

Reconsidering Poverty and Its Alleviation Policies in Indonesia from the Viewpoint of the Capability Approach

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ケイパビリティ・アプローチから見たインドネシアにおける貧困と
その削減政策の再検討

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Background

In the study of international development, poverty has been a key issue worldwide, especially after the United Nations (UN) launched its Millennium Development Goals (MDG). In discussing poverty, we need to clarify its definition. There are various definitions of poverty. Amartya Sen argues that a person gains well-being from the capability to function in society. Sen introduced the capability approach and defined poverty as capability deprivation. Sen distinguished two types of poverty, capability poverty and income poverty. Even though he emphasizes the importance of removing income poverty, he also mentions that the perspective of capability poverty does not involve any denial on including the lack of income, which can be a principal reason for a person's capability deprivation. Sen's capability approach, which is closer to the idea of social justice, emphasizes that capabilities (that a person has) include the substantive freedoms that a person enjoys to lead the kind of life he or she has reason to value. Sen's idea is the most important to rethink or reevaluate the poverty reduction programs. In the context of practical policy making (according to Sen), the impact of income on one's capabilities would depend on the time of occurrence and would vary among different individuals, families, and communities. Based on the concept or understanding of poverty according to the capability approach, in this dissertation, we carry out a case study on various poverty reduction programs in Indonesia.

Hypotheses and Objectives

This dissertation has three hypotheses, as follows; 1) The poverty ratio could be affected by capability variables. 2) Improvements vis-à-vis capability variables could reduce the poverty ratio. 3) The capability approach, which has a different view of poverty, provides alternative policy implications. To prove the hypotheses, this dissertation has the following four objectives; 1) Taking into account the capability approach, this dissertation will first review poverty alleviation programs and policies in Indonesia, as well as the organizations that execute them. 2) To understand the state of poverty in Indonesia, this dissertation maps poverty indices at the district level and considers the prevalence of consumption poverty. 3) This dissertation reconsiders and re-evaluates the capability of poor farmers by analyzing changes among the upland crop farm economy in Indonesia. 4) This dissertation analyzes the reasons for and characteristics of poverty, using both the consumption approach and the capability approach.

Conclusion

From the capability approach, poverty is defined as capability deprivation. Amartya Sen sees capability as the substantive freedom to functioning so as to enjoy leading the kind of life one has reason to value. Functioning is the subject of the capabilities referred to in the approach: what one is capable, wants to be capable, or should be capable of being/doing. Living may be seen as a set of interrelated functioning. Examples of functioning can be specific, such as being able to eat a specific brand of food or drink a specific brand of drink. It could also vary from elementary things such as being healthy and having a good job to more complex levels such as self-respect, participation in community life, and ability to be happy. Therefore, a person's chosen combination of functioning, what one is and does, is part of one's overall capability set, which is the functioning he or she is capable of doing.

The first objective, the combination of government policies/programs, which would ensure the effectiveness of improving an individual's capabilities, is an important issue that needs to be addressed. Yet, functioning can also be conceptualized in a way that signifies an individual's capabilities. This may be hard to explain, but it is very important to consider this while discussing the government's poverty alleviation programs, even though CGPRT crop farmers are relatively overlooked compared to rice farmers, to whom the government is willing to provide various supports to increase their capabilities. Although the official poverty alleviation measurement gives heavy emphasis on one's *means* (income is usually given exclusive attention), various poverty programs also aim to increase the capabilities of farmers; for example, transmigration programs, mass instructions (Inmas: *Instruksi Massal*), mass guidance programs (Bimas: *Bimbingan Massal*), village cooperation units (KUD: *Koperasi Unit Desa*), and the PNPM program. The importance of this study is that it shows that capability improvement is not merely improving one's means (which is commonly thought) from the income or consumption point of view but actually the outcome of policies/programs, which should be given equal attention as that given to income improvement. This dissertation has studied the policies/programs of Indonesia from this point of view.

Regarding the second objective, health and education, these are two categories that still need to be developed, especially in the Other Islands region. This does not mean that health and education would directly improve the living conditions of poor households, but it could lead to greater income and removal of consumption poverty in the long run. Coupling between income deficiency and capability deprivation needs to be made on a priority basis. The focus should be not only on the eligibility of program beneficiaries, but also on overall capability improvement (on household basis); this needs to be considered to avoid overlapping. Base household data (that list the benefits received per household) are required to guarantee that the government efficiently spends its social expenditure. To spend social expenditure efficiently on individuals, families, or the community, targets need to be arranged more precisely. For example, for the Raskin (rice for the poor) program, although it is an individual or household targeted program, rice is in fact distributed to villages or communities. Logistic agencies (Bulog: *Badan Urusan Logistik*) and the central government cannot identify the real poor at the field level. Since governance is at the village level, many problems of inclusion or exclusion may arise.

Regarding the third objective, the case of upland farmers, the capability approach can justify or explain their attitude while facing various challenges. They have reason to value their options with regard to growing specific crops, and they show their potential to enjoy their freedom. Their functioning in this case expresses their capability to change their cropping patterns. They have reason to value their decisions, for example, minimizing the negative effects of climatic shocks and maintaining or increasing their income. Any contribution to their functioning in the long run could improve their overall capability.

The last objective, the relation found between capability poverty improvement and decreasing consumption poverty, supports Sen's idea. It implies that any economic development meant to increase income or consumption is important, but this is not the aim of policies/programs. Poverty reduction policies/programs should directly target the various elements of poverty and allocate budgets to such fields. Combination or coupling could be used for budget allocation. Our analysis in Chapter VI provides evidence of how coupling could be made to find fields that need to be prioritized. Health and education turn out to be important sectors that can help reduce consumption poverty.

The econometric analyses in this study show poverty indices are affected significantly by capability related variables. As the improvement in capability variables can reduce poverty indices, improvement in these variables could be used as means to improve consumption poverty. New paradigm based on the reverse relation between ends and means can contribute to the removing consumption poverty through improving capability of people. The capability approach gives us a different view on poverty and poverty reduction policy.