is at stake. The prospects of redistribution are also limited if it is assumed that the die is cast in the initial commitment and heroism of the leader. More pessimistic still is the assumption that that redistribution is of necessity highly confrontational. If indeed the redistribution-minded leader had to proceed against out-and-out opposition,

¹⁰ Albert Hirschman's much earlier work, *Journeys Toward Progress. Studies of Economic Policy-making in Latin America*, is, however, similar in spirit and still a source of inspiration (Hirschman 1963).

particularly against a united enemy, the climate of investment would be so poisoned that decent aggregate economic performance, so important for the general welfare and the durability of the redistributive reforms, would be virtually precluded ... [Ascher 1984: 303]

6.2 Mobilisation?

Further quotations from Ascher help allay the heroic myth that successful redistribution typically entails the large-scale supporting mobilisation of the poor to counter the influence of the well-connected and influential rich:

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]¹¹

¹¹ For a parallel argument about the politics of the creation of European welfare states, see Baldwin (1990).

¹² Some of the greatest successes of effective state welfarism in low-income situations can be traced back

6.3 Commonwealth

Why might the rich or the middle classes, *even if self-interested*, be willing to pay a little more in tax to benefit the poor, give them a larger slice of the public health budget, or even agree to have some of their land bought out from under them for redistribution? And why might political and governmental elites make some effort to bring about these outcomes? One set of answers is found in the articles in this volume by John Toye, Noushin Kalati and James Manor, and Naomi Hossain and myself, and does not require further discussion here. Poverty has a range of relatively direct adverse consequences for the non-poor: political instability, crime, disease, unattractive physical environments and psychologically disturbing public encounters with the poor. In addition, poverty may be believed to impact negatively on the non-poor by weakening the nation in economic, symbolic and military competition with other countries – a poor population so ignorant and unlettered that they can make little contribution to modernising the economy; so conspicuously wretched that they are an embarrassment to members of the elite; and so stunted and ignorant that they make indifferent protectors of the homeland.

Another set of answers is to be found in intra-elite political competition, and the competitive appeals for mass political support to which this leads. The recent spread of democracy in developing countries is tending to intensify that competition. National elites do not necessarily have a common interest or behave as a distinct, unified political unit simply because their members all enjoy wealth and status. Many are deeply fractured along ethnic, party or other lines, and strive hard to mobilise support from sections of the poor.¹² Doing something about poverty is one of the most reliable ways of obtaining that support. But how much scope do political leaders have to persuade the non-poor to support or pay for the redistribution of resources to the poor? Do they not still run up against the hard reality, expressed algebraically by Gelbach and Pritchett, that citizens will only pay for public programmes from which they expect to benefit themselves?

to intra-elite competition for mass support. In Sri Lanka, this intra-elite competition had a major ethnic dimension (Moore 1985).

6.4 Political leadership

I have already noted above that there is no political leadership of any kind in the Gelbach and Pritchett model: no governments, and no politicians. Policy choices reflect simply the weights of interest groups; the state merely enforces the rules about how these interest groups may compete; and politicians are either figureheads for interest groups or passive brokers negotiating the relationships between them. These omissions are characteristic of a great deal of public choice analysis. Conceptually, two large areas of 'real politics' are missing. The first is the fact that states and state agencies often have *interests* of their own.¹³ The second is that political leaders – i.e. state and political organisations, and the individuals and groups that lead them – have considerable *political resources* of their own: information, organisation, ability to take the initiative and establish the political agenda, symbolic power and legitimacy, etc. Political leaders are not passive registers of the preferences of citizens and interest groups. They use their own political resources, both to shape citizen preferences (Dunleavy 1991), and to implement policies in such a way that many citizens are unsure what is happening, and therefore find it difficult to oppose (Ascher 1984).

Poverty has not been a priority for many governments since the 1970s. The focus in the developing world has been on macro-economic policy and structural adjustment. It is easy to forget that, in earlier decades, governments of poor countries like China and Tanzania exercised their moral and symbolic authority to establish poverty alleviation as priority national goals. Paradoxically, we can remind ourselves of the extent to which governments of many poor countries do exercise moral and symbolic authority by looking at the experience of structural adjustment.

