

THE POVERTY OF THE STATE

RECONSIDERING THE ROLE OF THE STATE
IN THE STRUGGLE AGAINST GLOBAL POVERTY

ALBERTO CIMADAMORE
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[EDITORS]

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ALBERTO CIMADAMORE,
HARTLEY DEAN
AND JORGE SIQUEIRA

PREFACE

THE SPECTER OF POVERTY has had an enduring presence within the history of humankind. The current age, however, is one in which the eradication of extreme poverty may yet be feasible. The resources to do so in a reasonable period of time are there. The desires and willingness of international organizations, governments and peoples are evident from prevailing discourses that express the need and a will on the part of the international community to reduce and eradicate poverty. What are the factors that are impeding the accomplishment of such a widely accepted goal? It is difficult to give a comprehensive and definite response to this question. However, a substantial part of the explanation may lie with one of the most important, but problematic, structures of the modern world: namely, the state.

This was the premise behind the international workshop on “The Role of the State in the Struggle against Poverty”, jointly organized by the Latin American Council of Social Sciences (CLACSO), the Comparative Research Program on Poverty (CROP) and the Joaquim Nabuco Foundation (FJN) held in Recife, Brazil on 18-21 March 2003. It was also the idea that guided the fellowship program previously organized on the same topic by CLACSO and CROP in 2002. All these activities materialized thanks to the generous support of numerous

organizations and persons. The Norwegian Agency for Development Cooperation (NORAD) has been crucial for the continuing activities of the CLACSO-CROP Program on Poverty Studies all over Latin America and the Caribbean. The International Development Research Centre (IDRC), Ottawa, Canada generously supported the organization of the Recife workshop. UNESCO Brazil, the Food and Agriculture Organization (FAO), the Ford Foundation and various agencies of the government of Brazil, Pernambuco, Recife and Olinda also made significant financial contributions.

This book, as will be explained in greater detail in our Introduction, is the fruit of that workshop and contains re-worked versions of some of the key papers that were presented and discussed. For this edition, papers that were originally presented in Spanish or Portuguese have had to be translated into English and, naturally, the editors must apologize if any meaning or nuance from the original papers should have been lost in translation. While this edition of the book is published in English, it is intended that Spanish and Portuguese language editions will shortly follow.

From the outset of this initiative the primary aim was to generate an inclusive debate centered on poverty and the role of the state. The workshop and the book to which it has given rise have provided the opportunity for academics from a variety of countries, cultures and scholarly traditions to contribute and to engage in a dialogue both with each other and, in the course of the workshop itself, with several significant community organizations and decision makers. It had never been the intention –of either the workshop organizers or the editors of this book– to assemble a seamless product, reflecting a confluence of different theoretical perspectives, scientific disciplines, and political views. Our purpose was first to generate a volume that reflects the sheer complexity of poverty as a phenomenon, and of the paths towards its reduction or eradication. Second, we wanted to produce a book that would be relevant to several audiences, rich in its diversity of styles, and rounded in terms of the different approaches that are represented within it. However, what unites the wide spectrum of authors who have contributed to this book is their common commitment to knowledge and understanding.

Finally, we would also like to acknowledge and thank Atilio Boron, Executive Secretary of CLACSO; Else Øyen, Scientific Director of CROP; Fernando Lyra, the President of the Joaquim Nabuco Foundation; and Clovis Cavalcanti, former Director of the Institute of

Social Research at the Joaquim Nabuco Foundation, for their enthusiastic endorsement of the workshop from the first stages of its organization. Last but not least, we wish to stress that none of this would be possible without the gracious professionalism of Fabiana Werthein (CLACSO), Helenilda Cavalcanti (FJN) and the staff of the Joaquim Nabuco Foundation, who attended to all the details and surmounted all the problems that naturally arise in an international collaboration such as the one which gave birth to this book.

Alberto Cimadamore, Hartley Dean and Jorge Siqueira
Editors

HARTLEY DEAN,
ALBERTO CIMADAMORE AND JORGE SIQUEIRA*

INTRODUCTION

A QUARTER OF THE WORLD'S population, that is 1,300 million people, lives in severe poverty. Nearly 800 million people do not get enough food, and about 500 million people are chronically malnourished. More than a third of the children of this world are malnourished. More than 840 million adults are illiterate –of whom 538 million are women– and 1,200 million people live without access to safe drinking water. These are some of the basic facts and figures on poverty, according to the United Nations Development Program (UNDP).

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The data are well known by most students, informed people and policy makers. What seems to be less well known, accepted or acted upon is the fact that, according to the same source, today the world “has the resources to eradicate poverty ... and that extreme poverty can be banished from the globe”. In the words of UNDP “[p]overty is no longer inevitable and should thus no longer be tolerated”. Despite these striking facts and laudable aims, poverty is present everywhere, even in developed countries where more than 100 million people live below the poverty line, more than five million people are homeless and 37 million are jobless (UNDP 2004: 1-2).

Why is it then that one of the most urgent social, economic and ethical problems of humankind cannot be solved despite the fact that there are enough resources to do so?

In order to answer this question, we contend, we have to start asking questions about the state and its role in the struggle against poverty. That is the main concern of this book, as it was of the workshop that led to its production.

The attainment of such a desirable objective –that is, the eradication of poverty- requires decisive action that most governments are apparently not prepared to take (Pinstrup-Andersen et al. 2002: 269) despite the fact that the state still has the responsibility and the main instruments to define strategies against poverty in the contemporary world. The social and political task is huge –sometimes overwhelming– because in many cases, such as in Latin American countries, the state has to deal not only with an enormous accumulated deficit in this matter (the ‘old poverty’), but also with the ‘new poverty’ created by the neo-liberal experiment, the adjustment and restructuring of national economies (Pachano 1994: 26-27). Nonetheless, the task is imperative and feasible because the resources to deal with poverty and its social, economic, ethical and political consequences are available.

There is a considerable consensus in poverty studies that the state is central to poverty reduction and the creation of better conditions for social inclusion and equity. But the mere existence of unacceptable levels of poverty, inequity and exclusion in most of the less developed countries (LDCs) shows that the state has not only been inefficient in reducing those levels, it has actually allowed them to increase.

Therefore, a substantial reform of the state would appear to be the logical step ahead to deal with these social maladies. From a normative standpoint, such reform should aim for the sustainable creation of wealth as well as its equitable redistribution. Fiscal, economic and

social policies are the potential instruments to redefine social relations within different historical forms of state. However, some forms of state are better suited than others to be part of the solution to poverty. It may be argued that some specific forms of state are prone to poverty creation –particularly in countries in the South where vested interests support voluntarily or involuntarily the policies that produce poverty (Wilson et al. 2001: 13)- while others are better suited to poverty reduction. In theoretical or abstract terms, therefore, the state can be part of the problem as much as the solution. In any event, the performance of the state in such matters is susceptible to empirical evaluation.

The state is a central concept in the social sciences. As a social and power structure, it has the ability to condition social relations and outcomes. Poverty, as a social phenomenon, can be conceived as the result of the interaction of agents that respond to the stimuli of social and power structures operating at various levels of analysis, including the state, the market, and the international context (Cimadamore 2003: 238).

Once conceived as a social structure, the concept may provide a comprehensive insight into how power relations influence social relations of production, and thus how poverty can be conceived as a result of this complex set of interactions. This way of thinking –although theoretically useful– is criticized by those who consider there is no such a thing as ‘a state’ or even a ‘modern state’ or ‘nation state’. Some of the main critics, while attacking the generality of the concept, draw heavily on the notion of ‘forms of state’: an umbrella concept that can include a number of historically specific social structures, such as the “pluralist state”, the “predatory state”, the “welfare state” or the “night watchman state” (Caporaso 1996: 31; Cox 1986: 213-214). Adopting this approach, we can think of the state as the outcome of specific social formations supported by a constellation of diverse interests that rest on a changing context of relative power relations. In this way, we can think of poverty as a feature of historically specific structures, including, and particularly, the state. The state can therefore be seen as a fundamental part of the problem. But it can also become a part of the solution depending on the changing dynamics of power relations between opposing social coalitions and interests.

In this context, our book must also address a certain paradox. While the role of the state appears on the one hand to have become increasingly weak and impoverished, the state appears nonetheless to

be increasingly implicated in processes that exacerbate rather than alleviate poverty and social inequality.

The book results from an international workshop on 'The Role of the state in the Struggle against Poverty' held in Recife, Brazil, in March 2003. When calling for contributions the workshop organizers circulated a background paper entitled "'Anti-globalization" and anti-statism: Emergent challenges to the role of the state in poverty reduction'¹. The substance of that paper remains as relevant now as it was when it was first written, and is substantially reproduced as the first part of this introductory chapter. In response to it, a wide range of papers was offered. In this book we have included a carefully revised and edited selection of those that were accepted, presented and discussed in the course of the workshop. In the second part of this chapter we then proceed to outline the structure and content of the book. Finally, in the concluding part of the chapter we identify, discuss and briefly summarize a number of themes and issues that arose during the original workshop and which are pursued in the various contributions to this book.

THE BACKGROUND: ANTI-GLOBALIZATION AND ANTI-STATISM

At a time when global awareness of poverty would seem to be increasing, and the cause of poverty eradication is moving up the global political agenda (albeit principally at the level of rhetoric), there are two trends that tend to marginalize or question the role of the state in poverty reduction. The first of these is the inherent anti-statism that attends the neo-liberal, managerialist and communitarian agendas, each of which in their way is influencing current approaches to poverty alleviation (e.g. Deacon 1997, 2000). The second stems from an assortment of radical and critical ideas associated with the 'anti-globalization' movement: a complex alliance of disparate factions that challenge the global ascendancy of capitalism, liberal democracy, Western culture and neo-liberal welfare theories (e.g. Amin 1997; Burbach et al. 1997). Although 'anti-globalization' is a contested and problematic term, its very ambiguity captures some key controversies. The movement encompasses political and cultural as well as economic concerns. It has attracted not only those who

¹ Initially drafted jointly by Hartley Dean and Einar Braathen. The editors are grateful to Einar Braathen for allowing them to make use of that text.

fear that economic globalization is implicated in the weakening of welfare state provision, but also those who recognize that it has in other respects augmented the power of the nation states of the developed world, while often stimulating exploitative or corrupt practices of state elites in the developing world. There are elements or variants of 'anti-globalization' and anti-statism which, though ostensibly ideologically opposed, are each skeptical of, if not hostile to, the role of the state in poverty reduction.

This book will seek to address both these trends, 'anti-globalization' and anti-statism, at each of three different levels of analysis –the *international*, the *national* and the *sub-national*– generating six interlocking sub-themes that together provide an extensive framework for debate.

THE GLOBAL OR INTERNATIONAL LEVEL

Anti-statism is implicit within the approach of the principal international bodies concerned with poverty alleviation programs. For example: the UNDP on the one hand pays lip service to the idea that economic, social and cultural rights should henceforward be given as much attention as civil and political rights (UNDP 2000).

But on the other hand, the enforceability of rights, it is assumed, requires mechanisms akin to those which govern global trade.

The UNDP's demands are couched in the language of depoliticized, evidence based policy-making, and the processes by which the achievement of human rights can be managed invoke such 'business' oriented techniques as self-assessment, benchmarking, culture change –all drawn from the repertoires of new managerialist doctrine (Dean 2002). The World Bank, in spite of its well-established preference for a safety net approach to poverty alleviation with a minimal direct role for the state, has in some recent publications (Narayan et al 2000; World Bank 2001) ostensibly embraced an approach premised on principles of 'good practice' in social policy.

Good practice in the eyes of the World Bank and the International Monetary Fund (IMF), however, most probably entails a pluralist approach that gives precedence to non-governmental organizations and communitarian ideology (e.g. Braathen 2000).

The whole agenda is unfolding within the context of the continued attempts on the part of the World Trade Organization (WTO) to 'liberalize' the provision of essential public services. The emergent global orthodoxy appears to combine technocratic economic liberal-

ism with a new brand of social conservatism that remains hostile to universal forms of state welfare (cf. Jordan 1998; Dean 1999).

'Anti-globalization' drew attention to itself as a movement through the spectacular public demonstrations mounted in opposition to the WTO summit in Seattle in 1999, and since then through an assortment of subsequent anti-capitalist demonstrations, the Jubilee 2000 campaign for the reduction of 'third world' debt, and the burgeoning of organizations like the Association for the Taxation of Financial Transactions in Aid of Citizens (ATTAC) and the World Social Forum. The movement gave new expression to what has been a relatively long-standing critical intellectual tradition, and some of its seminal thinkers have expressed diffidence about the 'anti-globalization' tag. Susan George (2001: 1), for example, has argued that "[t]his combat is really between those who want inclusive globalization based on co-operation and solidarity and those who want the market to make all the decisions". Globalization remains a deeply contested phenomenon, and it is important to distinguish between economic accounts that see globalization in terms of the ascendancy of corporate capitalism, political accounts that regard it in terms of the reconfiguration of global governance, and cultural accounts that regard it in terms of an accelerating inter-permeability of human life-styles and values (e.g. Held et al. 1999). 'Anti-globalization' is not necessarily a Luddite rejection of modernity or of internationalism, but may take on very different timbres depending on the priority accorded to the political and cultural dimensions of globalization. It may embrace ideas of global citizenship and humane governance (e.g. Falk 1994; 1995) or of cosmopolitan citizenship and democratic autonomy (e.g. Held 1995). What 'anti-globalization' analyses have in common is that they oppose the hegemony of free-market forces because of their social and political costs, but this leaves open a range of questions concerning the basis of citizenship and the role (if any) of international bodies.

THE NATIONAL LEVEL

Anti-statism is most evident in political discourses premised on the assumption that globalization creates irresistible pressures that demand a new post-Keynesian economic orthodoxy and a transition from 'passive' protectionist welfare to 'active' enabling forms of welfare. This orthodoxy rests, in fact, on a largely discredited assumption. The sovereignty of nation states has been reconstituted, rather than diminished (e.g. Hirst and Thompson 1996). In particular, some

would argue, the power of states in developed capitalist nations –in relation both to the control of their own subjects and to developing nation states– may in reality be greater than ever before (e.g. Mann 1997). Despite this, neo-liberal or New Right thinking has sought to sideline the nation-state in favor of private welfare provision, while communitarian or ‘Third Way’ thinking –as we shall see below– has been seeking to promote sub-national, decentralized, community-based or micro-level welfare initiatives, based on highly managerialist, rather than collective, notions of partnership and participation.

There is little evidence that these participatory, ‘civil society’ and ‘private-public partnership’ based strategies do enhance anti-poverty performance at the national level. At the same time, considerable emphasis is also placed at the national level on promoting forms of electoral democracy that fail to empower oppressed communities or to give a direct voice to those who are most disadvantaged. In the absence of clear evidence that liberal democracies are better at pro-poor governance than non-democracies, the UNDP (2000) continues to promote multi-party electoral democracy as the basis for securing the legitimacy of national governance. We believe democracy is essential for effective and enduring poverty eradication; but there are many kinds of democratic participation, and ‘hollowed out’ state administrations accountable through a purely procedural democratic process may be less inclusive, less authoritative, and have less impact on poverty reduction than governments that are responsive to those social movements, trade unions and grassroots networks that harness more direct and immediate forms of democratic participation (e.g. Braathen and Palmero 2001).

‘Anti-globalization’ thinking extends to those writers that challenge the assumption that the dominant social welfare regimes that characterize the different kinds of western capitalism (Esping-Andersen 1990; 1996; 1999) can necessarily provide the models by which to interpret or inform social development in the developing world. Wood (2004), for example, has argued that established welfare regime typologies rely on two key assumptions –a legitimated state and a pervasive labor market– that simply do not apply in, for example, parts of sub-Saharan Africa and the South Asian sub-continent. There are parts of the ‘developing’ world –such as East Asia and Latin America– where the state and the market have emerged in ways that make it possible analytically to apply welfare regime typologies, albeit in ways that must accommodate quite different historical and cultural

conditions. But there are others where it is necessary to acknowledge that economic activity remains embedded in social relations; where the formalization process or 'great transformation' (Polanyi 1944) that has characterized the process of economic development has not occurred in any functional sense; and where informal community based social networks and movements still in practice have primacy as determinants of human welfare over institutions such as the state or the market. Under these conditions entitlement to welfare may stem largely from 'rights of adverse incorporation': that is to say, from codes of fairness negotiated under the rule of war lords, chieftains, mafia bosses, corrupt state bureaucrats and/or benign aid officials.

THE SUB-NATIONAL OR LOCAL LEVEL

Anti-statism, as suggested above, is axiomatic to the new public managerialism that has been informing the local governance initiatives of the international aid agencies (Kettl 1999). In part this has been influenced by communitarian notions of 'social capital' and a revitalized normative interest in the role of civil society and social networks –as a sphere that is conceptually distinct from state or the market– in which self-sufficiency may be fostered and welfare guaranteed without recourse to formal systems (Putnam 1993, 2000; Etzioni 1993; Woolcock 1998). In part it is informed by neo-liberal assumptions about the inherent efficacy of entrepreneurial motivation and business methods. An example here would be the World Bank's Social Funds initiative, which is deliberately bypassing government agencies in order to give small capital grants to local communities (see Tendler 2000; Braathen et al. 2001).

'Anti-globalization' is an implicit element to a number of localized resistance strategies across the developing world. At the simplest level we find the kind of peasant resistance strategies that, through covert acts of petty sabotage and other means, subvert dysfunctional state and market institutions (e.g. Scott 1985, 1990). At a more sophisticated or creative level, we find the kind of systematic informal economic activities that made possible the production, distribution and exchange of necessary goods and services in contravention of the constraints imposed by the 'group areas' restrictions in apartheid South Africa and central planning restrictions in the former Soviet Union (see Jordan 1998: 164-5). At a policy level, there are examples of radical rather than managerial participatory strategies –espoused by cer-

tain local state administrations in Brazil and India– that explicitly challenge the sclerotic, corrupt and anti-poor state bureaucracies of national government. At a more intellectual level, we have a range of green-anarchist and civil society socialist critiques of *dirigiste* state bureaucracies and, for example, demands for the kind of counter-hegemonic globalization process envisaged by de Sousa Santos (2001). De Sousa Santos has argued that we should be reinterpreting ‘native languages of emancipation’ in order to provide the basis for a ‘bottom up’, cosmopolitan and progressive form of multiculturalism driven from the local level by a wide range of indigenous peoples, groups or organizations, and by movements from the periphery of established national and international systems. One example of a sub-national movement that since 1994 has arguably managed to combine several elements of an anti-globalization strategy is the Zapatista movement in Mexico (Kagarlitsky 2000).

OUTLINE OF THE BOOK

The contributions to this book approach the topics outlined above at different levels of analysis, and using different methods and theoretical perspectives. Following this introduction, the chapters of the book are arranged in three sections. The first is broadly concerned with issues at the global level or else with theoretical arguments about the role of the nation state in the prevailing global context. The second deals more specifically with social policy issues at the national level. The third is concerned with issues at the local level and with the practical implications of recent social development initiatives. Inevitably, however, there is a considerable amount of overlap between these sections, because theoretical considerations can never be kept separate from policy matters and policy can never be considered in isolation from its effects at the level of everyday local reality.

THEORETICAL AND GLOBAL DIMENSIONS

Chapters two and three, by Hartley Dean and Anete Brito Leal respectively, illustrate in different ways the extent to which the global threat to the power and responsibilities of the nation state is reflected in a very particular challenge to the status of the social rights of citizenship. In chapter two it is argued, in general terms, that globalization has entailed the triumph of a liberal-individualist interpretation of human rights over more solidaristic kinds of inter-

pretation. It is an interpretation that serves a managerially inspired human development agenda, while marginalizing local or vernacular understandings of human need. The chapter explores alternative interpretations of rights premised both on a politics of capabilities (in the sense espoused by Amartya Sen) and a politics of needs interpretation (in the sense espoused by Nancy Fraser), under the auspices of an 'ethical state' (a possibility once hinted at by Antonio Gramsci). The argument in chapter three, while more specifically addressed to the Latin American region, considers a paradox of global provenance: while the need to combat poverty is a matter of global consensus, there is an underlying contradiction. The ascendant strategies, which prioritize either market or civil society based solutions to poverty, entail a shift away from social protection based on rights and correlative collective responsibilities. As in chapter two, it is argued that we must seek an alternative approach that accords responsibility to the state.

In chapter four, Paulo Martins addresses the issues from a 'post-development' perspective, and in particular from the stance adopted by the Anti-utilitarian Movement in the Social Sciences (MAUSS). It is a stance that may be identified with the anti-globalization movement. The post-development perspective regards the process of human development, as currently envisaged by international institutions, as merely an extension of colonialism, and any anti-poverty strategy that accords a role to the capitalist state is fatally flawed. The problem is that in practice the existing 'hybridized' form of international politics (involving international institutions, transnational corporations [TNCs], non government organizations [NGOs] and nation states) will neither regulate the power of global capital nor control the world's greatest military power, namely the United States. None the less, it is recognized that some role for the state must necessarily be preserved albeit that it must be mobilized around new social forms and, to this extent, the challenge Martins identifies is in fact by no means dissimilar to that outlined in the preceding chapters.

POLICY AND NATIONAL DIMENSIONS

Next, the book presents a number of country specific studies. Chapters five and six, by Virgilio Alvarez and Nelson Arteaga respectively, examine the experiences of two Central American countries: Guatemala and Mexico. Chapter five charts the history of Guatemala and demonstrates how the continuing exploitation of indigenous peoples, the enervating effects of military dictatorship and the dislocations resulting from armed struggle have resulted in chronic poverty and social inequality. Recent peace accords have included provision for a Strategy of Poverty Reduction that has yet to be fully or effectively implemented. However, a central plank of that strategy relates to the extension and development of education, and the chapter addresses the ambiguity of a strategy premised on human capital theory. While education can and should provide the means to promote democratic ideals and a new basis for social cohesion and development, the approach adopted is more narrowly focused on the reproduction of dominant culture and the production of the basic skills required to meet strictly economic objectives. Similar conclusions are drawn in chapter six, which traces the different ways in which discourses of or about poverty have been applied to justify policies that have consistently failed to address poverty and inequality in Mexico. The chapter demonstrates how terms such as 'exclusion', 'underclass' and 'marginalization' have been construed as different ways to exempt the state from responsibility for poverty and to blame the victims of poverty instead. Recent policies, informed once again by assumptions from human capital theory, lay emphasis on creating opportunities for the poor, but without taking account of the structural constraints by which poverty is being perpetuated.

Chapters seven and eight, by Graziano da Silva, Belik and Takagi, and de Araújo and Alves de Lima, refer to experiences in Brazil. Chapter seven describes the background to and implementation of Brazil's much-vaunted Zero Hunger Program, set within a discussion of the economics of income distribution. It defends the particular model adopted by the Zero Hunger Program –based on the distribution of food cards to poor families– on the grounds that it is administratively flexible and efficient; that it benefits not only direct recipients but also small scale local agricultural producers who are also vulnerable to poverty; and that it is non-stigmatizing and subject to local democratic control.

Chapter eight focuses on the array of labor market and training programs recently introduced in Brazil. The argument is set in the context of a historical account of the structural causes of poverty and inequality in Brazil, and the chapter contends that the new programs cannot by themselves generate economic growth, that they have tended to benefit big business more than local enterprise, and that their potential for contributing to social sustainability through civil society participation has not been fully realized. The approach is undermined by the economic and fiscal constraints to which the country is subject, and there is a case for allowing the state greater rein, not less, in the fight against poverty.

Chapter nine is concerned with the very different kind of struggle against poverty that has been experienced in Cuba. Following Cuba's socialist revolution, the country sought to achieve social equality through centralized state planning and control. Inequality was dramatically reduced by the socialist regime. After the 1980s crisis and the reforms that followed, social inequalities have increased, both in terms of the polarization of household incomes and in terms of increasing spatial inequalities between different regions or territories. However, these inequalities are still smaller than in Latin America as a whole, which is the most unequal region in the world. The chapter argues that universal state provision need not imply social homogeneity, but must none the less recognize and respond to social diversity; that social and economic development requires that territories acquire some measure of local autonomy; and that ways must be found to generate more sustainable jobs. The argument draws upon recent research that has critically examined Cuban social policy and the model of socio-economic change followed during the socialist transition. The critical insights elicited are, according to the author, essential for any attempt at self-reform. The chapter contends that the ideal social policy and poverty alleviation strategy -a strategy that survives as a component of the current economic reforms- fits what might be called an 'equality model' or 'ethical model'.

For chapter ten by Hulya Dagdeviren, we leave Latin America for South Asia and an account of the effects of privatizing state owned enterprises in Bangladesh. The lessons to be learned are of relevance for all developing countries. The chapter demonstrates that privatization does not necessarily lead to poverty reduction, especially if the process leads to labor market retrenchment and minimal revenue generation and efficiency gains. The case for the

potential public benefits of state owned enterprise in the struggle against poverty has not necessarily been disproved.

PRACTICAL AND LOCAL DIMENSIONS

Finally, the book includes some locally based studies.

Chapters eleven and twelve, by Rowan Ireland and John McNeish respectively, consider the contribution that participatory planning and local democratic processes have made in the struggle against poverty in two countries: Brazil and Bolivia. Chapter eleven is based on a longitudinal study of a *Comissão da Terra* in a Sao Paulo *favela* and presents the findings as a potential object lesson for the new theory of development. The *Comissão* had in one sense superseded a 'politics of demand' in its struggle to achieve a functioning civil society, and through its successes and failures it demonstrated the need for synergy between social movements, NGOs and the state. However, the cautious optimism of chapter eleven is brought into question by chapter twelve, which is concerned with the local implementation of pro-poor policies in one of Latin America's poorest countries, Bolivia. Bolivia's pro-poor policies centre on laws that are intended to promote popular participation and decentralized administration. Research suggests that such initiatives have resulted in disappointment and suspicion at the local level, and that local people may be disempowered rather than empowered through co-option into new processes of governance which shift responsibility for poverty by 'sleight of hand', as it were, from the state to the poor themselves.

Finally for chapter thirteen, by Einar Braathen, we again leave Latin America, this time for Africa and an account of research into the local effects of decentralization policies and the administration at local level of World Bank 'Social Funds' in Tanzania and Zambia. Although the findings in Tanzania and Zambia differed, the argument of this chapter resonates with that of chapter twelve, in that it demonstrates that this type of 'pro-poor governance' can be double-edged. It can function, as in the case of Tanzania, as a technocratic, new managerialist approach that effectively marginalizes the state in ways that may potentially reinforce neo-patrimonial and clientelistic relations of power at the local level. Reassuringly, however, the Zambian experience suggests it is possible for more radically minded technocrats to make some difference at the local level.

THEMES AND ISSUES

Much of, but by no means all, the context for the substantive argument and illustrative narratives provided by this book comes from Latin America. With this in mind we shall now turn to consider the particular significance as well as the generic relevance of the Latin American context.

Following from this, we shall invert the pattern we have so far adopted. Instead of progressing from global to national to local considerations, the argument will proceed the other way around. We shall seek to draw out the lessons that we think can be learnt, first in relation to local experiences of participatory planning mechanisms as a mode of governance; second, in relation to the hegemonic impact of human capital theory on social policies that are being widely pursued at the national level; and third, in relation to the possibility that we might yet re-conceptualize the role of the state in the struggle against poverty.

THE LATIN AMERICAN CONTEXT

Latin America's economic and social history had its highs and lows during the last century. In 1900, 70 million people lived in this part of the world. In 2000, that number has risen sevenfold to reach around 500 million. Three-quarters of the population lived in the countryside in 1900, but now two-thirds live in the cities. At the beginning of the twentieth century, three-quarters of the population were illiterate, but now seven out of eight adults can read and write. Average life expectancy increased from 40 to 70 years. As has been pointed out by Thorp (1998), in the course of four generations, life changed dramatically for ordinary people. Despite these achievements, income distribution worsened: it was probably the worst in the world by the 1960s, and deteriorated even further during the economic adjustment of the 1980s. (Thorp 1998: 1-3)

At the start of the twenty-first century, Latin America has more than 43% of its population living in poverty, and almost 19% are living in conditions of extreme poverty. These worrisome figures from 2002 have at the time of writing remained almost unchanged and have accompanied a period of economic stagnation (CEPAL 2003: 2-3).

Latin America has reached these dramatic levels of poverty and inequality despite declarations of intent and policy change. Social policy was accorded an important place on the political agenda in several

countries of the region. Between 1990 and 2000, nine countries reformed their health system, fourteen made significant changes in their education system, and eleven restructured their pension and retirement systems. At the same time, many countries adopted social development programs to reduce both chronic and specific (i.e. caused by economic crises and natural disasters) poverty, and housing policy received more attention than in the recent past (Grindle 2001). Once again, it is possible to clearly see the ineffectiveness of state action to deal with one of the most (if not the most) important topic on the declared political agenda of almost all the countries of the region.

Governments relatively more pro-active in social policy have failed to demonstrate the kind of tangible results in terms of poverty reduction that had been expected. And, in many cases, governmental action is counterproductive for reasons intrinsic to the policy and/or the strategy. That is the case when the state spends more in services that benefit those who are in better economic and social positions instead of investing in the services most needed by the poor. An example of this is the per capita expenditure in basic education, which is much less than is spent on secondary or upper levels of education. Something similar can be observed in public investment in health, housing, etc. (ibid).

The recent Latin American experience shows that economic restructuring in the context of neo-liberal oriented reforms has been inefficient and ineffective in its attempts to deal either with the 'old poverty' or with the 'new poverty' created by the reform process itself. It can be argued that a substantial reform of the state is therefore still needed. Logically, such reform should go well beyond formal policies, and must address the reorganization of those social and institutional arrangements that are guaranteed by the state or through democratic processes in a way that makes economic growth and the distribution of wealth both possible and sustainable. In other words, there is a need to reform the structural incentives to poverty creation and, at the same time, to articulate substantial measures of political economy –using economic, social and fiscal policy instruments– to distribute wealth in a context of sustainable development. There is a growing consensus in several Latin American countries that something along these lines has to be done. Social policy continues to be declared a priority in most of these countries although there are certain inconsistencies within current economic and fiscal policies. However, the unacceptable facts and figures of poverty and extreme poverty we

mentioned at the beginning of this introduction represent a brutal reality that casts a shadow over the discourses and good intentions declared both at the national and the international level, such as in the Millennium Development Goals announced by the UNDP (2003).

PARTICIPATORY PLANNING AS A MODE OF GOVERNANCE

Several chapters in this book – particularly chapters eleven, twelve and thirteen – discuss the development of local participation in processes of social development. The issue that should be highlighted is the potential ambiguity of such initiatives. They represent on the one hand a means by which it may be possible to democratically ‘reclaim the state’ (cf. Wainwright 2003), and on the other a mechanism that marginalizes the state and its political processes in favor of civil society. There is something in the nature of a *Gestalt* switch about this ambiguity. Perceived from one perspective, participatory planning empowers local people in the struggle against the poverty to which they are subject; it enables them to achieve control over state resources and institutions; it gives a voice to the voiceless. But from another perspective, it appears as a device for ensnaring the poor; for forcing them to help themselves; for foisting responsibility upon them, but without real power and without adequate resources.

At their best, initiatives such as the participatory budget making process that has been developing since 1989 in Porto Alegre, Brazil (Bairlie 2003) have been hugely successful in reconciling different kinds of political authority, so that the municipal administration is held to account not only on the basis of its electoral mandate, but through a continuing process of popular participation based on people’s plenaries and an open budget council. While such processes are necessarily sustained by the most vocal or militant members of local communities and do not necessarily tap into the ‘hidden transcripts’ (Scott 1990) of the most impoverished, they represent none the less the most concerted attempt to date at democratizing the social state. Following the Workers’ Party (PT) victory in the 2002 Presidential Election, the hope is that such an approach can be built upon and even extended in time to the federal level. But so long as ‘Lula’ da Silva’s government remains constrained by conditions imposed by the IMF, back in Porto Alegre there remains a danger that, in Wainwright’s words (2003: 61), “the popular administration itself could become unintentionally complicit in imposing on local commu-

nities the burden of clearing up the unregulated market's social mess". Vital services may be provided, not on the basis that they represent a universal right, but to the extent that local people can manage the sacrifices that may be necessary to develop and administer them.

In another guise, therefore, participatory planning initiatives can be construed as a form of community capacity building initiative that is entirely commensurate with neo-liberal policies and with new managerialist techniques of governance that have been pioneered in the context of urban renewal initiatives in developed countries (e.g. Geddes and Benington 2001) as much as in the developing world. In chapter twelve it is suggested that this involves a 'sleight of hand' on the part of the governments that promote participatory planning, though it may just as well be understood in terms of the "immanent logic" (Foucault 1979: ch. 2) of the relations of power that are entailed. Globalization does not necessarily rob the state of its administrative power (cf. Hirst and Thompson 1996), but it provides a changing context in which increasingly sophisticated forms of disciplinary technology emerge: in which communities and individuals may be enjoined, or may seek, to manage their own lives subject only to arms-length intervention by the state (Rodger 2000).

THE HEGEMONY OF HUMAN CAPITAL THEORY AND ITS POLICY CONSEQUENCES

This brings us back inexorably to such problematic concepts as 'social capital' and 'human capital', which have become common currency within the dominant thinking on social development. While the former is connected with ideas about participatory planning and the revival of civil society as an alternative to the state, the latter accords recognition to the productive potential of the individual and to the ideals of self-development and personal empowerment (e.g. Becker 1993). While such concepts clearly have an application within critical sociological analysis (e.g. Bourdieu 1997), as a metaphor in policy discourse, the term 'human capital' constitutes the individual as an economic rather than a social actor, and as a competitive individual rather than a co-operative social being.

Human capital theory has been one of the driving forces in the bid throughout the developing world to expand educational provision (Hall and Midgley 2004). It also represents a central assumption in economic and labor market policy thinking, in which the new post-

Keynesian orthodoxy rejects the use of state power to manipulate aggregate demand but favors 'supply-side' intervention: by promoting the human capital of individual subjects, it is possible to raise skills and labor force participation, increase productivity, attract inward investment and generally enhance economic growth. The global trend is away from the 'Keynesian Welfare National state', towards a 'Schumpeterian Workfare Postnational state' (Jessop 2002) or a form of 'new paternalism' (Standing 2002) whose priority is to maximize labor force participation and promote the skills, behavior and attitudes appropriate to a global economy in the information age. This trend is illustrated in different ways throughout the book, but particularly in chapters five, six and eight.

In policy terms it is a trend often characterized as a 'Third Way' philosophy; a complex hybrid of neo-liberal economic policy and conservative communitarian social policy that seems to have originated with the 'New' Democrats under Clinton in the United States, taken on by 'New' Labor under Blair in Britain, and with influence in the development of a 'new middle' and of 'purple coalitions' across Europe (Bonoli and Powell 2002; Lewis and Surrender 2004). Central elements of Third Way philosophy may be found within parts of the UN (especially, for example, UNDP 2003), and there have certainly been administrations in developing countries that have explicitly identified with the philosophy, including the 1994-2002 Cardoso administration in Brazil (Wainwright 2003: 43). In chapter six it is suggested that recent administrations in Mexico have tended to assimilate issues of poverty and inequality under the rubric of terms like 'social exclusion', and this too reflects elements of Third Way conceptual orthodoxy. Giddens (1998: 102-3), for example, claims that "[t]he new politics [of the Third Way] defines equality as inclusion and inequality as exclusion". The most critical form of inclusion, however, is labor market inclusion, and the task of government within this philosophy is to promote opportunities for labor market inclusion. While we might embrace elements of such a strategy (CLACSO, CROP and CEDLA 2004), there are underlying dangers should it become the only strategy, and if it means that the poor are then blamed for their own exclusion. Policies to combat poverty are increasingly framed in the language of social exclusion, not of inequality; and of opportunities, not rights. The emphasis that is placed on education is therefore highly instrumental and not emancipatory, in the way that Freire (1972) would have demanded. The emphasis that is placed on human capital is far nar-

rower than the emphasis that Sen (1999), for example, would place on human capabilities.

RECONCEPTUALIZING THE STATE

How then is it possible to re-conceptualize the state? The editors of this book tend to adhere to the critical theory approach to historical forms of the state mentioned at the beginning of this introductory chapter. Several of the later chapters in this book serve to remind us that conventional welfare regime theory does not necessarily help us understand the processes that are occurring in developing countries. Chapter five, for example, suggests that while many Latin American countries have experienced something amounting to a conservative-to-liberal welfare regime shift (Barrinetos 2004), there are others, such as Guatemala, where armed conflict has in the recent past resulted in what might be described as an 'insecurity' regime (Bevan 2004). For the moment, however, our task is not necessarily to engage with taxonomic analyses of the past, but with debates about what might be possible in the future.

Although Richard Titmuss never liked the expression 'welfare state', the concept to which the term has been applied was defended by him in terms of the need under market capitalism to sustain 'the gift relationship' (1970). Drawing upon the social anthropology of Mauss and others, Titmuss argued that human beings need to be able to engage in social transactions other than the bilateral forms of exchange that characterize market relations. Social solidarity and human welfare depend on our capacity to make unilateral 'gifts', and in complex capitalist societies the welfare state provides us with a collective mechanism through which to give help not just to a narrow circle of family, friends and neighbors, but to anonymous strangers and fellow citizens. In this respect, the welfare state is by no means inimical to the anti-utilitarian demands of the post-development perspective outlined in chapter three. The world has changed since the creation of the welfare state described by Titmuss, but the social democratic ideals that informed this kind of vision of a welfare state are not necessarily exhausted, even if we are now confronted with a different set of practical realities (cf. Pierson 2001).

Such realities are daunting. Yet, Peter Townsend, for example, has made the case for an *international welfare state* requiring global governmental institutions. As a precondition, he calls for a more rigorous scientific understanding of the problems of poverty and the

mobilization of new coalitions and alliances involving different countries, agencies and movements that could work towards “measures for international taxation, regulation of transnational corporations and international agencies, reform of representation at the UN, and new guarantees of human rights, including minimal standards of income” (Townsend 2002: 19). Amongst those who seek to replace rather than ameliorate capitalism, there are some like Alex Callinicos (2003), who in his *Anti-Capitalist Manifesto* envisages a transitional program that might incorporate such things as universal basic income, progressive taxation, reduction of working hours and the defense of public services. This book doesn’t point to definitive answers, but we hope it will help to open up a wealth of possibilities for debate and that it may help achieve some measure of consensus that the state –whatever its past and present limitations– must after all play a critical role in the struggle against poverty.

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PART I

THEORETICAL AND GLOBAL DIMENSIONS

HARTLEY DEAN*

THE GLOBAL HUMAN RIGHTS AGENDA
AND THE (IM)POSSIBILITY
OF THE ETHICAL STATE

INTRODUCTION¹

Human rights are essentially an ideological abstraction. This is not to diminish the concept. It is an acknowledgement that the notion of a universally definable set of rights that are inherent to human beings by virtue of their humanity is a socially constructed ideal. Human rights are an expression neither of eternal verities on the one hand nor of moral norms on the other, but of systemically derived ethical principles.

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1 Certain elements of this chapter have also been presented at the Second Conference of the European Union COST A15 Research Network, *Globalization and Welfare Reform*, Oslo, 5-6 April 2002 and at the First Conference of the European Social Policy Research Network, *Social Values, Social Policies*, Tilburg, 29-31 August 2003, and also appear in chapters 1 and 10 of Dean, H. (ed.) *The Ethics of Welfare: Human rights, dependency and responsibility*, Bristol: The Policy Press.

The common wisdom that informs much current debate about welfare reform in the North and social development in the South² is that economic globalization signals the end of an imagined 'golden age' of the capitalist welfare state (Esping-Andersen 1996). More particularly, it has been argued that the concept of social or welfare rights – as a distinctive component of citizenship within capitalist welfare states of the North – has been eclipsed, and that the development of social welfare on the global stage should now be conceptualized as the pursuit not of social rights, but of the minimum social standards appropriate to any particular stage of economic development (Mishra 1999).

It has already been suggested in chapter one that we should be skeptical about the concept of globalization. None the less, the gathering power of global capital and the palpable consequences of new communication technologies clearly have accelerated a number of processes bearing upon the nature of the interdependency of peoples and nations, not only at an economic level but at the political and cultural level as well. One effect has been the ascendancy of a particular human rights discourse (e.g. Held et al. 1999). Some enthusiasts now speak of a 'third wave' in the development of human rights that is closely linked to globalization (Klug 2000). Even the fiercest critics of the substantive gap between law and justice around the globe acknowledge the prevailing concept of human rights as "the new ideal that has triumphed on the world stage" (Douzinas 2000: 2). There is a paradox here. The 1980s and 1990s witnessed a renaissance of interest in the concept of citizenship not only within Political Science and Sociology, but also within academic Social Policy (e.g. Jordan 1989, Roche 1992, Twine 1994, Lister 1997, Dean 1999) – an interest that succeeded in pushing debate about rights and welfare beyond the bounds of the path-breaking theory of citizenship once espoused by T.H. Marshall (1950). However, the debate has entered a new and, potentially, quite different phase. The recent ascendancy of human rights discourse paradoxically may displace, rather than enhance, our understanding of citizenship; it may marginalize, rather than promote, the cause of social welfare and the struggle against poverty.

² For the purposes of this chapter I shall adopt the convention that characterises 'Western style regimes' / 'developed nations' / the 'First World' by reference to the Northern hemisphere or 'the North', and 'developing nations' / 'the Third World' by reference to the Southern hemisphere or 'the South'.

Self-evidently, the concept of human rights is more global than that of citizenship in so far as it encompasses notions of entitlement that transcend considerations of nationality (e.g. Turner 1993). The United Nations Declaration of Human Rights (UNDHR) of 1948 clearly envisaged that human rights should encompass not only the ‘first generation’ of civil and political rights that had been forged during the creation of modern Western democracies, but a ‘second generation’ of social, economic and cultural rights as well. In practice, however, the realization of substantive social rights has always taken second place to the support given by Western powers and international bodies to the promotion of civil liberties and democratic freedoms (see Dean 1996 and 2002; Bobbio 1996: ch.4; Deacon 1997). In the new world order, the language of rights in relation to the provision of social security and collective welfare provision is giving way to an emphasis on social responsibility and self-provisioning (e.g. Jordan 1998; Standing 2002).

This chapter aims to examine the broader issues that flow from the distinctively liberal-individualist conception of human rights that is associated with globalization. I shall briefly discuss the historical and conceptual background to human rights and human welfare. I shall then explore the ways in which human rights discourse is entering current debates about global social development. I shall draw out some alternative interpretations of human rights and illustrate the ways in which social rights are compromised, precisely because it is a particular interpretation of human rights that is ascendant, as much in the South as in the North. I shall conclude by discussing the prospects for restoring social rights –as a key component of human rights and a central component in the struggle against poverty–through the promotion of an ethical state.

HUMAN RIGHTS AND SOCIAL RIGHTS

Concepts of citizenship rights may be traced back to antiquity and the Athenian city-state (from which, infamously, women and slaves were excluded), and more recently to the Western Enlightenment and the French and American Revolutions. The discourse of human rights, in contrast, is relatively new. It found its principal statement during the post-Second World War period in the symbolically important UNDHR. Though human rights are often regarded as a class of natural or pre-legal rights, Clarke (1996: 119) points out that ‘human’ is no less a social and political construct than ‘citizen’ and,

historically speaking, it is a term of more recent provenance. Citizen rights, Clarke contends, provide the model for human rights and not the other way round. The significance is that citizenship may be interpreted as a particular and exclusive status, which does not necessarily bestow universal rights.

Nonetheless, any charter or declaration of rights assumes that its signatory states –whether local, national or international– are, or will at least potentially be, capable of guaranteeing such rights. Declarations of human rights characteristically contain a mixture of rights that actually exist, in so far as they are universally enforceable, and rights that should exist, but that are not yet universally enforceable (e.g. Bobbio 1996); what Feinberg has called ‘manifesto rights’ (cited in Campbell 1983: 19). As I have already noted the UNDHR incorporates not only civil and political rights –to life, liberty, property, equality before the law, privacy, fair trial, religious freedom, free speech and assembly, to participate in government, to political asylum and an absolute right not to be tortured– but also what it refers to as ‘economic, social and cultural’ rights. This latter category may for our purposes be encompassed within a broad concept of ‘social’ rights; as rights to the means for human welfare, including rights to education, work and even leisure. Most particularly, Article 25 states:

“Everyone has the right to a standard of living adequate for the health and well being of himself and his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.”

It is widely supposed that during the negotiations that led to the proclamation of the UNDHR provision for social rights was included at the insistence of the Soviet bloc, reflecting the rights provisions of the Soviet constitution and a very different view of what freedom required (Goodwin 1987: 240; and see Bowring 2002). In the event, the Soviet bloc nations all abstained when the Declaration was eventually adopted, and clearly there were other ideological forces at work. US President Roosevelt had famously signaled in an address in 1941 that ‘freedom from want’ was one of the freedoms to be achieved in any post-war international order and, famously, that ‘necessitous men are not free men’ (see Eide 1997). I would argue that it is to the doctrine of social liberalism rather than that of socialism that we owe the social rights provisions of the UNDHR.

Inevitably, the idea that social rights may properly be conceived as human rights was vigorously challenged by strict neo-liberals (e.g. Nozick 1974) and legal positivists (e.g. Cranston 1973). More insidiously, perhaps, the distinctively pluralistic version of liberal democracy (e.g. Dahl 1956) that came to characterize the US and to dominate global debate did not favor universal prescription and, although the international human rights regime provides for the monitoring and reporting of human rights abuses, it lacks effective means of enforcement (e.g. Held et al. 1999). Most significantly, however, when it came to defining the substance of the principles outlined in the UNDHR, it is striking that in the 1960s the United Nations adopted two quite separate Covenants –one on Civil and Political Rights and the other on Economic, Social and Cultural Rights (van Genugten 1997)– implying at the very least that there was a fundamental difference between civil and political freedoms on the one hand and substantive rights to work and welfare upon the other. Similar distinctions have tended to emerge in the various regional human rights instruments that have developed around the world. The constitutional status of social rights as a species of human rights remains at best weak (cf. Dean 1996; 2002; and see Hunt 1996).

However ineffectual in terms of its substantive impact, the emergent human rights regime of the late twentieth century had nonetheless played an important symbolic role in the complex and contested process of ‘globalization’. It is not only the economic power of transnational capital that has weakened the power of nation states, but also the ideological challenge to national sovereignty represented by the ascendant discourse of human rights and its attendant apparatuses. Habermas (2001: 119) goes so far as to argue that in the transition from nation states to a cosmopolitan order “human rights provide the sole recognized basis of legitimation for the politics of the international community”. In this context, human rights discourse, when it is primarily construed in terms of the values of liberal democracy, may not so much promote the development of social rights as help to constrain the capacity of nation states to adopt protectionist welfare policies. It has contributed to the passing of the ‘golden age’ of state welfare (cf. Esping-Andersen 1996).

Optimistic –some would say utopian– commentators have discussed the possibility that a form of ‘global citizenship’ might emerge, predicated on a global conception of human rights. Falk (1994), for example, has suggested that, quite apart from the consequences of

economic globalization, there are several other intimately interconnected grounds upon which it is possible to conceive or advocate forms of global citizenship: the longstanding aspirational demands for global peace and justice; emergent modes of transnational political mobilization arising both from regional movements and new social movements; and the emerging ecological crisis.

From a more pessimistic –some might say realistic– perspective, however, Soysal (1994) has argued that two institutionalized principles of inter-state relations in the post-Westphalian era –namely, national sovereignty and universal human rights– have collided (cf. Turner 1993). Soysal illustrates how one consequence of this is to be observed in the rights that are begrudgingly afforded by developed nations to migrant labor (cf. Morris 2001). None the less, to the extent that it is the developed nation-states that assume responsibility for maintaining human rights, paradoxically this can also fortify their authority and even justify humanitarian or military intervention in other parts of the world. Soysal implies that as our concepts of rights become globalized, they also become abstracted and detached from our sense of local belonging or identity; from our capacity to regulate our own lives. Human rights discourse tends to be abstract, totalizing and ‘top-down’, rather than concrete, particular and ‘bottom-up’ in nature. This I believe is a critical insight as far as the maintenance and development of social or welfare rights are concerned, and one to which I shall return.

THE NEW HUMAN RIGHTS DISCOURSE

First, however, I wish to draw attention to the new ways in which human rights are being invoked.

The United Nations Development Program (UNDP) in its *Human Development Report 2000* seeks to concert demands for human development with demands for human rights. Recognizing that in the past “the rhetoric of human rights was reduced to a weapon in the propaganda for geopolitical interests” (UNDP 2000: 3), the end of the cold war, UNDP argues, has created a climate in which it is possible to realize the common vision and common purpose that informs the respective concepts of human rights and human development. The former is concerned with basic human freedoms, the latter with the enhancement of human capabilities. The language of the *Human Development Report* is explicitly influenced by Amartya Sen,

who is in fact the author of the report's first chapter. Sen's contribution to the report underlines the point that just because rights may not be fulfilled, this doesn't mean they do not exist. Sen's argument –as I read it– is that rights may be constituted through the aspirations and demands of the dispossessed even when the powerful repudiate or neglect the duties that such rights would impose upon them. This, however, is not the reading that the UNDP would seem to adopt in the rest of its report, in which Sen's notion of human capabilities is subtly appropriated as a malleable concept more akin to that of human or social capital (cf. Coleman 1988, Putnam 2000). Sen (1999: 296) himself has remarked that the concept of 'human capital' has limitations "because human beings are not merely means of production, but also the end of the exercise".

Within the prevailing discourse of international bodies, development is assumed self-evidently to require economic growth, and rights to require liberal democracy. Both require a pluralistic and ostensibly non-ideological social context in which NGOs and civil society groups can play a role as much as government (though, conspicuously, trade unions are never mentioned, in spite of the critical role that they can play in developing rights). The enforceability of rights, it is assumed, requires mechanisms akin to those by which global trade is governed, and here, as it identifies the gaps that exist in the global order, the UNDP begins to draw upon managerialist expressions: it speaks of the need for incentive structures, for regulatory jurisdiction and for adequate participation. It speaks of the need for poor countries to avail themselves of the opportunities that globalization offers (UNDP 2000: 9), but it does not recognize that while the powerful may interpret the risks of a globalized capitalist economy in terms of opportunity, the vulnerable may interpret them in terms of insecurity (cf. Vail 1999).

One can but welcome the UNDP's demand that –in the pursuit of human development– economic, social and cultural rights should be given as much attention as civil and political rights (2000: 13). None the less, the UNDP's approach contains many hallmarks of what has elsewhere been characterized as new managerialist doctrine (e.g. Hood 1991; Clarke and Newman 1997; and chapter 13 in this volume): its demands for better use of information are couched in the language of depoliticized, evidence based, policy-making; the processes by which the achievement of human rights can be managed invoke such recognizable techniques as self-assessment, benchmarking, culture change –drawn from the repertoire of new manage-

rialism. Human rights have in a sense become colonized in the cause of a managerialist approach to human development. There is a danger that the cause of welfare rights may be eclipsed by the liberal individualism that provides the unspoken ideological foundations of global managerial orthodoxy.

INTERPRETING HUMAN RIGHTS

Just as the discourse of citizenship with which academic Social Policy has of late been preoccupied is fraught with contradiction, so too is the new discourse of human rights. I have sought elsewhere (Dean 1999; 2001) to develop the conventional theoretical dichotomy between liberal and republican models of citizenship and to locate this within popular discourse. I have argued that the fundamental distinction lies between contractarian and solidaristic notions of citizenship, and that the inherent ambiguity of popular and political attitudes towards state-provided welfare stems from the way in which people draw on conflicting moral repertoires. At the heart of the dichotomy between contractarian and solidaristic notions of citizenship lie fundamentally different ideas about the nature of the human condition. At one extreme lies an essentially Hobbesian view that society is composed of self-interested and inherently competitive individuals whose mutually destructive propensities require a contractual arrangement by which certain individual freedoms must be 'traded' in return for social order achieved through state regulation. At the other extreme lies a view that the human subject is endemically vulnerable and in order to survive requires collectively organized mechanisms for mutual co-operation and support: what matters, as Richard Rorty has put it, 'is our loyalty to other human beings clinging together against the dark' (cited in Doyal and Gough 1991: 19). Even if we translate a defense of welfare systems from the language of citizenship to a language of human rights, the same basic dichotomy is likely to apply (cf. Habermas 2001: 116). The dichotomy is between a view that regards human rights as a reflection or incorporation of the duties or obligations that are necessary to the maintenance of order among wholly autonomous subjects, and a view that regards them as a response to, or recognition of, human (inter-)dependency. If one takes the defense of human dignity as an ideological commitment that characteristically features in human rights instruments, it is clear that the dominant interpretation of this stems from a notion of dignity that is synony-

mous with individual autonomy and the integrity of the self. However, this is not the only meaning of dignity: it can also refer to issues of social status and recognition as prerequisites for inclusion with diversity (cf. Honneth 1995).

In so far as human rights discourse may be displacing social citizenship discourse, it is a particular interpretation of human rights that is ascendant. Central to that interpretation is the notion of individual responsibility. The ground for such a transition was laid in the North during the 1980s by the New Right, but it has been fuelled by a variety of cultural and intellectual influences. Roche (1992), for example, has contended that since the global crisis of the welfare state in the 1970s the 'dominant paradigm' of social citizenship has come under attack from across the political spectrum as a 'discourse of duty' as well as rights emerged. This discourse has taken several forms, ranging from New Right and neo-conservative claims that welfare rights undermine the 'traditional' obligations that people have to sustain themselves through work and to provide for each other through the family, through to the challenges to the administrative power of welfare states that were posed by new social movements. The emerging consensus required an abandonment of the priority once accorded to social rights and a reconsideration of "the moral and ideological claims of personal responsibility" (ibid: 246). The powerful orthodoxy that has begun to emerge is one in which rights and responsibilities are seen to exist as part of a reciprocal calculus (e.g. Jordan 1998). In so far as human rights might encompass rights to social protection, it would appear that they are construed as conditional on the acceptance of responsibilities.

Article 22 of the Universal Declaration of Human Rights had proclaimed a right to 'social security', but as Goodin (2001), Townsend (2002) and others have pointed out, the expression 'social security' has all but disappeared from contemporary political discourse. Social rights are being reduced to labor market opportunities in return for which citizens must surrender irresponsible freedoms (which are equated with welfare dependency). It is this perception –or something rather close to it– that seems to inform the emergent human rights paradigm.

Of course, a more solidaristic conception of human rights would accept that dependency and responsibility are by no means incompatible. Turner (1993: 507), for example, drawing on philosophical anthropology, has argued that "it is from a collectively held

recognition of individual frailty that rights as a system of mutual protection gain their emotive force". This is another argument to which I shall return.

HUMAN RIGHTS IN THE SOUTH

While in the North social rights are being dismissed as relics of a bygone Keynesian era, in the South the language of human rights is being applied strategically to defend the struggles of new and indigenous social movements (e.g. van Genugten and Perez-Bustillo 2001). But this does not necessarily mean that social rights are being embraced as a substantive component of human rights. For example, international NGOs that campaign vociferously for human rights around the world have been conspicuously 'reluctant' to petition the UN's all-but-forgotten Committee for Economic, Cultural and Social Rights (Hunt 1996: 23). Such reluctance arises sometimes because of the priority given in such struggles to civil and political rights, and sometimes because social rights are tainted by their association with welfare state capitalism.

Human rights lawyers will argue that insinuating a human rights culture throughout the institutions by which civil rights are regulated and upheld will ensure greater respect for social equality (e.g. Massa Arzabe 2001). It is assumed that the solidaristic gloss of human rights discourse can mediate the tension between liberty and equality. The emphasis placed by human rights instruments on the principle of human 'dignity' is seized upon as a rhetorical defense or argument for policies to combat poverty. It must be remembered, however, that all too often the peoples who experience poverty in the South do so with great 'dignity'. To achieve effective social rights it may be necessary for the poor to abandon dignified acquiescence and refuse to suffer in silence! Emancipation entails political struggle.

There is a certain parallel between the distinction I draw between contractarian and solidaristic citizenship and that drawn by Bustelo (2001) between 'dependent' and 'emancipated' citizenship. In the Latin American context, his call is for a transition from the former to the latter. He argues that violent swings from a state-led import-substitution economic model to a market-led 'open' economy model (cf. Huber 1996; Barrientos 2004) –and the failure of either to ameliorate poverty– have led to disillusionment with both public and the private sector solutions, but that emancipatory social rights could follow

from the construction of a new form of participatory democracy. It is not clear, however, that increasing the formal participation of the poor in the political process would by itself enable citizens to translate their claims to substantive resources into enforceable social rights.

Other commentators seek alternatives to the conventional assumptions of development discourse (e.g. Crush 1995). Escobar (1995: 209) suggests that for many scholars in or of the South:

“The ‘old’ is often yoked to analyses of modernization or dependency; to politics centered around traditional actors like parties, vanguards, and the working class who struggle for the control of the state The ‘new’, by contrast, is invoked in analyses based not on structures but on social actors; the promotion of democratic, egalitarian and participatory styles of politics”.

Alternatives to development are to be found, it is argued, not by engagement with the state, but through new and indigenous social movements: through a subaltern political domain or through parallel networks of power. In the Latin American context it has been claimed that such movements—including urban popular movements, Christian communities, peasant mobilizations, new types of workers’ organizations and novel forms of popular protest—can contribute to “constructing new social orders, propitiating new models of development and promoting the emergence of new utopias” (Colderon, cited in Escobar 1995: 218-9). Post-development theorizing of the role of new social movements appears to have been taken further in Latin America than by any of the Northern post-modernist, post-Marxist and post-structuralist scholars (e.g. Touraine 1988; Laclau and Mouffe 1985; Melucci 1988). None the less, despite the concerns of new social movements with issues of social justice and human rights, their axiomatic preoccupation is with informal strategies and action, rather than with the discredited formal apparatuses of the state.

The relationship between individual rights and social movements has been investigated empirically by Foweraker and Landman (1997), who have conducted a comparative analysis of mobilization against authoritarian rule during the latter half of the twentieth century, *inter alia*, in Brazil, Chile, and Mexico. Their data tend to indicate that, in practice, labor movement activity in pursuit of citizenship rights tended to precede and to be greater in scope than social movement activity. The risk, so far as these authors are concerned, is that the class based demands of labor can lead too easily to the kind of state-corporatism that is regarded as inimical to liberal democra-

cy, but in this context they claim that the collective demands of social movements tend to shift over time from economic and material (or 'social welfare') rights to civil and political rights. The empirical evidence, at least in the instances studied, tends to imply that new social movements, while engaging with the human rights agenda, do not necessarily situate demands for social rights as a part of this process. The implication is that the human rights agenda –though it may be mobilized in radically different ways and for quite different purposes– can be as liberal-individualist in its interpretation in the South as in the North.

It is worth at this stage returning to Sen's (1985, 1999) concept of capabilities and the expansion of capabilities as the basis for human development (see above). The capabilities approach has been hugely influential in debates about the nature of poverty in the South. Sen's argument is that poverty represents the objective curtailment of a person's capabilities; of her capacity and freedom to choose and to act. The capabilities approach, as we have seen, is generally interpreted in liberal-individualist terms. In one sense, however, capabilities represent the essential fulcrum between welfare inputs and welfare outputs. This notion has been extended through the development of Doyal and Gough's (1991) theory of human need, which is very much concerned with emancipation and the 'societal preconditions' for optimizing need-satisfaction. In a similar vein Nussbaum (2000) speaks of 'combined capabilities', where individual capabilities are facilitated by suitable institutional conditions. The question that remains is whether this can be achieved by state institutions.

HUMAN RIGHTS AND THE ETHICAL STATE

Consistent with the hegemony of the liberal-individualist view of human rights is the idea that the postmodern epoch (Kumar 1995) creates a space for a new kind of individualist ethics in which the only ethical obligation is to the self-governing self (Bauman 1993). In such an epoch there would be no role for social rights or a welfare state. The individualist ethic of self-governance informs the managerial technique of 'responsibilization', which is applied to promote self-provisioning and 'individual prudentialism' (Rose 1996) in the North, and 'participatory' social development initiatives in the South (see chapter 12 in this volume).

A more promising approach is offered by Axel Honneth (1995), who has sought –drawing, inter alia, upon the work of Hegel and the social psychologist, Mead– to reinterpret the development of human societies in terms of the struggle for recognition. His quest is for “a normative theory that is capable of depicting the hypothetical endpoint of an expansion of relations of recognition”, and that requires a formal concept of ‘ethical life’ (ibid. 171). This normative theory rests on an empirical analysis of historical struggles that have progressed beyond conflicts between status groups to conflicts that bear upon individualized identity. Rights –together with love and solidarity– play a part in the formation of identity and the realization of ethical life, since they are concerned with the recognition of the capacity of an individual to assert claims and to participate as a legal and political subject. Honneth’s contribution acknowledges the scope for a non-Hobbesian interpretation of human rights and is clearly important, but it does not address the future of the welfare state and the implications this has for achieving an ethical life.

In so far as the demise of the welfare state is widely predicted, there is an abundance of speculation as to what might lie beyond it (e.g. Pierson 1998), or of what indeed a postmodern ‘welfare society’ might look like (Rodger 2000). Rodger’s assertion is that “self-organized welfare in a civil society in which state control is at “arms length” may come to pass through sheer necessity” (*ibid.* 188). This notion of a ‘welfare society’ in which the state assumes at best a secondary role is quite different from say Gramsci’s powerful, but elusive, notion of an ‘ethical state’. Gramsci has addressed the extent to which the state may be capable of fulfilling ethical as well as coercive functions. While he was clearly mindful of the ways in which the bourgeois state may seek to constitute and subordinate the citizen as a particular kind of ethical subject, he also implies that the truly ethical state is “one which tends to put an end to the internal divisions of the ruled” (Gramsci 1971: 259). In this particular sense, an ethical state might reasonably be supposed to be if not the precondition, then the medium, for achieving Honneth’s ethical life. Gramsci equates the ethical state with a ‘regulated society’ in which coercion is superseded and law subsumed. The state is not some ‘phantasmagorical entity’, but a collective organism with a collective consciousness (Gramsci 1988: 244). Rights in a regulated society, as I understand it, should be no more and no less than human capacities that are consensually conferred and guaranteed (cf. Hirst 1980, and see Dean 2002: ch. 1).

What this might entail is a view of human rights that not only encompasses social rights, but also conceptualizes these in terms of global responsibilities on the one hand and in terms of local needs on the other.

The question of global responsibilities has been addressed by the philosopher Karl Otto Apel. Apel (1980, 1991) argues that responsibility is the key normative feature in political discourse because by addressing any problem in argument we are implicitly acknowledging a responsibility –both at an individual and a collective level– for solving that problem. According to Apel, however, liberalism as the dominant ideological paradigm of modernity has effectively paralyzed the possibility of an ethic of social responsibility because it separates the public sphere of scientific rationality from the private sphere of preferences and values. What is required is an ethical principle of ‘co-responsibility’. This might become possible upon three conditions.

First, it would have to be rational and transcend tradition. Secondly, it would require a global communication community, something made possible by cultural, technological and economic globalization such that already “we have become members of a real communication community” (ibid: 269). This idea has obvious resonance with Habermas’ (1987) counterfactual notion of the ‘ideal speech situation’. The ideal speech situation is an abstract political objective through which it would become possible for human beings to engage in undistorted and uncoerced kinds of negotiation, though Apel, for his part, is actually taking account of the concrete possibilities for collaborative scientific interpretation that are opened up, for example, by information and communication technologies. Thirdly, says Apel, a principle of co-responsibility would require that scientific and ethical claims to truth be taken equally seriously. This idea has an obvious resonance with Beck’s (1992) demand for the demopolization of science and a form of reflexivity based on negotiation between different epistemologies. The ethical fulcrum of such negotiation is human need:

“... the members of the communication community (and this implies all thinking beings) are also committed to considering all the potential claims of all the potential members –and this means all human ‘needs’ in as much as they could be affected by norms and consequently make *claims* on their fellow human beings. As potential ‘claims’ that can be communicated interpersonally, all human needs

are ethically relevant. They must be acknowledged if they can be justified interpersonally through arguments.” (Apel 1980: 277)

Apel’s concept of ‘co-responsibility’ implies the universalisability of human needs through a global form of rights. His concept is a riposte to post-modernity’s claim that ‘the foolproof –universal and unshakably founded– ethical code will never be found’ (Bauman 1993: 10). It presupposes that there are certain basic human needs whose optimal satisfaction must precede the imposition of any social obligations (cf. Doyal and Gough 1991). His claim is that it is possible to negotiate the empirical, ontological and normative consensus that is required to translate the particular demands of diverse social movements into universalizable human rights (cf. Hewitt 1993). The importance of this is that it implies a relationship between rights and responsibilities that goes beyond the narrow contractarian calculus implied by the ‘Third Way’ motto –“no rights without responsibilities” (Giddens 1998: 65)– because responsibility is by nature co-operative and negotiated, not an inherent obligation or *a priori* doctrine. What this implies for our purposes is a project that would necessarily prioritize the struggle against poverty.

It is hard, none the less, to articulate Apel’s abstract reasoning about global responsibilities to concrete struggles over rights at the level of the state, but in some of the emerging ‘anti-globalization’ literature, for example, we can see attempts to develop our understanding of human rights as a means to something other than the imposition a global democratic-liberal orthodoxy; as something more than a kind of post-modern folklore that ‘compresses’ moral issues to the right of individuals to be left alone (cf. Bauman 1993: 243). De Sousa Santos (2001) has envisaged the possibility of a kind of counter-hegemonic globalization process through which what he calls ‘native languages of emancipation’ could find expression. Though it is not necessarily a prototype, the paradox of the so-called ‘anti-globalization’ movement is that, through the power of the internet, it has established a counter-hegemonic global communication community of sorts (e.g. Yeates 2002). What is required, however, is a global arena that is horizontally coordinated and through which local demands can therefore be negotiated.

This brings us back to the more concrete question of local needs and, I shall suggest, to Nancy Fraser’s conception of a ‘politics of needs interpretation’ (1989). In so far as we inhabit not ‘welfare societies’, but a variety of historically specific forms of nation state, a politics of

needs interpretation is required in order to enlarge the scope and reach of welfare rights guaranteed by the state. A politics of needs interpretation would seek to define in specific contexts and for specific social groups what is required for personal autonomy; it would stretch beyond the essential or 'thin' definitions espoused by Doyal and Gough (1991) to encompass enlarged or 'thick' definitions (see Drover and Kerans 1993). This would indeed entail demands for recognition as well as for redistribution (cf. Honneth 1995; Fraser 1995; and Fraser and Honneth 2003); for rights that recognize specific needs stemming from social differences constituted by gender, ethnicity, age, disability and sexuality. This is not a call for liberal multiculturalism and the mere tolerance of differences between private individuals, but for the accommodation of public demands for the recognition of particular needs. This would entail not only demands for opportunities, but for safety or 'asylum' (within the original meaning of that word); including protection against exploitation and provision that ensures ontological as well as bare material security. Nor is this mere romantic idealism. Acknowledging human interdependency as the basis of our rights means recognizing that the nature of our interdependencies may change over time and that solidarities may be fragile: a politics of needs interpretation would necessarily be both exacting and unremitting. It would also require that we acknowledge the fragility of the planet we inhabit and that, if we translate human needs into rights, we must recognize that natural resources may be finite³. This remains a critical and excruciatingly difficult issue that any approach to poverty eradication that is based on global redistribution must address.

CONCLUSION

Where this leads, in my view, is to struggles against conditionality and against the commodification of essential services. Conditionality in social protection relates on the one hand to the expanded application of means-tested safety nets, and on the other to applications of 'work-testing' that turns the development of what economists now call 'human capital' into a compulsory, rather than an emancipatory, process. The commodification of public services is a process that will be accelerated as a result of the Multilateral Agreement on Investment

³ There is not scope within this chapter to discuss ecological limits to growth or to address the question of what constitutes 'sustainable development' (Meadows et al. 1972; WCED 1987; Cahill 2002).

being brokered by the World Trade Organization, the final implication of which is that health and social services provided under governmental authority will no longer be exempt from free trade and competition requirements under the General Agreement on Trade and Services (see Deacon 2000; Yeates 2001). It is precisely this implication, amongst others, that has driven mass protests against the WTO and other international governmental organizations by the ‘anti-globalization’ movement referred to above. It is a movement that has drawn together an extraordinary coalition of interests. The diversity of the street protesters has been characterized in the news media in terms of a contrast between the “fluffy” and the “spiky”: between peaceful libertarians and aggressive anarchists (see Yeates 2002: 14). The question that I raise in conclusion is related to the significance these issues have for those campaigners and activists who are neither fluffy nor spiky, but who seek to contend with the reality of poverty and failing state or informal welfare regimes.

The challenge for theorists is to articulate a new sociological conception of social rights with the emergent international human rights agenda. Just as the Bangalore Declaration and Plan of Action of 1995 (see Hunt 1996: Appendix 4) has called upon lawyers to take social rights more seriously, so we must call upon the international social science community to take social rights more seriously. In the past social rights have been dismissed as a dangerous fiction –from the right of the ideological spectrum because they are an infringement of property based rights; and from the left because they mask the exploitative nature of class relations. Although recently the Office of the High Commissioner for Human Rights (OHCHR 2002) has issued draft guidelines for a human rights approach to poverty reduction strategies, the substance and status of these guidelines at the time of writing remains ambiguous. Certainly, the language of the document has much in common with the 2000 UNDP report that we have discussed above: its underlying premise appears to be that poverty equates with a failure of economic development; and it calls not for the immediate enforcement of social rights, but the ‘progressive realization’ of safety nets and good governance, subject to a managerial style of performance monitoring.

We should not dismiss the potential significance of these draft guidelines, just as we should not dismiss the considerable significance of the UNDP’s ambitious Millennium Development Goals (UNDP 2003). In an era of globalization, however, the danger remains that social

rights may become either an ineffectual anachronism within the discourse of human rights, or a concept that could yet, perhaps, effectively challenge capitalism's globalizing tendencies by providing the medium through which needs may be articulated and demands framed at the local level. Critical to this theoretical project, I believe, is our conception of ethics on the one hand, and the role of the state on the other.

The challenge for social movements and pro-poor activists is to re-think the role of the state and to explore a range of alternative anti-poverty strategies premised on the strategic negotiation of social rights. We may envisage, within existing institutional parameters, how it might be possible radically to modify the policies and compliance procedures of the World Bank; to invoke new international, regional or national Social Charters; to expand the functioning of established national Human Rights Commissions; to institute local Social Rights Councils that function according to dialogic principles (some of these ideas are explored in Hunt 1996: Ch. 5). But above all, it is a conceptual shift that is required.

Specifically recognizing the vigor of Latin American social movements, Escobar (1995) has postulated the existence of three kinds of discourses through which it would be possible to articulate forms of struggle: the discourse of 'the democratic imaginary', the discourse of difference, and anti-development discourse. The notion of the ethical state that I have elaborated above addresses all three.

Its purpose would be the formulation of democratically negotiated claims on resources. This would require more authentic and effective means of popular participation than many of those discussed in subsequent chapters of this book.

It would be predicated on the recognition of identity and difference. Not only does this have important consequences for women, but also for indigenous and diasporic minority ethnic, cultural and religious groups throughout the world. It would require modes of citizenship that are genuinely inclusive.

It would provide an immanent critique of actually existing state forms and of the orthodoxies of the 'development' paradigm. The requirements of social distribution and development would take precedence over economic objectives and the pursuit of economic growth for its own sake.

The state—in its array of subnational, national and international manifestations—still provides a strategic terrain on which to inscribe alternative conceptions of social development. In a globalized econo-

my, it will not be possible to establish rights against poverty (i.e. social rights) as an element of human rights without a critical and ethical conception of the state as a forum for the negotiation and recognition of human need.

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ANETE BRITO LEAL IVO*

THE REDEFINITION OF THE SOCIAL ISSUE
AND THE RETHORIC ON POVERTY
DURING THE '90S

INTRODUCTION

Latin America's democratic transition during the 1980s and 1990s has at various times and at different paces altered the traditional relationship between the state and society, and ended up with the state focusing on the fight against poverty as its main ethical and political commitment, especially from the 1990s onward. However, this focus on the social agenda favoring the eradication of poverty is not limited to Latin American countries: it is a challenge for governments and societies of all countries.

Far from this priority being a unified perception when it comes to social policy, this apparent consensus veils, in fact, a deep dissent which results from the current process of redefining the social issue; from the contradictions and paradoxes related to new forms of articu-

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lation and mediation between the economy, politics and the law within the context of modern societies. That is to say, how should social bonds be redefined? And how should the various social actors understand and diagnose the social issue, inequality and poverty?

In this sense, our discussion of the new social policies has two dimensions. First, these policies represent a complex action system, with multiple causalities, influenced by several players in conflict: the state (involving multiple logics and systems); actors in a state of exclusion (i.e. individuals at risk); mediators (of institutional and social resources capable of assisting individuals likely to suffer risks or already suffering social risks); international welfare, regulatory and other agencies. These actors have different views and perceptions affecting the scope of policy. Second, these social policies are also historically instituted mediations that attempt to solve the contradictions between the appropriation and distribution of resources, which nowadays take place within a global capitalist accumulation system that is seeking at the same time to restore democracy in many Latin American countries. Based on these considerations, the main idea governing our analysis is that the purpose of changes informing the bulk of social policies from the 1980s onwards is, on one hand, to reduce the adverse effects of structural adjustment: the policies are of a compensatory nature, but they are implemented outside the institutions that work in the field of social protection and, in this sense, they are flexible, but they do not establish rights. On the other hand, differing viewpoints on poverty based on the use of generic analytical categories and dissociated from their theoretical origins can in practice produce effects that are contrary to the apparent intentions of the political actors¹. Political actions are reconstituted through the shifting of original meanings, generating an apparent convergence between opposites. In this sense, the rhetoric of poverty becomes a mechanism of 'amplified consent' to serve the neo-liberal agenda, being translated into managerialist, communitarian and poverty mitigating technical actions.

What is the efficacy of the new paradigms? How do they work, and what are their effects on the population and the scope of basic social rights? This chapter seeks to clarify these issues, introducing the following topics: how does the agenda for the eradication of poverty arise in the current context? What are the forces and logic

¹ For example the postures explained by Dean and Braathen (2003) regarding the anti-statism which attends the neo-liberal, managerialist and communitarian agendas.

ensuring this consensus? Through which mechanisms, and on which arenas, do they operate? What are the effects on the population?

In order to answer these questions, the chapter is divided into three parts: the first one depicts the process through which the social issue has been redefined, and establishes the contradictions inherent to the most recent transition process in Latin America. The second one establishes the most recent trends in reforms made in Latin American countries and their effect on inequalities and poverty (i.e. it deals with the most recent legacy of the neo-liberal agenda in the region). The third one shows how different visions on the issue of poverty affect the nature and the scope of social policies today. The chapter concludes that if the actors' ethical commitment to the eradication of poverty cannot be translated into the production of effective rights for the insertion of the poor, it then becomes a symbolic reconstitutive mechanism that favors the neo-liberal agenda and a minimalist state. We should nonetheless recognize that there have been some effective results for the programs' 'beneficiaries'².

THE REDEFINITION OF THE SOCIAL ISSUE

THE NATURE OF 'SOCIAL ISSUES' IN MODERN TIMES:

THE PARTIAL DECOMMODIFICATION OF THE WORK FORCE

From a historical point of view, 'social issues' are typical of modern times³ –focused and structured around labor. The focus on labor in the organization of contemporaneous societies had to do on one hand with the capacity of the workers' movement to integrate and articulate

2 We can acknowledge the temporary and mitigating effects that the programs may have had for certain groups of people living in poverty, and the value of the efforts made by many of those involved in devising and implementing such programs. The analysis only calls attention to the (involuntary) mechanism by which the meanings of public action are colonized and reconstituted within the context of the hegemony of the neo-liberal agenda. On the analysis of the effectiveness of the policies discussed, see Ivo 2004.

3 In the social sciences, the word 'modern' is conceptually imprecise, covering a diversity of phenomena. It may refer to the replacement of tradition by Reason and secularization, or to processes of industrialization (Martucceli 1999), or to the lifestyles and forms of social organization that emerged in Europe around the 18th century and achieved global influence (Giddens 1994). In this chapter, modernity is considered in a non-differentiated way, as a term that captures changes relating to the construction of the social state in Europe from the late 19th century, and that in the 20th century shaped several of the institutions formed in Latin America and elsewhere. It is not intended that 'modern' should be reductively interpreted as a synonym for 'developed'.

broader interests of society and on the other hand with the ability of the state to govern the conflict between opposing interests.

From the institutional point of view, it went from a system based on individual responsibility and civil law, into a system of solidarity based on a social contract and on social legislation relating to working conditions and the protection of workers who lost the capacity to participate in the work force (through disease, disability, unemployment, old age, accidents), turning the notion of responsibility—previously restricted to the realm of the individual—into an objective notion of collective risk. This means that social legislation created the conditions for an increasing intervention by the state in the area of private relations, business and family, consolidating the principle of a public institutionalized responsibility.

Likewise, during the post-war period, the creation of social policies became the historical answer to the dilemma of organizing private interests within the context of public interests around a policy of wealth redistribution. Mediations (Lautier 1999) historically constructed by law, justice and social policies resulted in governance generated through the social struggles of organized workers (and their families) against the fierce and confusing threat of the market.

The ongoing tension between society's organizational defenses, supported by the working classes, and the regulation of the market, laid the foundations of modern societies and the modern nation state as the institutional embodiment of such regulation. From this point of view, 'social' means a body of measures existing in three areas: economic, political and domestic. Broadly speaking, social legislation, as well as social contributions and the transfer and distribution of free goods and services are legal, monetary and (public) service-related mediations covering an entire system of rights and duties between citizens and the state. These rights and duties have a strong arbitrary component and depend on the cultural and historical context in which they exist. Nevertheless, from this perspective, social policies and social rights represent a partial decommmodification (cf. Esping-Andersen 1990) of labor, resulting from the strength of the labor union and workers' movement.

The most recent neo-liberal perspective, however, stems from the assumption that it is impossible to preserve the rules that guide the welfare state's conception of well being, given the fiscal crises, the excessive intervention of the state in the market and the possible adverse incentives that the institutional mechanisms generate for individual behavior. Such incentives promote undesirable behaviors

such as the ‘possible parasitism of the workers’ at the expense of the collective effort and/or the clientelistic abuse of social benefits. Thus, the only way to restore growth, according to this point of view, is to break the link between employment and social protection, to the detriment of the ‘social’ (social protection, minimum wages, etc.). The design of the new redistribution policy in the neo-liberal perspective presupposes a tension between social protection and employment, disrupting the model that characterized the partial construction of the social state that had been partially in place in Brazil in the post-war period⁴. The center of this change, as has already been said, is the rupture with protection through the Social Security Reforms⁵, which in essence affected the rights of protected workers⁶ and reoriented the conception of universal social policies in favor of different compensatory and strategic social assistance programs targeted at various specific groups on the poverty line⁷.