Early structural adjustment initiatives generated a substantial research literature cast within the framework of interest group economism. The dominant theme was that structural adjustment was going to impose substantial, immediate, certain costs on small but well-organised (rent-seeking) groups who had been benefiting from statist economic policies,

but hold out the promise of material benefits to other, broader sections of society only in the longer term once the reforms began to work. It followed from the assumption of rationally self-interested political action that citizen resistance to economic reform was going to be fierce and support for it minimal. Therefore governments, supported by aid donors and international financial institutions, were going to have to be tough in turn. They would have to push through the economic reforms, and hope to make them stick long enough for the economic benefits to begin to flow (Toye 1992). This diagnosis of the politics of reform legitimised anti-democratic deals between governments and international financial institutions; led to the problem of lack of commitment to, or ownership of, reform by developing country governments; and focused too much attention on political rather than economic considerations in sequencing reforms (Toye, forthcoming). It was also a wrong political diagnosis. More recent research reveals that (a) citizens often have little understanding of the implications for their own welfare of economic reform packages; (b) in evaluating reforms, they often exhibit much more concern for the general well-being of the nation than of the implications for their own pocket; (c) there has been much more support for reform than was predicted through public choice analysis; (d) reform has generated less political violence and disorder than was initially predicted; and (e) that citizen support for reform depends substantially on political variables, such as their party affiliation and general trust in the national political leadership (e.g. Bates 1993; Grindle 1997–8; Haggard 1993; Kaufman 1998).

This mature understanding of the politics of structural adjustment illustrates the capacity of (some) governments in the developing world credibly to talk the language of 'the public interest', and to persuade citizens to accept and vote for policies that appear to be contrary to their short-term material self-interests. There is every reason to believe that many governments and politicians can exercise political leadership in the same way on behalf of the poor. In doing that, they still face actual and potential opposition from those likely

¹³ Public choice analysts sometimes include states or state agencies as independent actors in their models, but face serious conceptual and empirical problems because this conflicts with their core assumption of rationally

self-interested political behaviour. In what sense can collective entities have a rational self-interest distinct from that of the individuals who constitute them (Dunleavy 1991: Chapter 7)?

to lose. To overcome that opposition, political leaders can use a wide range of political resources. Ascher's study of the politics of redistribution in three Latin American countries provides us with a good sense of the tactics and strategies that may be employed.

Ascher's book deals with 'normal statecraft' in the particular context of redistribution policies: there is no 'how-to-do-it' argument to be summarised briefly. He points out that, when it comes to tactics and strategy, governments have four main dimensions of choice (Ascher 1984: 305-8):

- Instruments to be used – some open, like the legislature, some closed like the central bank; some visible and likely to alert the opposition, some so esoteric that the opposition may not know what has happened until after the event.
- Presentation – distinguishing between what government says it is doing and what it is actually doing.
- Linkage – the choice of allies, that affects both the perception of policy and the breadth of support that can be obtained.
- Timing – including whether to use a time of real or apparent crisis to push through measures that would not be supported during periods of 'politics as usual'.¹⁴

Britain's New Labour government is adamant that the middle classes should not be allowed to believe that they are paying (more) tax to benefit the poor. Since being elected in May 1997, it has achieved a significant redistribution of income to the poor. But it has accomplished this in a covert fashion, adhering strongly to the slogan of 'no tax increases', but actually raising additional revenue through measures that do not appear to impact directly on voters: a windfall tax on the profits of privatised utilities; quietly raiding pension funds by changing the rules for the payment of Advance Corporation Tax; and continuing to close tax loopholes for the rich. The same statecraft was at work when, for example, Juan Peron first hit Argentina's

rural oligarchs from an unexpected quarter by using new state marketing boards to siphon off export surpluses for urban job creation (Ascher 1984: 54–5); and the Frei government in Chile raised revenue for its social programmes through a lot of fancy footwork and diversionary tactics over taxes that overcame a great deal of opposition from the wealthy (Ascher 1984: 128–31). Reformers sometimes get their tactics and strategy wrong (Ascher, 1984: 131–4). And the same tactics can be used to oppose redistribution. The point is simply that governments and political leaders have considerable political resources of their own; they are not passive instruments of self-interested pressure groups.