THE REEMERGENCE OF THE ISSUE OF POVERTY IN LATIN AMERICA DURING THE ‘90S

The re-emergence⁸ of poverty as an issue in Latin America arises from a recent process of change in which three different movements and situa-

4 Implemented particularly from late 50s, following-up the national developmental project of replacing imports and implanting an industrialization process based on durable goods. Social rights were limited to the salaried workers engaged in the formal labor market.

5 Controversies surrounding the objectives, perspectives and scope of Pension Reform in Brazil will not be discussed here, since they do not fit with the objectives of this chapter.

6 Especially the special regimes enjoyed by public officials.

7 This, for example, reconstitutes the fight against unemployment in terms of targeted intervention and not as a project of sustainable development for the economy of the country as a whole.

8 The poverty issue had been specifically addressed in Latin America in the 1960s and 70s in the context of ‘mass marginal theory’ (Nun 1969), Quijano’s (1978) ‘thesis on marginality’ and the Economic Commission for Latin American and the Caribbean’s (ECLAC) ‘modernization theory’. Such theories were superseded by the classical ‘theory of dependence’ espoused by Fernando Henrique Cardoso and Enzo Faletto (1970) and in Francisco Oliveira’s book “A Economia Brasileira: Crítica à Razão Dualista” (*The Brazilian Economics: a critique of dualistic reason*) (1973) amongst others. Following the social struggles of the 1970s and 80s, poverty was addressed in terms of the ‘culture of poverty’, lifestyles and access to citizenship. The 1988 Brazilian Constitution achieved a meaningful extension of citizenship rights, but recent neo-liberal state reforms have been decoupling social rights from. It is in this context that the issue of poverty has been reintroduced to the agenda of the multilateral institutions and national and sub-national governments (see World Bank 1997 and 2001; UNDP 1997).

tions in the relationship between the state and society can be seen. The issue has been constituted by hegemonic and counter-hegemonic shifts between the multilateral actors and neo-liberal forces and between national and local actors, determining limits and challenges for the state and for public action, especially in dealing with the social issue⁹.

The first stage (1970-1980) took shape in the democratic fight for political reform and the boom of citizens' rights movements, especially in urban areas. In Brazil, two main forces led this process, the new labor unions and social movements, in addition to a boom of associative networks that channeled demands and expressed themselves through political parties against the authoritarian regime. This process of demands for change ended in the installation of the National Constitutional Convention and the resulting enactment of the 1988 Constitution. These times were marked by high degrees of conflict and demands and an increasing inflationary process. The agreement between agents in the institutional sector enabled a different relationship between working and popular classes and the state, within a context of negotiations.

The second stage –institutional changes during the 1990s– entailed in the Brazilian context a period of authoritarian interference by the national state with the reforms previously won by the labor movement, making way for an agenda of state reforms (leading to fiscal crisis, reduction of the state's social responsibilities, etc.). This stage was marked by a decline of conflicts, due both to the formation of institutional spaces in the legislative and legal areas and to the crisis of the union movement, motivated by the deregulation of the Fordist accumulation system (involving increased unemployment, outsourcing, and increased uncertainty for workers). The result of the state led fiscal adjustment process was to reinforce the state executive and assign a major role to technocracies in decision-making, especially those related to strategic areas of state intervention such as the economic and fiscal areas, key to the adjustment scheme, transforming politics into management techniques. This period represents a controversial experience for democracy: while the system consolidates moral values of its own, it appears, in practice, as a 'denial' of social rights, thus affecting the conditions for social inclusion and participation by

⁹ This cycle of changes occurred throughout Latin America –the outbreak of social movements; the struggle for a redemocratisation; the evolution of institutional reform– albeit that the timing was different in each country.

the national community through labor. Instead of enabling a greater social integration, it generates more exclusion, encouraging the loss of a sense of organization of life and less credibility in politics, which for some reappears as a space of privileges, of social disorder, often encouraging anti-democratic or authoritarian outcomes.

The third stage, beginning in the late 1990s, acknowledges that stabilization is important but insufficient. It is perversely constrained by the imperative of authoritarian deregulation and by the urgency of actions that contemplate new forms of social integration and cohesion. Each is a priority from the point of view of human development and the fight against poverty. The alternatives for this policy are many, and far from establishing a consensus, they present a huge field of controversy. From the government's point of view, the issue involves developing a strategic intelligence that intervenes in social policy but within the limits of economic adjustment. The effect in practice is to prioritize targeted 'assistance' welfare policies in opposition to universal 'protection' or 'security' policies (which have been the subject of a Social Security Reform that has transferred a major part of this public function to the private sector, the result of which remains uncertain).

ORGANIZING PRINCIPLES OF 'FOCUSED' POLITICS AND THE CONTRADICTIONS CREATED THEREBY

The reorientation of social policies focused on the fight against poverty appears in this context with the purpose of reducing the adverse effects of structural adjustments and productive reorganization, but it is institutionalized outside the field of social protection¹⁰. This change is

10 Since the 1988 Constitution, Brazilian social policy has created three kinds of rights: basic social rights that are incorporated within state apparatuses (basic social security, united health care system, continued benefits, and installments of care and unemployment insurance) (IPEA 2003); rights anticipated by the Constitution but which may be suspended by government actions ('Agrarian Reform Program', 'Zero Hunger Program', 'Development Fund for Elementary Schooling', 'School Meal Program') (*ibid*); and emergency programs oriented to solving shortages and vulnerabilities experienced by particular social groups. The latter are transitory by nature and their coverage is not generalized, not even for the target population. The population served by these resource transfer programs in 2003 totaled 3,7 million families in the 'Scholarship School Program', 810,000 children in the 'Program for the Eradication of Child Labor', 326,000 families in the 'School Grant Program', 349,000 in the 'Food Card Program', and 6.9 million in the 'Cooking Gas Coupon Program'. By late 2003, these programs were incorporated in the Family Coupon, provided to 3.6 million families, with an average benefit of \$73 per family. In 2004 the government anticipates its will reach 4.5 million families, which corresponds to approximately 9% of population estimated to be potentially in need.

achieved through a new social policy paradigm –socially targeted programs for the more vulnerable segments of society (children, adolescents, women, black people, etc.)– which entails redefining responsibilities between the state and society in relation to the social issue. The idea is to reinforce the capacity of the poor to fight against poverty.

This change arises from certain paradigms. The first has a strategic nature: it deals with the operationalization of social policies through targeting, which involves defining new ‘technologies’ to assess the conditions of poverty. This operation emphasizes access differentiation; demand subsidies; the identification of the vulnerable populations; decentralization; and matters of governance: in other words, the mobilization of social actors and politicians in joint action to meet the program’s objectives and goals (Candia 1998; Fleury 1998; Lautier 1999). The second, of a social nature, involves redefining new responsibilities for the state and society concerning social issues and a public and private partnership, moving away from the focus on individual families to the training of the poor as organized political subjects through their participation in, and control of, policies. The third deals with economic rationality under the market’s hegemony and entails performing a direct monetary transfer to the beneficiaries, fostering the conditions for their integration in the market, as consumers and/or small entrepreneurs.

Thus, the main tension in Latin American societies, especially in the current scenario, lies in the contradiction between an investment in recently achieved democratic political reform, which tends to politically include and broaden popular participation, and the dynamics of an economy that historically has caused the highest rates of social and economic inequalities; and which today tends to deepen exclusion massively and deny citizenship by the withdrawal of previously acquired social rights.

This ambivalence is the basis for one of the main dilemmas of governance in Latin America, and especially Brazil, the country with one of the highest inequality rates in the region. How should the legal and political order based on the principle of basic equality among citizens be maintained within a context of increasing political rights, fewer social rights and greater inequality of access within the distribution of wealth and public property?

This dilemma is even more difficult to solve given that there has been a movement away from treating the ‘social issue’ in terms of policies for social protection as a means of achieving social jus-

tice, and that the focus now is on the effects of social policies in producing mitigating behavior within the different sectors of society and, in particular, by individuals experiencing poverty. This is partial and temporary and results in a conflict at the grassroots level over redistribution between the poor and quasi-poor¹¹, thus preserving the concentrating patterns.

On the other hand, the new paradigm assumes an increased capacity on the part of the poor as the subjects of this process to fight against their own poverty, which means that poverty eradication policies presuppose particular political and social variables to be controlled and implemented by policy makers. These variables (see Ivo 2001) are conditioned by a patrimonialist state and an authoritarian political culture, historically mediated by clientelistic and corporatist political relationships¹². Moreover, most of the municipalities are too frail in terms of their institutional capacity to take on the burden entailed by policies of social decentralization¹³. In the current scenario, the focus of social policies on the redistribution of wealth is reoriented towards the compensatory treatment of its immiserating effects, making the basic redistribution even deeper, as confirmed above. According to Lautier (1999), by decoupling poverty from its structural determinants, individuals experiencing poverty become separated from their places in the productive system. Thus, the object of eradicating poverty becomes detached from the social protection system of social rights, and the assistance policies become an individual attribute for those who 'morally' have the right or the potential to flourish.

Put in simple terms, one might say that this transition tends to depoliticize the social issue, transforming universal social rights into technical or strategic programs and actions for determining, securing and distributing benefits to groups of selected individuals by innumerable social programs, without turning such benefits into rights. The uneven redistribution model that determines the structural reproduction of poverty remains untouched.

11 Hypothesis developed in Theodoro and Delgado, 2003 and Ivo 2004.

12 Findings on the nature of relationships between citizens and rulers confirm a high degree of clientelism in terms of the concession or favors, especially in the Northeastern region in Brazil (Ivo 2001).

13 A qualitative study on local governance conducted in 1997 for the city of Salvador, Bahia, Brazil, demonstrated these mechanisms' operational and political weakness (see Ivo 1997 and 1998).

A RECENT AND PERVERSE HERITAGE IN LATIN AMERICA: THE UNFAVORABLE RELATIONSHIP BETWEEN GROWTH AND EQUALITY

This chapter deals with recent data related to the structural adjustments made in Latin America during the 1990s, which aggravate the conditions for the insertion of the 'poor' within a context of globalized accumulation. It is a fact that the trend towards social exclusion¹⁴ within post-Fordist economies takes place in all countries, not only in Latin America, but this process has a different effect according to the level of development of the central economies and the degree of general 'insertion' of individuals through social welfare in such countries.

The neo-liberal reform of the contemporary state takes place as an institutionalized version of the social conflict, though now implemented under the hegemony of the market, within a context of international accumulation without boundaries, and under the hegemony of international financial capitals. This new process of accumulation implies the reorganization of the productive system through two basic movements: *monopoly*, with a greater concentration of capitals through company mergers, reinforcing the strongest sectors of the market; and the *labor contraction* policy, transforming 'unemployment' and labor exclusion into the most relevant issues of contemporary societies given the proportion and the severity of the desocialization process associated with them. There appears the paradox of a state without citizens, in the sense of their being integrated into the labor market, rather than endowed with social rights.

The speed at which the economic reorganization process and labor desocialization take place, especially in the urban and industrial areas of the region, strengthens an unprecedented social and political representation crisis, as it affects the social pact that governed the relationship between the state and society in the post-war era by way of a new legal order, and institutionalized in the social policies that accompanied the formation of the developmentalist state in Brazil.

14 Here reference is made to social exclusion and not only to poverty, when referring to the new social conditions of the 20th century, since 'social exclusion' stresses the inequality process. Exclusion means more than categorization according to socioeconomic status. It is concerned with the process of expelling or not including in the institutional values and benefits of society. Despite the relationship with poverty, not all those excluded are poor.

LATIN AMERICA'S CLIMATE DURING THE 1990S: WEAK, UNSTABLE GROWTH, HIGHLY DEPENDENT ON INTERNATIONAL CASH FLOWS

Macroeconomic data for the economic climate of the 1990s in Latin America establish complex and paradoxical trends that affect social reproduction and politics in countries experiencing different conditions for insertion in the global economy. These trends are characterized by (cf. Ocampo, 2000; ECLAC, 2001, 2003):

Change in the growth pattern of the 1990s in a context of higher risk and internal imbalances. The annual GDP between 1990/2000 was about 3.3%, higher than the 1% that applied in the 1980s. Likewise, the per capita GDP grew from 0.9% in the 1980s to 1.4% in the 1990s. The average growth pattern, however, was significantly lower than in the previous three and a half decades (1945 and 1980), when growth averaged 5.5% a year, i.e. 2.7% per capita. The 2003 data show that this trend towards economic deceleration continues (see ECLAC 2003). Between 2000 and 2002, the mean rate of the GNP variation only just exceeded 1% per annum, and the product per inhabitant decreased. While 2000 was rather favorable in terms of growth, presenting altogether an average growth of 3.8%, 2001 registered a remarkable deceleration: the regional GNP increased only 0.4%, the lowest rate in the last 11 years. This was a result of the contraction of countries such as Argentina and Uruguay, and of the poor performance of the great economies of the region, such as Brazil (with a 1.5% growth) and Mexico (from -0.5%);

Increased dependence of economic activity based on foreign funding. The evolution of cash flows in the last decade has two stages with two entirely different trends. The first one is characterized by the notorious increase of cash flows for the area, which facilitated the adoption of successful anti-inflationary programs in several countries and the implementation of structural reform processes (4.2% growth between 1990-1994). The second reports strong instability in the growth flow since the '*tequila*'¹⁵ effect, with growth rates dropping 2.5% during the 1994/2000 period as

15 These are the effects produced by the exchange rate crises in Mexico in 1994. In Brazil, it resulted in the flight of international reserves, which dropped 25.8% in nine months, from US\$ 43 billion (July 1994) to US\$ 31.9 billion (April 1995) (Filgueiras 2000: 127-127).

part of the global pattern. Speculative attacks increased instability and financial risk. The adoption of pro-cyclical monetary and credit policies (with monetary restraint and high interest rates during the crisis) employed considerable fiscal resources in many countries and affected the operation of the financial systems for incredibly long periods of time.

Dissociation between foreign investments and increased regional productive capacity. Between 1997 and 1999, merger and acquisition flows accounted for 40% of direct foreign investment. This means that direct investments of foreign capital did not favor the country's productive capacity, being its most dynamic component. The process of merging and acquisition of existing assets occurred initially through the privatization of state-owned assets and, more recently, the incorporation of private assets.

A heterogeneous increase in the productivity pattern, resulting from the area's production reorganization processes. As a result, the level of labor's average productivity during the decade was lower than that of other economies of the region –between the 1950s and 1980s– except for the countries in the Southern cone: Argentina, Chile and Uruguay. At a sectoral and microeconomic level, there was a disruption of production chains, especially in the production sector, and an inability of various sectors to cope with foreign competition.

Therefore, offsetting the gains from Latin America's economic stability, there was a weakness in the productive reorganization processes and furthermore a fragility of social indicators, especially those related to structuring the dynamics of the labor market, establishing a major desocialization of workers through a massive exclusion of a large portion of the working population from the labor process.

CAPITAL CONCENTRATION AND LABOR DESOCIALIZATION: MAIN TRENDS¹⁶

Changes in the performance of the regional labor market hence reflect the adverse social consequences of the recovery of economic growth

16 The process here described as 'desocialization' has been accompanied by the expansion of informal labor and of the labor flexibilization process.

and productive reorganization, which have caused a dramatic setback in conditions for social integration through labor:

The region's *open unemployment* increased almost 3% during the decade, suddenly rising in some countries, especially during the *tequila* and *Asian* crises;

Indicators of *employment quality deterioration* show an increase of labor in low productivity sectors (mainly with the growth of the informal sector, where seven out of ten labor positions were created in urban areas during the 1990s);

The deterioration of labor also becomes clear from the relative increase of *temporary employment* and of people working without a labor contract in several countries (Tokman and Martínez, 1999; ECLAC, 2000; Ocampo, 2000).

THE EFFECTS ON POVERTY REPRODUCTION IN THE REGION

As an empirical phenomenon, the extent of poverty in Latin America is considerable. In 2002, there were 220 million people below the poverty line, or 44% of the population of the region. Out of these, 98 million (19.4%) were in a state of 'indigence'¹⁷ or extreme poverty (ECLAC, 2003). The incidence of poverty, however, is a general phenomenon characteristic of the development of peripheral capitalism. Its persistence and severity are key elements of the social issue and for access to citizenship in the region (see Lautier 1995; Ivo 2001). Inasmuch as overall poverty rates varied only 0.2% between 1999 and 2002, there has been a relative stagnation in the rate of increase, but a growing incidence in urban areas within the region and a significant increase in the proportion of the population living in extreme poverty. This demonstrates that attempts at poverty eradication have not been effective and, in the context of economic and labor market restructuring, have deepened poverty for the lowest strata of the population and in the urban areas.

One of the most significant features of the distribution of goods in Latin America is the huge gap separating the wealthiest and the

17 As defined in relation to the value of a staple food basket, whereas the poverty line additionally includes non-food expenses, using the Engel's rate (the ratio between food expenses and total expense or 'indigence line', see Rocha 2003). ECLAC 2003 adopts this simplification to outline the difficulty in obtaining data on non-monetary expenses in Latin American and the Caribbean countries.

poorest. In 2001, when the poorest 40% of households received in aggregate only 13.6% of total income across the region, the richest 10% received 36.1%. In Brazil, the situation was even worse. While the poorest 40% received 10.2% of total national income, the richest 10% received 46.8%. The exceptional nature of income inequality in Brazil can also be expressed by the Gini co-efficient¹⁸. In 2002, Brazil had the highest Gini coefficient of all countries in the region, at a 0.64 rate, followed by Bolivia with 0.61, the only cases where the rate surpassed the 0.60 value. In the region, the only countries with a Gini coefficient below 0.50 in 2002 are Costa Rica (0.49) and Uruguay (0.46) (ECLAC 2003: 76/78).

The unfavorable relationship between growth and equality became more evident during the second half of the 1990s. In this period, while the PEA (the proportion of the population that is economically active) remained steady, the international crisis and adjustments affected economic growth, and the labor market deteriorated significantly. The outlook for the recession that started in 2001 and worsened in 2002 is not very optimistic, and led ECLAC's Executive Secretary (Ocampo 2002) to characterize the current scenario as another 'half decade lost' (cf. Franco 2003). This situation is worse than that of the 1980s, when there were gains in the political arena in terms of democratic and regional growth. In addition, the region has failed to take advantage of the opportunities generated by the current stage of demographic transition, characterized by the rapid growth of the population of working age, setting obstacles to the social mobility of families and making it difficult or impossible for young people to enter the labor market.

VARIOUS APPROACHES TO FIGHTING POVERTY

We now return to the hypothesis established in the introduction to this chapter, namely that social policy takes place within a complex action system where multiple causalities and various social players interact. Policies emerge as new and contradictory forms of social regulation, and should be construed as processes, not social conditions or facts free of subjectivity and contradictory interests. They are the result of both forces within civil society and changes in the way the

18 This is a synthetic indicator used to measure inequality of income distribution. It ranges between 0 to 1, where zero corresponds to the absolute equality and one to absolute inequality.

state acts, which bring about new forms of governance or regulation of processes in complex interaction networks where contradictory interests are discussed and a relative consensus is reached.

A multitude of plans, players and agents have effectively shaped and participated in the fight against poverty. They have done so according to different values and objectives, determining different forms of policy. These many instances seem to converge, generating a broad consensus on the need for intervention in this area. However, their guiding principles and their scope are far from reaching a consensus. Above all, this chapter attempts to interpret the discontinuities of the principles (see Giddens 1994: 13-14) that guide both political and popular perceptions in the poverty struggle, showing the consequences for the actors and in contemporary society. To engage with this deconstruction process is to recognize that history cannot be conceived as 'unique' or as a reflex of some unifying principles of organization or transformation. The limited selection of accounts that I present here addresses aspects of a radical rupture between the different strategies and actions adopted by different actors in their attempts to eradicate poverty. The sociology of modernity arises from this double movement of construction of suitable global representations and of the immediate awareness of its distance in terms of reality (cf. Martucceli 1999). The presentation of a set of ideas does not necessarily reflect the evolution of its underlying thinking. The task is to attempt to assimilate the generalization of an intuition that can lead, specifically and substantively, to a distorted representation or to effects that are contrary to its original conception, helping us towards a critical reflection. In order to clarify their dissimilar nature, we now turn to some of the approaches to poverty alleviation in force today, and to their practical implications.

CONTROL OVER THE POOR: A REPRESSIVE STANDPOINT ON THE ISSUE OF POVERTY

In the popular imagination, particularly as reinforced by the mass media, the first widely disseminated idea concerning the growth and prevalence of poverty is the contention that it is caused by increasing discontent among the poor and an increased potential for conflict and violence. This idea is expressed through the urban violence experienced in many Latin American cities, especially in Brazil. In this respect, the increase of urban violence and delinquency and their effect on the safe-

ty of citizens and coexistence in urban centers are the material evidence of the explosion of poverty, and this fuels demand for policies of a repressive nature in order to 'control' the poor. The severity of these phenomena legitimizes consistent public intervention in the control of marginal areas and poverty, and the creation of policies geared towards the public safety of citizens. Without discounting the need for urgent and effective action against violence and delinquency in urban centers, and while taking account of the influence this perception has on public opinion, public safety emergency actions should not replace effective and preventive policies against inequalities and their structural determinants. Moreover, any discussion solely focused on the 'violence of poverty' may not only discriminate against the impoverished population, but also carry the risk of turning social policies into repressive policies of 'control' over the poor.

A RETURN TO PHILANTHROPY

Although poverty was a reality prior to the change of paradigms in the 1980s, nowadays it is viewed as a phenomenon that worsened because of the crisis suffered during that decade. That crisis led to an increased focus on poverty and on the wider question of the fairness in the distribution of resources as a condition for human development. In addition, along with the democratization of Brazilian society and international commitments to fight poverty, there is a stronger concern throughout society regarding the issue, that receives the support of a large network of community organizations (some philanthropic in nature) that often provide an alternative to state intervention, where this is absent. This means that changes and challenges to the extent of state social policies and the pre-existing social capital possessed by some NGOs and philanthropic entities have altogether strengthened the emergency and strategic character of humanitarian action in favor of the poorest sectors of society. This implies a dismantling of the state's responsibility for ensuring protection against social risks, as greater responsibility is transferred to civil society. Although collective efforts within civil society are vital to fight against poverty, in countries where social inequalities reach the level reported in Brazil, for instance, the eradication of poverty cannot be achieved without the deliberate and efficient action of the state in the social arena.

THE POOR AS POTENTIALLY MOBILIZING SUBJECTS

Any review of discussions about anti-poverty policies today is likely to encounter references to ‘the poor as potentially mobilizing subjects’ (cf. Duhau and Schteingart 1997: 79), whether as a result of their struggles and resistance, the belief in the mobilizing potential of the popular classes in the reproduction of their everyday lives, or general campaigns for the provision of public services. This means that addressing the issue of poverty entails the development of people’s pre-existing capabilities¹⁹ to provide the conditions for overcoming poverty. This more recent perception implies an understanding that human development requires the participation and inclusion of individuals (i.e. the development of a civic sensibility).

The reasons for this mobilization of the poor, however, have different meanings and forms according to the actors and the nature of the plans and values that inform them.

1 SOCIAL MOBILIZATION OF THE POOR FROM A NEO-LIBERAL POINT OF VIEW

From a neo-liberal policy point of view, mobilizing the potential of the poor implies taking advantage of the existing capabilities of communities and channeling them to solve, simultaneously, material problems of poverty, participation and social integration through insertion in the market. From this point of view, participation and organization of the poor in promoting their demands and serving their basic needs may be considered both negative and positive. From the negative stance, poverty is viewed as a localized and residual phenomenon, incompatible with the progress of an industrial society, thus justifying repressive or tutelary policies for managing misery and assistance. From the positive stance, it means reconstituting the struggles and enduring potential of the poor as ‘assets’ (in terms of available basic goods) to solve their own situation of social vulnerability. That is to say, they are actions that consider a pre-existing

¹⁹ An important perspective upon the political organization of the poor is that associated with Amartya Sen, Economics Nobel Prize winner in 1998. This perspective seeks, *inter alia*, the transformation of the poor from ‘passive objects’ and beneficiaries of social plans to ‘active subjects’ and protagonists of social change. This approach has guided the UNDP’s reports as far as the social and human development and the strategic capacities are concerned. However, the rhetoric has been reappropriated by different political and social actors in ways that either do not correspond to Sen’s conception or partially assimilate his thesis.

potential in the population (such as land, homes, etc.) to be re-appropriated and reinforced in order to integrate this population of poor people into the market, thereby allowing them to overcome the situation of poverty. This is a strategy oriented towards the viable poor (i.e. the 'good' poor, those capable of becoming *consumer citizens*, integrated into the market and the consumer society).

As to the conditions for self-organization against poverty, the poor and the working classes are assigned an active, somewhat strategic role both in the economy and in relation to processes of social reproduction. We find several institutional mechanisms of production: co-operative associations, collective marketing systems, etc. Thus, according to the World Bank, social vulnerability is not defined merely by the dimension of want, since it also implies an incapacity to act affirmatively in response to the challenges posed by the condition of poverty. In this sense, the Bank acknowledges that vulnerable populations possess social, economic and cultural 'assets' that could and should be mobilized through the provision of solutions to poverty. Moser (1996, cited in Salazar 1998) specifies five items viewed as 'assets' of the poor: labor power, whether as employees or self-employed; human capital in terms of skills and education; productive assets, such as houses, workshops, etc.; the structure of family relationships; and communication networks capable of producing collective solutions.

The plan devised by the World Bank on the conditions of participation by the poor in social programs, by restricting attention to the dynamic potential of their social assets, ignores the structural factors generating poverty. The action proposed by the World Bank does not necessarily involve the state, but is restricted to a private, limited and apolitical approach to the problem. The operational and financial basis for such initiatives is achieved through a Social Fund whereby the Bank manages the action strategy, designs specific programs and assesses the results (see also chapter 13 in this volume). Participation should not become an exercise of political power, but a business practice through which agencies compete against each other in order to incorporate the poor into the market rather than engaging with the state. From this point of view, the mobilization of the potential of the poor depoliticizes social participation processes and separates them from more universal policies of wealth redistribution.

Some authors (see Shapira 1997; Lautier 1999; Kliksberg 2001; and others) warn that this approach shifts the responsibility for pover-

ty to the poor themselves. Such initiatives are restricted to the scope of poor people's own communities, which reinforces the segregating and segmenting nature of poverty handling policies, facilitating the state's lack of commitment in terms of broadening social rights and its own responsibilities for social redistribution.

From the point of view of political authorities and governments, the introduction of such participatory initiatives is not necessarily comfortable. It poses a certain threat: on the one hand to their independence and authority, and on the other to the basis of the domination and reproductive structures exercised by conservative politicians, who have traditionally kept the impoverished popular classes subject to clientelistic forms of control. To this extent, the intervention of other forces, players and agents could mean the disruption of a logic of reproduction of clientelist policies. However, the distribution of such benefits can also turn into instruments of a technocratic neo-clientism, whereby delegated responsibility for allocations of goods in kind enable the authorities to provide them to beneficiaries in exchange for political loyalty.

From the point of view of the forces committed to national democratic development, the issue of poverty initiatives undertaken by international entities may represent a kind of interference in national issues, to the extent that such external forces would maintain the control of popular classes, so to speak. In addition, this perspective is also criticized because of the restrictive implications for the population, to the extent that broader political issues such as the agrarian reform, economic growth and employment would be withdrawn from the agenda of a democratic state.

2 EMPOWERING THE POOR THROUGH THE AFFIRMATION OF THE POPULAR SUBJECT

This approach shares concerns related to the need for social expenditure to satisfy basic needs and support the popular economy (i.e. it is a potentially technocratic perspective), but it also advocates the autonomy of the organized poor in terms of creating a popular subject (Duhau and Schteingart 1997). The subject it creates is capable, in the social arena, of developing self-generating processes oriented to the satisfaction of basic needs. S/he can also deal with the global management of the habitat through autonomous practices of a democratically organized popular base, and from the political point of view, s/he is

capable of defending and fostering in the public sphere the full exercise of the rights of citizens and participation in the creation and shaping of public policies. This position is linked to a broader use of innovation, democratization and freedom for the popular classes in their search for creating responsible alternatives for the provision of their material living conditions and establishing a context of rights that acknowledge their duties to society as a whole. This point of view has a two-fold dimension: first, a critical attitude towards the exclusionary model that brought about underdevelopment and inequality; and second, a liberating dimension, which creates an alternative project for human and social development.

Criticizing the process of poverty formation as a result of uneven development, some theses on the issue of poverty growth discuss arguments that are in some senses different, but in others complement each other. One views the existence of poverty as a social injustice and a historical consequence of an exclusionary and uneven development process that failed to include individuals fully in the benefits of modernization. The process is currently intensified by neo-liberal policies. This diagnosis has two dimensions: the role of poverty as a condition of reproduction of political domination through the formation of clienteles in populist states, and the patrimonialist nature of the state, which created a structure of privileges inside the authoritarian modernization policy that involved the repressive submission of the poor.

Some authors point to the Fordist crisis and its effects on the dissolution of macro-social systems and their associated identities, resulting in the formation of defensive mechanisms by subordinate classes to establish alternative but nonetheless restricted social identities (Zermeño 1987, cited in Duhau and Scheingart 1997).

Finally, there are further political arguments that construe the strategic and authoritarian manipulation of poverty as a condition for constructing legitimacy and consent of local hegemonic groups, through stimuli such as television and the mass media, for the recreation of a legitimate base with an individualist and therefore antidemocratic nature. Based on such historical and critical views on the structural and political dimensions of poverty, initiatives may be geared towards positively affirming integrative mechanisms for extending the power of the citizen instead of considering citizenship as a relationship of dependence, autonomy and isolation that ends up causing a dangerous separation of society and politics.

Thus, meanings of expressions such as ‘weak and vulnerable poor’ or ‘active and recoverable poor’, when applied to citizens and communities with rights, can become transformed. Countless national and international NGOs support this process and encourage the training and autonomy of populations historically subject to conditions of exploitation, social exclusion and lack of security. Once more, some significant public initiatives are reinforced in the fight against misery and hunger and access to rights in Brazil, such as ‘Action Against Hunger, Misery and for Citizens’, led by Betinho, and the campaign for Agrarian Reform led by the Movement of Landless Workers (MST).

3 THE TECHNOCRATIC-PROGRESSIVE PERSPECTIVE OF INTERNATIONAL AGENCIES AND GOVERNMENTS

Some authors (Lautier 1995; Duhau and Scheingart 1997) identify a third approach to poverty which includes strategies disclosed by international bodies such as the International Development Bank (IDB), the Economic Commission for Latin American and Caribbean (ECLAC) and the United Nations Development Program (UNDP), and assumed in general by the governments of nation states. The technocratic-progressive vision accords great importance to overcoming poverty as a development strategy, and stands for the need for public support of the popular economy. Consider, for example, the opinion of James Midgley in a UNDP publication:

“in order to participate, individuals need to be freed from external controls. This means political and economic independence. In order to have power, we need economic self-sufficiency and institutions allowing people to take decisions” (cited in Salazar 1998).

The developmentalist approaches to the ‘social issue’ that prevailed in Latin American societies believed that the industrial development model was a key central organizer of social processes. This encompassed a protective vision of ‘universality’ and equal care to all (even though the result tended in practice to be an incomplete welfare state) that inspired social policy and the creation and operation of security systems that were later rejected and dismantled. The rationale and emphasis in the policies had to focus more on their roots (unemployment, low salaries, lack of integration to the market and to modern marketing networks, etc.) than on their symptoms (anomic behavior, social and cultural marginalization, etc.). According to Candia (1998), this view was shaped around two major theoretical and political

assumptions: that the state should have a leading role in these policies, especially in the planning stage of the process; and that those responsible for social policies were able to put forward proper solutions for the adequate handling of secondary macro and structural information.

According to Rocha (2000), countries with persistent absolute poverty can be classified into two broad groups: those with insufficient national resources to guarantee the minimum required for each inhabitant, and those with a national production large enough to guarantee that minimum, and where poverty is therefore the result of an inadequate distribution of resources. The latter is the case in Brazil, where the rates of inequalities are among the highest worldwide and absolute poverty ratios are inconsistent with the economic growth and overall development of society. The issue of poverty as a result of economic and social inequality appears as a political issue, since it interferes with the conditions of redistributive justice.

Growth is not a determining condition for comprehensive human development²⁰, but evidently mediocre or negative growth can affect economic opportunities, further aggravating poverty in various countries. In the last decades, the new globalized pattern of accumulation threatens the productive insertion of individuals and working classes as well as the conditions for insertion of entire regions, even nations. This process places the urgency of acting against classic structural inequalities on a different level, and focuses on achieving equal economic and social development conditions.

This fight against poverty through economic and social development entails an ethical commitment to make broader propositions dealing with the quality of life and social and human welfare. Furthermore, according to international and governmental agencies, it involves the idea of sustainability, notwithstanding that social programs should adapt to the adjustment of public accounts and expenditures (i.e. fiscal adjustment). It therefore leads to subordination and separation between the social and economic areas through the four pillars that structure and shape the new assistance model: a symbolic and ideological deconstruction of previous security systems at the level of critical rhetoric; an emphasis on the insertion of individuals into the market through monetary transfers; the encourage-

²⁰ Even though growth can be considered a fundamental condition for development, it is not enough. This was argued by Brazilian authors of the '70s such as Celso Furtado, Francisco de Oliveira and Fernando Henrique Cardoso among others.

ment of programs that consume and demand services; and a social organization and mobilization of civil society and the poor themselves to build policy programs.

In conclusion, we may establish the practical coexistence of several projects and different and conflicting social forces addressing the issue of poverty: those organized around the market, and those that encourage the development of civil society by affirming a liberalizing citizens' power. The unfolding of these forces entails, for the former, a strategy that reduces the state to manager of residual assistance-based welfare for the 'incapable', and for the latter, in contrast, the search for civilizing alternatives employing security and rights-related mechanisms for excluded populations subject to impoverishment and social exclusion processes, and where both the state and society are responsible. If the social meanings that inform the fight against poverty cannot be translated into practical results, they are no more than 'confused rhetoric' that implicates the several social actors in a process of social rights reform and deregulation. If the ethical basis of the commitment to eradicate poverty cannot be translated into the production of effective rights and security for individuals, then it is an ideological mechanism for the hegemonic consolidation of the neo-liberal project of the minimalist state. The issue is whether the state can indeed transfer the public responsibility for solving the social issue to a private sector in a society afflicted by profound social inequalities and constantly challenged by institutional changes driven by market forces.

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**ANTI-GLOBALIZATION AND ANTI-STATISM
FROM THE PERSPECTIVE OF POST-DEVELOPMENT
AND ANTI-UTILITARIANISM**

INTRODUCTION

I see the return to the discussion of the regulatory role of the state in politics in general and in social matters –particularly in the fight against hunger, for example– as a good opportunity to explore new understandings of the dynamics of national societies in the context of

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1 In this chapter I take as a starting point the background paper *Anti-globalization and anti-statism: Emerging challenges for the role of the State in the reduction of poverty*, written by Einar Braathen and Hartley Dean (2003) with the explicit objective of providing an input to the seminar on ‘The role of the state in the struggle against poverty’ which took place in Recife in March 2003 under the auspices of CLACSO, CROP and the Joaquim Nabuco Foundation. Elements of that paper have been incorporated in chapter 1 of this book. I consider it important to write about certain issues not dealt with in detail in the original paper by Braathen and Dean. In particular, they have omitted taking into account the contribution by French intellectuals, which seems to me to be very rich and relevant to the present discussion on globalization.

globalization¹. The social sciences are being invited to make a theoretical reappraisal that can adequately deal with the impact of world economic-financial power on the deregulation of national and local social systems with a view to responding to important questions, beginning with the evaluation of the moral and political dilemmas that surround the work of social scientists today.

However, theoretical criticism must also contribute to the scientific understanding of certain recent phenomena: the negative repercussions of contemporary capitalism on national and local social structures, which have conspired to increase the social and economic inequalities between individuals and societies; the growing environmental imbalance which stems from the irrational over-use of natural resources, designed to guarantee the logic of economic development; the growing outbreaks of endemic and pandemic diseases; and the visible limits which national powers are encountering when they try to deal with systemic crises of transnational origin.

The resumption of this discussion about global governance cannot be delayed, especially when we observe that economic globalization has neither substituted the structures of national power, nor, even less so, the regulatory action of the nation state. After unsatisfactory attempts to displace state regulation either with the logic of the market, as suggested by neo-liberalism, or with a communitarian logic, the revival of the political in the management of societies inevitably stimulates a reopening of the intellectual debate on a series of classic themes such as governability, bureaucratic rationality and legality within national societies or continental blocks.

My intention is to contribute by focusing on the central theme of the book –the state and poverty– from the perspective of the ideas of *post-development* and *anti-utilitarianism*. Some conceptually enlightening elements deserve to be acknowledged. One of them has to do with the fact that the deconstruction of the grammar of globalization is a theoretical undertaking, which enables us to understand the ways in which globalization shares the same essential logic as that of the colonial and developmentalist project. The proposal to ‘deconstruct globalization’ should be taken seriously, because it allows us to reveal the nexus that unites the different phases of capitalism, from its mercantilist phase to its present highly complex informational phase. Although the old developmentalist and colonialist ideas certainly no longer apply today, the themes of the state and civil society continue to do so. On the other hand, the radicalization of the planet’s anti-mer-

cantilization sentiments and criticisms suggests the need to deepen the debate regarding social and political reforms. This cannot be delayed any longer, especially in the countries on the periphery of capitalism that have suffered greatly from the impacts of state policies of deregulation resulting from the advance of neo-liberalism.

The attempt to radicalize the critical theorization of economic globalization, to be found in the manifesto for *post-development*, which I shall present below, seems to me to constitute a relevant contribution by the French intellectual followers of the *Mouvement Anti-Utilitariste dans les Sciences Sociales* (MAUSS) [Anti-Utilitarian Movement in the Social Sciences]. For more than twenty years, this movement has developed a systematic criticism of neo-liberalism and of the idea that the complexity of social action can be reduced to a game of economic and utilitarian calculation². From the perspective of the advocates of post-development –who constitute- a wing within the anti-utilitarian movement– the phenomenon of globalization is organically associated with that of capitalist development, and according to them this utilitarian-based modernizing logic offers no alternative for modern societies. The debate is relevant because to a certain extent it reanimates the old dispute between ‘reformists’ and ‘revolutionaries’, which occupied an important place in the imagination of the left in the last two centuries.

This critical reading of globalization, based on the relationship established between the phenomenon of development and the colonial (and post-colonial) project –in the terms of the signatories of the *Manifeste du Réseau Européen pour l'Après Développement* (READ) [Manifesto of a European Network for Post-Development]–, is to a certain extent close to those of some Latin-American intellectuals, such as Atilio Boron, when he questions the value of the book *Império* [Empire], written by Michael Hardt and Antonio Negri (2000). Boron (2002) maintains that “globalization consolidated the imperialist domination and deepened the submission of the peripheral capitalisms, ever more incapable of exercising a minimum of control over their domestic economic processes” (Boron 2002: 13-14). It is true that the

² In fact, the term MAUSS has two meanings. On the one hand, it signifies the anti-utilitarian movement in the social sciences. On the other hand, it represents homage to Marcel Mauss, one of the founders of French sociology, already in the 1920s considered as one of the references for the criticism of economic utilitarianism, present in his most celebrated work, *An essay about the gift: the form of, and reason for, exchange in ancient societies* (Essai sur le don. Forme et raison de l'échange dans les sociétés archaïques).

approximations between Latin-American authors such as Boron and the European anti-globalists stop there, given that their views diverge when it comes to the role of the nation-state in regulating social changes. While the Latin-Americans tend to value state regulation, confirming the theses of those who have defended the creation of capitalist welfare states, the advocates of post-development believe, to the contrary, that new regulatory systems, founded on a certain spontaneous political mobilization of anti-utilitarian social forces present in civil society, could dispense with state action. However, that proposal, as we shall see, remains widely ambiguous from a theoretical point of view and in terms of its practical implications.

I will therefore attempt to demonstrate in this chapter that, although the anti-globalization critique of the group known as *Cercle François Partant*³ contains interesting theoretical ideas, these, nonetheless, are clearly limited from the point of view of their practical and political consequences. I will begin my discussion by presenting the central theses of post-development and its greatest merit: the criticism of the narrative of colonial development contained in the phenomenon of globalization. Following this, I will seek to point out the limits of this thesis in order to open the discussion on political regulation. I will support my argument partly with personal reflections on globalization⁴, and partly with those of anti-utilitarian French intellectuals such as Alain Caillé and Ahmet Insel (2002), who have a critical vision of globalization that is different from that of the advocates of post-development. I will conclude by returning to the question of whether the anti-utilitarian ideas that I develop here contribute effectively to a deeper understanding of the questions raised in this book.

THE THESES IN FAVOR OF POST-DEVELOPMENT

The idea of post-development, suggested by the signatories of the *Manifeste du Réseau Européen pour l'Après Développement*

3 François Partant Study Circle.

4 In July 2000, in an international seminar on globalization –“Cosmopolis: Democratising Global Economy and Culture International Conference”- organized by the University of Helsinki, I presented a paper entitled “Imagens ambivalentes da globalização” (Ambivalent Imagery of Globalization) which was later published by the *Revista de Estudos de Sociologia* (Review of Sociological Studies) of UFPE (see bibliography). In that paper, I sought to explore the idea of ambivalence as developed by Zygmunt Bauman, in order to think about globalization as a paradox and avoid value judgments on the theme.

[Manifesto of a European Network for Post-Development] (READ), which it is proposed should serve as the basis for a radical anti-utilitarian movement, offers, in my view, an important contribution to the debate about the role of the state in the fight against poverty. This contribution can be seen on two levels, which I will use as the basis of my reflections.

On one level, it is possible to regard the experience of globalization in general as an extension of the experience of development, which in its turn represents a new form of the project of colonization. The passage from colonialism to post-colonialism, within this conception, has as its point of inflection the progressive transformation of the colonial forms of power into national forms, based in general on oligarchies. From this perspective, in which the very notion of development continues to be the decisive point of inflection between colonialism and globalization, it is necessary to proceed to a radical deconstruction⁵ of the hegemonic economic thinking and its central metaphors: progress, growth, structural poverty, economic necessity, among others. Such a deconstruction is seen as important to allow anti-utilitarian critical thinking (that is opposed to the submission of social life to the logic of profit and calculus of equivalence) to act more aggressively in favor of a new social and political ecology (anti-state and anti-globalization) on the planetary, national and local levels. The title of the seminar organized by UNESCO in February 2002, “Unmake development—remake the world”, reflects the spirit of the sympathizers of the post-development critique, a spirit that reflects the utopia of a radical rupture with capitalism.

On the other level, by directly linking the notion of globalization with the notion of the mercantilization of the world, the idea of post-development proposes not a nostalgic and suspect return to pre-modern times (when the market was not hegemonic), but the passage to a new context which is presented as post-capitalist and post-modern (Cercle F. Partant 2002: 92). In the liberation of this new historical context, the state would have a secondary role.

5 The idea of deconstruction, which has a considerable presence in the thinking of many post-modern authors, particularly in the work of Jacques Derrida, is an important theoretical resource for undoing the myth of modernization and revealing at the same time the narrow relationship between national development, post-colonialism and globalization.

In general, the signatories of the manifesto take a radical position against globalization. For these authors, there is no solution for the planetary situation within the patterns of capitalist modernization. As a consequence, all the developmentalist attempts at innovation –such as those of local development and sustainable development, among others– are only conceptual innovations aimed at generating illusions “to add a dream element to the hard reality of economic growth” (Cercle F. Partant 2002: 93). Following on from such thinking, they suggest radical support for the ‘victims of development’, which requires a strategy of deconstruction of the argument for development in order to disincorporate the values of the colonizer and decolonize the colonized spirits, thereby opening the possibility of a new world characterized by cultural plurality.

For Serge Latouche, one of the principal proponents of the manifesto, the critical agenda of post-development has two stages. First, it is necessary to eliminate the dominance of the economy over our lives, which implies abolishing, and moving on from, practices such as the private ownership of the means of production and the unlimited accumulation of capital. Such decisions would cause the founding myths of development, such as the belief in progress, to enter into crisis, and as such, the global economy would be precipitated into a process of deceleration and decadence, which would in turn liberate other post-modern social forces. On the other hand, the idea of constructing a more just society in which the value of living together was reintroduced and quantitative consumption was limited, should be put into practice. He concludes: “The rediscovery of real wealth through the blossoming of convivial social relations in a healthy world is something that can be realized with serenity, frugality, sobriety, and with a certain austerity in material consumption” (Latouche 2002:87). However, even if the idea of deconstructing globalization, present in these radical theses, is interesting, the following question remains in the air, unanswered: who would put the idea into practice? Which sufficiently powerful social forces could take the initiative to deconstruct global capitalism?

LIMITATIONS OF THE POST-DEVELOPMENT CRITIQUE OF GLOBALIZATION

The manifesto is vague when it comes to determining who can do what to help break with the idea of globalization. It is worth bearing in mind alternative initiatives, such as self-managing co-operative

companies, neo-rural communities, and the organizations of the excluded in the countries of the Southern Hemisphere. The alternative enterprise, say the authors of the manifesto, should survive in an environment different from that of the global market. “And this environment which embraces dissent, must be protected, fed, reinforced and developed through resistance. Instead of struggling desperately to preserve its part of the global market, it is necessary to struggle to widen and deepen a truly autonomous society on the margins of the dominant economy” (Cercle F. Partant 2002: 96).

In not making clear which political and institutional resources should be brought into action to realize their undertaking, the signatories of the manifesto end up supporting their call for the implementation of their alternative anti-capitalist project with vague appeals for mobilization. One is left with the impression that they believe that theoretical criticism is sufficient in itself, independently of the historical and sociological conditions of globalization. In this perspective, Atilio Boron’s (2002) criticism of the book *Império* [Empire] by Hardt and Negri (2000) -that its authors make excessive recourse to theoretical abstraction, which, unforgivably, leads to real social processes being considered as secondary issues- can be equally applied to the authors of the *Manifeste du Réseau Européen pour l’Après Développement* (READ) [Manifesto of a European Network for Post-Development]. In analytical terms, the document deserves more attention because of its character as a moral denunciation of imperialism than because of the possibilities of the main proposals themselves. This is especially true when it comes to defining the kind of political power that would be capable of confronting the new global imperialist power, especially the power of the United States.

At this level of discussion it is necessary to return to this chapter’s point of departure, concerned with exploring the possibility of continuously evolving autonomous spheres of political decision-making (in an international, national and local context), at a time when the forces of economic globalization interfere openly with the regulatory capacity of the national states, weakening the power of state and public policies. No matter how interesting the theoretical perspective of a radical deconstruction of global capitalism, as suggested by the European manifesto, there is without doubt, a series of other questions to be discussed that make it necessary to subjugate the very idea of deconstruction to those of politics and social mobilization.

On the one hand, it is true that the deconstruction of the grammar of globalization makes it easier to see global capitalism's commitment to the projects of colonization and development, and also lets us better understand, among others, the fallacies of the 'accepted' ideas of technical progress and redistributive growth. On the other hand, such a deconstruction is absolutely insufficient to reveal the general political conditions necessary for a change in the direction of globalization, to the extent that it ends up creating an unsustainable Manichaeist image: of globalization, the Bad, on the one side, and post-development, the Good, on the other. Such an image is not, in truth, very far from the dualist proposal of Bush Junior that places the Good, the United States and its allies on one side, and the Bad, the enemies (Iraq, Iran, North Korea, Libya, among others) and other opponents (currently Germany and France, in the case of the conflict in Iraq) on the other.

In my paper "*Imagens ambivalentes da globalização*" [Ambivalent imagery of globalization] (Martins 2001) I sought to develop the thesis that globalization is an essentially ambivalent phenomenon, and that it reveals itself in the movements of the constructive and destructive processes of modernity. On the one hand, I recalled that the actual disorganization of the modern imagination occurs under the weight of the systemic imbalance generated by the excessive weight of the market economy on the political, cultural and social systems of regulation, producing, among other problematic effects, a culture of mass consumption that reinforces the commodity fetish. On the other hand, I concluded that behind the signs of a uniform global mass culture, an ambivalent process is emerging in which old symbolic and cultural references (national, regional and local) are being re-composed, opening themselves to continuously evolving autonomous experiences, as much from the socio-psychic point of view as from the political one (Martins 1999: 108-114).

In my view, this reading of globalization as an ambivalent phenomenon has relevance for theoretical criticism to the extent that it allows us to understand that social reality does not give in passively to the strategies of the hegemonic powers; and that, in its interior, the germ of theoretical and practical resistance is always present. Therefore, I continue to believe that the solution to the challenge that has been posed to national societies committed to the idea of democratic modernization lies exactly in the attempt to create an anti-utilitarian policy made up of two lines of thought: one which identifies itself with the criticism advanced by the post-development theoretic-

cians which associates globalization with the post, or better, neo-colonial project; and a second one that does not limit itself to the radical and ingenuous denial that such theoreticians make of the current political regulations, especially those signified by the state.

In my opinion, to be capable of inhibiting the perverse and destructive effects of the utilitarian and economistic imagination, a coherent anti-utilitarian critique should be sufficiently well based from the political point of view. It should also favor new experiences of association and solidarity at various levels of the organization of collective life (especially those of direct democracy and representative democracy, as well as those of spontaneous or articulated associative practices). At the level of daily life, market economic exchanges should exist on the same basis and under the same rules of functioning as non-market economies, whether money-based (such as the public economy under the control of the state, which has a monetary format but is not mercantile because it is not subject to the game of the market) or non-money-based (such as the economy of solidarity, based on the non-monetary exchange of services) (Laville 2002).

This is the same thesis defended by Alain Caillé and Ahmet Insel (2002), founders of the *Mouvement Anti-Utilitariste dans les Sciences Sociales* (MAUSS) [Anti-Utilitarian Movement in the Social Sciences], an association created over twenty years ago in France to which we referred at the beginning of this chapter. For these authors, the principal effect of globalization was the sabotage of the national mechanisms of solidarity and regulation, which has opened the way to the loss of the public perception of the differences between legal economic action and illegal economic action. In making their criticism of the perverse effects of globalization, Caillé and Insel propose as a fundamental hypothesis a separation between internationalization and globalization. The first is understood to be a phenomenon that preserves regulation by nation states, while the second is seen as a phenomenon that destroys such regulation. In this way, the phenomenon of internationalization would be seen as positive, in that it awakens among the peoples of the world the consciousness of being part of a community with a planetary destiny that does not deny their historical identities. Globalization or *mondialisation*⁶, in turn, would be interpreted as negative, because it pro-

⁶ The French have been reluctant to adopt the word “globalization”, preferring until recently the word “mondialisation”.

duces the deregulation of political and cultural systems, especially those of national states, without replacing them with alternative regulations as efficient as their predecessors.

In my above-cited paper on the ambivalence of globalization, I also seek to give emphasis to the theme of the political regulation of global processes. I propose that the deregulation of the system of nation states, in the last two decades, occurred as a result of the collapse of the precarious balance between the three institutional models of modernity: that of the market, that of the state, and that of the nation-community. In my view, the collapse of the concept of national modernity, especially in peripheral spaces, reveals the increasing influence of the market in the fragmentation of the formation of individual and collective identities, to the detriment of the roles previously occupied by the state and the nation-community (Martins 2001:111). However, in fragmenting the old symbolic and cultural references, globalization is encountering its limits, by generating inevitable political and social reactions that open innovative perspectives for intellectual criticism, and for social movements to discover the fetishist character of globalization. In this same reactive movement, we observe the emergence of practical opportunities for reaction by peripheral actors (such as the World Social Forum) to the new forms of domination by the imperialist power in the planetary context (Martins 1999: 114).

In fact, this position is shared by authors such as Edgar Morin, who in different works reiterates the importance of a double look at globalization, even if he does not make direct reference to the idea of structural ambivalence. In a recent paper published in a special issue of the Review of MAUSS on the subject, Morin affirms that the globalization of the 1990s took the form of an important techno-economic style of globalization, while at the same time favoring another form of globalization, certainly unfinished and vulnerable but of a humanist and democratic nature, which finds itself disturbed by, and preoccupied with, the negative consequences of colonialism, the serious inequalities, and the unrestrained expansion of profits (Morin 2002:43).

From an anti-utilitarian perspective we can say that for critical theory to advance it is important to understand that the nature of mercantile logic is not only different from that of bureaucratic-legal logic or that of associative and civil logic, but that that difference contains an inherent ambivalence. However, this ambivalence gradually gives way to fragmentary and contradictory processes in response to

the extent with which the market seeks to introduce itself into the regulatory spaces of social life, traditionally ruled by other logics, such as those of politics, the state and civil society. A similar recognition of an ambivalence in the constitution of 'modernity' (in the positive sense of that term) suggests that criticism of globalization requires a complex thought process taking into account the multiplicity of logics simultaneously present in the organization of social action in daily life (family, neighbors, etc.) and in formal and functional systems (parties, companies, churches, universities, etc.).

Among the collection of logics or common practices of human action, the legal-redistributivist logics (which legitimize the state), the utilitarian-mercantile logic (which legitimizes the market) and the social-associationist logic (which legitimizes civil society) should be given special attention in the context of the theme being dealt with. From this analytic perspective, the uniformization of the world through mercantilization presupposes a dangerous process in which the functionality of social mechanisms is weakened ('dysfunctionalization'), and as a result of which the space in which the different logics coexist (each of them with a specific function in the systemic organization of society) is discredited, thereby generating uncontrollable anomic processes (unemployment, violence, new endemic and epidemic diseases, etc.). From this point of view, the manifesto of post-development contains an important warning about the intellectual struggle that must be relentlessly waged against these anomic processes which so greatly attracted the attention of Durkheim more than a hundred years ago, when he wrote *The division of labor in society*.

There is a simple explanation behind this 'dysfunctionalization' effect of globalization: the generalized introduction of economic utilitarianism in all spheres of social life tends to undo the existing ties of solidarity, given that the objective of the market is not to generate social well-being, but profit only. Emile Durkheim rightly observed that economic life, abandoned to its own ends, is a generator of anomic effects that lie at the root of all kinds of conflicts and disorders. For this reason, it must be regulated in favor of collective solidarity (Durkheim 1999: VI-VII). In fact, what the founder of French sociology wanted to say was that the imperative of maximizing economic gains necessarily implies a reduction in the number of jobs and, as a consequence, the disorganization of social life. From a similar perspective, Robert Castel reminds us that the concept of social property emerged as modern society's reply to private property, to put concrete

limits on the expansion of the owners of property and rehabilitate the non-owners (Castel and Haroche 2001). This solidarity among non-owners continues to be a common feature in a world that gives pride of place to 'private property' and the egotistical individual, to the detriment of social property.

PERSPECTIVES FOR A WORLD SOCIETY RULED BY THE HYBRIDIZATION OF POLITICS

Given the questions raised in this chapter, I would like to remind the reader of the importance of deepening our understanding of the possible meanings of the term anti-globalization. In the above-mentioned background paper, Braathen and Dean suggested that intellectual discussion on the subject tends to be organized around two main ideas: hostility to the role of the state in the reduction of poverty, and the increase in the inequalities between developed and undeveloped countries, with the confirmation of the increase in exploitation by -and corruption of- the state elites of the developing world (Braathen and Dean 2003: 1-2). While such intellectual thinking may offer some important elements for understanding the reactions taking place, it must nevertheless be extended and corrected to take into account the new theoretical and practical challenges born of the most recent world events.

For example, independently of its practical consequences for world geopolitics, the war against Iraq has already imposed a context of insecurity and fear on the collective imagination of the 21st century that merits lengthy reflection because of its political repercussions. One is reminded, for example, that the political and institutional deregulation promoted by economic globalization since September 11 2001 has not only widened the rift between rich and poor countries, but also accentuated the differences in power within the dominant bloc of rich countries. On the one side, we have the United States and its allies of convenience and on the other, the remaining rich countries that resist the imperial power as best they can, though with great difficulty.

In addition, the definition of globalization implied in the background paper by Braathen and Dean has its limitations in another respect. In proposing that the anti-globalization movements 'are skeptical, if not hostile, about the role of the state in the reduction of poverty', these authors were only highlighting one side of the theoretical debate. In my view, if the schools of thought which constitute

the anti-globalization and anti-statist perspectives (and post-development can be classified as one of these) actually exist, then other, parallel, theoretical positions which understand the need to preserve the role of the state (even if that role should be reviewed in the light of globalization) can also exist. I do believe, however, that some analyses make significant progress towards a coherent criticism of globalization without discarding the importance of valuing the need for new mechanisms of political regulation for the world system and for national and local systems.

In general, the theories of anti-globalization start from a valid assumption: that the monopoly of legitimate decisions that characterized the role of the state fell apart twenty years ago, and that currently no one is capable of really saying who decides what. Consequently, the idea of a global society remains illusory, because the only world power with the possibility of offering some form of viable government –the United States– is more preoccupied with its own economic interests and with questions of military and strategic security than with encouraging the emergence of a plural, democratic, world citizenship. In this sense, Christian Chavagneux, editor of the magazine *Revue d'Economie Politique* (Review of Political Economy) published in France, raises what seems to me to be a key question for advancing the debate: who has sufficient power now to fix the rules of the social and political game of economic globalization? The author suggests four lines of reply.

The first reply defends the idea that this regulatory power has passed from the state to civil society and associations. However, this reply, which informs post-development thinking, is not empirically verifiable anywhere in the world, especially not in the Third World, where economic and social life continues to depend largely on the power of intervention of the state. In addition, even if organizations of civil society such as NGOs gained effective weight in recent years, they are still far from appearing as potential and effective alternatives to the state.

The second reply contests the claim that nation states have lost their strength, since it has no empirical basis. Because even if it is true that the neo-liberal logic weakens these states, they continue to appear as one of the strategic resources for managing the social aspects of life.

The third reply, regarding who holds effective power in the new world scenario, is more refined. It proposes that what is happening is a growing hybridization of state, private sector and para-state forces, which is consequently sowing the seeds for a new world system.

The fourth reply preserves the term hybridization but widens the field of analysis with a view to detecting the political influence of a series of state and non-state actors (international organizations, multinational companies, NGOs, mafias, researchers etc.).

Following this, the author advances four provocative conclusions. First, that the hegemony of the United States is uncontested; second, that we are observing the emergence of private forms of government; third, that the zones of non-governance are expanding; and fourth, that the current state of the world is no longer the result of the deliberated strategies of localized groups (Chavagneux 2002).

Although this notion of hybridization seems very opportunistic, I agree with Alain Caillé (2002:10) insofar as it leaves another question unanswered: in the name of what would the virtuous actors of hybrid world governance (international institutions, NGOs, and states) be motivated to attempt to upset ultra-liberal globalization? This is an unanswerable question. However, even if we do not have a reply, we tend to agree with Caillé (2002:16) when we affirm that rather than simply pointing to the dissolution of politics in an aseptic world, we should focus on the work of reconstituting culturally and politically significant political groupings in order to undo the growing distortion between the scale of the economy and that of politics.

I believe that a similar challenge should be extended to the three levels of analysis proposed by Braathen and Dean (2003): the international, the national and the sub-national. However, for this challenge not to remain limited to the abstract plane, attention should be paid to daily life and to the field of associative civil society, fertile spaces for the creation of new social forms and new collective mobilizations.

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PART II

POLICY AND NATIONAL DIMENSIONS

VIRGILIO ÁLVAREZ ARAGÓN*

THE STRATEGY OF POVERTY REDUCTION
AND THE EDUCATIONAL GAP
IN POST-WAR GUATEMALA

THE ARMED CONFLICT: CAUSES AND CONSEQUENCES

THE DEMOCRATIZING ATTEMPT AND THE AMERICAN INTERVENTION

Guatemala, a Central American country which in colonial times functioned as the region's political and economic hub, achieved its independence in 1821. This was the result of attempts by the province's conservative and antidemocratic ruling classes to retain control over the state apparatus, which would have been difficult if they had continued to belong to Spain which, in view of the strong progress of liberal ideas in Europe and as a consequence of the final and late application of the Cadiz Courts (Álvarez Aragón 2002a: 86), had tried to set a republican model in motion.

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The conservative spirit of these elites turned the entire 19th century into a slow and tortuous process of incipient openings and harsh coups to return to a long lost colonial past. Economics and politics remained under conservative control, thus preventing the emergence of either new players or new trends. A deep change was intended in 1871, when social groups imbued with a liberal ideology wanted to modernize the state and its society. The effort was ephemeral. In less than twenty years, the old oligarchs had re-assumed control of both power and wealth. In 1898 Manuel Estrada Cabrera came to power, portending a dictatorial period which throughout the entire 20th century would see increasingly authoritarian and intransigent emulators enthroned.

If during colonial times the economy was based on farming, as in most parts of what is now Latin America, the first century of the independent era would not be different, though markets became increasingly difficult and domestic needs greater. While during colonial rule export products were natural dyes (cochineal and indigo), the late 19th century witnessed the development of the production of coffee, which even now, more than a hundred years after independence, represents the main source of income with no further modernization in terms of planting and processing (see, for example, Cambranes 1985).

Unlike the situation in other countries, the permanence of conservative thinking with a colonial orientation led to the absence of an industrializing effort. The exploitation of indigenous labor in the country, even in the period of liberal revolution, meant that the distribution of additional tracts of land to friends of the regime, and control over the poor indigenous and *mestizo* masses as an almost costless work force, provided the means of achieving economic stability.

Under this eminently oligarchic model, the possibilities of implementing a capitalist accumulation process never developed. Elites always depended on the support, concessions and privileges offered to them by governments; therefore, in the defense of their interests, they always encouraged, supported and defended –often desperately– governments regarded as the most repressive on the continent.

By 1930, the middle class regarded the government that took office as “a change for new and progressive leadership” (Tischeler Visquerra, 2001:198), capable of resuming and revitalizing the liberal ideas of the late 19th century. The eventual outcome could not have been more different. Fourteen years later, the oligarchic power that

emerged was in absolute crisis, thus resulting in “the last phase of the oligarchic liberal state in Guatemala” (ibid.). If, in the words of this autocrat, “Guatemala’s people are not ready for democracy and need a strong hand” (ibid.: 212), the events unleashed in 1944 showed that society needed new spaces and new forms of interaction with the government. Despite the efforts of the oligarchic social groups to avoid it, the insurrectional triumph of October 20th 1944 opened the doors for the creation of a new political and social order, which unfortunately did not become effective since –as on many occasions throughout the country’s history– it was soon aborted: this time, through a process generated and negotiated by the American Department of State office.

Jacobo Árbenz’s government (1951-1954) (see for example Velazquez 1994) was a modernizing force never before seen in the country, whose purpose was not only to update it in terms of the demands of productive relations but also to implement a fairer and more appropriate wealth distribution. The defeat of this project gave way, as noted by Torres-Rivas (1998: 12), to “a violent and prolonged reaction within Guatemalan society”, resulting in what he calls the “current crisis of the reactionary power”. The effort to achieve capitalist development in a society ruled by oligarchic powers and enclaves was simply aborted.

However, the advances that had been achieved made the attempts to return to the past impossible, giving rise, in the words of the same author, to a “current political crisis” (ibid.), mainly expressed in the difficulties in reproducing both the economic and political systems. According to this author, in the following years, the difficulty that military/civil groups “faced to restore the stable political order required by the Cold War was remarkable”.

It is in the face of these difficulties that the military –convinced of their mission to save and control government– seized power, using ideological and cultural justifications which emulated Cold War visions and conditions. The fear of democracy and the political inability to understand the demands of the current world led the military groups and their allies –the native oligarchy and the political power of the US government– to hinder any and all liberalizing efforts, even to the detriment of the modernization of the economic process. While the former maintained order with blood and fire, oligarchies continued to draw from the land and their workers all the possible wealth, without great effort. The military soon discovered that they could also control economic power. Therefore, from being allies of the oligarchy,

they become a part of it, turning the political game into a simple process of alternation among allied military groups, and in the process excluding and persecuting all those who defended any remotely democratic proposal.

INDIGENOUS POVERTY AS A SYMPTOM OF PERMANENT EXCLUSION

Defining poverty is a difficult issue because, depending both on the theoretical perspective adopted and the desired scope, indicators, processes and characteristics may be diverse and different. It is the case, however, that at present poverty cannot be regarded purely as an economic problem. Against this background, nowadays, instead of talking about poverty on the basis of proposals such as those of the United Nations Development Program (UNDP), we have begun to talk about human poverty, a concept which in addition to considering purely economic and monetary variables takes into account social issues such as school attendance, health, and employment.

Whereas the Economic Commission for Latin America (ECLA) define the poor are those who cannot afford a basic basket of food, UNDP goes beyond this to consider subjective aspects of poverty, including whether people regard themselves as poor or not.

Pierre Salama (1999: 137) proposes, for example, that a poverty indicator can be thought of as “indirectly proportional to the average per capita income level and directly proportional to the degree of unequal income distribution”. This notion allows us to compare individual issues (per capita income) with macro social issues (such as the inequality level in the distribution of that income). Therefore, in societies with a more polarized distribution, as in the case of Guatemala, poverty is much more severe and widespread than in those societies with narrower distribution gaps¹.

However, while quantitative information, mainly related to economic income, is the most transparent and direct instrument for analyzing the poverty phenomenon, its explanations are not only too

¹ Income-based poverty estimates have made strides in the construction of measurement instruments that, as in the case of the Gini coefficient, help to provide a relatively clear view of inequalities in specific societies at specific times. Notwithstanding its explanatory nature, this coefficient, as observed by Salama (*ibid.*), overlooks the intrinsic differences that may exist in groups of different income, and even so, it overlooks regional and local differences. To solve part of these difficulties, there are other measurement instruments, such as the Theil ratio, that help measure differences taking account of the impact of one or other factor (education, employment, and so on).

broad and general: they also tend to reduce the problem to merely economic issues. In this way they disregard non-monetary resources, which in many cases leads to an underestimation of poverty, especially in countries where such resources may, because of the structural characteristics of the population, be substantial, albeit inversely correlated with monetary incomes.

While in some contexts poverty may be considered a recent problem, in others it is a long-standing one. Although over the past twenty years it has been globally reduced, in historically poor regions such as Africa and Latin America the situation has increased (Salama 1999: 162).

In the Guatemalan case, as pointed out by an empirical research project intended to compare several municipalities of the country (López 1999: 9), “poverty is not a current phenomenon which appears and disappears in terms of certain occasional factors (...), its persistence in the social historic course and its scope over the past decades suggest” that it is an inherent part of the economic model in place in the country to date. Moreover, everything seems to indicate that for this model the poverty historically suffered by large sections of Guatemalan society is a basic and functional feature.

The country’s history is the history of poverty and misery. The income produced by the agricultural sector, which at certain points tried to become an export industry, failed to alleviate the misery of the population, mainly in indigenous groups which since the arrival of the conquistadors have had to contribute their labor and effort to the enrichment of their subjugators. The prevalence of a traditional production model characterized by the concentration of fertile land in the hands of a few, little or no automated crop practices, cheap labor, and both intensive and extensive production of traditional agricultural products, hinder rural development, leading to the persistence of precarious conditions for the mass of rural workers.

Indigenous Guatemalans have always been the work force on whose backs wealth was amassed. Having been denied the possibility of taking control of their destiny as a social group, hunger and misery have typically been their lot. Their entire cultural and social wealth was wiped out, and they were compelled to ‘transmute’ their beliefs and practices into the Western Christian world, but without its material benefits.

Following the conquest, as pointed out by Pinto (1996:10), indigenous groups could not adopt a common strategy against the invader,

and so they yielded to military technology and new diseases, they witnessed the destruction of both their main cities and their political system, and the only choice left by the new economic system imposed on them was vassalage. As there were no large-sized mining operations, they were trapped in agricultural production, either on small and impoverished holdings geared to survival, or as free labor to maintain the new order. According to Martínez Peláez (1975), it is in this process that the category of 'Indian' is conceived and constituted as that of the social individual exploited throughout the nation's history.

For many years, the use of an aboriginal language, in many cases as the only communication tool, has been the most direct variable to identify a person as a member of the autochthonous groups. While the number of groups currently considered to have Mayan origins amounts to 21², accounting according to data from the 1994 census, for 42.4% of the country's overall population, these figures should be considered with caution since they are not necessarily consistent with data from other surveys³, and their use of self-identification means that care should be taken when interpreting the real proportion of the country's indigenous population. The proportion can be higher or lower depending on the indicators used to establish ethnicity. Despite this, it is evident that communication difficulties and problems leave a large number of the inhabitants of the country beyond the reach of current communication technology, and without the simplest and most common assets, such as literacy, especially if we take into account that the members of the less numerically significant groups are the ones who live in greater isolation and disadvantage⁴.

2 For further clarification of the supposed distribution of the indigenous population, see Exhibit 1, Guatemala Chart, Proportion of indigenous population as per 1994 census. Moreover, there are two other African-American groups, the *Garifunas* and the *Xincas*, with much smaller populations.

3 Data from the 1994 Census state that those who identify themselves as indigenous people account for 42%. However, the National Income and Family Expense Census of 1998/99 sets that percentage at 48% (cf. SNUG, 1999: 129). The above figures imply a 6% growth of the indigenous population in just four years, showing how difficult it is to make a comparison between censuses and surveys, as it happens in the attempt to identify citizens as members of a given ethnic group. Both statistical issues, and those related to the indigenous identity, may underlay these differences; however, some lack of accountability in the data survey may be assumed too.

4 32.8% of the country's population accounts for four different ethnic groups. The K'iche' ranks first, with 12.7%. Notice that while these four groups have urban centers where most of their population is concentrated, this is not the case of the other groups. District capital cities such as Quetzaltenango, Santa Cruz del Quiché and Totonicapán

Throughout the history of the country, indigenous people have been not only exploited but also excluded, and the population grew quickly in those places to which they were confined, resulting in municipalities where both indigenous population and poverty prevail. However, it is worthwhile pointing out that this situation is not limited to the indigenous population: poverty is also the typical feature of markedly rural municipalities where *mestizos* are a majority; therefore, rurality is the variable more directly related to poverty. In so far as the indigenous population is mostly rural, it is important to note that poverty is much more severe in this sector of the Guatemalan society. Statistics confirm it: according to SEGEPLAN (2001: 12), in the two-year period 1998/99, poverty affected 57% of the country's population, 74% of the indigenous population as a whole, and 75% of the inhabitants of rural areas. These data indicate that poverty in Guatemala is indigenous-rural, as has been the case since the arrival of the conquistadors.

By the year 2000, according to data from the *Encuesta nacional de condiciones de vida* (INE/ENCOVI, 2000) [National Living Conditions Survey], 56% of the population lived in poverty. Although, as stated in recent documents, poverty decreased by approximately 6% in eleven years, such reduction is minimal if we take into account the growth rate for the same period. Moreover, information prior to year 2000 was gathered in a different way and adjustments which may be made after data collection may not fully compensate for this.

Even if it were agreed that there is a percentage reduction in the number of poor Guatemalans, the same data still give cause for alarm: almost 80% of the poor are chronically poor, besides which another 10% of the overall population are vulnerable to poverty, in as much as they are becoming poorer. Everything seems to show that the odds of the poor ceasing to be poor are increasingly difficult.

López' study (1999) additionally tells us that in those households where the father is not the bread-winner, poverty is more severe. This reflects the exclusion and segregation experienced by mothers in the labor market. If we add to that the fact that the rural context is inherent to the Guatemalan poverty phenomenon, since over 81% of

are urban centres where the K'iche' prevail, while the same happens in San Marcos regarding the Mam, Cobán regarding the Q'eqchi', and Chimaltenango regarding the Kaqchiqueles. This last group is, in addition, the one geographically closer to the capital city of the country.

the poor and 93% of the extremely poor live in the countryside, it is right to conclude that in this respect single mothers in rural areas, and indigenous single mothers, are the ones who, together with their families, most directly constitute the pockets of poverty in this country.

To make the picture more complex, the way in which various social groups regard their poverty may be markedly different. Whether or not they have sufficient income, different groups may consider certain needs met or unmet; moreover, things that for some are a basic need, such as school attendance or healthcare, may not be so for others. Therefore, subjective interpretations of those experiencing poverty may further increase and worsen the vulnerability of certain social groups, since the mechanisms which different people can use to mitigate their poverty may not solve their basic needs.

THE EDUCATIONAL ISSUE AS A POVERTY INDICATOR

From many standpoints and theoretical frameworks, poverty is directly and causally associated with educational issues; it is commonplace to hear that the first condition for poverty eradication is more training and school attendance of the members of society. The theory of human capital (see for example Schultz 1960 and 1963; Psacharopoulos 1988; Hanushek 1986) noted by Torres (1998: 27) "has stated that school expansion encourages economic growth"; therefore, by allotting resources to education, the state would be making) an investment with a medium-term return. In other words, "any worker can change his/her original social condition and move to a higher status by just increasing his/her investment in years of education" (Gil Villa 1994: 53). There has been plenty of criticism. Thurow (cited in Gil Villa 1994: 54), for example, questions this theory by showing that while US post-war society achieved a more egalitarian distribution of education, that was not the case with income. Research in the social sciences, such as that of Boudon (1973) has shown that the alleged increase in social mobility is not that simple, and that socially speaking the investment made in education is not necessarily translated into structural changes. Other authors, from different theoretical perspectives, such as Bourdieu, have also demonstrated that schooling is more of a social than an economic issue and that, despite public investment, school by itself does not break inequality, but rather the other way around: it helps reinforce it. Therefore, while theoretical explanations may vary, the general fact is

that there are considerable differences in salaries among individuals with similar or even identical education, thus proving that school attendance is a 'defensive need', as shown by Thurow (ibid.), since in practice individuals invest in education more to protect their place in the market than to move ahead.

Notwithstanding the above, Torres (2001: 28) has also argued, "it is clear that the state, through public policy and public spending, makes a great contribution to facilitate the relation between the education system and the economy"; furthermore, in poverty-related issues, increased school attendance can be associated with poverty reduction.

In Guatemala the educational situation has always been unfavorable: according to some data (see INE/ENCOVI 2000), approximately only 11% of pre-school aged children (4-6 years old) are provided pre-school education; 68% of children between 7 and 12 years old receive primary education, and 18% of those between 13 and 18 years old attend high-school institutions. Data are not accurate enough, though they provide an estimate of the school deficit faced by the Guatemalan society. The crisis is even more acute if we take into account that school infrastructure has been completely abandoned, and that there are no serious efforts to provide children with the minimum conditions to engage in proper education activities. In terms of income, these surveys show that there are no significant differences between those with little education and those who completed primary school; differences are only evident when comparing groups with no education to those with high-school education. The Guatemalan case is much more complicated than that of other countries, and as shown by critiques of human capital theories, differences in income and labor conditions are related more to the ethnic and social origin of individuals than to their specific education.

In this connection, ethnic differences are clearly evidenced: school was and still is a place of reproduction of '*mestizo* thinking' (the term used in Guatemala to identify those who do not identify themselves as direct descendants of the old inhabitants of the country), which helps maintain ethno-social differences. Even though lately they have begun to talk about cross-cultural education, and due to the Peace Accords, to insist on cross-cultural bilingual education, this is still not outlined in a way that will help new generations overcome the distortions resulting from the great socio-economic differences.

As shown in Table 1, according to data from the Ministry of Education, in Guatemala there are 14,058 primary schools, out of

which only 9.5% are urban and the remaining 90.5% are rural. Nevertheless, the former care for 25.3% of the overall children enrolled, which accounts for the overcrowding and derelict conditions experienced by children in large urban centers. Moreover, taking into account that the rural areas contain the largest concentrations of indigenous children, who in many cases do not speak Spanish when they enter primary school, the school situation is even more critical: only 15% of the enrolled children are able to begin their education in schools where, to some extent, their cultural needs are considered⁵.

TABLE 1
SCHOOLS AND PUPILS BY TYPE OF SCHOOL AND AREA, 2001

Source: Ministry of Education, Guatemala, 2001.

Over the past years, on the assumption of decentralization and encouragement of parental involvement, a public primary education subsystem was created. By depriving teachers of any labor rights, this

Type of School	number of schools	% schools	number of pupils	% pupils
Rural Bilingual	3519	25.0	10,102	0.59
Rural Monolingual	9201	65.5	433,566	25.21
Urban Bilingual	41	0.3	256,380	14.91
Urban Monolingual	1297	9.2	1,019,679	59.29
Total	14058	100	1,719,727	100

subsystem leaves the recruitment and dismissal of teachers in the hands of parents, thus allowing private organizations –claiming NGO status– to take on the indirect administration of resources allotted to those schools. This program was greatly praised by financial institutions such as the World Bank⁶.

In terms of respect for and stimulus to cultural diversity in the country, little or almost no progress has been made: while there are some efforts in the production of bilingual texts and materials, these are scarce, and available in only three out of the four main languages.

⁵ The proposal for a bilingual education is still in a very early stage. Rather than promoting crosscultural relations, it intends to teach reading and writing in children's mother tongue without a significant investment in the production of texts, magazines and books in the indigenous languages. Textbooks in two of the four major languages are scarce.

⁶ The so-called PRONADE model has been fostered in the rural area, and while it has been capable of reaching out, it has not been assessed for its efficiency in terms of learning quality.

Although officially recognized to apply to 31% of the country's total adult population, illiteracy –which is most prevalent among rural-indigenous groups– would turn out to be much higher if we take into account the fact that surveys are based on self-reported data, with many respondents considering themselves literate because they know how to spell their name. The current administration set the objective of significantly reducing illiteracy. For this purpose, the first thing they did was to question the figures that had been compiled in this connection by the previous government without undertaking new surveys or analysis; therefore, their data are as dubious as those disclosed so far. Moreover, they launched a massive literacy campaign forcing all high school students to work as teachers during the school year. With no further training, and without offering young teachers a strong incentive, the campaign was an outright failure: illiteracy is significantly a rural phenomenon and young teachers could not go where the problem was most acute. Having run for three years, the scheme has a reputation for fraud and demagogy.

If poverty is mainly evidenced in indigenous rural populations, the lack and low quality of school coverage is also concentrated in those areas, thus leading to the consolidation of a social scenario in which, despite changes in discourse, the open exclusion of the poorest is still a political practice. By 2000, while 84% of non-indigenous (*mestizo*) children had supposedly experienced primary education, only 75% of indigenous children had done so, with the K'aqchiquel as the ethnic group with the highest coverage, at 77%⁷. Once again, the rural context is closely related to the indigenous context, since overall primary education coverage for the rural areas was 75 per cent, which is lower than for the country as a whole, at 79 per cent, and the same as that for the indigenous population⁸.

Although coverage data should be carefully considered since they may include distortions, the most significant datum is the repetition rate, which –as expected– is much higher in the first two years of primary education: 22% in the first year and 14% the second year. At

7 Out of the four most numerous ethnic groups, the Q'eqchi' has the lowest schooling coverage –59%– which means that it is the least served and most marginal of the four.

8 INE/ENCOVI 2000. Take into account that these coverage data do not directly refer to an age group; therefore, it is very likely that most of those enrolled are over 12 years of age.

this level, most indigenous and rural children are forced to drop out of school due to their marked cultural and linguistic disadvantages.