7 Conclusion

We need not be too concerned about the argument that the governments have become prisoners of globalisation and the mobility of capital, and for that reason will be unable to do much directly for the poor. Globalisation arguments are coming under a great deal of critical scrutiny, and their weaknesses are already evident (section 2). Public choice analysis poses more of a challenge. Part of its attractiveness to policymakers in recent years has lain in the ease with which it can be used to generate right-wing, state-sceptical policy advice. But it will continue to command attention in a less overtly right-wing era and, in relation to issues of redistribution, to exercise a right-wing influence. Despite the existence of apparently left-wing variants, the public choice paradigm comes close to being inherently right-wing in practice. For technical reasons alone, it tends to transmute into simple interest group economism and to lead to the polarisation–mobilisation thesis: the notion that redistribution is politically very difficult.

Why will the public choice paradigm continue to be influential in applied development policy? Because it provides a style of analysis that fits into a global policymaking culture that is shaped by economics, oriented to finding general truths valid for many countries, and as much American as global in some more neutral sense.

¹⁴ For an excellent presentation of the role of perceived crisis in economic policymaking in poor countries, see Grindle and Thomas (1991).

7.1 Economics

Economics continues its protracted, world-wide advance toward both practical and symbolic hegemony within the field of public policymaking, further displacing the lawyers, engineers, generalist administrators and businessmen who, in the early decades of this century, were generally believed to command the specialist knowledge and expertise required to advise politicians on policy or directly to run governments (Markoff and Montecinos 1993). Interpretations of politics couched in economists' paradigms and language are likely to have a growing appeal to policymakers. An increasing proportion of top political positions in poor and middle income countries are occupied by economists – especially graduates of US universities and, sometimes, former staff members of international financial institutions (Grindle 1996: 34–5; Markoff and Montecinos 1993: 39–40).

7.2 Generalising

Economic policy is increasingly made or influenced by international organisations seeking to standardise procedures and policies across many different nations. The international organisations that undertake and commission political analysis are likely to continue to look mainly to economists to do this. The economic approach to politics has several attractions to the more intellectual and research-oriented parts of, for example, the World Bank:¹⁵

- It is familiar to the economists.
- It is oriented to seeking general conclusions valid for a large number of countries, not the case-specific details that are the staple of much conventional political science.
- There is at least the appearance of an operational consensus around framing research questions, while conventional political science is intellectually more fractured, more likely to generate controversy among practitioners over basic paradigm issues, and thus a less credible instrument for policy analysis.

- Conventional political science relies on the kinds of detailed case studies that, if conducted under the aegis of international organisations, would tend to generate diplomatic controversy with aggrieved member governments.
- Public choice analysis is well established in leading American university economics departments, and thus has credibility within the main professional reference arena of leading economists at places like the World Bank.¹⁶

7.3 American

The conventional public choice conception of politics, especially that implicit in interest group economism, conforms more closely to the realities of American politics than to the politics of any other country. Look at the following features of the US political system: a decentralised territorial structure of government; separation of powers between different branches of government; a strong system of judicial review; decentralised (i.e. weak) political parties; legislators who are individually highly dependent on funding and personnel support from pressure groups rather than their party machines and have wide freedom to initiate legislation; and high levels of education and information availability. It is in these circumstances unusually difficult for (national) governments or top political leaders to discipline and lead parties and other branches of government, or to shape citizens' political preferences. American governments and politicians spend more time accommodating (diverse) voters' preferences than do their counterparts in other democracies. The image of politics found in interest group economism, where each policy decision reflects the relative financial and organisational power of competing interest groups rather than a broader strategy of an authoritative national political leadership, is close to the American reality (Dunleavy 1991: especially 136–44). No surprise that US-based academics and organisations find universal validity in interest group economism. But the assumptions about the institutional context of political action are crucial. Dunleavy demonstrates

¹⁵ The results of the World Bank's own research are showcased in the *World Bank Research Observer*. I examined the 142 articles that appear in the 21 most recent issues, from Volumes 5 (3) to 12 (1). Only eight of these articles were 'political' in the sense that they were setting out to explain patterns of politics or policy. Of those eight, six were within the public choice

paradigm. (The exceptions were A. Cukierman and S. B. Webb in Volume 9 (3) and B. Levy in Volume 7 (2)).