MOBILIZATION OF THE ARMED REVOLUTIONARY MOVEMENT

The situation described above is not new: on the contrary, it has been a constant throughout the history of the country. Consequently, when Jacobo Arbenz' reform project was destroyed and the military could not design a viable proposal, the social groups most committed to such project had nowhere else to go. However, the triumph of the Cuban revolution in 1959 stirred up new expectations and hopes, and it was assumed that all oligarchic and conservative power could be defeated using armed force, regardless of other internal social factors, of the hegemonic power of the US, or the present historical context.

After substantial social mobilizations that failed to overthrow the prevailing regime in Guatemala, in 1962 there emerged the first attempts to do so using armed force. While the first experiences were unfortunate, the armed movement gradually gained strength, and by the mid 1970s there was a significantly active and belligerent guerrilla movement (Álvarez Aragón 2002b).

Although the development of the insurrectional movement cannot be denied, as noted by Torres-Rivas (1998: 39), "the documentary records clearly show a gap between the quick installation of *power to fight the rebellion* in Guatemala and the emergence of the rebellion itself". The establishment of *façade democracies* as part of the counter-rebellion project was simply the ploy established by military groups to seize power and reap the benefits. The ghost of consumerism worked in such a way that, as the Guatemalan saying goes, 'it became scared by the dead man's belongings' or, in other words, there were fears arising from unreal situations and issues. While the armed movement was growing, it served to encourage rather than to fight, and the whole counter-rebellion discourse was used merely as an account for the prevailing authoritarianism and corruption (see, for example, Schirmer 1999).

While the 1970s can be regarded as the period in which the armed forces gathered supplies, consolidated in power and eliminated any opposition, it is also the decade in which they became much more visible and belligerent. In this way they established the 'game of democracy' –a process through which the different factions that had formed inside the Army negotiated the exercise of power.

In terms of the insurrection, the process was slower. While the 1960s can indeed be considered as the prehistoric era of the armed movement, full of romanticism and spontaneity, the 1970s can be regarded as the period during which the guerrilla forces became consolidated and professionally disciplined, but in which, while apparently led by the revolutionary movement, they were in practice simply reactive to the counter-rebellion action. Guerrilla groups made progress in terms of their combat and protection methods in response to the attacks and pressures they experienced⁹.

Therefore, it would not be misleading to assert that all in all war was gradually imposed on Guatemalan society as the only way out of a social and political conflict. The doors to political negotiation, the rule of law and a proper long-term solution to dramatic economic hardships slammed closed. Kidnappings (increasingly massive and violent), the 'scorched earth' strategy, street repression, and murders, were the pillars on which the counter-rebellion project became consolidated. Such practices prevented any democratic movement or the open disclosure and addressing of socio-economic problems.

From the mid 1960s to 1982, every four years the military enjoyed the benefits of power, preventing both the consolidation of civil society alternatives and the success of an early industrialization project began in the 1970s. Nearly four years of *de-facto* military regimes were characterized by the same brutality and cruelty. Although during this period there were attempts to establish civilian governments, the counter-rebellion project and its main ideological pillars did not experience major variations.

The 1980s were the period when the counter-rebellion grew stronger, and regarded every ordinary citizen as an enemy if he/she did not fully adhere to the interests of the dictatorship. This was also the time when, under the flag of the counter-rebellion, an economic model was established which located the basic source of wealth in the use and control of public funds. Only those who openly agreed to share the assault upon state property and expressly support state terrorism as the foundation of the counter-rebellion strategy were invit-

⁹ While in the '60s guerrilla forces were organized within a clearly foquist perspective but with short-term objectives (MR 13; FAR –rebels- and FAR –Revolutionary-) that burst out and almost fell apart at the end of that decade, the '70s witnessed a process of reconstruction, consolidation and professional organization of the rebel group (FAR –rebels, EGP and ORPA). Early in the following decade, their forces were cornered and reduced by the strategy of the *tierra arrasada* (Álvarez Aragón, 2002b).

ed. This project –due to its very dynamics, actors and meanings– could not be translated into benefits for the great majority of the population. On the contrary, the counter-rebellion project gradually sank the country into misery and poverty.

DEMOCRATIZATION AND PEACE ACCORDS

STRATEGIC DEFEAT AND ITS POLITICAL CONSEQUENCES

It was in that scenario, and under those conditions, that the insurrectional project and the counter-rebellion project began to collapse –though for different reasons. On the one hand, insurrection could not be sustained when bloodshed would provoke responses from the cruelest external allies of the military. On the other, the adopted economic model could not sustain the counter-rebellion either. This is so because, without a climate of relative peace, the accumulation processes are much more difficult and slow, even in conditions like those experienced by Guatemala in the 1980s, which allow for the existence of an extremely inexpensive work force, albeit a workforce that is unable to take on relatively complex production processes. The domestic market lost the minimum dynamism required to foster growth. The counter-rebellion model was unable to revive it, as the ghost of war that wandered throughout the country prevented any medium- or long-term productive effort.

However, after the attacks which took place between 1980 and 1984, the guerrilla forces could no longer be looked upon as capable of defeating the regime, though, paradoxically, they could not be eliminated either. Thus, we enter what I have previously referred to as zero-sum professional warfare games (Alvarez Aragón 2002b: 414). According to Hurtado (2002: 6), the events of 1982 resulted in “a new partial strategic defeat of the guerrilla movement from which, to a certain extent, it could never recover”. The guerrilla “lost contact with broad support bases, was forced to fall back and move into a defensive phase, where the most important mission was to keep their forces to eventually move forward” (ibid). This is the period of the greatest state rage and untrammelled violence directed against indigenous communities and urban social groups. The country’s social and political structure collapsed, and its consequences are still latent.

Everything seems to show that, after thirty four long and cruel years, Guatemalan society has adopted violence in its culture as the primary and immediate way to solve differences, and has turned this

resource –in its most extreme manifestation as murder- into the only possible way to solve any problem regardless of its importance¹⁰. The culture of violence that has developed in Guatemala over time seems, according to Girard (1990: 32), to have omitted to a certain extent the ritualistic side of violence (the death of the scapegoat) to focus on the physical disappearance of the ‘Other’. A few years after the end of the war it seems that this phase has not yet been overcome, and that it is increasingly present in everyday social life.

Politically speaking, the period of armed confrontations led to the almost complete disarticulation of political organizations. Although at present we are about to celebrate the fourth general election in which the results are widely accepted by all the parties, political organizations fail to remain active for long. After exercising power, victorious political parties have been massively rejected in subsequent elections and organizations began to collapse¹¹. In a process of intense and continual creation of new political associations, ideological adherence is scarce, as organizations are formed around leaders rather than coherent proposals with a relatively clear vision for the country.

Against this background, public policy changes every four years, and it is impossible to put forth long-term proposals. In their deliberate attempts at social cannibalism, the different political groupings oppose and challenge one another, unable to move forward to reach consensus and mid-term development programs. Issues such as education and poverty reduction are mere peripheral elements in the creation of electoral proposals, which are consolidated in the candidate’s

10 While the crimes due to robbery and assault are relatively like those of the other countries in the area, only in 2002 there were in Guatemala about 30 deaths due to lynching, all in rural areas and due to reasons supposedly ranging from robbery to rape. Among the victims there were simple laborers as well as judges and tourists. In the past months, besides the death threats to advocates of human rights, judges and members of the State Ministry, the practice of murder followed by decapitation in upheavals at prisons has started.

11 In 1985, the Guatemalan Christian Democracy [Democracia Cristiana Guatemalteca, DCG], the single political party that survived the so called ‘facade democracy’ period, and by large the only one with a clear ideology of its own, was the overwhelming winner of the elections. Notwithstanding that, four years later it had a dramatic defeat, and at present it has only one representative. The MAS, a political party created to compete against the DCG, won the 1989 elections, but after a self-inflicted coup the president was ousted and the party fell apart. The winning party in the 1995 elections could not win again in 1999, and at present it is divided.

eloquent oratory or his/her easy promises -that vary depending on the audience- rather than as a serious part of his/her program.

While on the right wing, whether traditional or modern, there are no political organizations which transcend the electoral conventions, on the left wing the ways in which alleged unity has been built and in which critics and dissidents have been excluded¹² now hamper progress and make it difficult for the left to consolidate as a political force capable of presenting a viable alternative.

THE NEGOTIATION PROCESS AND PEACE AS A POLITICAL SOLUTION

While new spaces for political negotiation between the state apparatus and the rebel forces have been opened since 1987¹³, the *Acuerdo básico para la búsqueda de la paz por medios políticos* [Basic peace accord through political means] was signed in Oslo, Norway, in March 30 1990. However, no major progress was made until January 10 1994, when the *Framework Agreement* which redefined the negotiation process was signed in Mexico, thus reaccelerating the negotiation schedule. Three months later (Puebla, Mexico, March 29 1993), the *Acuerdo global sobre derechos humanos* [Global accord on human rights] was finally signed. This being the foundation of the entire negotiation process that eventually resulted in the signing of the *Paz firme y duradera* [Durable and lasting peace] accord in December, 1996.

The negotiation, which was originally aimed at demobilizing the guerrillas, managed, without any major political or social changes, to discuss and include on the agenda significant issues which had caused

12 In 1982 the existing left-wing organizations (EGP, ORP, EGP and PGT) decided to join the URNG. Notwithstanding the unifying discourse, the fourteen years between their foundation and the signature of the accord of durable and lasting peace [*Paz Firme y Duradera*], and their organization as a political party, did not turn them into a single organization. Conversely, it was only in 1996 that these four organizations decided to dissolve and join the party. Over those years, while they spoke about unity, they kept their own political and military structures, and many times they competed against one another for physical and political room. In turn, all those that to some extent or other put the revolutionary leaders and their positions to question found themselves as outcasts and while some intended to build new organizations they did not manage to consolidate themselves .

13 The starting points for the peace accord negotiations by the Central American presidents are the document called *Procedimientos para establecer la Paz Firme y Duradera*, also known as Esquipulas I and II (6/8/1987), and the URNG declaration where they show their political will to negotiate with the government (11/8/1987). For an interesting analysis of this process, see Jonas, S. (2000) *De centauros y palomas: el proceso de paz guatemalteco*, FLACSO, Guatemala.

the conflict. Nevertheless, provision for the means to achieve compliance were not stringent enough. Therefore, six years after signing the last accord, few changes had been made in terms of social and economic issues. Moreover, since the conclusions of the *Comisión para el esclarecimiento histórico de las violaciones a los derechos humanos* [Commission on the historic clarification of violation to human rights] are not binding, it has been impossible to identify, prosecute, and sentence those responsible for massacres, murders, tortures, and all the mistreatment to which the population was exposed.

Nonetheless, it is evident that, once it could put an end to the armed conflict which had impoverished it for so long, Guatemalan society could be opened up to political means of solving differences, and was thus able to begin –though belatedly– the process of enhancing social benefits for the majority of the population.

Moreover, and perhaps most significantly, during the whole negotiation process, the need to solve the strong and aberrant discrimination suffered for centuries by different indigenous groups once and for all became increasingly evident and important. While these were not direct participants in the negotiations –which had always been conducted under military terms, with the high army spheres on the one hand and the rebel organization's leadership on the other– the mere fact that the indigenous issue was the subject matter of an entire Accord¹⁴ might lead us to think that the ethnic dimension of Guatemalan society finally begins to be considered as relatively important.

In this connection, the issues related to education, and particularly those related to education reform, were stated –though briefly– in the *Acuerdo sobre identidad y derecho de los pueblos indígenas* [Accord on identity and rights of the indigenous peoples], which set the stage for some efforts by the state apparatus. Likewise, in the accord *Sobre Aspectos socioeconómicos y situación agraria* [On economic aspects and agrarian situation] (Mexico D. F. 6 May 1996), the education reform is posed in order to “prevent the perpetuation of poverty, social and ethnic discrimination, discrimination against women, and geographic discrimination, particularly that resulting from the country-city gap” (URL 1998: 113). As an accord resulting from the negotiation aimed at putting an end to the armed conflict, the latter both defines

14 Accord on identity and rights of indigenous peoples signed in México, D.F., on March 31 1995 (URL 1998).

and establishes the socio-economic responsibilities of the state, directly assuming that the “social development of the country is ... essential for its economic growth” (ibid. 111), and also asserting that improvements to the standard of living, health, and education of the inhabitants are basic conditions for achieving such growth. Therefore, the state remains as the main responsible entity, with no clear consideration of the processes and mechanisms through which it can move forward, and, moreover, without clarifying how the different subsequent administrations could turn those decisions into a plan for government.

While the accords set a broader and most general framework within which the state should frame its actions, the direct absence in its design of a role for civil society resulted in the defeat of the plebiscite conducted in an attempt to turn a few of those accords into legal rules. Although it cannot be understood as the direct rejection of the agreed terms by the population, the electoral victory of the (right wing) opposition party three years after the signature of these accords does cast doubts on the true interest that both winners and losers might have in their compliance. Achieving peace and the execution of the accords were not even issues in the electoral contest.

The new administration was led by a party created under the last military right-wing caudillos, who has been publicly accused of responsibility for the largest massacres in indigenous lands during the short period in which he ruled as *de facto* President of the country (1982-84). The administration disclosed that the Peace Accords would be considered as state commitments, but despite this, after three years, compliance with the accords has not only been much slower than required; it has also been subject to significant setbacks in many respects, mainly those related to human rights issues and the encouragement of a new economic-social model.

THE POVERTY REDUCTION STRATEGY

THE ROMANTIC-TECHNOCRATIC DILEMMA

As noted by Øyen (2003: 1), “poverty has always been around, though it has taken different shapes according to different cultures”. We might add that, just as the roads to heaven have become broader and less demanding, poverty has lost its main function.

Over the past decades, poverty has taken on another dimension: it has emerged as the declared cause for determined action and as a feature of populist and demagogic proposals. Irresponsible

politicians state at the top of their voice that they can radically fight it just by taking control of the state, only later to confess -with impudence and cynicism- that they lied because it is the usual practice of the political-electoral contest¹⁵.

In the academic and technocratic arena, the concept is increasingly problematic. And while its discussion remains restricted among economists, for whom its explanation and remedy are reducible merely to productive factors, poverty is being gradually accepted as a social phenomenon, multi-layered in terms of both its causality and relations. On the other hand, the governmental technocracy -which is in fact no more than a classic Weberian bureaucracy- tries to influence governmental policies by leading the discussion of public policy from positions and visions imbued with a mid- and long-term political rationality. However, confused and tangled up in the twists and ostentations of power, on many occasions they end up by yielding to the demands of the quick and easy 'fix'.

Over the past years, something similar to this has been happening in Guatemala as, in a fit of coherence and good will bordering on naiveté, government officials, supported by some renowned scholars, have tried to devise an *Estrategia para la Reducción de la Pobreza* (ERP) [Strategy for Poverty Reduction] to provide governmental actions with coherence and rationality.

Technocrats, as part of the bureaucracies of any state, may rapidly lose sight of the purposes of public policy, which in order to have a significant impact on society should result not only from serious studies and technical proposals, but also from a rigorous policy analysis and the consent of society at large. Poverty reduction is not a mere consequence of a well-grounded proposal submitted by the technical spheres of a given administration. Moreover, it is worthless if it results from simplistic governmental rhetoric geared to producing an immediate effect.

This chapter argues that, for a strategy such as this to be effective, there are three closely interconnected requirements: a commitment of all government officials and agencies to the logic and procedures, defining processes and actions directly related to poverty

15 The present Guatemalan president built his electoral proposal on promises of quick solutions to the current problems of the country. Once in power, his actions have only been sloppy and without any impact on the prevailing economic model. In a radio interview he stated that 'every politician needs to lie to get to power'.

reduction; an active and determined participation of society, the poor and the not so poor, as well as those who control the means of production and their agents; trust among the actors, public commitment, and certainty in terms of the observance of the rules to be established.

Unfortunately, as mentioned above, historically speaking Guatemala has been unlucky as regards these three aspects, and at present the group in power –it is not sociologically possible to call it a *bloc*, though it seems it may become one- is determined to go down in history as the one that did the least to achieve social consensus. Likewise, the strategy of the owners of wealth is to challenge the government while remaining shamelessly determined to maintain a productive model –in every sense historically outdated- insisting on being the beneficiary owners of all subsidies and gains.

THE ERP AS AN UNFINISHED PROPOSAL

It is under these conditions that in September 2001, the *Secretaría de Planificación y Programación de la Presidencia de la República* [Planning and Programming Secretariat of the Presidency], best known as SEGEPLAN, disclosed the ERP, which was presented as a ‘proposal for discussion’ which should be taken as the first effort in the attempt to build a definite strategy.

Conceived as a tool to achieve progress in the formulation of a state policy, the ERP required a process of public consultation and discussion which would supposedly bring about changes in both goals and procedures. For example, it implied the creation of a National Commission and processes of consultation and discussion with the different sectors of society. However, the process was truncated, and although the ERP was published, there was no public consultation. This resulted in another policy instrument, the so-called *Estrategias departamentales y municipales de reducción de la pobreza* [District and municipal poverty reduction strategies], which was proposed without challenging or submitting the original document for validation.

It is worth pointing out that it is this factor –the fear of debate and public discussion with concrete proposals- which has been the characteristic feature of the different political groups that have exercised power in Guatemala during the entire period of what is euphemistically called ‘democratic transition’: a transition which has taken seventeen long years, and which appears so far to have

achieved nothing more than tentatively to consolidate the electoral processes and the alternation in power.

In spite of this situation, the document submitted in November 2001 is still supposedly the basis for the governmental actions relating to poverty reduction. Therefore, it is not pointless to comment upon and discuss it. The first element that should be analyzed are the conceptual tools with which the above mentioned ERP was allegedly designed, namely so-called *poverty maps* –cartography which was supposed geographically to identify the areas most affected by poverty and, consequently, the places where the actions of the Strategy should be focused. Nevertheless, it was soon proved that those tools were based on inappropriate information, since they derived from the comparison of census data from 1994 (which were relatively old and which many people regarded as unreliable) with information from recently conducted surveys that had used different methodologies and objectives, above all data sampling rather than a survey of the entire population. This blurred the clarity of the micro-phenomena, while simultaneously preventing a more detailed analysis of the unmet basic needs, many of which can only be discovered through more qualitative data collection methods.

Despite these methodical issues –which are important if the objective is clearly and accurately to measure a phenomenon as complex as poverty and to implement actions to reduce it- we can say that publicly admitting that at least one fifth of the population of the country lives in abject poverty, that more than half have unmet basic needs, and that poverty is much more severe in the rural (75%) and indigenous (74%) areas, is an advance. The government recognized that poverty was dire and that, unless they took drastic measures, the social crisis might have unexpected short-term connotations.

Nevertheless, and though the analysis proved that it is both essential and urgent to solve the problem of agricultural production, since 57 out of every 100 poor people are engaged in agriculture, the only relevant factor to be taken into account was the declining level of salaries in rural areas. There was no discussion of how to enhance access to productive lands, let alone the importance of preserving forest and the springs that are mainly located in the highlands (albeit that such preservation is generally undertaken by mainly indigenous rural communities, who do not derive any social or economic benefit from such practices). When addressing the agricultural issue, the paragraphs setting out the strategy attrib-

ute a good deal of responsibility to the poor themselves, as they have “low education levels and practice old-fashioned and low-profitability production techniques” (SEGEPLAN 2001: 13), with no reference to the quality and inequitable forms of income distribution in industrial agricultural production.

Although the ERP (SEGEPLAN 2001: 22) is submitted as a policy proposal with a “preferential option for the rural area”, everything it proposes is expressed in general and broad terms, with no specific rural development proposal. Rather than a strategy it includes general issues, and while these may be considered as part of an accurate diagnosis of the current situation, the lines of action are neither developed nor realized.

To sum up, the ERP states that the main issues to be addressed by the government should be: elementary education, literacy programs, construction of infrastructure, and land distribution. At first sight, these main activities seem to provide a quite clear direction, even if they are only unintentionally in line with the basic issues that supported the Peace Accords. No further technical tools are required to understand that low school attendance rates and an absence of infrastructure and job opportunities are the main problems of Guatemalan society.

The strategy ‘suggested’ that expenditure should be focused mainly in the rural area in a rational, active and direct way, setting an efficient, transparent, and decentralized public administration with citizen participation as an inherent principle. Nothing can be said against that. However, the political events of the past months show that there is no efficiency in public administration, and that transparency as a quality is absolutely absent in the current regime. Decentralization is at most a diversification process without real establishment of the local power, while citizen participation is reduced, in the best of cases, to the participation of *caciques*, groups of interest and leaders generally separated from their sources.

But the main problem of the document, extravagantly described as an *Estrategia* [Strategy], was that it only defined general principles for action, with no objective indication as to how to achieve the goals. Thus, while the announced economic goal was ‘to encourage the growth of the economy by no less than 4% annually’, the only clear way of doing this mentioned was to increase tax collection, with no reference to the forms and processes to be developed by the government in order to reach the economic growth, thus absurdly conflating

causes and effects. Tax collection can increase if, among other things, the economy grows, but increased tax collection does not mean (let alone is the single cause of) growth.

THE REDUCTION OF THE EDUCATION GAP

Everything stated so far allows us to see that throughout the whole of its history Guatemalan society has been ruled by a vision and a structure of power which try to maintain the traditional forms of domination and control at any cost. Despite the modernizing attempts and the pressure from armed resistance, the economic and social model remains the same. While electoral processes have gained credibility, changes in the model are remote, either because of the lack of clarity and consensus regarding social demands, or because the groups in power focus their disputes on taking advantage for the benefit of group or individual interests.

Therefore, while poverty and education are issues more straightforwardly and specifically addressed, the forms and procedures used to try to solve them do not tackle the root causes of the problems and seem to disguise them. From the *Peace Accords* to the *Poverty Reduction Strategy*, the economic and simplifying visions seem to be the characteristic feature. Undoubtedly, in the accords—especially in the *Acuerdo sobre aspectos socioeconómicos y situación agraria*—there is a broader and more critical perception of the economic structure. However, sweeping generalizations prevail, leaving no room to question what it was that prevented the attainment of the goals that can now be seen to have been identified before the execution of the accords.

When associating the efforts in education with the assumptions of the theories of human capital, the accords disregard the extent to which achieving social equality goes beyond the alleged increase of choices for those who have been excluded to date. The accords, and moreover the ERP, reduce the education issue to a merely instrumental space, without providing the conditions that would allow for the construction of a new national education project founded on essential social objectives.

While the agreements demand that education be promptly and quickly decentralized, “giving both communities and families ... an important role in the definition of curricula and school schedule” (URL 1998: 86), immediately after this in the document, teachers, as

dynamic and privileged players in the education process, are written out of the equation. The negotiating parties ‘agree’ that the communities will have the power to “suggest the appointment and removal of teachers in order to address the interests of education and cultural communities” (ibid.); ‘communities’ constituted through the army, executive branch and guerrilla movement and imbued with an individualistic and economic discourse of education. The education process remains ideally focused on parents, while disregarding the strategic importance of teachers in the entire education process.

Unable to speak about political pedagogic projects, negotiators not only excluded teachers from the creative process of the new education model, but also paved the way for the atomization and outsourcing of education as well. Education, and school as its main benchmark, have not been regarded as an essential part in the process to create a new social project.

Consistent with that line of thought, the ERP proposal considered the investment in school attendance a simple and pure objective, stating that the goal should be the reproduction of the dominant culture. Impunity, violence and exclusion are therefore the basic and essential values of education, since –although public discourse says otherwise– neither the education reform nor the ERP arguments and conclusions state that challenging them is the core issue of the education model. Consequently, both simply and specifically, despite the well-intentioned wishes to solve the problem that poverty poses for the country, the ERP directly and intimately adhered to the theories of human capital. Rather than challenging social inequality, it stated both that “the investment in education is one of the most important elements to reduce poverty” (SEGEPLAN 2001: 32) and that “education has a direct positive impact on people’s productivity” (ibid.) Evidently, poverty and education are simply being reduced to their economic indicators and implications, thus limiting both the levels of analysis and the very forms and procedures required for their solution. However, if this analytical perspective were to lead to the solution of the economic issues of both poverty and lack of school attendance, it could be said that at least some progress would have been made. The problem of these approaches is that, in considering only the manifestations without delving into the processes, the expected economic solutions fail to materialize, since actions do not match the needs. Therefore, unless poverty is addressed from a much more dynamic perspective, including political, social and educational vari-

ables, proposals to reduce poverty will remain mere mathematical exercises which hardly translate into concrete results. Moreover, as long as education is understood as a simple process to reproduce the prevailing order without challenging it, there will be no true opportunity to overcome poverty, mainly because the social actors directly involved will not have the subjective conditions required to face the inequality imposed on them for centuries. Unless it is understood that education plays an important role, not as a mere tool to improve labor qualifications but as a social space within which to promote a new project of statecraft and nationhood, the struggle against poverty will remain an empty rhetorical discourse.

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**THE FUTURE THAT WILL NOT COME:
THE ERADICATION OF POVERTY FROM
THE MEXICAN FEDERAL GOVERNMENT'S
VIEWPOINT (2000-2006)**

INTRODUCTION

During the best part of the final two decades of the last century, the poverty issue was strongly linked to the state reform issue in Latin American countries. In fact, major emphasis has been placed on the extent to which the government institutional reform process during the economic adjustment period and increased populist practices in a free-market context have been implicated in exacerbating poverty. This situation has been illustrated under Fujimori in Peru, under Menem in Argentina, and under Collor de Mello in Brazil, where populism has been the result of political systems that were weak in terms of their democratic forms and institutions (Weylan 1998; Power 1998; Mauceri 1997; Silva 1999; Barczak 2001). As pointed out by

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Roberts (1996), such neo-populist movements were headed by leaders with an outstanding personal ambition and a rhetoric that aroused subordinate and underprivileged classes and, by including an anti-elitist touch and fierce criticism of the dominant political system, gathered a large, heterogeneous and multi-class social base. This was reinforced by a series of economic projects oriented to the creation of very specific clientelist networks calculated to achieve political gains, such that some roles previously performed by the state (which contributed to regulating or leveling social inequality) have been replaced by this type of strategy. The purpose of these strategies was to obtain positive results in the electoral arena rather than to effectively address the poverty and marginalization problems faced by millions of inhabitants of Latin America.

The debate has therefore focused on the role currently played by the state regarding poverty considering that the various steps taken to 'fight poverty' in different socio-historical contexts fit a specific structure of power (Morell 2002). Thus, a study of these policies will help us explore the meaning given to poverty and poor people by the actors who shape the state, building as they do a discourse of political legitimation. In the context of the democratic fragility of Latin American countries, it is important to highlight this because of the long-term effects on the institutional sustainability of our societies.

The current situation in the Latin American region cannot be understood without first understanding the profound worldwide transformations in the role of the state. Mingione (1993) points out that wage-earning work was the central axis of the social structure for the majority of Nation-states after World War II. This situation changed after the 1970s: with the emergence of the post-Fordist society, there was a combination of dramatic unemployment, low income and fractured social mechanisms of reciprocity, leading to the social isolation of large social groups. The various governments in power implemented a series of policies to limit the social role of the state in Latin America. During the 1980s, nine countries in the region significantly cut social spending (Ward 1993). Even during the first half of the 1990s, annual growth in Latin American countries was below the 6% rate required to reflect a significant increase of jobs and obtain a degree of social equity (Pastor and Wise 1997). This resulted in increased inequalities in access to health care, education and housing (Warman 1989; Fuentes 1989; Guevara 1991; Ward 1993; Székely 1994; Duhau 1997; Esquivel 1999; Boltvinik 2001).

Poverty alleviation policies developed in Latin America are designed as measures that are apparently intended to hold back social outbursts or recruit support for elections. The proliferation of multiple discourses that seek to understand and define the meaning of poverty provides evidence of that. This chapter is precisely aimed at analyzing the discourse concerning poverty elaborated from 2000 onwards by the first non Institutional Revolutionary Party (PRI) government and the role accordingly played by the state. The core hypothesis is that, even though the country has undergone a series of dramatic changes in the past fifteen years as regards to the building of democratic institutions, when it comes to strategies to confront poverty the scenario does not reflect much variation. It is true that the analytical methods for measuring poverty have improved and have become more complex, as is the case with plans oriented to addressing the poverty of the neediest people. However, how poverty is conceived has apparently remained unchanged. It should also be acknowledged that that conception has survived, as has the non-critical view about the economic development model. With or without transition, with party alternation or not, there is one persistent belief: that social development may only be attained by reinforcing the shrinkage of the state and leaving the regulation of social inequality to the alleged logic of the market. That is the reason why the strategy to address poverty that has been developed by the current federal administration has the same deficiencies as its predecessors had; hence the need for this kind of analysis.

However, it is also true that there are discontinuities. The clearly neo-populist policies implemented by the Salinas administration (1988-1994) or the policy promoted by Ernesto Zedillo's administration (1994-2000) are based on principles which differ a lot from those supported by the Fox administration currently in power (2000-2006). While in the first case we could see a clear electoral aim in the policy programs, based on localized social mobilization, in the latter, on the contrary, there is an apparent intention to establish policy programs based on the individualistic idea of individual progress. This matches the idea widespread in official documents that eventually poverty is the result of an individual attitude rather than the consequence of structural and social phenomena. Understanding poverty as a deviation resulting from insufficient individual resources to confront economic change clearly dodges the role of the

economic development model and the dramatic shrinkage of the state resulting from recent reforms.

This paper is divided into four sections. The first section includes a brief theoretical review about poverty in the light of what Fassin (1996) has called the three expressions of poverty —marginalization, exclusion, and underclass. This is aimed at analyzing the assumptions underlying these expressions, which determine the understanding of poverty and the way in which it is addressed, and particularly the role of the state as a mechanism for regulating social inequality. This section will highlight the fact that poverty is largely understood in these expressions as the result of a process which is not linked to more structural factors (dissolution of the state and promotion of free-market economic policies). The second section will include a brief overview of the economic crisis undergone by Mexico since the late 1970s, as well as of the economic adjustment and state reform strategies that were implemented to confront that crisis. The third section will analyze the strategies to ‘fight poverty’ which have been designed and implemented over the past ten years, especially emphasizing how poverty is conceived and how it is confronted. In this sense, the strategy implemented by the federal administration currently in power will be reviewed indicating the continuities and disruptions with respect to preceding policies, and particularly how poverty is conceived as a lack of opportunities, capabilities and wealth. The fourth section will present some insights regarding the need to include the issue of the state in discussions about poverty, and the extent to which the state may yet be able to articulate a viable and effective social development project.

RE-CYCLING DEFINITIONS OF POVERTY

Despite their complexity, the assumptions in the proposals designed to combat poverty over the past ten years in Mexico are not unfamiliar when compared to what Fassin (1996) has metaphorically called the expressions of poverty. In Fassin’s view, sociology has loosely constructed three expressions which, even if they do not make exact reference to poverty, surround and explain it. Terms such as exclusion, marginalization and underclass are the result of different theoretical traditions and specific social realities. The three terms cannot be considered synonyms at any time, even if they apparently look closely at very similar spheres and social groups. In France, for instance, the

term 'exclusion' has been largely used when referring to what has been called the social issue, whereas in the United States 'underclass' is the term that is most often linked to the study of poverty. Finally, the dominant term in Latin America is 'marginalization'. Certainly these terms have generated a broad debate and an important body of literature. It is not the purpose of this section to summarize that discussion. The intention is rather to understand some of its most important and basic elements; to observe that, from different perspectives, poverty is explained as a phenomenon that may be solved on its own, that is considered as a static phenomenon and not a process, and how such explanations exempt the state from a number of responsibilities. The history of these concepts indicates that a wide discussion has developed, not only among scholars but also in the negotiation of public policies intended to put an end to, or combat, poverty. In this regard, the analysis of these terms is relevant to understanding the discourse of poverty alleviation policies recently established in Mexico. These have very important consequences in the definition the state assumes regarding Mexican poverty.

EXCLUSION

'Exclusion' is a concept strongly linked to French political and scholarly literature and came to public light in 1974 in a document written by René Lenoir. The document lists a wide range of people adjudged to be 'excluded' who require some kind of special assistance. Poverty does not find a place of its own in this classification. Some of the people in exclusion are not necessarily in poverty, although poverty is particularly defined in Lenoir's writings as a significant incapacity and a not inconsiderable factor in the failure of the excluded to adapt. In any case, the trans-classical effect of the concept in the 1970s has been soaked in a vision where the idea of social pathology dominates (i.e. the double tradition of hygiene and social assistance going back to the 19th century). As pointed out by Castel (1995a), the definition aims at circumscribing a residual population that has been subtracted from the new complexity of modern society and needs to be reinserted. The concept was further developed in the 1980s, when it became more popular, serving then as way of defining social problems in France, particularly regarding urban decline, education, employment and social protection. The excluded are the inhabitants of deprived neighborhoods, those who failed in the school system, those who have been

unemployed for a long time, the population with no access to social assistance and health care. In each case we may interpret the principle supporting the exclusion diagnosis: "It refers to the existence of two populations distributed on either side of a symbolic line —the city borderline, school standards, the professional contract, social security or assistance. The social sphere is therefore discontinuous, with an 'inside' occupied by integrated individuals and an 'outside' where excluded people dwell" (Fassin 1996: 43). This concept has been criticized from within the sociological domain. For example, according to Castel, exclusion is not a status, because when we refer to it "we are in fact facing an extreme expression of a process which is underway even before people fall into such extreme positions" (Castel 1995b: 28.) On the other hand, Wieviorka (1997) noted that the concept of exclusion combines diversified realities and very different situations, additionally mixing up in a single word a process and a state. In many ways, the European debate about social exclusion/inclusion has been an attempt to evade the discussion of poverty and social inequality.

UNDERCLASS

The term 'underclass' originated more than thirty years ago in the United States and, like the concept of exclusion, it has a political and journalistic -rather than academic- origin. Myrdal (1944) is usually believed to be responsible for coining the term 'underclass' with the purpose of designating an unprivileged class of unemployed, unemployable and underemployed people who were victims of the dynamics of the economic system itself (Gans 1996). Nevertheless, the term became popular when it appeared in a report about the conditions of black families in the United States sponsored by the US Department of Labor (Wilson 1991). At the beginning the concept was intended to explain the existence of a large group of young people who were experiencing school failure, delinquency, drugs and/or structural unemployment problems, including mothers who were on government assistance programs. These people were blamed for a large part of the delinquency, the deterioration of urban areas, the disarticulation of families and the increase of social assistance subsidies. Without an accurate definition, the term 'underclass' referred, in the 1970s, to the most underprivileged social groups: those with the least social mobility, who were unemployed and unqualified to face the labor market requirements. However, aspects more related to psychological and

individual attitudes came to predominate in the use of the concept by the end of the 1970s (Fassin 1996). Therefore, its effects had a significant impact on the redefinition of the welfare state at the beginning of the 1980s, since conservative economists resorted to the concept to justify their corrective economic policies (Gans 1996.)

The concept of underclass was criticized towards the end of the 1980s, particularly by two authors: Gans (1996) and Wilson (1991). Both introduce the concept into the sociological discussion in an attempt to warn about the consequences of its indiscriminate use. Without abandoning the concept, Wilson's starting point in particular is the fact that there is actually a group of individuals who may be defined by the term: the inhabitants of black ghettos in the centre of US cities with high crime rates, who are on social assistance and include a great number of single mothers. But at the same time he noted that these factors only explain the underclass reproduction process, while what is required is an explanation of its formation and structure. The critical views about the underclass concept thus sought to refute claims that attributed the reasons of a social condition to individual or group behavior. To Wilson, this criticism is supported when certain social processes are highlighted: race discrimination, migration from the countryside to the city (where this involves people lacking labor qualifications), the concentration of urban poverty due to the dynamics of spatial segregation itself, and market restructuring.

MARGINALIZATION

The term marginalization has been supported by two currents: Marx's reflections, on the one hand, and on the other the reflections by the Chicago School (Fassin 1996). Each of them currently informs, to a greater or lesser extent, three dimensions of study—the economic, urban and cultural dimensions. From Marx's work, the concept of marginalization takes up the analysis about the development of the nineteenth century capitalism, particularly his observations on the so-called industrial reserve armies. Because of their situation, these armies come and go in the labor market, live in poverty, and usually surround cities or large urban and metropolitan areas. From this viewpoint, the marginalized are sections of the population that do not participate in industrial production and particularly do not share in its benefits (Lomnitz 1975). While marginalization from an economic viewpoint helps us to see how large rural groups are incorporated into

the urban labor market, urban studies focus on how that insertion is shaped in spatial terms. The concept of marginalization provides an image of urbanization showing a 'centre' and a 'periphery' of a city where the borderline separating one side from the other is the urban utility service package —transportation, water supply, drainage, power supply. Similarly, the 'centre/periphery' relationship in the economic domain will depend on whether a person is included in the formal labor market or not. Regarding studies of culture, Lewis's work (1961) may be considered to be the most thorough, since it focuses closely on the system of values and regulations. This study helps us understand how pathological and criminal relationships reproduce among marginalized people.

In this type of research, the concept of marginalization is most often explored using three variables: the insertion of certain social groups into the labor market, their spatial location in the urban medium, and their cultural environment. However, the complexity of the model may make it impossible to conduct a detailed and more specific analysis because, its critics note, the marginalized are not a sociologically identifiable group. In effect, as some studies indicate, there is no dual economy, city or culture (Castells 1971). In this sense, Mingione (1993) also points out that a dual society model cannot be constructed because of the complex reciprocal relationships included in the definition of socialization.

POVERTY AS A STRUCTURAL EFFECT

Marginalization, exclusion and underclass are terms that have been conflated by political authorities. In different social contexts, each of them, in its own way, is intended to refer to a disruption in the social continuum. The classification process claimed by these terms helps outline a dichotomous chart of the social structure. The individuals or groups who are located 'outside,' 'below' and on the 'periphery' relative to an 'inside,' a 'standard' or a 'centre' are identified as groups marked by anomie; by the consequences of being so classified, such that the rules of the economic and cultural game no longer apply as they do within society at large. Thus, excluded, marginalized or underclass people function, to a larger or lesser extent, as symbols of the dysfunctional.

To a certain extent, the state plays a very specific role in the application of each of these discourses, in so far as they may inform

policies for reinserting the poor into the economic, cultural and social game. The terms 'exclusion', 'underclass' and 'marginalization' have been construed as different ways to exempt the state from its responsibility for poverty and to blame the victims of poverty instead. This can only be attributed to a failure to see that poverty processes result from economic policies which do not prioritize the idea that social development should precede and inform economic development, and not the other way around.

CRISIS AND FRACTURE OF THE MEXICAN DEVELOPMENT-ORIENTED STATE

By the end of the 1970s, the country's economy had been operating under two models: the so-called 'stabilizing development' model (1950-1970), and the 'shared development' model (1970-1976)¹. These models were inscribed in an international context marked by a certain degree of economic prosperity resulting from the economic structure established after World War II. However, in spite of the fact that the Mexican economic growth rate had been over 6% per year since 1940 (which made some people talk about a 'Mexican miracle'), there were social polarization effects: 'the families included in the lowest second or third deciles clearly reflect a relative, and maybe absolute, retraction since the Mexican miracle started' (Hansen 1980: 113)². In fact, economic stability worked as a veil which secretly hid this process. Nevertheless, at the beginning of the 1970s the economy was shaken by in-depth changes that originated in the transformations that the international market was going through during that decade. These shocks were read by the Mexican government authorities as economic situations which would cause only a temporary inconvenience.

Despite resistance by the governing elite, the 1976 crisis provoked a change in the national economy management policies. Confronted with an economic environment characterized by a

1 First based on the construction of a protected inner market by tariff barriers and a significant participation of the state in the impulse of the national economy through an important public cost. On the other hand, the model of *shared development* is an answer to the exhaustion of the *stabilizing development*. Its objective is to realize a tax reform that allows the redistribution of wealth in the country. Nevertheless, this project does not make itself concrete because the Mexican economy is maintained by the increase of crude oil prices in the 1970s.

2 As De la Garza (1988) points out, between 1940 and 1955, capital accumulation in México was based on workers' real wage decline.

marked fiscal deficit in the balance of trade current account, a huge increase of the public debt and growing inflation, the government was forced to institute a devaluation of the peso with respect to the dollar to avoid the outflow of capital. Additionally, it attempted to offset the deficit with foreign loans and by orienting the economy towards oil exports. However, the drop of international crude oil prices in 1981 provoked an economic catastrophe a year later (Gollás 1994). As from 1982, the government implemented a stabilization program aimed, in the short term, at “bringing down inflation and reducing the deficit in the balance of trade. The major policies included a dramatic reduction of public expenditure and subsidies, the enforcement of wage controls, the initial steps towards trade liberalization, an overall reduction of government involvement in economic matters, and exchange control” (Székely 1994: 2). Even though these policies managed to stop the economic collapse, inflation was not curbed.

The policies implemented as from 1982 were established under the rigorous neo-liberal model —or, as some people have called it, ‘the new economic common sense’. Markets were liberalized, state-owned companies were privatized, and the tax deregulation process for capital started. These policies were intended to increase growth levels and productivity and to contribute to a more equitable social development (Gollás 1994; Székely 1995; Pastor and Wise 1997), although what was really pursued was macroeconomic stability. While this objective was attained to a certain extent, the effects at the social level were not so positive. Between the end of the 1980s and the beginning of the 1990s, individual saving capacity significantly decreased, to the extent that it resulted in the reduction of total private savings as a share of GDP (Calderón 1998). In 1988, when the administration headed by Carlos Salinas de Gortari took office, these policies were reinforced: the sale of state-owned companies speeded up, the national banking system was privatized, and the North American Free Trade Agreement (NAFTA) with Canada and the United States was signed. In general, these policies had positive results in macroeconomic terms (Urzúa 1993). Unfortunately, the overall economic success was not paralleled with positive effects for Mexican society as a whole (Pastor and Wise 1997).

THE 'FIGHT AGAINST POVERTY': FROM PRONASOL TO OPORTUNIDADES (1989-2003)

The adjustment policies implemented during the 1980s were not accompanied by an explicit policy to assist the victims of that adjustment, to a large extent because the mechanisms of the old Mexican corporatism facilitated a certain degree of compensation, at least for certain social groups. It was not until the end of the decade, when Carlos Salinas de Gortari's administration took office (1988-1994), that a neo-liberal technocracy would coexist along with a neo-populist policy, which also became functional. The neo-populist policy was the PRONASOL (National Solidarity Program).

By that time, the PRONASOL Advisory Council defined poverty as the status of those people who cannot satisfy the needs that would provide them with minimal well-being. Additionally, it established that there was a group within the Mexican society which was in 'abject poverty' because they were not able to satisfy even 60% of their minimal well-being needs. To redress the situation, PRONASOL proposed to alleviate both poverty and abject poverty by promoting the social participation of the poor in the solution to their problems. Thus, community programs were created whereby the interested parties—the poor—collaborated with voluntary work, materials or even money to build small community factories, roads, streets, water and drainage infrastructure. Moreover, the program included a strategy to distribute milk and *tortilla*. However, the strategy to combat poverty implemented during the six-year period in which Salinas was in power never questioned the adjustment and state-reform policies, assuming from the very beginning that economic development entails the reduction of inequality and poverty. It should be recognized that PRONASOL was conceived as a strategy intended to integrate a large section of society that had been marginalized and had become poorer due to the economic adjustment policies. However, the conditions for the distribution of social resources became less equitable at the beginning of the 1990s despite PRONASOL. PRONASOL focused on combating the visible effects of poverty for at least five years, while leaving the inequitable distribution mechanisms unchanged (Székely 1994, 1995; Calva 1994). In fact, the program was criticized as it became targeted to address very specific problems, such that its coverage was limited and the allocation criteria that were most often used did not necessarily match the criteria defined on the basis of the most elabo-

rate poverty indices, although they did have clearly-cut electoral objectives (Molinar and Weldon 1994).

Given the heavy criticism to the Salinas Administration program, the following six-year government, headed by Ernesto Zedillo (1994-2000), also promoted a program to combat poverty, making sure that it was not directly linked, as its predecessor, with election-oriented clientelist practices. However, it was again applied without giving any critical consideration to the neo-liberal adjustment policies, which, in the event, had been consolidated by Zedillo's six-year administration. Three years later, in August 1997, after taking over the presidency of the republic, the latest PRI government implemented its strategy to combat poverty with the PROGRESA (Education, Health and Food Program). In an attempt to abandon targeted social participation as a work strategy, the government devoted itself to addressing malnutrition and disease-related problems, as well as avoiding school failure within the basic educational system for certain social groups. Likewise, it advocated policies to diminish what was loosely called a 'lack of opportunities' for the most unprotected social groups. All in all, the implementation of the PROGRESA was heavily criticized because evaluations of the program found that it left out those living in abject poverty in urban and rural areas (Boltvinik and Cortés 2000).

When the first non-PRI government in Mexico took office at the federal level, fighting poverty became a core issue in the government's discourse, once the democratic succession had become a secondary issue. Nevertheless, contrary to the political rhetoric, and in so far as the reform of the state in terms of distribution of its power and authority remains an issue, when it comes to the question of poverty, this is considered to be a long-term planning matter within the 2001-06 National Development Plan [*Programa Nacional de Desarrollo Social*] (Poder Ejecutivo Federal 2001: 73), and not a central mechanism requiring reform in order to confront the marginalization and poverty processes to which a significant number of the population is subject. This is strongly linked to how Vicente Fox's current administration actually defines poverty: "the lack of elements necessary to satisfy the most urgent human needs and to secure a dignified life" (ibid: 36). Poverty is defined as the lack of basic capacities, meaning "the set of actions or statuses which individuals may attain and which are deemed essential to choose valued ways of living" (ibid.). From this perspective, "income and consumer goods are means to attain certain capacities, whereas individual characteristics and social context

define how this input turns into specific capacities to operate within society” (ibid.). Being poor means that “...under some specific social and individual conditions, families cannot access the required economic resources so that their members may successfully develop their basic capacities” (ibid.). According to the SEDESOL, income is determined by three factors: human capital, which stands for the skills and capacities required to produce a good or service (formal education, health, and nutrition); physical capital, which refers to the financial assets, money holdings, properties and reserves used in the production process (housing and basic services, including the capacity to save or generate assets); and finally social capital: “[A] series of characteristics of social organization, such as confidence, regulations and social networks which may facilitate coordinated actions” (ibid.: 35). However, these three types of capital cannot develop—according to the federal government—without the existence of two types of opportunities: those which assist entry to the labor market, and those which assist investment in profitable enterprises.

Thus, in order to establish an overall perspective of the income-generating assets and the actual opportunities to reinforce them, the federal government analyzes the country’s population at its educational, health and nutrition levels, including household characteristics, assets, labor involvement and other economic activities. The results of this analysis help determine that: most of the lowest-income households are rural; a large number of children in the country live in the lowest-income households; and most indigenous households are in the lowest-income group. At the educational level, the evaluation made by the federal government indicates that lags and differences between men and women prevail regarding illiteracy; there is a large number of children who fail at school; and few young, low-income people attend the upper secondary school level. With regard to health, the analysis found that adverse health conditions are more critical in rural areas due to deficient health care services, malnutrition and disease; and health-related inequality exists before a child is born. As regards opportunities, the federal government’s diagnosis similarly underscores the extent to which women still have a lower number of job opportunities and women-headed households face increased vulnerability challenges.

From this perspective, the current federal government believes that the design of social policies intended to eliminate these restrictions will help generate “...a virtuous circle of asset build-up and

opportunity generation which will help people achieve better standards of living due to their own efforts” (ibid: 60). The document adds that this may only be achieved if social policies are implemented in a coordinated and non-fragmented way (i.e. in an integrated way, avoiding overlapping functions, and organizing and prioritizing the implementation of actions). From this perspective, it is important to abandon welfarist ideas about addressing poverty so that the poor may cope by themselves. The strategy to implement these objectives is based on by two pillars: providing assistance to specific geographical areas, and assisting social groups throughout their life course.

The territorial strategy aims at the construction of micro-regions under integrative guidelines through the inclusion of various social actors—from the public, social and private sectors— by trying to foster the commitment of those involved and the communities to be taken care of to the planning, design, implementation and evaluation of the projects being undertaken. The territorial approach aims at detecting areas characterized by high marginalization, a pattern of dispersed settlements and poor communication with economically-developed centers, located in mountainous areas, that do not have proper development plans, lack institutional support for health, education and food, and have a limited capacity for social organization. Due to the specific characteristics sought in the micro-regions, the places targeted for assistance are usually rural areas. According to the National Development Plan (2001-2006), there are extremely marginalized micro-regions in 17 states of the country, accounting for approximately 5.5 million Mexican people (ibid: 73). Along with the localization of extremely marginalized micro-regions, the social development program implemented by the current federal government provides for the promotion of a strategy to detect poverty pockets in urban centers. The *Habitat* program is intended to address marginalized areas in cities under a scheme fostering the involvement of the various social groups and marginalized communities in the design of urban development projects, provision of services, improvement of educational areas and public security conditions, assistance to the elderly, children and young people, and the promotion of community jobs.

Meanwhile, the life course approach acknowledges that there are people with specific needs along the different stages in life, and that these should be addressed in a planned manner, providing the appropriate links for each life stage. This perspective is intended to accompany and support “...people and families who live in poverty,

by providing them with the required tools, skills, competencies and opportunities so that they may be increasingly better able to satisfy, by themselves, the basic needs contributing to their development” (ibid: 62). This is exactly ‘the starting point for the construction of an integrated social network’. The generation of opportunities, capacities and assets is the core objective in the life course approach, and the current federal government intends to implement it by means of the provision of services, nutrition support programs, education and health investment incentives and support. The objective may also be fulfilled by articulating financial instruments to obtain community and individual loans, as well as productive projects fostering job opportunities in urban and rural geographical areas. However, programs of this type, aimed at the generation of capacities, opportunities and assets for the poor, are already underway, and hence it is believed that there should be a certain degree of implementation continuity, as is the case with some actions included in the PROGRESA, although a more integrated and systematic assistance perspective should be established. This accounts for the name change to *Oportunidades* [Opportunities].

Overall, a question remains unanswered. What are the implications of the implementation of a poverty perspective like the one encouraged by the Fox administration currently in power? Is there a more comprehensive vision of such issue at present? Or on the contrary, is their way of explaining poverty more complex than that used by preceding federal governments, even though its supporting assumptions remain unchanged? In light of the analysis based on the expressions of poverty proposed by Fassin, some of the assumptions underlying these expressions may be found in the current federal government proposal to fight poverty. These assumptions help ensure that the effects of these policies will be extremely limited as long as no further thought is given to the structural factors of poverty in the economic domain and the major role of the state as a mechanism contributing to wealth generation and distribution. Only if an analysis in this sense is conducted will it be possible in the debate on poverty to include the role of the state, its definition, design and pivotal contribution to social cohesion and planning.

In this regard, poverty in the current federal government’s discourse seems to be the result of non-economic factors such as the exclusion from education and health services and equity, which drive the poor into a sort of social disability. Apparently, the idea permeat-

ing the first non-PRI government is that the perverse poverty circle is not a problem related to the economic development approach: it is caused by the inability of certain social groups to confront the processes of economic modernization. According to the current federal government, mere economic development would entail the end of poverty provided the poor are supported by a series of tools by which to better themselves. However, we know that economic growth is not equivalent to development, and hence to the reduction of inequalities and poverty (Boltvinik 2001).

The federal government's perspective resorts to the same arguments that can be found at times in the expressions of poverty mentioned by Fassin. The poverty issue is thus decontextualised from its structural causes and the effects produced by the dismantling of the state over the past thirty years. The territorial approach, both in rural and urban areas, should also be analyzed carefully, since there is an extremely widespread belief that the poverty issue may be reducible to an issue of urban and rural development, because we may come to think that addressing the problems related to territorial development would solve the problems of poverty. This certainly helps improve the standard of living, but more global processes may persistently limit its implementation. Therefore a distinction should be made between territorial poverty policies and territorialized poverty policies. Every policy is territorialized, since it is applied in a particular area. A territorial policy, in contrast, is intended to mobilize local resources to provide a solution to a set of problems, such as poverty. In this respect, the proposal of the Fox administration assumes that the poor live in poverty because they are immersed in a dynamics that prevents them from obtaining the social and economic instruments to help them access certain goods and services. However, the proposal never asks about the processes that make it impossible for them to access such things. Reformulating the question in this way actually implies an analysis of the structural conditions that have restricted the access of groups and individuals *within* a particular community or territory. This enables us to frame the discussion of poverty within the domain of social relations of inequality and their regulation by the state, rather than considering it a mere issue of the public policy domain.

The federal government's *Secretaría de Desarrollo Social* (Ministry of Social Development) has recently submitted an evaluation of its *Oportunidades* Program. Despite the official discourse, enthusiastic about a program deemed successful, criticisms have

immediately emerged. While the program was under evaluation, researcher Mercedes González de la Rocha, from the *Centro de Investigaciones y Estudios Superiores en Antropología Social de Occidente* (Centre of Research and Higher Studies in Western Social Anthropology), said that the institution's research especially focused on qualitative data about the program's effects. Her conclusions show that the *Oportunidades* Program is causing many problems for its beneficiaries, especially discord within families over the control of program resources, and a tendency to undermine the value placed on school attendance, since there have been no significant changes in access to employment and better salaries. With regard to health, the researcher noted that an increase in the incidence of the human papilloma virus has been found. Boltvinik (2003) argues that the *Oportunidades* Program has been poorly evaluated, to the extent that records of compliance by beneficiaries with the duties imposed upon them as a condition for receiving the economic aid provided by the federal government are mistakenly regarded as evidence of program effectiveness. The government thus considers that the duty of poor women and children to attend health care centers and schools is equivalent to an incentive to invest in human capital.

The poverty resulting from the 1980s and 1990s adjustment policies and the dismantling of the Mexican social state is not likely to be offset by simply addressing its most visible effects, lower educational levels and poorer health conditions, but by restructuring the more comprehensive social networks which fractured and were part of a complex system of social assistance, including, among other elements: subsidies for some food products, medicines, particular goods and services; the wage system, social assistance services and labor-related regulations; public expenditure; education, health, housing and social security policies. The conditions have certainly changed, and instead of reinstating old practices, the state has to figure out new ways to promote and foster social networks to help strike a balance that will substantially counter the current process of social fracture and polarization in Mexico.

CONCLUSIONS

All in all, the policies to 'fight' poverty based on territorial management and life course approaches are inadequate. The problem is that they will not be effective without a different perspective that indi-

cates the causes that generate poverty and a vision that includes an accurate definition of the role of the state as a mechanism to articulate social development. This implies thinking of a desirable definition of the state. It is undeniable that the conditions that fostered the development-oriented state in Mexico cannot be reproduced, and that in fact they are not at all desirable, since they are based on a deeply antidemocratic and authoritarian spirit. The current federal government has secured support for its policies on the basis that they would change the old ways of public management. This does not seem to be quite true, at least as far as social development is concerned. As was the case with the preceding post-revolutionary governments, a critical view of the economic development model is still missing. The belief that poverty is the result of an individual's inability to confront the processes of economic and social insertion still prevails, even if the poverty interpretation model becomes more complex. The reorientation of what could be called the social state policies towards mere public management actions has consolidated with the current federal government. Therefore, little change is to be expected in terms of poverty alleviation, unless the signs of an imminent social catastrophe or a social outburst become evident, as is already happening in some states of the Republic.

Meanwhile, social assistance policies are likely to become redundant if the discussion of poverty continues to be held in terms of public policies, disregarding the need to incorporate the issue of the state as a central point of the discussion. No doubt, this is related to the rearticulation of Mexican society's power structure, which tends to turn the social aspect of problems —such as poverty— into individual issues, thus undermining the social solidarity on which the solution to collective problems depends. From this perspective, the state becomes a mere corrective element deprived of its role as a planning and mediating mechanism of individual and collective interests, which was its stronghold during a significant part of the past century. Thinking about poverty must inevitably be related to rethinking the role of the state. There is no social cohesion without social protection. Moreover, this cannot derive from isolated or integral policies to fight poverty, philanthropy, or community social development. It must come from the state as an institution which is responsible for ensuring that everybody belongs to a single society, always showing respect for the differences of its members.

Following this line of thought, the state needs to redefine its role as a social institution, which requires that we recognize that our concept of the state is a social construct, but that as an institution it is nonetheless concrete, is more than an abstract entity, and has real social effects. Superseding the role assumed by the Mexican State means changing its internal dynamics, and this may only be fulfilled if social actors and individuals see it as the instance through which a modern community achieves representation and defines its essential options. Therefore, a first step would be to weigh the extremely harmful effect of the current economic development policies, largely defined as the cause of the social deterioration processes that leads to poverty. Even though it is most certainly necessary to address health care issues, educational matters and the generation of employment, this is not enough without changing the current conditions of economic growth. It is certainly difficult to define a new policy from inside the nation-state under present global economic conditions, so it is very difficult to believe that the settlement achieved during the decades immediately after the post-war period may be reinstated. But it is also true that today, more than ever, the state is the only existing social institution that may be able to articulate a shared project of social development. This implies a significant political transformation, not only in Mexico but also in the Latin American region, similar perhaps in scope and importance to the so-called democratic transitions undertaken in past decades—and which in some countries are still incomplete—because it stands for the need to consolidate an idea of democracy which is not reducible to mere parliamentary democracy.

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THE CHALLENGES OF A POLICY OF FOOD SECURITY IN BRAZIL

INTRODUCTION¹

When the problem of hunger in Brazil is debated there is a great deal of divergence, but everybody agrees that it is not possible to eliminate hunger by waiting for incomes to increase and be better distributed. The number of people in situations of risk in Brazil is very high and has not been decreasing at the pace recommended by the World Food

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¹ This text is a revised and updated version of the work '*O que o Brasil pode fazer para combater a fome*' ['What Brazil can do to combat hunger'], presented at the International Seminar 'Combating Hunger and Rural Poverty', which took place in the Instituto de Economia [Institute of Economics] of Unicamp, on April 2-3 2003.

Summit of 1996. It can be shown that the task of honoring this commitment has advanced very little. This is because little has been done in recent years to attack the consequences, and principally the causes, of hunger in the country.

Data presented by the *Projeto Fome Zero* [Zero Hunger Project] (www.icidadania.org.br) show that there was an increase in the levels of vulnerability to hunger in the period from 1995 to 2001, especially in metropolitan areas. This was mainly the consequence of the growth in the levels of poverty and unemployment, and of the low level of wages. As a result, although poverty is strongly concentrated in the Northeast region (where 50% of the poor live), it has grown in almost all the metropolitan regions (at an average rate of 2.6% per year from 1995 to 2001) and even more so in richer and more industrialized regions such as Greater São Paulo and other capitals in the South².

The objective of this chapter is to contribute to the discussion about programs for combating hunger in Brazil. Among the various possible initiatives for combating hunger, three main alternatives are under debate today, not necessarily mutually exclusive: programs for the transfer of income in the form of money; programs for supplying food itself; and programs for the transfer of income specifically for the purchase of food. We intend to discuss the effectiveness of these alternatives. In the first part of the chapter, we aim to show that the simple distribution of income, unaccompanied by mechanisms that alter the social economic and political structure that generates inequality, does not present results in the medium and long terms. Following this, we evaluate the importance and impact of minimum income programs, and of programs that deal specifically with food security and combating of hunger. Finally, we analyze some local policies which have been applied here and there in Brazil in the 1990s, and present what we consider to be the advantages of the proposal of the already functioning *Programa Fome Zero* [Zero Hunger Program] which uses food cards. Finally, we shall present some general conclusions on the subject.

THE CONTROVERSY OVER THE DISTRIBUTION OF INCOME

For centuries, social scientists, and economists in particular, have sought to investigate the relationship between the variables of social mobility and individual income. In 1887, the Italian economist

² See Del Grossi, Graziano da Silva and Takagi (2001).

Vilfredo Pareto (1848-1923) believed he had discovered an ‘economic law’ similar to a universal physical law according to which the distribution of wealth in human societies tends to adjust itself to a curve, which he established independently of the economic, social or political organization of those societies. To support his thesis he studied the statistics of various countries at various periods (England, Prussia and Saxony in the nineteenth century; Florence in the renaissance period; Peru at the end of the eighteenth century; Basle in the medieval period, etc.), and always obtained good fits to his curve³.

The breadth of the conclusions drawn by Pareto from these empirical comparisons led him to believe that all attempts to reduce injustice in the distribution of national income were *a priori* condemned to failure, because the ‘natural law of the distribution of income’ would, in whatever conditions, follow the distribution he had established.

However, when Lange (1967: 151-169), the influential Polish economist, applied Pareto’s curve to the distribution of the income of all workers and employees in Poland, he found that a logarithmic normal distribution fit the data better. Furthermore, since the distribution of salaries in the years 1956-1959 was similar to the logarithmic normal distribution, he concluded that the incomes of a homogeneous social group are distributed according to a simple normal or a logarithmic normal curve, as would be expected.

If we focus on the cases in which Pareto’s law applies satisfactorily (distribution of slaves in relation to their masters; of firms in relation to their capital, sales or number of employees; of people according to the results of exams in mathematics, etc.), we see that in all of them the relative position occupied by a slave master, a firm or a student of mathematics depends on a prior accumulation of a certain number of slaves, capital or mathematical knowledge. Future progress (increase in the number of slaves, capital or mathematical knowledge) is easier for masters, firms or people who have already acquired the most. This is understandable, because without doubt, the higher the income of a property, the easier it will be to increase that income.

3 Pareto’s curve has been used in fields other than the study of the distribution of personal income, such as the study of the distribution of firms according to their capital, sales or number of employees, and the matches obtained have been satisfactory. For example see Steindl, J. (1965), ‘Random processes and the growth of firms: A study of the Pareto Law’, New York, Hafner Publishing Company, pp. 187-242.

Generalizing, we can conclude that Pareto's law is not a characteristic of all human societies, but of social systems (and/or human activities) in which accumulated wealth (and/or accumulated knowledge) makes it possible to control the work that creates new wealth.

Bronfenbrenner (1971: 54), a well-known author of a neoclassical tendency, presented an algebraic example of a product of matrices whose results "illustrate the popular theory that, if we all started as equals tomorrow, in a very few years we would have exactly the same amount of inequality as we have today". Suppose we have a vector in which all individuals that receive income are divided into groups (the rich, the comfortably off and the poor, for example) and maintain constant the transition matrix which contains the probabilities that an individual will pass from the income group which he occupies at a time t to another at a time $t + 1$: it is possible to show that, under certain conditions, the final result of successive multiplications is independent of the initial distributions. The author's illustration is based on two different distributions, one that reflects perfect equality and the other complete inequality, to show that with the passage of time (represented by the number of multiplications) we approach a single distribution. In other words, although we departed with completely different distributions, if the transition matrix is maintained constant, we arrive at the same result after a certain lapse of time.

We believe that this result of Bronfenbrenner's algebraic example has at least two important implications for the better understanding of the discussion of the factors that determine the changes in the distribution of income of a society. The first concerns how the profile of the distribution can be improved. The experience of many countries confirms that: if it is only the redistribution of income which is made, then the effect of this is rapidly diluted by the undelayable spending (whether for food or non-durable goods) of the low income groups, which returns these incomes to the hands of the higher-level groups who own the food and non-durable goods industries. It is not therefore income that should be better distributed, but rather the factors that generate these flows of income. Among these factors are the means of production⁴,

⁴ We should also consider the modifications which result from alterations in the quality of the factor work, which education, for example, can produce.

which generate a concentrated distribution of income once their ownership is concentrated in the hands of a few.

It is also true that short-term changes in the distribution of income can result from modifications in the balance of political forces, independently of a redistribution of the ownership of the factors of production. In the Brazilian context, the recent increase of wages, especially the minimum wage, provides a good example of this. But stability alone cannot secure the permanence of these conquests in the longer term, as was shown, for example, by the exhaustion of the Cruzado Plan in 1987 after having provoked the only movement for reducing the concentration of income in the whole decade, in 1986.

The second implication is related to the conditions that determine the stability of a given distribution of income. The determinants of an income distribution can be considered as opportunities for movement between classes, or rather as the vertical mobility in the current social structure. This mobility, in our opinion, is nothing more than a consequence of the existing relations of production and of the distribution of the assets within a society. In other words: if the conditions that over a period of time produce –and mainly reproduce– the inequalities between people are not altered, the changes in the distribution of income will not be long lasting.

MINIMUM INCOME POLICIES

According to Marcon (1998), the debate about the proposals for a minimum income program began in Brazil in the 1970s, with the work of Antônio Maria da Silveira and Roberto Mangabeira Unger.

At the beginning of the 1990s, this discussion intensified with the approval of the law that established the *Programa de Garantia de Renda Mínima* [Guaranteed Minimum Income Program] drawn up by Eduardo Suplicy in 1991. After that, various municipalities began to implement programs of this kind, often associating them with conditions imposed upon the families, such as the frequency

5 Note that in the version of the minimum wage program associated with the '*Bolsa-escola*' [school grant] there is at least one attempt to modify the parameters of social mobility through the education of the poor which, if successful, could lead in the long term to a (small) alteration in the matrix of social transition, given that the help is restricted to formal primary education, which today tends to be universal. That is, it would at least be equalising the starting conditions of the poor child in terms of primary education, maintaining constant the remaining elements of the matrix.

of attendance of school-age children in classes⁵. Later, actions of this kind were adopted by the Federal Government as the main policy for combating poverty and hunger⁶. Today these actions attend the needs of more than 8 million children. In 2001 and 2002, the programs '*Auxílio-gás*' [assistance for the purchase of cooking gas], for the eradication of child labor (PETI), '*Bolsa-renda*' [income grant] and '*Bolsa-alimentação*' [food grant] were added. These programs have substituted the distribution of '*Cestas básicas*' [basic food parcels - food parcels designed to provide for the basic food needs of a family for one month]. Recently, all these cash transfer programs were integrated to the *Bolsa-Família* (family grant), launched in October 2003, which unified the main income transfer programs of the federal government.

In fact, programs to compensate for low incomes obtained in the labor market have existed in the developed world for decades. Various authors (Lavinias and Varsano 1997; Lavinias 1998; Souza and Fonseca 1997) have identified the origin of these minimum income policies in the introduction of the 'Welfare State' in developed countries, such as for example in Denmark, in 1933; in the United States in 1935⁷; in England in 1948; in Germany in 1961; and in Holland in 1963. According to Lavinias and Varsano (1997), the basic characteristic of European social assistance schemes was the adoption of a guaranteed minimum income as a complementary income within a general system of social protection, which served as a sort of 'final safety net'. According to these authors, there is today a certain questioning of the concept of minimum income policies, which has give rise to three distinct positions on the matter. One defends the guarantee of a universal and unconditional subsistence income, that is, one that does not impose any conditions on the beneficiaries in terms of their educational standard or the extent of their search for a place in the job market. The argument is that a part of society cannot manage to live from their work in current capitalist societies and should be compensated with a minimum level given to all.

A second position considers that if a universal income is unconditional, it could accelerate the process of the informalisation and

6 As a result of the Project of Deputy Nelson Marchezan, approved by the Chamber of Deputies in 1995.

7 Assistance for Families with Dependent Children (AFDC) was created in 1935 by the Social Security Act.

degradation of work, with a heavy onus falling on public spending. In other words, it would imply that all workers would have a 'basic income', secured by the state, which would reduce the levels of salaries paid by the private sector. One of the consequences would be the suppression of the orienting role of the minimum wage as reference for the minimum living standards of workers.

A third view considers that a minimum income has limited effects in terms of the objectives of combating poverty and inequality. For those who hold this position, it is more important to universalize rights and social protection on all fronts: work, housing, health, social security and education.

Lavinás (1998) highlights the fact that the minimum income programs of developed countries such as Germany and France are extra services added to others already guaranteed within ample, sophisticated, and universal systems of social protection which aim to combat poverty in its new forms (social exclusion as the result of unemployment, support for single parent families headed by women, elderly people without social protection, and the long-term unemployed).

In countries such as Argentina and Brazil, where the exclusion is permanent for large numbers of people, we think that there is a need for an ample network of social protection, and that action in that direction cannot simply be reduced to a minimum income program. In the same way, one cannot only choose policies that focus on 'the poorest of the poor' in the name of efficiency and leave the enormous mass of less poor without any form of benefits.

The fact is that a significant number of Brazilian municipalities have begun to adopt conditional minimum income programs, mainly those linked to the frequency of attendance of children at school. Some have added other requirements, such as the need to search for skill training programs with facilities for providing access to micro-credit. A bibliographic review of currently functioning programs has demonstrated that they are evaluated positively in relation to combating child labor and improving the frequency of attendance of children at school. They also have the advantage of being highly focused on the part of the population that has the lowest incomes (or is without income). On the other hand, the possibility that these municipal programs could serve the population, especially adults, on a wider scale has been negatively evaluated.

In Campinas, the pioneer program was implemented from February 1995 onwards, and initially benefited 1,982 families, up to

around 2,500 in 2002. In the Federal District, the program '*Bolsa Familiar para Educação*' [Family Education Grant] served 25,680 families and 50,673 children, but was deactivated when the new Federal District government took office in 2002. In Blumenau, in August 2001 the program served 244 families, or 1,378 people. In Belo Horizonte, of 12,722 families requesting to join the program, started in September 1995, only 1,625 had received benefits by June 1998 (Bittar et al. undated). In Victoria, where the program was started in March 1996, 169 families were served (Lavinias, 1998). It is also worth mentioning the programs in Salvador and Ribeirão Preto, where limited numbers of families were served.

Souza and Fonseca (1997), having evaluated the Campinas program, contend that the main problems encountered such programs are the difficulty in establishing criteria for choosing the families; the mechanisms for releasing the beneficiaries to avoid generating dependency; and the periods of validity of the benefits.

Ramos (1994), in turn, pointed out some limitations of the national minimum income program proposed by the Federal Government. These include: a) the problem of checking the declarations of income of informal workers, given that the majority of these workers are in the informal labor market, and b) the, in his view, unnecessary recommendation that components of compensatory social policy, such as social insurance programs, be deactivated. He also affirms that the argument in favor of the sovereignty of the consumer, one of the principal justifications used by the defenders of the program, should be applied with care. In certain areas, such as health and education, the conduct of individuals cannot be guided exclusively by personal preferences.

It is worth remembering that the idea –so dear to economic liberalism– that the citizen knows how to allocate his or her resources better than the state presupposes a perfect knowledge of the alternatives available and their implications⁸. It is obvious, in the matter of hunger, that the guarantee of an adequate level of nourishment can-

8 According to Graeff ('*Marchezan e a Bolsa-escola*' – *Folha de São Paulo*, 24/02/02), minimum income programs of the negative income tax type defended by Milton Friedman, one of the gurus of economic liberalism, presuppose that "each poor person knows best what is good for him; it is better to give him/her money, so s/he can spend it as s/he thinks best, than to give it to a corruptible and wasteful state bureaucracy. In other words, you put an end to poverty by guaranteeing that each poor person has a minimum income which allows him to participate in the market as a consumer. I doubt it."

not be established solely based on the information from, and/or advertising by, the food industry.

Other criticisms of the proposal for using minimum income programs as substitutes for programs for combating hunger can be added: the transfer of small amounts of income does not guarantee either the minimum conditions for survival or the means for families to overcome their condition of poverty or vulnerability to hunger; the majority of programs exclude families whose children do not attend school, or which do not have children of school age.

THE NEED FOR SPECIFIC POLICIES FOR FOOD SECURITY AND FOR COMBATING HUNGER

Why do we defend the need for specific policies for combating hunger in Brazil? Below we present a set of motivations that will be treated in more detail in the following section:

1. Specific programs can make people conscious of the 'right to food' as one of the fundamental human rights. The provision of food ceases to be considered a charitable task, or used for political reasons, as is still very common, and it begins to be understood that it is a duty of the state to guarantee this right.
2. Associating the receipt of a supplement to one's income with the purchase of food conditions the families to the 'obligation' better to feed themselves. Research carried out among family groups in Goiânia that were participating in the state program '*Renda Cidadã*' [Citizens Income]⁹ shows that the families were proud to be able to show they had spent the money on food items included in the '*Cesta básica*' [basic food parcel] and not on superfluous foodstuffs.
3. Studies show that programs such as the North-American Food Stamp program result in a consumption of nutrients by the direct beneficiaries three to seven times higher than in programs that transfer income in the form of money (Ohls and Beebout 1993).
4. Making the receipt of a benefit conditional upon its use exclusively for the purchase of food also makes the process of

⁹ In spite of this name, the program has nothing to do with the proposal of the same name made recently by Senator Eduardo Suplicy, which requires the payment of a monetary income to all Brazilians, regardless of their income.

withdrawal from the program easier than from those that provide income in the form of money. As the family gradually becomes aware that it is able to buy food with its own resources so it can more easily accept its withdrawal from the program, than if this were to imply a reduction in monetary income, which could have other uses.

In Brazil, the largest scale experiences of the use of direct help for combating hunger were the milk program of the 1980s and the *Cestas básicas*-PRODEA program, substituted recently by the '*Bolsa-alimentação*' [Food grant] program. Let us make a brief analysis of the results of these programs.

'*O tíquete do Sarney*' [Sarney's ticket], created in 1986 and functioned until 1991, was one of the few Brazilian examples of the use of food coupons. The program aimed to distribute one liter of milk to children of up to 7 years of age who belonged to families that earned no more than twice the minimum wage. The overall goal was to benefit around 10 million children through the large-scale distribution of tickets that were exchanged for the product in commercial establishments. According to a social policies evaluation document of the *Ministério da Previdência e Assistência Social* [Ministry of Social Security and Social Assistance] (MPAS/CEPAL 1989), the milk program was one of the most notable achievements in the nutritional programs scenario. Tickets were distributed by community bodies directly to the beneficiaries. Shopkeepers used the tickets to pay the milk processor, who in turn exchanged them for money in the Banco do Brasil by making a deposit. The tickets left the mint directly for the postal system, which then distributed them to the various post offices in the municipalities in which the program was being implemented.

In these places, existing community bodies, such as residents associations, religious organizations, unions, service clubs, etc., were registered; each body selected the participating families; and the bodies were obliged to register with or have the recognition of the social assistance bodies with which they had worked. Tickets were handed over at monthly meetings organized to stimulate debates over themes such as eating and health, vaccination, community vegetable gardens, community work schemes, etc.

The program expanded with enormous ease: in little more than a year, by September 1987, it already served almost five million beneficiaries and 15,110 registered associations. According to the evalua-

tion report, frauds were extremely rare in relation to the size of the operation, as well as being easily identifiable. On the other hand, ulterior evaluations showed serious problems of diversion of resources and corruption in the administration of this initiative.

If we analyze the results of the program, we see that it was exceptionally large in scale. There was a significant increase in the demand for milk (20.4% growth in production between 1996 and 2000), with a growth in the per capita consumption from 94 liters to 109 liters per year in the same period. It is worth noting that this was perhaps the first experience of the implementation of policies that had their goals defined by the demands of the population. Another interesting fact is that no new business channel was created, nor was food itself distributed. Instead, a 'controlled use' currency was created to meet a specific need, uniting the two points of supply and demand. In short, a typically Keynesian policy for the generation of demand.

The *cestas básicas* [basic food parcels] program, on the other hand, was originally developed by the Collor Government (1990-1991) under the name '*Gente da Gente*' [People of the People or People like Us], and later extended as the *Programa de Distribuição Emergencial de Alimentos* [Emergency Foodstuffs Distribution Program], based on the use of public food stocks in danger of rotting.

Since its implementation in 1993, modifications to the program were suggested to differentiate its basic assistance component (supply in emergencies such as drought, flooding, etc.) from its possibilities as a stimulator of development in traditionally needy areas. The program was attacked and weakened in those periods in which there was no serious social crisis, and strengthened in those moments when crises worsened (unemployment, drought, flooding etc.) or when other interests appeared, such as during election campaigns.

At the end of year 2000, the Federal Government cut the funds for PRODEA from the Budget for 2001. The official justification was that the assistential character of the program did not contribute to combating poverty in the country. Furthermore, it was argued that the distribution of food parcels produced elsewhere did not help the local economy, because it reduced the volume of purchases in the small businesses of the municipality.

It is interesting to note that, although created as an emergency program, the distribution of *Cestas básicas* [basic food parcels] became known for its use for electoral purposes. For example, in 1998, a general election year, 30 million parcels were distrib-

uted; almost double the number distributed in 2000, at the high point of the program (according to the editorial of the *Folha de São Paulo*, 28 November 2000).

Critics of the extinction of the program appeared on various fronts. Flavio Valente, of the NGO *Agora* [Now] (writing in the *Folha de São Paulo*, 2 December 2000), pointed out that since 1994 the *Conselho Nacional de Segurança Alimentar* [National Food Security Council] (CONSEA) had presented proposals for the revision of the program which aimed for a wider interaction with the local community in relation to the distribution of parcels. This was to be based on community work, the training of beneficiaries, and the decentralization of the purchase of parcels, with a view to promoting local sustainable development; but as Valente pointed out, the coordinators of the program had adopted none of this. Another negative impact of the withdrawal of the *Cesta básica* [basic food parcel] was observed among small-scale agricultural businesses because of the deactivation of the *casas de farinha* [small-scale workshops for processing manioc into flour] and the fall in the prices of products consumed by the poor population.

In our opinion, the elimination of a social program cannot be justified by proving that it only reaches its target public to a limited extent. Attempts should be made to correct its deficiencies so that it effectively reaches the target public, or it should be substituted with a larger program. The distribution of *Cestas básicas* [basic food parcels] should not be the main (or only) program for combating hunger in the country, but it can serve the specific objective of helping needy families in emergency situations which one believes are transitory. In addition, as FAO defends, it is fundamental that the maintenance of a program be organized around the maintenance of security food stocks for dealing with such emergencies (floods and drought, for example).

In the United States, the food coupons (or food stamp) program –later transformed into magnetic cards, seemed to be a more easily organized alternative to the programs for the supply of foodstuffs in kind, which had appeared, in the 1930s, as a way of reducing excess food stocks. The alternative of coupons was considered extremely efficient in comparison with the supply of goods in kind, because it was more practical for the beneficiary and it eliminated the problem of transport and the perishable nature of foodstuffs. The program was very widely accepted and, in 13 years, grew from 0.4 million people attended in 1964, to 2.9 million in 1969. In 1971, it reached 9.4 mil-

lion, and 16.3 million in 1975. In the United States, today, the food stamp program still complements the food consumption of more than 18 million people per month. In a recent evaluation, the food stamp (or card) was considered to be the only food help program which simultaneously fulfils the two conditions of economic efficiency considered fundamental: it is counter-cyclic, increasing its coverage when the economy is in recession, and reducing it in times of expansion; and it reaches the largest proportion of poor families, and as such can be considered to be both massive in scale and yet to retain a good degree of focus (Rossi 1998).

In some Brazilian experiences, such as that developed in Goiás and described below, a similar process occurred. The state program for the distribution of *Cestas básicas* [basic food parcels] was substituted by the '*Renda Cidadã*' [Citizens Income], which supplies registered families with a monetary value by means of a magnetic card that can only be used to buy foodstuffs and cooking gas. This program has an enormously high level of acceptance by beneficiaries.