¹⁶ Several leading US economics journals are wholly or largely devoted to public choice material. See, in particular, *Journal of Political Economy* and *Quarterly Journal of Economics*.

that, retaining the assumption of rational self-interested political action, one can make institutional assumptions that are more realistic for most contexts and produce conclusions about policy options that are much more practical and much less doctrinaire than those we have come to associate with public choice (Dunleavy 1991).¹⁷

Finally and more specifically, the scepticism about the political feasibility of redistribution that public choice embodies dovetails with prevalent orthodoxy in the leading Anglophone nations. Welfare reform in the United States – the Personal Responsibility and Work Reconciliation Act of August 1996 – constitutes the most visible indication of a retreat from welfarism in the rich world. In his *Culture of Contentment*, John Kenneth Galbraith argues that this retreat is the result not of passing fashion but of changes in socioeconomic structure (Galbraith 1992). Crudely, the two thirds of the population who pay direct taxes and determine the results of elections are decreasingly willing to

subsidise the other third of the population clustered into 'underclass' neighbourhoods riddled with unemployment, poor education, drugs and crime. Britain's New Labour government subscribes to that analysis (see above).

There is then a danger that cultural globalisation will help spread from the rich countries the view that taxing the rich to help the poor is politically very difficult, and is best avoided. That is a particularly inappropriate message for poor countries, where the poor are very much in need, the rich are often lightly taxed, and there is considerable scope for raising more revenue through better administration of tax systems.¹⁸ Part of the process of nationalising the anti-poverty agenda is rejecting pessimistic ideas about what is politically feasible that are rooted mainly in rich countries, accepted and propagated by international development institutions, and invested with an aura of universal truth despite the fact that the experiences of poor countries suggest a very different story.

¹⁷ Political scientists sceptical of rational choice have been busy in recent years digging up evidence on how the institutional context shapes political action. Steinmo (1989 and 1995) and Steinmo and Tolbert (1998), for example, have some graphic conclusions relating to tax policies.

¹⁸ 'Speaking broadly, one could say that direct personal taxation is the missing element in the tax systems of the developing countries. The absence of direct personal taxation on the revenue side of the budget is matched by the absence, on the expenditure side, of much spending on social security, education and health services' (Toye, forthcoming: 23).

References

- Ascher, W., 1984, *Scheming for the Poor: The Politics of Redistribution in Latin America*, Cambridge MA and London: Harvard University Press.
- Baldwin, P., 1990, *The Politics of Social Solidarity: Class Bases of the European Welfare State 1875–1975*, Cambridge: Cambridge University Press.
- Bates, R.H., 1993, 'The politics of economic policy reform: a review article', *Journal of African Economies*, Vol. 2, No. 3, pp. 417–33.
- De Janvry, A., A. Fargeix and E. Sadoulet, 1990, 'The political feasibility of poverty reduction', *Journal of Development Economics*, Vol. 37, No. 2, pp. 351–67.
- De Janvry, A. and E. Sadoulet, 1989, 'A study of resistance to institutional change: the lost game of Latin American land reform', *World Development*, Vol. 17, No. 9, pp. 1397–1407.
- Dunleavy, P., 1991, *Democracy, Bureaucracy and Public Choice. Economic Explanations in Political Science*, New York and London: Harvester/Wheatsheaf.
- Evans, P., 1997, 'The eclipse of the state? Reflections on stateness in an era of globalization', *World Politics*, Vol. 50, No. 1, pp. 62–87.
- Gaiha, R., 1993, 'Design of poverty alleviation strategy in rural areas', *FAO Economic and Social Development Paper*, 115, Rome: FAO.
- Galbraith, J.K., 1992, *The Culture of Contentment*, London: Sinclair-Stevenson.
- Gelbach, J.B. and L.H. Pritchett, 1997, 'More for the poor is less for the poor', *Policy Research Working Paper*, 1799, Washington D.C.: World Bank.
- Grindle, M.S., 1996, *Challenging the State: Crisis and Innovation in Latin America and Africa*, Cambridge: Cambridge University Press.