In this context, it seems to us that the development of a program of conditional transfer of income of this kind could bring an enormous gain in the fight against hunger despite opposition in some areas. The program can stimulate local economies through the commerce sector, and orient its beneficiaries to seek work and skills training as well as maintain their children in school.

EVALUATION OF LOCAL EXPERIENCES

Recent local experiences have been very useful for understanding how a program for the transference of income could work in Brazil. It is worth highlighting two recently implemented programs: the '*Cheque-cidadão*' [citizen's cheque], in Rio de Janeiro, and the '*Renda cidadã*' [citizen's income] program of the State of Goiás.

THE '*CHEQUE-CIDADÃO*' [CITIZEN'S CHEQUE]

The '*Cheque-cidadão*' [citizen's cheque] is an example of how civil society can collaborate to reduce the problem of hunger through donations. Although there is no fiscal incentive to benefit those making donations, various supermarket chains in Rio de Janeiro are distributing shopping-vouchers to the value of R\$100.00 to previously registered needy families. The voucher allows those who receive it to have access to foodstuffs and cleaning products, while the purchase of cigarettes or alcoholic

drinks is forbidden. The only requirement attached to receiving the vouchers is that the head of the selected families must have their children in school and the children's vaccination cards up to date.

The program was started in 1999 by the government of the state of Rio de Janeiro in partnership with ASSERJ (Associação dos Supermercados do Rio de Janeiro [Rio de Janeiro Supermarkets Association]), with the distribution, at that time, of ten thousand cheques. Although the program does not bring any kind of fiscal benefit, it is already possible to detect an increase in sales in the supermarkets participating in the program. The Sendas Supermarket chain, for example, reports a growth in sales of 1 to 2% because of increased purchases by those benefited, or because of the greater flow of clients in its shops.

Evaluations made by Lobato (2000) indicate that by mid 2000 the program benefited 27,500 families, the goal being to reach 40,000 by the end of that year. Various problems in the implementation of this program have been pointed out, the main one being its clientelistic nature. Although the families must register with local civil and religious leaders, there is no control or cross-checking of the information. As a consequence, the right to receive the cheques has become an exclusive privilege of members of, or frequent visitors to, certain religious temples or political parties. Another criticism is that the program was intended exclusively to allow supermarkets in poorer areas to deter the sackings or displays of violence that occurred in these establishments at the end of the 1990s. According to these critics, it is much more a 'good neighbor' policy than a social program for combating hunger.

THE *RENDA CIDADÃ* [CITIZEN'S INCOME] PROGRAM OF GOIÁS

This program was developed by the government of Goiás State from November 2000 onwards to substitute the state program for the distribution of *Cestas básicas* [basic food parcels]. The families are referred to the program by Municipal Councils, constituted in general by volunteers and members of the *Secretaria de Trabalho e Cidadania* [Secretariat for Work and Citizenship] of the *Prefeitura* [Municipal Government], who make a selection on the basis of a family income no greater than the minimum wage plus a minimum of two years of residence in the state.

The functioning of the program foresees the distribution, to each selected family in Goiás, of a magnetic card with which they

have the right to withdraw a certain amount from the bank each month, providing they present approved receipts for their spending on foodstuffs and cooking gas up to the allowed limit. The purchase of alcoholic drinks, fizzy drinks and cigarettes is not allowed.

Should the responsible person not present the receipts for three months, the family is removed from the program. The families must also present the vaccination cards for those of their children who are less than seven years old, and the record of school attendance for those between seven and fourteen years old.

The limit of the benefit, for families without children up to 6 years old, is R\$ 36.00 (20% of the minimum wage) and R\$ 60.00 for families with at least one child of up to six years old. In addition to this, they are exempt from paying water and electricity bills, providing they do not exceed certain levels of consumption. The acceptance of the program is great, since in the past families had complained about the discomfort and humiliation of having to 'pass in the streets' with the *Cesta básica* [basic food parcel] on their heads, not to mention the poor quality of the food it contained.

The program currently benefits 138,000 families out of an estimated total of 300,000 families in the state with an income lower than the minimum wage, as well as providing 610 crèches which serve 53,000 people with a very low administrative cost. The budget for the program for 2002 is R\$ 102 million, about eight million per month. According to an interview with the superintendent of the Program, the running costs, plus the administrative costs of managing the bank accounts and expenses with the postal service, reach approximately 4% of the total cost¹⁰.

The greatest proven impact up to now has been an increase in the amounts collected in taxes. At the start of the program, R\$ 120 million were collected from the ICMS on foodstuffs in the state as a whole. This increased to R\$ 240 million without the need to resort to an aggressive policy of increasing tax revenues, although not all of this increase can be attributed exclusively to the program.

10 In administrative terms, the North-American Food Stamps program also showed great advantages over the others. Its costs, divided half and half between the states and the Union, varied between 5.8% and 12.1% in 2001. In Jamaica, where it has also been adopted since 1984, the administrative cost is 9% of the total, due to the use of the ample existing public health network, from which the families are forwarded for registering.

TOWARDS THE COORDINATION OF PROGRAMS FOR COMBATING HUNGER

The causes of hunger are structural, and will continue to produce social exclusion. Therefore, it is necessary to promote the effective coordination of structural policies with specific policies and local policies for the fight against hunger. Among the structural policies defended, one can highlight policies for the generation of employment and income; the increase in the current minimum wage; the realization of an extensive agrarian reform to make the land ownership structure of the country more equitable; the expansion of the social security system to include people occupied in informal forms of work (as has already been done for rural families); and an agricultural policy to provide incentives for family agriculture. All this presupposes a new model of development that favors new ways of encouraging the growth of the country and the generation of employment.

In relation to the specific policies, the currently existing ones are considered unsatisfactory. Programs for the distribution of *Cestas básicas* [basic food parcels] should be substituted by the implementation of an extensive program for the transfer of income for the purchase of foodstuffs in the form of a food card program, so that these additional resources can be utilized in supermarkets, fairs and warehouses for the purchase of foodstuffs. This proposal is based on the following assumptions:

1) The food card is a program that can easily be linked to the principal structural policies for combating misery, which are part of the collection of policies of food security, given that they allow:

a) the poor consumer (that is, the one who has an income insufficient to buy the necessary foodstuffs) to be 'tied' to the family farmer who is going bankrupt because he has no-one to buy his production. In other words, this program for the transfer of income allows the effort to combat hunger to be directed towards the two most serious poles of poverty that exist in the country today: the lack of purchasing power of the urban poor, and the unused capacity of family agriculture;

b) the re-establishment of a policy of institutional purchasing, at the state and municipal levels, without losing the decentralized character of public food purchases. The *prefeituras* [municipal governments] and other instances of government

can act by guaranteeing to purchase the harvest of small-scale farmers, thereby bringing gains in terms of the prices obtained, and by facilitating the commercialization of the production. In addition, it is possible to link the registration of supermarkets, general grocers, greengrocers and free fairs to an obligation to give priority to the purchase of foodstuffs from local producers, whether this is for fresh products or for the products of small food processing businesses, which could also be given incentives. These possibilities greatly extend the scale of purchasing of the *prefeituras* [municipal governments], and as such create an instrument for stimulating local commerce and agriculture. In other words, the program of linked transfers makes it possible to create mechanisms for stimulating agricultural production in the small and medium-sized towns of the interior by re-establishing and extending the directed purchasing power of public bodies. This is even more important when we consider that half of the very poor live in small and medium sized towns and another 20% in rural areas. This means that almost 70% of the population by now partially or totally outside the market for basic foodstuffs lives outside the metropolitan regions of the country;

c) the food card allows the benefit received by the families to be linked to various forms of reciprocal contribution or compliance, in addition to those associated with other programs which complement the food card program. In recent years, there has been a growing tendency for countries to adopt programs of this kind (known as second generation programs) which impose conditions on the beneficiaries: as regards searching for work, through an obligation to take part in skills training programs or by requiring that those who do not succeed in finding work in a given time (six months, for example) do community service (cleaning public areas, work in community vegetable gardens); by ensuring the basic health care of children up to 6 years old; or by guaranteeing that children of school age attend school regularly¹¹. These requirements have proven themselves funda-

11 This is the case of the *Programa Progresas*, which was started in Mexico in 1997, and recently had its name changed to '*Oportunidades*'.

mental for recreating the 'work ethic' among the unemployed, and for avoiding the tendency of many to continue seeking unemployment support indefinitely as a form of daily survival.

2) The transfer of income by means of a food card is a complementary program, given that it is based on the idea of subsidizing the income of the poorest families so that they can feed themselves adequately. The complementary character of the food card brings at least two great advantages for the implementation of the program:

a) this income linked to the purchase of foodstuffs can be used as a kind of complement to the existing programs for combating poverty, such as for example the *Bolsa escola* [school grant], the *Bolsa alimentação* [food grant], unemployment insurance, assistance for mothers-to-be, etc. This makes it possible to use the existing registers, thereby avoiding one of the major problems in terms of cost involved and operational difficulties -that of preparing a 'poor list' in a country such as Brazil, where poverty has a dimension and a heterogeneity possibly unprecedented in the world, in spite of the efforts to implement the *Cadastro Único (Cadúnico) de Beneficiários de Programas Sociais* [Single Registry of Social Program Beneficiaries];

b) the fact that the card functions as a complementary program reduces the rigor necessary for determining the monetary value to be transferred to each family, which constitutes one of the major controversies of programs of the minimum income type (that is, the determination of the income necessary for each specific family to live with dignity). As a result of this, for example, families which receive the food card could be distributed in benefit groups by confirming the non-monetary, and most easily supervised, aspects of their lives, such as for example the number of young children, the presence of the elderly or those not able to work, housing conditions, unemployment, undernourishment, etc.

3) Cards for the purchase of foodstuffs, like other programs to benefit the poor, are to provide aid of a temporary character to poor families, and for this reason are included among emergency policies. The temporary character of this form of transfer of income comes from the fact that it is linked to other programs such as the *Bolsa escola*

[school grant] or assistance for mothers-to-be, which presuppose a maximum period during which a given family can receive the benefit, independently of whether it is a relatively long (in the case of mothers-to-be and *bolsa escola* [school grants]) or short period (in the case of the unemployed). In the cases of very poor families that require permanent benefits (especially those with an income close to zero, whether because they have no member of a productive age or because they have very unstable jobs), the food cards could function as a complement to minimum income programs and/or to the retirement pensions of rural or urban workers who work as small-scale family-based producers.

4) Food cards also have the advantage that they can be easily linked to other programs, as an income supplement specifically intended to increase the consumption of basic foodstuffs. This has decisive implications in the Brazilian case, given that it facilitates:

- a) the implementation of a massive program for the improvement of income which is not inflationary, given that the increase in demand is concentrated, at the start, in a sector which has a recognized unused capacity: that of family agriculture;
- b) the direct attack on one of the worst manifestations of poverty, hunger, which, if it afflicts certain groups of people (children and mothers-to-be, for example), can irredeemably compromise the performance of present and future generations;
- c) the great advantage of the program is that it is one of a category of programs which make it possible to combine the emergency character of direct assistance to the poorest families with sectoral policies for restructuring the economy, such as agrarian reform, agricultural policy and the generation of more and better jobs.

It is also worth touching on matters related to the administrative costs of linked income transfers. As the selection and supervision of the beneficiaries is the responsibility of local management committees, and since their members are aware of the real situation of all the families in their area, the problems of control are enormously reduced. There is no centralized control of costs in Brasilia, and neither is there a general preoccupation with the presentation of receipts or other proofs of purchase. The idea is that the control

should be educative. Its aim is to demonstrate that the families should account for the ways in which the transfers of public resources are spent. The program could never function if the objective of the control were to police or punish.

It is worth saying that, contrary to what one might imagine, programs of the minimum income type for the direct transfer of income to the poorest families have an administrative cost just as high as others for the linked transfer of income: they require a much more sophisticated control mechanism due to their need to be much more focused, with pre-established registers and a rigorous investigation of the incomes of all members of the families, as well as of the evolution of those incomes during the period in which these are in the program. For example, according to research by Lopes (1999), the Campinas minimum income program, the oldest in the country, has operational costs of 18%. The program has 26 university-educated professionals (principally social assistants and psychologists) who provide a 'systematic monitoring' of the 2,500 families, on average, that continue to participate in the program.

A fundamental point which we think it important to highlight in relation to the costs of a program for the linked transfer of income, such as food cards, is that one cannot consider the expenses of the program, without also considering its benefits, or rather, the positive effects which combating hunger and misery bring to the country. For example, the relief that this brings to the health budget or the benefits that the expansion of the area cultivated for food would bring to the generation of jobs and the collection of taxes. Our simulations show, for example, that if it was implemented in Brazil, the food card program could in turn generate an increase in the collection of taxes (ICMS and PIS/Cofins) of approximately R\$ 2.5 billions per year if we managed to incorporate the 46 million poor people in the country into the market for basic products.

If we consider that this transfer of income to poor families would result in an average increase in the consumption of calories and proteins of 50%, the current production of rice would have to increase by more than 30%. In the case of Brazil, this would mean expanding the cultivated area by almost 3 million hectares, generating more than 350,000 jobs in family agriculture and increasing the current value of agricultural production by around R\$ 5 billion, which is more or less half the annual cost which the *Fome Zero* [Zero Hunger] Project projects for implementing such a program.

CONCLUSION

This chapter has sought to analyze the difference between the proposals to distribute only a small monetary income and specific food proposals, such as the food cards used in the *Fome Zero* [Zero Hunger] Project. In the first alternative, there is not necessarily any change in the elements of the transition matrix. In other words, the determinants of social mobility and of the economic and political structure that generated the conditions for inequality remain as they were. In contrast, the linked transfer of income would have the effect of reactivating the dynamics of the generation of employment and income in family agriculture. In other words, a policy to combat hunger would serve as a lever for the reduction of poverty within one of the most precarious groups in the country, which are being socially excluded exactly because they dedicate themselves to the production of that which the poor eat, that is, basic foodstuffs.

In our opinion, the minimum income programs are most appropriate for families that have no income or are very poor and find themselves in this situation of poverty in a non-transitory condition (single parent families headed by women, elderly people, unemployed or temporary workers, those without their own homes, etc.). For the remaining poor families, we would defend a specific program to combat hunger in Brazil based on a system in which the transfer of income is linked to the purchase of food.

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**PUBLIC EMPLOYMENT POLICIES AS TOOLS
FOR THE REDUCTION OF POVERTY
AND INEQUALITY IN BRAZIL**

INTRODUCTION

The goal of this chapter is to discuss the role of public employment policies implemented in Brazil with the aim of creating jobs, mitigating unemployment effects, and so contributing to fighting poverty and inequality. These recently introduced policies recognized that the institutional reforms pursued from the 1990s –as well as the organizational and technological changes affecting the Brazilian economy– would cause increased unemployment. The programs discussed here, which were defined in the context of those policies, are supported by the Worker’s Assistance Fund (FAT).

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The programs' objectives include job creation, an improvement in workers' quality of life, and poverty reduction. In most cases, policy initiatives entail participation by civil society segments organized through formal commissions, through which they may contribute to program management, follow-up and assessment.

In this chapter the authors describe and analyze those programs, seeking to identify the limits to their scope, and proposing procedures that might contribute to the progress of such policies. The analytical relation between economic growth and wealth and income distribution is emphasized. In the first case, the persistence of low and insufficient economic growth limits the job creation capacity. In the second case, elements crystallizing the inequalities tend to generate poverty to an extent that exceeds the policies' capacity to contribute to a significant poverty and inequality reduction. We stress the distinction between passive measures (income transfers) and active measures (training policies and support to employment and income generation initiatives), arguing that such a distinction is necessary to set middle and long-term strategic goals. The profile of civil society's support network as a cooperation agent for the program execution is also analyzed.

The chapter is organized as follows: a brief overview of the distributive situation in Brazil, pointing to factors that turn the country's social inequality into a chronic problem; a description of poverty reduction actions focused on the labor market; and finally, having considered the limits of these employment programs, a discussion of the guidelines that should be observed in the implementation of inequality and poverty reduction policies.

FACTORS THAT TURN SOCIAL INEQUALITY IN BRAZIL INTO A CHRONIC PROBLEM

We acknowledge that a key issue in the country's socio-economic environment lies on the distributive side –the social inequality-generating matrix. The roots of Brazilian social inequality must always be considered in policy-making and in our expectations regarding the immediate results of social programs. The scope for major results in terms of poverty reduction at a faster pace than that currently seen in Brazil depends on our ability to neutralize or eliminate inequality-generating factors in the economic production

sphere and inequality-creating factors in the labor market, the educational system and the execution of social policies.

Brazilian social inequality is deeply rooted: in decisions related to land, work and capital subsidies in the colonial era, the coffee expansion of the mid-nineteenth century, the industrial expansion following 1930, and strategic moments of Brazilian industrial development planning; in the implementation of a model for farmlands that, without altering the foundational structure, prevented the creation of a small and medium property rural sector that would modernize agriculture to provide large agricultural projects oriented to the domestic market or to exports; and in the uncommitted way in which social and political elites relate to the state and public matters.

Based on these factors, the relation between social inequality and crisis in Brazil is reflected in a growth rate that shows late industrialization, with the state taking the leading role to consolidate Brazilian industrialization within five decades. Hostage to technologies that originated in the central countries, which were laborsaving within a context of abundant work supply –without the state engaging in basic structural reforms of a distributive nature– the Brazilian economy maintained its dynamism with an essentially concentrating model. This occurred in a context where, even in the best-planned instances, short-term views always prevailed and distribution problems were always regarded as commonplace and addressed by way of compensatory assistance programs.

The picture of inequalities in Brazil takes on a new qualitative dimension from the 1980s, when the growth cycle that had started in the 1930s began to wane. Two things would become apparent during the long stagflation crisis unleashed in the 1980s. First, that growth –according to the terms in which it was measured– failed to eradicate poverty and even generated or deepened other imbalances. Second, that due to the lack of growth and the relatively high unemployment rates and deterioration of labor relations, along with soaring inflation, poverty and inequality gathered an even greater momentum. Unfortunately, such evidence was not enough to re-shape the state model and implement distributive reforms. Even when relative inflationary stability is guaranteed, it is also apparent –based on several indicators– that income distribution inequality remains ‘frozen’ with a stable Gini ratio close to 0.60 (Barros, Henriques and Mendonça 2000). Besides, in view of the fiscal adjustment options –deriving from economic vulnerability– poverty and social imbalances acquired

unprecedented magnitude in the 1990s. The term ‘excluded’ is not mere rhetoric. In fact, there are more segments of society excluded from the growth process. The distributive effect of the Real Plan¹, resulting from the virtual elimination of the so-called ‘inflationary tax’, waned after the first two years of the Real (Rocha 2000).

The increased unemployment levels in the 1990s after a decade of stagnation in *per capita* income growth portended technological and organizational dislocations combined with the persistence of insufficient economic growth. That process reflects trends in the world economy and addresses recent changes in the Brazilian economy. In the first place, there is increased world competitive integration and accelerated technological leaps in productive processes boosted by the rapid advance of micro-informatics, resulting in higher unemployment rates and average time of unemployment duration. In the second place, we can see that Brazilian trade openness (in response to the competitive integration to the world) and the price of macroeconomic policies were fundamental to maintaining relative monetary stability, particularly after 1998. The rise in unemployment levels and the prevalence of low-quality job creation, mostly in the informal sector, account for the considerable scale of urban poverty.

Overall, it becomes apparent that the nature of unemployment challenges our optimism regarding the compensatory role inherent to industrial revolutions. The ideal assumption that increased economic productivity and its accumulation capacity –resulting from technical progress– may create in a reasonable term new job opportunities to offset the jobs eliminated in the industrial sector, where technological innovation concentrates, is in doubt. Currently, the generality, the speed and the simultaneousness of technical progress, together with low economic growth, tend to crystallize unemployment situations, increasing the average time of employment recovery. Therefore, there

1 The Real Plan was the Brazilian Economic Stabilization Program set forth in 1993-94. Its implementation involved three stages: the establishment of a balanced government budget with the objective of eliminating the [thus considered] principal cause of Brazilian inflation; the creation of a stable value standard which was denominated the Real Value Unit (URV–Unidade Real de Valor), which was meant to incorporate the high inflation attached to the old currency; the emission of this value standard in the form of a new national currency, the Real, as from 1 July 1994. It was supported by tight fiscal and monetary policies and brought inflation down from the level of almost 50% per month to the annual rate of around 10% in ten years of the new currency. As for economic growth, Brazil averages 2% a year in the period 1995-2003 (basic data from www.ipea.gov.br; ipeadata, ‘séries mais usadas’).

are two basic reasons for admitting a considerable problem in the Brazilian case. First, the country is facing an accelerated transformation process which magnifies the structural and technological character of unemployment. Second, the macroeconomic limitations of the Brazilian economy lead to low levels of growth, which are not sufficient to absorb increases in the PEA (the proportion of the population that is economically active –currently around 1.5 million people a year), beyond the underlying rate of unemployment.

The crucial question, therefore, is this: if economic growth, which for over 20 years has been well below the historical average of the 1947-80 period, was unsatisfactory for a few more years (given the fact that at the level of macro-economic policy external restrictions the vicissitudes of stabilization and choices already made are adverse to growth), how should we deal with the considerable number of unemployed people and the subsequent increase in poverty? A possible but not sufficient answer is the improvement of employment and income generation programs (including labor re-qualification and credit schemes for small urban and rural producers) where the Government has been investing sizeable amounts of resources. The hypothesis that in such a socio-economic environment the informal sector must continue playing a key role in generating alternatives for income generation is realistic. However, in most cases, the social solution represented by informal economic activity ends up consolidating poverty and inequality situations instead of representing a socially desirable solution.

Resorting to obvious analytical interrelationships that are frequently forgotten in most economic analyses on distributive aspects in Brazil, it should be considered that the distribution of opportunities in relation to access to the labor market, school, health and information reflects the functional income distribution –i.e. the way that asset ownership is distributed (land, capital, education, technology). These interrelationships are reflected in the personal distribution of income (through labor performance in a broad sense), although the specific factors that may worsen, maintain or improve the distributive profile operate in each of the spheres. As to the personal income distribution, the labor market and the educational system constitute fundamental institutions either for the creation of inequality or for the distribution of opportunities. Given the nature of the problem, the labor market and education represent the focus of intervention for the implementation of social inequality and poverty reduction

policies. But we must always remember that the labor market does not explain all the inequality and poverty: their basic determinants are found within the asset distribution structures and also in the relationship between the state and the social structure, that is to say, within the social relations of power. However, the labor market reveals and penalizes inequalities and injustices historically crystallized in Brazilian society. In turn, despite the powerful role of education, it is necessary to bear in mind that access to education depends on wealth and income distribution, and this is reflected in the opportunities enjoyed by different social classes to access the direct benefits of the state (in a 'legitimate' or illegitimate way).

Recent indicators show a reduction of the wage/GDP ratio – a broader dimension of inequality. For illustrative purposes, recent statistics show the contrast between labor and capital in terms of the proportion of GNP which is accounted for by wages and profits: in the 1992-2002 period the profit/GDP ratio showed a slight increase from 44% to 45%, whereas the wage/GDP ratio decreased from 44% to 36%. It is true, however, that the distribution is also affected by government's share through taxes and other contribution rates: in the same period it rose from 12% to 19% of the GDP, whereas the return in public services and effective social policies is far from satisfactory².

Another way of looking at the distribution issue in recent years is through the difference between the rewards accruing to labor on the one hand and finance capital on the other. Taking the Sao Paulo metropolitan region as an example, since the 1990s, the average rate of real wage earnings (from workers' main jobs) has remained below its level in 1985. In that decade, this rate grew very little after 1994, exceeding the June 1994 level in October 1996 by only 7.4% –reflecting the benefits of the first two years' of the Real Plan. Subsequently the trend is clearly downwards, reaching 20.3% below the June 1994 level in October 2002³. Regarding the financial system, studies conducted by private consultants show that, from December 1994 to

2 Cf. Prefeitura do Município de São Paulo, *O Ciclo da Financeirização e a Distribuição Funcional da Renda no Brasil*. São Paulo, July 2003. PDF document accessed on <http://www.trabalhosp.prefeitura.sp.gov.br/>.

3 Source: www.ipea.gov.br ('ipeadata', séries mais usadas"; accessed on December 15, 2002). It is worth noting that, although the data refer to São Paulo's metropolitan labor market, throughout the year 2002 the Brazilian Foundation of Geography and Statistics (IBGE) published information showing a considerable decrease in the average real wage in urban Brazil since 1996.

December 2001, profits from the thirty largest financial institutions in Brazil grew 313% –that is, they multiplied 4.13 times. In the same period, the tax burden paid by the sector decreased. The main reasons for the growing profitability of the financial system has been the application of a favorable regime for exchange operations and public debt securities, and the collection of fees on depositors' accounts in general⁴. The data on average salary trends are consistent with the 'freezing' of indicators of labor income- distribution inequality, to which attention is more generally drawn. The information on business profits, particularly those of the financial system –something that relates to functional income distribution– no longer reflects the usual statistics of labor income distribution, except marginally via the salaries of executives employed in the sector under the assumption that these might benefit from profit distribution, mainly in financial firms. Such information suggests that there is a significant transfer of profits (from workers at large and other segments of society) to the financial sector, within the framework of an increasing dependence by the state on financial capital.

The overall result of historical and recent trends is that inequality and poverty are recurrent aspects of the Brazilian reality, magnified as they are by regional inequality –another imbalance inherited by the Brazilian economic and social formation.

PUBLIC EMPLOYMENT POLICIES

Within the current Brazilian context, given the place of the labor market at the core of social inequalities, social programs focused on employment and income generation –foundations for social inclusion– become relevant in the analysis of poverty reduction policies and the qualification of the labor force. In order to discuss this, it is useful to make a distinction between passive policies and active policies. The former are directly aimed at the poorest segments via income transfers (Unemployment Allowance and School Loan, for example). The latter are aimed at projects of employment generation and professional qualification (for example, PROGER/Employment and Income Generation Program, PROEMPREGO and PLANFOR –National Labor Training Program).

4 Cf. *Jornal do Brasil*, issues of November 21, 2001 (*Economia*, p. 14) and December 1, 2001.

Based on such a distinction, we believe that, after a program based on passive policies is established on a national scale, time-related goals must be set for it. This is useful in the sense that policies and actions defined under a national development project should follow a basic guideline that, besides pursuing economic growth, should also aim at reducing inequalities, expanding markets and meeting the population's basic needs. This means that if passive policies gain growing relevance through time, this will be due to the fact that the growth model and the policies and programs related to other socio-economic sectors are failing in their basic objectives.

It should be underscored that the task of eliminating social exclusion in Brazil cannot be a responsibility solely of the existing social programs or the new initiatives under discussion, based on passive policies, among which the distribution of funds to poor families to buy food is included. It is necessary to face inequality and poverty-generating factors in the global dimension of all public policies as well as in terms of the development model itself. What is left, in any scenario, even under the assumption of a development model that effectively faces or neutralizes poverty and inequality-generating factors, is that social programs need to be executed in such a way that they maximize results and minimize or eliminate waste of resources. This requires the integration of the various policies and actions enforced, even in programs related to the economic sphere of production and distribution (it is necessary to provide a minimum rationale to the different and sometimes competitive social programs in the different areas of Government); and the consolidation of monitoring and evaluation methodologies of social programs, including the implementation of longitudinal studies, particularly for programs that involve a large amount of resources.

Once the limits of current public policies to fight poverty have been considered, emphasis will be placed on the main job and income-oriented programs (to which a considerable amount of resources has been allocated), since their planned implementation might contribute to minimize the effects of social exclusion in Brazil. Such programs include the following areas: work training –PLANFOR; support to job and income generation –PROGER, PRONAF (National Program for the Strengthening of Family Agriculture), and PROEMPREGO.

MAIN FEATURES OF THE PROGRAMS

The following is a synthesis of the key features of the programs under discussion, highlighting the aspects more closely related to the core of our analysis.

Under the terms set out by CODEFAT (Worker's Assistance Fund Deliberative Council) and the Labor and Employment Ministry, PLANFOR's goal is to ensure a supply of ongoing vocational education within the framework of the so-called Public Employment and Income Policy (PPTR), contributing to reducing unemployment and under-employment of the PEA; fighting poverty and social inequality; and increasing productivity, quality and competitiveness of the production sector.

CODEFAT states that PLANFOR's global aim is to build, in the middle and long term, "enough supply of professional education (PE) to qualify, at least 20% of the PEA each year". This objective relates to the over 15-year old age group. Seven per cent is to be funded by FAT and 13% by other already existing or specifically-created public and private funds.

PLANFOR is enforced through two fundamental mechanisms: by means of agreements signed between the Labor Secretariats and MTb/SEFOR, the State Qualification Plans (PEQs) are executed under the coordination of state labor secretariats in cooperation with the state and Municipal Employment commissions (tripartite and labor dispute resolution collegiate bodies); partnerships via agreements, technical cooperation terms and records of intentions with all the professional education network of the country, comprising public technical teaching systems, public and private universities, the "S" System (SENAI/SESI, SENAC/SESC, SENAR, SENAT/SEST and SEBRAE)⁵, workers' unions, NGOs, free professional teaching, schools and business foundations.

⁵ *SENAI* – Serviço Nacional de Aprendizagem Industrial –National Service of Industrial Apprenticeship; *SESI* – Serviço Social da Indústria –Social Service for Industry; *SENAC* – Serviço Nacional de Aprendizagem Comercial –National Service of Commercial Apprenticeship; *SESC* – Serviço Nacional do Comércio –National Service for Commerce; *SENAR* – Serviço Nacional de Aprendizagem Rural –National Service of Rural Apprenticeship; *SENAT* – Serviço Nacional de Aprendizagem dos Transportes –National Service of Transport Apprenticeship; *SEST* – Serviço Social dos Transportes –Social Service for Transport; *SEBRAE* – Serviço Brasileiro de Apoio às Micro e Pequenas Empresas –The Brazilian Support Service for Small Businesses. The "S" system is funded by a contribution of 3% on the payroll of corporate bodies.

Having regard to program implementation, the following qualifications of PLANFOR's goal and target should be borne in mind.

The goal of training 7% of the PEA annually through FAT resources represents over five million people in the country according to IBGE figures (Brazilian Institute for Geography and Statistics). That generates a quantitative pressure on state administrations that makes the PEQ execution more difficult to realize. The shortfall is made good by boosting the recorded numbers of students via multiple counting (the same person is computed as a new student in each course or module for which he/she is registered), through short courses and lectures for a large number of people –among other practices.

There is inconsistency between the goal of increasing productivity, quality and competitiveness of the production sector, and the determination of the target audience, i.e. socially vulnerable groups. In fact, such groups have low levels of school attendance, and therefore a lower relative ability to assimilate specific professional knowledge fast. It is obvious that these segments of the population cannot remain socially excluded and must be aided through actions fostering the turnaround of basic knowledge and preparing them for specific vocational skills, which requires an appropriate time frame in the environment of the conventional school system (including supplementary teaching).

EMPLOYMENT AND INCOME GENERATION PROGRAMS

The dimension and character assumed today by public employment generation policies in Brazil are certainly unprecedented. Their background may be traced back to the 1980s, when the first big recession hit the Brazilian economy (1981-1983) and urban unemployment rates soared. A heated debate took place concerning the government's active and passive role in the making and enforcement of public employment policies, which resulted, in 1986, in the implementation of the unemployment allowance. This represents the background against which more recent discussions occurred, resulting in the emergence of the Real Plan (1993-1994), followed by accelerated trade openness and macroeconomic policies associated with the search for greater integration of the Country into the international market.

Within this framework, the Government believed that the Real Plan and the search for more competitiveness in the international scenario would entail a low job-creating capacity, and it therefore implemented a broad set of job and income generation programs, all of

which were funded by FAT. These programs include the PROGER system, which comprises Urban Proger, Rural Proger and PRONAF; and PROEMPREGO, PROTRABALHO, PCPP (Popular Productive Credit Program), and FINEP's line of support, aimed at streamlining actions (introduction of innovations, productive restructuring, education for competitiveness, improvement of quality of products and services, technological training and development). The recently instituted FAT *Habitacion* (Housing) allocates resources to fund the purchase of real estate by middle classes. All those programs are targeted at supporting job and income-generating actions through the supply of special lines of credit with the strategic goal of reaching out to those sectors with little or no access to the financial system (PROGER, PRONAF and PCPP). Such target segments comprise: small and micro-enterprises, cooperative associations, associative forms of production and production initiatives typical of the informal economy; independent professionals, new graduates, self-employed, service providers in general and craftsmen –Urban Proger; small and mini-rural activities, including fishing, vegetal extraction and fish-farming activities –Rural Proger. PRONAF is targeted at the farmer and his/her family, including those involved in agricultural reform. PROEMPREGO (I, II and III) is focused on “the strategic sector”, covering “collective mass transportation, environmental sanitation, tourist infrastructure, and infrastructure oriented to the improvement of the country's competitiveness and upturn of industrial sub-sectors in regions with unemployment problems”, as well as “health, education, improvement of the municipal tax administration and ‘integrated multi-sectoral projects’, trade and services, power, telecommunications, road infrastructure and naval construction, small and medium enterprises, and export activity” (MTE 2002: 9).

All these programs are credit-based, aimed at generating jobs and income. The resources are allocated by means of financial agents (Bank of Brazil, Northeast Bank, CAIXA and BNDES), and with charges amounting to LTIR (long-term interest rate⁶) plus up to 6% annually.

Countrywide, the resources of all credit-based employment programs briefly described here, including FINEP, total the following values year upon year from the outset of their implementation (in mil-

6 The long-term interest rate (*TJLP*) is one of the parameters of Brazilian monetary policy, adjusted every three months by the Central Bank. It is currently set at 9.75% per annum (April-June 2004) (source: <http://www.bndes.gov.br/produtos/custos/juros/tjlp.asp>).

lions of R\$): 1995 – 757.16; 1996 – 4,185.36; 1997 – 4,071.89; 1998 – 3,637.98; 1999 – 4,218.41; 2000 – 5,846.24; 2001 – 4,654.94. Therefore, the total value reaches R\$ 27.4 billion in the 1995-2001 period (MTE 2002).

The above information confirms two assertions. First, the range of programs aimed at employment and income generation is wide, encompassing the most diverse sectors of business. Second, the volume of resources applied is considerable. It should be noted that these investments are made within the framework of an employment and income policy. In this way, some sort of indicative planning of those expenditures at the local level could be useful in terms of a development and social strategy. In this respect, from PROEMPREGO I to PROEMPREGO II major changes were made in the allocation of resources, substantially reducing their application in collective mass transportation and environmental sanitation, while the telecommunications sector (which had been targeted for privatization despite having a relatively low job-creating capacity) absorbed almost one third of the resources applied in PROEMPREGO II.

Lastly, it is important to note that those resources were used without implementing any advisory, follow-up or impact assessment methodologies or mechanisms. As a result, there is no accurate assessment of the effect those expenditures have caused in terms of job creation and income generation.

EMPLOYMENT PROGRAM RESTRICTIONS AND GUIDELINES FOR POVERTY REDUCTION

This final part of the chapter offers a critical analysis of employment programs, reviewing some proposals set forth throughout the text and adding others related to the limitations and possibilities of labor market oriented public policies. The description of employment programs has highlighted the existence of a common core which may be identified as 'job creation and improvement of people's living standards, fighting poverty and inequality' attaching an ambitious task to those programs. The strategic relevance and extent of those policies call for a critical view of the programs, which can be only summarized here due to space limitations.

First, we should admit that, even if the effectiveness of such policies were to be optimized, they cannot be accorded the task of job creation at the level that would be necessary to counter the lack

of economic dynamism in the country. Such a task depends on economic growth on a different basis to that which has taken place over the last twenty years.

A second aspect concerns PROGER's institutional design (Urban, Rural, PRONAF), which assumes strong support from a civil society with a reasonable degree of organization. According to the institutional rules of PROGER, the State Commission and the Municipal Employment Commissions, which embody tripartite labor dispute resolution mechanisms consisting of delegates from the government, workers and employers, play a vital role in the allocation (i.e. demand filtering), supervision and monitoring of those resources. In the case of PRONAF, the municipal councils for rural development –also with a tri-partite structure– must play that role. The state governorships must encourage, foster and strengthen the creation and consolidation of those commissions and councils besides monitoring the execution and assessment of the social impact of the programs. Through PLANFOR, the employment commission network has a similar function to that to be performed under the PROGER system.

What should have supported the program –social control based on an organized civil society– ended up being a weakness, given the fragility of the control network based within civil society and the fact that the consolidation of such a network depends on an active role played by state governorships and the municipal executive branch. Therefore, the whole initiative for the creation and operation of commissions depends on those levels of state and municipal administration that are more exposed to demands from diverse political elites. Every judicial and bureaucratic process for the creation and standardization of municipal commissions begins at the state employment secretariat of each Federation Unit related to the state employment commission, although the degree of interaction between these two levels greatly depends on the initiative of the former. Additionally, the established commissions reflect the weakness of civil society's organization, and to some extent, the strengthening of such organization has been affected by the multiplicity of civil society councils. People's motivation to participate in meetings is quite low, and mayors have reasonable room to maneuver in the setting up of those commissions, often preventing local political adversaries from having representation. The training process for the commissions –described in the state qualification plans that constitute PLANFOR's training network- has not offered satisfactory results

given the operating difficulties experienced by the program and the inadequacy and episodic nature of the commissions.

Direct evidence gathered through primary research conducted at the Federal University of Pernambuco and IBASE has pointed out the weakness of the municipal commission system as the demand for resources for projects was basically managed by the financial agent himself. Therefore, the lack of effective work by civil society commissions, and the absence of an action plan, place the financial agent responsible for project-related decisions at odds with the institutional design established by CODEFAT. Against this background, there is room for the political mediation of local elites in the reallocation of funds.

The heterogeneous target audience poses another challenge in view of the usually inflexible institutional network for credit facilities. The intention of reaching out to a diversified field (small urban and rural companies, micro-enterprises and production agents in the informal sector) underscores the importance of addressing the formal enterprises that take up most resources. It is important to offer a clearer definition of the goals of each program, distinguishing different purposes (micro and small enterprises with growth potential and the most disadvantaged segments of the informal sector) consistent with differentiated rules and, consequently, operating a reformulation of procedures to be adopted by financial agents.

In the specific case of PRONAF, the challenge is change funding for family agriculture so that instead of supporting survival level production by small producers it creates sustainable development bases in the farmlands. According to the current patterns, funding of traditional cultures prevails in most states without training and technical assistance contributions.

In the urban sector, sustainability has not been obtained from funding-related jobs, and the result accounts for two jobs per project. In the rural sector, credit has contributed to support certain occupations. As regards PROEMPLEO, the absence of assessments fails to offer an idea about the creation of new jobs.

As to PLANFOR, following from what we have already said, we recommend: adjusting the mean cost per student to reality; offering ongoing training to employment commissions, providing and organizing resources from the state and municipal coffers; consolidating local forums to discuss the state public employment policy, including representation of workers and companies, neighborhood associations,

NGOs, universities and other research institutions and employment commissions; requesting from research institutions cooperation on ways to advance the integration between the professional qualification policy and other labor market policies; making these programs more realistic about what they do and more operationally oriented to PLANFOR data and information requirements, in order to produce more reliable statistics on the effective number of qualified people and to ensure greater speed and efficiency of the program assessment system; linking basic qualifications to specific qualifications as recommended by PLANFOR instead of maintaining an isolated set of courses, which has been a source of waste and inefficiency.