- Grindle, M., 1997/8, 'The social agenda and the politics of reform in Latin America', paper, 97/98-3, Cambridge MA: David Rockefeller Center for Latin American Studies.
- Grindle, M.S. and J.W. Thomas, 1991, *Public Choice and Policy Change: The Political Economy of Reform in Developing Countries*, Baltimore and London: Johns Hopkins University Press.
- Haggard, S. and S.B. Webb, 1993, 'What do we know about the political economy of economic policy reform?', *The World Bank Research Observer*, Vol. 8, No. 2, pp. 143-168.
- Hirschman, A.O., 1963, *Journeys Toward Progress. Studies of Economic Policy-Making in Latin America*, New York: The Twentieth Century Fund.
- Kaufman, R.R. and L. Zuckerman, 1998, 'Attitudes toward economic reform in Mexico: the role of political mediations', *American Political Science Review*, Vol. 92, No. 2, pp. 359-76.
- Markoff, J. and V. Montecinos, 1993, 'The ubiquitous rise of economists', *Journal of Public Policy*, Vol. 13, No. 1, pp. 37-68.
- Moore, M., 1985, *The State and Peasant Politics in Sri Lanka*, Cambridge: Cambridge University Press.
- Pierson, P., 1996, 'The new politics of the welfare state', *World Politics*, Vol. 48, No. 2, pp. 143-79.
- Rich, K.M., A. Winter-Nelson and G.C. Nelson, 1997, 'Political feasibility of structural adjustment in Africa: an application of SAM Mixed Multipliers', *World Development*, Vol. 25, No. 12, pp. 2105-14.
- Rieger, E. and S. Liebfried, 1998, 'Welfare state limits to globalization', *Politics and Society*, Vol. 26, No. 3, pp. 363-90.
- Rodrik, D., 1998, 'Why do open economies have bigger governments?', *Journal of Political Economy*, Vol. 106, No. 5, pp. 997-1032.
- Skocpol, T., 1990, 'Sustainable social policy: fighting poverty without poverty programs', *American Prospect*, Vol. 2, Summer, pp. 59-70.
- Steinmo, S., 1989, 'Political institutions and tax policy in the United States, Sweden and Britain', *World Politics*, Vol. 41, No. 4, pp. 500-35.
- Steinmo, S., 1995, 'Why is government so small in America?', *Governance*, Vol. 8, No. 3, pp. 303-34.
- Steinmo, S. and C.J. Tolbert, 1998, 'Do institutions really matter? Taxation in industrialized democracies', *Comparative Political Studies*, Vol. 31, No. 2, pp. 165-87.
- Toye, J., 1992, 'Interest group politics and the implementation of adjustment policies in Sub-Saharan Africa', *Journal of International Development*, Vol. 4, No. 2, pp. 183-97.
- Toye, J., forthcoming, 'Fiscal crisis and fiscal reform', *Cambridge Journal of Economics*.
- UNDP, 1997, *Human Development Report 1997*, New York and Oxford: Oxford University Press.
- Van Der Walle, D., 1998, 'Targeting revisited', *World Bank Research Observer*, Vol. 13, No. 2, pp. 231-48.
- Van Der Walle, D. and K. Nead, 1995, *Public Spending and the Poor. Theory and Evidence*, Baltimore and London: Johns Hopkins University Press, for The World Bank.
- Weiss, L., 1998, *The Myth of the Powerless State: Governing the Economy in a Global Era*, Cambridge: Polity Press.
- Winters, J., 1994, 'Power and the control of capital', *World Politics*, Vol. 46, No. 3, pp. 419-52.
- Winters, J.A., 1996, *Power in Motion: Capital and the Indonesian State*, Ithaca and London: Cornell University Press.