It should also be noted that the social control network foreseen for the PROGER/PRONAF/PLANFOR system and the assessment system for the professional qualification program could have counterparts in other programs, particularly in PROEMPLEO, given the strategic importance of the latter and the considerable amount of resources allocated to it. No doubt, such a network should be neither bureaucratic nor too wide, given the heterogeneous projects supported. Nonetheless, advances can be made on at least two fronts: data production, disclosure, and systematic empirical project studies in certain areas to estimate the number of jobs created, to be carried out by autonomous and independent research institutes (universities and other research institutions).

In short, despite the progress associated with the sizeable amount of resources for the employment area, some problems must still be overcome: social control network weakness, absence of policy and program integration, bureaucratic inertia, resistance to changes on the part of institutional players themselves, modest creation of permanent jobs, and poor vocational qualifications.

Regarding aversion to change on the part of actors involved in social initiatives, we can point to examples of NGOs that are involved in the social network for certain programs and in the production cooperative associations sector. Some NGOs have been created within the framework of PLANFOR, and hence they rely on the financial resources captured for vocational training. For others, such programs become their main source of funds. Those funds also become relevant for workers' trade unions (mainly the Trade Union Force and Single Workers' Confederation) and state governorships. Against this background, everyone tends to resist any change that might affect the allocation of resources. Moreover, in view of the pressures to fulfill

goals, the executive entities (NGOs and other institutions) tend to boost the projected goals and budget as a way to maximize the volume of resources obtained. In the case of cooperative associations, many of them are created to capture PROGER resources (Urban and Rural), and after a while they disappear. In those cases, particularly in the Northeast area, there are no records that loans have been recovered by the financial agent, or that such events have been administratively investigated. The only existing records prove the financial agent suspended operations with cooperative associations and that, in some cases, resources may have been used for non-productive purposes although those cases are harder to prove empirically. In turn, no proper empirical research has been conducted to assess the cooperative association projects supported by PROGER. The assessment of at least the number of jobs created from the support provided to that sector is still pending.

These problems underscore the obstacles that may be confronted in the diverse experiences of social initiatives aimed at reducing inequality and poverty under the banner of 'civil society participation' and 'partnership', expressions that are widely used in the official documentation of PLANFOR and in CODEFAT resolutions. It should be noted that several initiatives supported by international institutions such as IDB (Inter-American Development Bank) and IBRD (International Bank for Reconstruction and Development) in programs supporting 'local development' accord with the discourses of 'participation and society.'

Against this backdrop, it is necessary, through systematic assessment studies, the recording of experiences and case studies, to verify under which circumstances the associative and collective nature is maintained or reinforced, and in what cases initiatives are being politically captured by local governments or political leaders not genuinely linked to the implementation of social programs.

It should be said, in the Brazilian case at least, that there has been a multiplicity of initiatives from civil society (business, church, family, community association, NGO) besides the diverse government social programs (at federal, state and municipal level) throughout the past thirty years. Nonetheless, poverty and inequality rates fail to show a significant improvement (except for modest reductions in illiteracy and declining child mortality rates) to match the apparent efforts made.

This discussion suggests that progress in credit-based job creation programs depends on changes of attitude in two areas. First, in the government sphere, where state labor secretariats need to break the inertia that has rendered program planning, follow-up and control systems unsatisfactory in terms of articulation with financial agents, set-up and consolidation of the social control institutional network. Second, in the civil society sphere, where trade unions, agencies, associative groups, and popular initiatives, take on a more active position in implementing these programs.

Obviously, inertias in both spheres need to be broken. In the first case, effective changes depend on governmental decisions, that is, to work for the effective insertion of civil society. In the second case, advances in organizing civil society –particularly in the Northeast area, where low school attendance levels and poor living standards prevail– will surely require a considerable amount of time to materialize. For civil society to be effectively represented at every level, the network of municipal commissions would necessarily remain highly dependent on local government initiatives and support. Initiatives within the CODEFAT framework might be of great help if they were granted wider formal powers. Nonetheless, it would be fundamental to establish an ongoing process of mobilization and training of those commissions with the supplementary contribution of state and municipal resources, overcoming the episodic and relatively ineffective training provided by state vocational qualification programs funded through FAT resources.

In the absence of adequate funding and mediation by civil society, interests from those groups that have more access to information, and more political influence, tend to prevail. If the goal is to alter the distributive matrix, policies and programs need to engage with such matters. For instance, consider data about applications from BNDES in the past six years: from 1997 to 2002 (January–November) that institution brought to the country funding and shares with a face value of R\$ 135.5 billion. In terms of regional distribution, concentration of resources occurs in the Southeast (60% in 2001, and 65% in 2002) and in the South (19% and 15% respectively) in addition to the relative contribution of these regions to the national GDP (Southeast 59%, and South 16%). In the entire period, those two regions absorbed 81% of the total resources. As regards the size of companies, although clearly growth takes place year after year for micro, small and mid-sized companies, large undertakings took 82%

of the total resources⁷. It is apparent that demand-related elements exist, associated with the structure of domestic and regional economies, that explain the resource allocation profile. However, public policies could foster corrections in distributive imbalances by no longer punishing regional or social inequalities. It is necessary to incorporate such a dimension in these policies.

Despite the suggestions made in this chapter, the authors acknowledge the role of public employment policies, including the active policies for occupational qualifications and job creation, in fighting poverty. Therefore, it is necessary to consider the option represented by the classical structural solutions used in developed countries –agrarian reform, strong investment in education, tax mechanisms– within an environment of sustained economic growth in the neighborhood of between 5% and 6% a year as some authors support (for instance, Faria, 2000). In fact, job creation and income generation programs, such as the aforementioned PROGER, tend to generate modest results in cases of low GDP growth. If such growth were to be combined with income distribution mechanisms, including the functional dimension, poverty would certainly become merely residual in the long term.

Consequently, the greatest challenge lies in functional distribution: significant changes in distribution will depend on a new social pact and, hence, entail a longer-term horizon. This means admitting that immediate action to implement social programs in the area of employment, including improved execution and establishment of social controls over public policies, constitute an important though insufficient step to eradicate poverty and inequality. The prevalence and efficiency of redistributive social policy initiatives prevail as long as a social pact is reached in order to alter the existing social patterns of access to opportunities, social programs and initiatives so as to eradicate poverty.

This means that we cannot think of quick, short-term solutions to eradicate poverty in Brazil, which is strongly linked to inequality. It is necessary to consider a time frame and set conditions for the country to move in this direction.

It is important to consider that the investment capacity based on the country's own resources is limited by its financial position, and borrowing restrictions limit governments' room for maneuver. Making

⁷ Basic data extracted from *Boletim de Desempenho do BNDES*, on www.bndes.gov.br (accessed on December 29th, 2002).

investments –in education, health, sanitation, transport, safety and security, land use– that determine people’s quality of life means relying on resources which are scarce, because of growing pressure for the generation of resources by which to honor the country’s financial obligations. It should be noted that the 2002 Federal budget allocated over R\$ 100 billion to the service of the sovereign debt (domestic and foreign)⁸. This demonstrates the need to change the way national debt restricts economic growth and imposes a perpetual process of fiscal adjustment.

In developed countries with social welfare systems, the consolidation of capitalism was accompanied by structural reforms (including the agrarian reform, which contributed to consolidating an agricultural production system based on the medium and small property) and investments in education, among other social disbursements. In the thirty-year post-war period, the so-called ‘golden age’ of capitalism, welfare states were consolidated in those countries and their societies did not experience the imbalances and inequalities typical of countries such as Brazil. Here, the huge social deficit prevents social policies *per se* from considerably reducing the dimension of the problem, since inequality-generating factors are not removed or neutralized. In this regard, it is important to emphasize the distributive role that investments in education may play, since variations in school attendance actually account for income inequality in the country⁹.

We may conclude that today the idea of universal, equitable and sustained growth without the state’s involvement in market regulation, social welfare, and the making and execution of public policy, has clearly failed. In developing countries, the process deployed under the constraints of globalization has privileged economic efficiency and increased productivity by implementing policies with priorities mainly focused on controlling public deficit and devising solutions for domestic and foreign sovereign debts. Monetary and budgetary policies have been influencing social or other programs that might lead to an improved income distribution. The cumulative evidence makes it clear that there is an urgent need to define alternative strategies allowing developing countries to manage their economies and foster sustained development, slashing inequality and overcoming poverty. In this context, it is essential

8 See http://www.planejamento.gov.br/orcamento/conteudo/orcamento_2002/orcamento_2002.htm.

9 Recent estimates put differences in education as a factor contributing to income inequality at the proportion of 30%. See Ramos and Vieira (2000).

to admit the need to return to the kind of classic proposals supported by authors such as Stewart (2000). Those proposals include universal and quality education, strategies focused on the farming sector (within the framework of an agrarian reform, something particularly appropriate in the case of Brazil), implementation of investment-intensive actions, and more credit facilities –in the context of global policies recognizing the importance, even to economic growth, of reducing social inequalities. Therefore, it is fundamental to emphasize that inequality and poverty generating factors must be addressed within the overall dimension of public policies and the development model itself.

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**POVERTY, INEQUALITY AND DEVELOPMENT:
THE ROLE OF THE STATE IN THE CUBAN EXPERIENCE
AND ITS CURRENT CHALLENGES**

INTRODUCTION

The purpose of this chapter is to contribute to an understanding of the journey taken by Cuba since the 1959 revolution, as a country characterized by socialist transition, in managing the so called 'social problem' and particularly with the way in which it has addressed poverty and social disadvantage. Such issues have been a major focus of attention for Cuban social policy during that transition. In order to restrict its scope, it should be noted that the core thesis of the chapter is that the features or principles that have oriented the Cuban socialist transition show that the social policy implemented during that period –and especially the strategy or strategies to combat poverty and to promote further development– have been equality-based. In accor-

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dance with this logic, the essential feature has been the existence of a strong state, claiming and retaining for itself a leading role as agent and guarantor of such policies. I shall first consider the challenges faced by this approach, which has had both successes and weaknesses as a result of the crisis and the reform process in modern Cuban society. The chapter will then focus on two elements which describe some of those challenges, specifically those which best illustrate the reorganization of the social structure since the beginning of the 1990s and the levels of equality attained as a result of the counter-effects of the crisis and the reforms implemented, and the need to rethink how the state has played its leading role in this domain: first, the polarization of income, and second, the territorialization of inequalities.

THE CUBAN MODEL OF SOCIAL POLICY AND POVERTY ALLEVIATION

The experience of Cuban society for approximately the past forty-five years may be interpreted as a process of significant and widespread social change which has gone through different stages, including crises. It has been characterised by the construction of a social transformation model with features that are distinctive in comparison to the repertoire of social policies and poverty management policies that are more commonplace in developing or peripheral countries.

The essence of the model is crystallized in a set of particular traits that are exhibited within the social policies that it inspires, such as: the elimination of private ownership of the fundamental means of production; social ownership by the state; policy-making focused on equality and social justice; the state as leading actor in the design and implementation of social policies and planning, and as the mechanism for their organization; unified and centralized social policy-making to ensure universal basic social services that are as extensive as possible; centrality of distribution as an instrument of social justice; strong emphasis on social consumption to ensure distributive justice; gradual homogenization of income and extensive access to employment; poverty alleviation conceived as the management of development policies; maintenance of these principles and the inalienable responsibility of the state.

These features should be directly associated with the consolidation of what we could call '*equality spheres*', a distribution mechanism which is: universal, extensive, free or easily accessible, subject to a legally endorsed right, of a state and public nature; centralized and

state designed, with guaranteed access, social participation, a predominance of collective solutions over individual ones, homogeneity, continually improving quality and the option of social integration under equal conditions for all social groups regardless of their income.

The particular feature about the Cuban case is that the state is the only, or at least the dominant, actor in these distribution spheres. That is to say, there are no other alternatives to access the good that is distributed in any given sphere, or they are not very important and cannot compete with the state option. The fulcrum of Cuban social policy has been the progressive expansion of these spheres, which are essentially located in six areas: satisfaction of needs for basic food, education, health, culture, sports, and social security.

It is not contended that this model and the practices it has inspired have been perfect and invariably successful. In fact, social research has looked at Cuban social policy and the model of socio-economic change followed by the socialist transition from an interesting and critical point of view, adding thought-provoking insights to this analysis. One critical approach to this model and practices, provided through insights from the sociology of inequality, may be summarized as follows.

Absolute statism premised on almost exclusive social ownership overburdens the state, limits its efficiency and wastes the innovation and productive capacity of other social actors and types of ownership. It focuses excessively on decision-making, formal participation and homogeneous distribution, resulting in less sensitivity to the engagement in policy-making by the individual or group, and to local differences and peculiarities in terms of needs. It permits little involvement by local actors and governments in the design of social policies at that level. And it results, among other things, in bureaucratization and the expansion of the submerged economy (Espina 1999).

Another essential critical perspective comes from economics and is related to the insufficiencies of the economic model that was implemented and thus its inability to support an ambitious social policy. Even if there is no single view in this domain, the standpoint adopted here is closely related to the assessment by Monreal and Carranza (2000), who point out that the economic growth of Cuba during the 1975-1989 period was based on an extensive low-efficiency growth with high level of foreign compensation.

The limitations of the model identified by these authors include: the existence of foreign compensation factors as an essential opera-

tional condition (i.e. its incapacity to be self-sustainable); poor use of productive resources; an incapacity to transform vast accumulated resources into increased exports; insufficient inter-sector integration of the national economy; technology requiring high energy consumption; growth that was highly vulnerable to external factors. The conclusion to this analysis indicates that “the national economy thus preserved strong structural barriers for self-sustained growth, adding to the relative shortage of natural resources” (ibid.)

Sociology and economics agree in their assessments of the place attributed to distribution and consumer spending within this model in that, even though the model may serve to provide for the extensive and universal satisfaction of a wide range of needs, it is not sensitive to diversity and results in an artificial homogenization of human beings and social groups, making their needs and the factors to satisfy them equal. Therefore, contrary to its own purposes, this distribution scheme only partially satisfies the needs, or fails to satisfy them, and becomes, also paradoxically, a factor which reproduces inequalities, because it provides a very weak response to the specific needs of social groups suffering unfavorable initial conditions, failing to provide equal access to the appropriation of benefits distributed homogeneously and thus requiring, instead, ‘affirmative action’ policies to put a halt to the conditions that reproduce the disadvantages. Likewise, an undifferentiated consumption that is poorly connected with the results of work and production effort loses its potential to promote efficiency. In the same way, the underassessment of individual consumer spending, associated with individual and family income, and its partial demonetization due to its undifferentiated character, has restricted its capacity to express the legitimate deployment of individual capacities and needs, as an incentive mechanism for production performance and, in general, as a social relationship to stimulate production (Hernández et al 2002.)

Accepting this critical view, which is essential for any attempt at self-reform, the ideal social policy and poverty alleviation strategy, adopted as a compass to guide change and development during the Cuban socialist transition, and which still survives in the economic reform, fits what might be called an ‘equality model’ or ‘ethical model’. From this point of view, social policy would be left out of economic calculations and would be placed in the ethical accounting sphere within the area of conflicting values. It would constitute a meta-policy, because it is configured as a matrix of organizing criteria for dramatic

choices between changing and contradictory principles (Tavares 1999). Such choices entail compromises appropriate to the imperatives of the specific context, but it should not be assumed that economic efficiency and ethical considerations are necessarily irreconcilable. According for example to Kliksberg (2002: 9), other countries in the region may have adopted an attitude of ‘historical patience’, supposing that the solution to poverty is a matter of time, but the Cuban model has been premised on the ‘ethics of urgency’.

POLARIZATION OF INCOME

Economic inequalities may be defined as the differences in the distribution of income, in access to material and spiritual well-being and in consumer spending (Heller 1999), and they are an expression of the different degree of resource availability and provision of means to meet the needs typical of different social groups. Within this trilogy (income, access to well-being, consumer spending), individual and family monetary income —operationally construed as the amount of money that an individual or family obtains from various sources (salaries, pensions, profits, informal sources, and illegal activities, etc.) during specific periods— constitutes the primary (not the only) indicator to measure inequalities, poverty and social disadvantage, because it reflects the capacity to satisfy needs which must be realized through the market, and quantitatively to measure social gaps.

In the case of Cuba, we may say that during the first three decades of the revolution the socialist socio-economic changes resulted in a significant reduction of the asymmetry in the sources and distribution of monetary income within the population, and a tendency towards a deconcentration of incomes because the sharpest and most marked extremities (excluding exploitative elites, the unemployed, and those in extreme poverty) within the stratification pyramid were eliminated.

The richest 10% of the population received 38% of total income in 1953, whereas the poorest 20% of the population obtained only 2.1% of income. In 1978, only two decades after the revolution, this relationship had changed significantly: the poorest 20% shared 11% in total income, while the share of the richest 20% was 27% (Martínez et al 1997).

The socio-structural changes typical of the socialist transition were mainly focused on the expansion and significant dominance of

the public sector in the national economy. Therefore, this process of deconcentration of income is produced by having most individual and family income originate from the state and based on salary sources. The share of state employees, compared to that of the working population as a whole, jumped from 8.8% in 1953 to 86% in 1970 and 94% in 1988 (see Comité Estatal de Estadísticas 1981 and Oficina Nacional de Estadísticas 1998).

The nationalization of employment was accompanied by the design and implementation of a uniform and centralized salary system. This gave responsibility for salary setting completely to the state and separated the issue from the sphere of the labor market, which was almost eliminated. The intention was to create the conditions for increased salary equality, to ensure equal pay for equal work (see Nerey and Brismart 1999), and to instigate a process whereby family income was based on salary.

At the same time, income becomes less significant, in absolute and relative terms, as an indicator of inequality. This is explained by the generation of the universal 'equality spheres' mentioned above: mechanisms of egalitarian distribution ensuring expanded access to material and spiritual consumption to meet basic needs, in connection with food, health, education, sports, culture and other assets, thus reducing the relationship between consumption or well-being and individual and family monetary income.

The General Salary Reform implemented in 1983 resulted in the setting of a qualification-salary scale with a range of 13 groups, allowing only one differentiation between maximum and minimum salaries in a range from 4.5 to 1 (Nerey and Brismart 1999). Salaries acquired a clear role as a socio-structural homogenization factor, because their stratifying profile was minimized. The Gini coefficient estimated for 1986 came to 0.24 (Brundenius 1987). This effect was reinforced by a social security and assistance system that ensured protection with universal coverage and retirement and out-of-work income at a minimum level, sufficient, taking consumption subsidies into account, to guarantee access to adequate consumption for those who were not working and were on assistance.

But alongside the positive aspects of income equality, there are studies that address its negative aspect: the incapacity of salaries to become a 'mobilizing/corrective driver' for the social structure inherited from underdevelopment; the reinforcement of imbalances between different occupations and groups; a permanent shortage of

workers in essential but low-paid economic activities (e.g. agriculture); the separation between salary rises and increases of efficiency; an over-utilization of human resources; insufficient pay incentive effects (Nerey and Brismart 1999).

The 1990s were a quite radical turning point for the distribution of individual and family incomes, because the degree of differentiation and the resulting social gaps significantly expanded. A variety of research conducted during the second half of the past decade identified a set of features and tendencies in this area, which may be summarized as follows:

- The impoverishment of large parts of the work force; the emergence of an elite of workers; the emergence of income and standards of living that were not associated with work; the exclusion of large parts of the population from consumer spending in certain markets, or at least the restriction of access to the products of such markets to a very limited group (Togores 1999).
- The social re-stratification, 'de-nationalization' and 'de-salarization' of many occupations, and the concentration and polarization of income (Espina 1999).
- The emergence of a population stratum living in poverty and of a higher median income for independent workers compared to public employees (Ferriol 1999).
- Diversified incentives for workers and a reduction in family spending power, both as a vehicle to meet the population's needs and as a homogenizing factor within the social structure; a dispersion of income levels between public employees; the redistribution of the power to set salaries with less absolute centrality of the state; a quantitative and qualitative deterioration of social services (Nerey and Brismart 1999).

These documented trends together indicate the existence of a re-stratification process associated with the differentiation of individual and family monetary income.

Unfortunately, ongoing statistical data collection in Cuba has not yet responded to these changes and does not allow for an estimation of actual gaps, since it only distinguishes five groups based on the average monthly per capita monetary income: group one (up to 50 pesos); group two (between 51 and 100 pesos); group three

(between 101 and 150 pesos); group four (between 151 and 200 pesos); group five (over 201 pesos). Therefore, if we want to take a closer look at the actual extent of social gaps, or at least to accurately infer their parameters, we have to resort to other means. At present Cuba does not have openly available official statistics that may help estimate the gap between income groups. However, recent studies conducted in the City of Habana for other purposes (to investigate the life-styles and diverse income strategies of families from different social strata and their perceptions of inequality) report income stratification across a wide spectrum.

Iñiguez et al (2001) found an income gap ranging from a monthly per capita income over 928 pesos down to 214 pesos at the lowest end. The Department of Family Studies at the Centre of Psychological and Social Research (CIPS) found a more unequal monthly per capita family income allocation ranging from \$69 to \$1,200 (Department of Family Studies, 2001). Another study entitled '*Componentes y distancias sociales en la Ciudad*' (Components and social distances in the City) (Espina et al 2002) identified a minimum per capita family income of 37 pesos and a maximum of 1,025 pesos, 28 times higher than the lowest. Here the economic advantage is associated with a mix of income sources: family remittances, state salary, and other monetary income from private property. It therefore appears that three different studies, including observations at different times during the past three years and using qualitative typologies to help select representative cases of typical socio-structural situations (which are quite extensive in the Cuban social structure), point to a wider range of incomes than the range that may be observed based on official statistical data.

If we add to this analysis the fact that the proportion of the urban population living in poverty is currently estimated at approximately 20% (Ferriol 2002), we observe a distinctive feature of income inequalities at present, in contrast to what happened before the crisis and the reform, indicating that inequalities occur in the sphere of basic needs.

In an attempt to take a closer look at the evolution of the poverty problem in the Cuban socialist experience (although unfortunately there are no available successive measurements of this phenomenon), some analyses made at the beginning of the 1980s indicated that the increase in economic performance indicators typical of the second half of the 1970s, the universal nature of social policies, and the sys-

tematically increased quality of equality spheres, supported the thesis that poverty had contracted to such an extent that, under a basic needs approach, we could conclude that it had been eradicated as a social problem in the country (see Rodríguez and Carriazo 1983). Even if the exact scope of poverty reduction in the Cuban socialist transition is a debatable issue, the proportion of the urban population 'at risk' was estimated at 6.3% in 1986, and had considerably expanded by 1995, reaching 14.7% (Zabala 2002), thus reflecting an expansion of the groups whose subsistence conditions have deteriorated and whose potential access to well-being has been seriously affected.

Two additional factors point to a more complex analysis within this field: on the one hand, access to foreign currency income: on the other, diversified income sources. Ferriol (2002) notes that "the main inequality factor in the current Cuban society is to have a foreign currency income source. This is the result of the high applicable exchange rate in conjunction with the fact that some essential family needs must necessarily be met by means of foreign currency. This situation is closely related to the design of the segmented market of consumer goods and services". It should be noted that the official exchange rate currently in force is just 26 pesos to the US dollar. In the same way, various estimates confirm that the median income of self-employed workers is much higher than the income of public employees, especially of those renting their homes and those who own small restaurants (Ferriol 2002; Espina et al 2002).

Additionally, the above mentioned studies (Department of Family Studies 2001; Iñiguez et al 2001; Espina et al 2002) found that income in the highest-income families largely comes from sectors other than the public sector, is more significant from sectors other than the public sector, or there is no income coming from the public sector at all. Retirement or pension income is very low, and it is not enough to satisfy basic needs. The major sources of income in terms of the amounts they provide are as follows: money transfers from abroad, work in the mixed economy sector of combined (where public and private ownership are combined), and the emerging public sector (mainly restaurants and hotels for foreign tourism). But apparently the most effective income is the one resulting from the combination of income sources, including the implementation of strategies to increase income which may be through activities that are illegal or illegitimate under the institutional organization currently in force (i.e. in the informal economy). The link to foreign capital, family transfers,

public employment in profitable activities (gastronomy related to tourism), and selling in the 'black' market, in this order, are signaled as sources of income that are higher than the median. The combination of several of these sources is the most successful strategy.

The report prepared by Espina et al points out that money transfers from abroad, even though they are received by a small number of families, are associated with relatively high per capita income and have a significant impact. Although it is quite difficult to establish the relative importance of these different income sources, or for example the extent to which money transfers may in fact predominate, the limited information available does indicate the following: the lower relevance of employment in general and of work in the public sector as a provider of income and high living standards; a weaker role for salaries as source of income; a stronger role for channels that are not associated with employment and for private ownership for the availability of monetary income; the existence of efficient illegal strategies to obtain income.

In an attempt to provide a more accurate picture of this problem, my proposal is based on using an income structure including the following groups based on the monthly per capita income, and taking into consideration the vulnerability of the basic basket of goods to price fluctuations (between \$170 and \$190 according to recent estimates by V. Togores from the Centre of Cuban Economic Studies [*Centro de Estudios de la Economía Cubana*]). Very low-income groups: monthly per capita income below 180 pesos; low-income groups: 180 to 300 pesos; low-medium income groups: between 301 and 500 pesos; high-medium income groups: between 501 and 1,000 pesos; high-income groups: between 1,001 and 3,000 pesos; very high-income group: over 3,000 pesos. Within this framework, I hope that it may be possible to establish a clearer indication than that provided by current official data of the emerging gaps between elite and vulnerable social groups.

TERRITORIALIZATION OF INEQUALITIES

By territory, we mean the set of economic, social, environmental and cultural, political and historical relationships and networks that turn a geographical place into a socio-economic unit or subsystem. As a finite spatial unit or intra-national region, a territory is connected to its general environs but has its own internal structure and connecti-

ty, providing it with relative autonomy and specific functional characteristics based on its environmental peculiarities and specific natural resources, the resulting advantages and limitations, the size and training of its human resources, its traditions and customs, the degree of development of its economic structure, etc.

Since national circumstances are not separable from the international context, in order to understand the Cuban case it is necessary to consider here the fact that the territory acquires new qualities driven by globalizing processes during the actual phase of development, characterized by global economic relationships (Monereo, 1997).

The new quality of the local sphere is mainly configured in relation to two characteristics of globalization. The first is *the inter-territory economic articulation* that goes beyond the frontier of the Nation-state and is coordinated by entities outside the nation. In this type of articulation a fundamental role is played by the transition from Fordist economies of scale, based on final assembly, to the manufacturing of parts at a dislocated territorial level (which is known as a 'diffuse economy'). The second characteristic is *territorial selectivity*; its pivot is the selective integration of territories and production activities according to their competitive and dynamic advantages, and the correlative exclusion of other areas and entire population strata that are completely or partially left out of the logic of globalized connections. This exclusive selectivity deepens the already existing inequalities and generates new inequalities.

Cuba has not been immune from the global circumstances that have provided new meaning to territoriality. The reinsertion of the Cuban economy in international markets, where the rules of neo-liberal globalization prevail, has resulted in an economic restructuring that favors production activities and areas that are better able to provide an efficient response to the requirements of those markets. In this context, Cuba is also witnessing a strong process of heterogenization of local actors and societies, inter-territory differentiation, the increase of multiple contacts at local and global level, thus modifying the characteristics of the territorial social structures and their roles in the reproduction of social relationships.

Studies conducted in the second half of the 1990s help infer the general course of the territorial heterogenization which occurred in the country. Research on the level of urban poverty (defined as insufficient incomes to meet basic needs) identified that 14.7% of the population was in poverty, and that the resulting contraction of the Cuban

economy was reflected more forcefully in the eastern region of the country, where the proportion of the urban population at risk reached 22% (Ferriol 1998). In addition, the measurement of human development in Cuba undertaken in 1996 (Martínez et al 1997) included the elaboration of an index to outline the relative human development in each province which integrated five dimensions: longevity, education, income, health and basic services. The calculation of this human development index (HDI) at the provincial level helps identify at least three large territorial groups: provinces with high HDI (Ciudad de La Habana, Cienfuegos, Villa Clara, Matanzas and La Habana); provinces with medium HDI (Sancti Spíritus, Ciego de Ávila, Pinar del Río and Santiago de Cuba); provinces with low HDI (Holguín, Guantánamo, Camagüey, Las Tunas and Gramma). The diagnosis of settlements in the baseline band of critical municipalities (Instituto de Planificación Física 1998) highlights the existence of 36 municipalities in the country which may be considered as the most depressed or 'critical', and all of them are located in provinces of the eastern region of the country.

A study of spatial inequalities of well-being in Cuba (Iñiguez and Ravenet 1999) showed that the 'new processes' (creation or promotion of non-traditional ownership types and market mechanisms; hierarchical organization of social groups and economic activities; reinforcement of cooperative and individual production methods and family management) are unequally expressed at territorial level, and are more forcefully reflected and with the most advantages in territories such as Ciudad de La Habana, Varadero, the north-eastern area of Holguín, the northern area of Ciego de Avila, the southern area of Matanzas, Pinar del Río and La Habana.

A research report on 'Territorial Expressions of the Re-Stratification Process' (Martín et al 1999) compiled by a CIPS team included a statistical analysis of correlations applied to data which are common in provincial social class structures (structure of the occupied population according to public, combined, cooperative and private sectors of ownership and according to occupational categories), showing that recent reforms have entailed the formation of four large types of territorial social structure: first, combined-public type (with a large number of working class individuals and leaders), namely Matanza, Santiago de Cuba, Isla de la Juventud; second, cooperative type (CPA and UBPC), namely La Habana, Ciego de Ávila, Cienfuegos; third, private type (mainly rural), namely Pinar del Río, Sancti Spíritus, Gramma, Villa Clara, Las Tunas, Camagüey, Guantánamo, Holguín;

fourth, foreign public-private type (with a large number of intellectuals and employees), namely Ciudad de La Habana. These types indicate the key factors with the greatest differentiating effects at territorial level, showing the peculiar shapes that the economic readjustment adopts in this sphere and presenting clues about the socio-economic actors who play a fundamental role in the various provinces.

The most important thing to emphasize is that territorial heterogenization is one of the strongest effects associated with the Cuban reform process, and that this in itself requires heterogeneous formulas by which to design and implement social policies, where the involvement of local actors is an essential element for the elaboration of agendas and the organization of resources. This does not entail dealing with the territory as an autonomous segment separated from the national level, but mobilizing local societies in a proactive way with the purpose of identifying their endogenous opportunities for development and the capture of exogenous resources in order to provide a platform that links the territory with the nation and with other territories, thus originating a dynamic network of positive synergies. Given the strong role of the state as development agent and guarantor of social security—conditions which hardly exist in the rest of the developing world—Cuba could opt to assume that conception where central and universal aspects of policy are articulated with local and particular aspects.

In sum, what remains to be pointed out is that territoriality, from the point of view of the advantages and disadvantages related to spatial aspects and the clear process of concentration of vulnerability and poverty in Cuba, needs to be recaptured under a local participation and self-transformation development approach in order to become a priority in the design and implementation of social policy and the recovery of equality spheres.

CONCLUSIONS

For developing countries, the lessons learned from the Cuban experience of fighting poverty suggest that it may only be managed efficiently if it is considered from a perspective that goes far beyond an approach that focuses merely on social assistance and corrective policies. This sets the issue in a poverty-inequality-development dialectic, on the understanding that poverty is not a social situation but essentially a social relationship, and that its eradication entails eliminating

the conditions that foster its reproduction and generate exclusion and, more precisely, expropriation. This task does not seem to be feasible in the absence of a political power capable of designing and implementing a social agenda based on the interests of ordinary people.

Obviously, the weaknesses and limitations in the implementation of this general model, the economic crisis, the changes which have taken place in Cuban society since the 1990s until the present decade, and especially the expansion of inequalities and the resurgence of the poverty problem, in addition to the necessity of connecting with a globalized economy, point to the need for a renovation of the state as a structure to promote development and an understanding of statism and social policy within the socialist system.

Approximately three years ago, a process of social policy recovery started in Cuba, entailing a reinforcement of the leading role of the state in this domain and the recovery of equality spheres to counter the negative effects of the crisis. From the point of view of top decision-makers, this process inaugurates a stage to “continue the improvement of the social model” (Rodríguez 2002). This new stage, it is claimed, would entail moving from protectionist policies to proactive policies taking up again the logic of social development inherent in the Cuban revolution and adjusting it to the requirements of the new national and international situation. Several social programs have been implemented during this stage, focusing on human capital development. The Minister of Economy and Planning has explained this idea: “Education and culture develop as elements that share their essence and nature for the generation of human capital which may help have access to the knowledge economy” (Rodríguez 2002: 31). Teachers’ training programs for emerging primary and secondary school teachers, supported by this logic to counter the problems and to stimulate development, have been implemented to make up for the educational personnel deficit and to introduce new methods in the teaching-learning process. This includes for example the audiovisual program that provides schools with television sets and VCRs and allows for widespread access to targeted television programs; the expansion of computing training at all educational levels by providing the adequate technical means to all the schools in the country; the creation of social work schools to train professionals in this field who may provide community and customized assistance in connection with social problems; crash nursing courses; programs to ensure the supply of the necessary

medicines; a school food improvement program; a program to expand the consumption of vegetables in the population; etc.

Scholars have yet to make an in-depth analysis of this new phase of social policy in Cuba, but it can be seen in advance that the adequacy of this approach is giving rise to debate. Poverty is to be understood as a multidimensional phenomenon that affects different people and social groups with different capacities and potentialities, and therefore it cannot be confronted with general programs, or only with such programs. Beyond the necessarily relatively superficial analysis that is possible in a short chapter such as this, it is not possible to elaborate an integral proposal on poverty management under the present Cuban conditions, within which different and complex factors of different levels and nature are intertwined. The approach adopted here is much less encompassing, and it draws attention to three specific challenges, three elements that in this author's opinion are not taken into account as they should and which are embedded in the strategies to fight poverty and social vulnerability in Cuba.

The first challenge refers to the need to have a better understanding of social diversity and to overcome homogeneity in resource allocation. This requires a new understanding of equality as an essential characteristic of social relations, and especially the means of distribution and access to resources to meet material and spiritual needs based on the understanding of diversity. Socialism is based on the elimination of exploitative relationships, the socialization of the ownership of the means of production, and relations of distribution that are focused not on the market and the circulation of capital, but on ensuring equitable access to well-being. In the absence of exploitative relationships and subject to guarantees to meet basic needs, individual rewards will depend on labor contribution and its social meaning. We have noted that the centralized form of distribution implemented until the 1980s, the weak differentiation between salaries and income derived from work, the availability of assistance unrelated to economic efficiency, and the effects of state paternalism, have on the one hand distorted understandings of equality. On the other hand, the crisis in the 1980s and the subsequent reform actually put an end to the possibility of egalitarian distribution, expanded the degrees of inequality, and achieved a different kind of distortion that is leading, as elsewhere

in the region, to inequalities that without intervention may end up being 'naturalized' (Franco 1994).

The point is not to confuse universality with homogeneity, and to accommodate within the distribution process the reality that any universal right has different expressions based on differences (whether material, cultural, historical) among diverse social groups, localities and communities. Hence a like need or right may, and usually does, have varied resolutions. The practices that characterize economic, social, cultural and local government strategies in the country still afford insufficient consideration to the process of differentiation and complexity in Cuban society, to the foreseeable reinforcement and implications of that process with regard to the heterogeneity of needs and interests, or to the material and subjective possibilities for solving problems. Additionally, they have not abandoned the management and decision-making styles focused on homogeneous general models as radically as required. The alternative approach that is recommended in this chapter does not substitute universality but rather it goes along with it meeting first of all the urgent need to create conditions of advantage or positive differentiation for those who are lagging behind so that their social integration becomes more expedient, and second of all, diverse needs and interests.

The second challenge refers to a territorialized management of social and poverty alleviation strategies where the target of bridging disadvantages related to spatiality becomes vital. This implies that the concept of territory needs to become a factor of development, and that the identification of local socio-economic players performs a key role –in as far as they are agents of change– as an essential methodological requirement for the design of development programs or actions for change on a local level, which entails the leverage of local endogenous development and the creation of linking and transfer formulas through the development of inter-territorial synergetic relationships to correct imbalances that cannot be solved locally; an understanding of the propensity of the intensive use of natural, cultural, qualifications and historical wealth to ensure systematic regeneration; and having respect for traditions while enhancing innovation and setting up a long-lasting capacity for self-management and participatory self-organization by local communities (Albuquerque 1995).

The third challenge refers to the urgent need to expand the prospects for new jobs and to ensure that both new and present

jobs provide enough income to satisfy basic needs. The focus should be on the recovery of work as a source of well-being and access to appropriate material and spiritual consumption, as well as the self-transformation development of groups and the community. Without assuming an economistic stand or abandoning the ethical approach to social policy, it is necessary to seek formulas for reinserting the Cuban economy into the international markets, promoting domestic production and allocating sufficient resources to social programs. Without sufficient resources, programs will always confront deficits and crises, and the hegemonic dominance of the state as guarantor of well-being will be challenged. Under the current Cuban economic situation, this is not a feasible task if it depends solely on the state's capacity to create new jobs. To cap it all and to ensure full employment almost exclusively by state enterprises did not –at least in the Cuban experience- generate appropriate levels of productivity and efficiency.

For this reason, the concrete proposal advanced in this chapter is to diversify the range of forms of property in small production and local services (based on the community, urban cooperative, mixed property: state-cooperative, state-community, state-individual, professional) within a scheme of integration, complementarity and competence in which they all, directly or indirectly, provide room for business and equality and, in the process, without weakening popular sectors, increase the choices of jobs and incomes as one of the core elements for poverty eradication. This extension would contribute to concentrate state property on basic activities and de-concentrate it from those activities that would hypertrophy it.

These are three challenges focused on perfecting and reinforcing the structural role of the state and the effective agency of government, not by resuming centralization and generalization and neglecting other agents of change, but by reinforcing leadership through the articulation of the synergy between the state and the other agents of social change.

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PRIVATIZATION FOR POVERTY REDUCTION?
THE CASE OF BANGLADESH AND ITS
RELEVANCE FOR OTHER DEVELOPING
ECONOMIES

INTRODUCTION

The shift in the last two decades from a state-led to a market-oriented development strategy in most of the developing countries under the direction of the World Bank and the IMF has had its repercussions on policy making for poverty reduction. The role of the state has been redefined both in terms of its stance in 'the market' and the ways in which it intervened in the process of redistribution.

In the meantime, the concern over the persistence and/or rise of poverty in many less developed countries (LDCs) and transition economies in the 1980s and 1990s led various parties to reconsider the relationship between economic policies and social objectives. The two major policy making actors in the developing world, i.e. the World

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Bank and the IMF, revised the nature of their conditional lending policy. The primary focus on stabilization and structural adjustment (SSA) shifted in a seemingly significant way to a strategy of poverty reduction. SSA packages have been replaced by the Poverty Reduction Strategy Papers (PRSPs) after the late 1990s. Although the latter were designed by the governments in each country, they, in many ways, encompassed the standard SSA policies (i.e. trade liberalization, financial deregulation, public sector reforms).

Invariably, poverty reduction strategy papers of individual economies included privatization of state owned enterprises (SOEs) as an essential component of the poverty reduction process. SOEs have been viewed as a drain on the resources of the nations (because of overstaffing, excessive budgetary support, loss making and inefficiency) which could be more productively used for crucial social purposes, e.g. poverty reduction.

In this chapter, we aim to revisit the process of privatization so as to explore its implications for poverty reduction in Bangladesh¹. The findings of research and evaluations are highly relevant for other developing nations, including those in Latin America. The first part of the chapter presents an overview of the issues with respect to privatization in general. In the subsequent sections, the process of privatization in Bangladesh is examined in view of its impact on employment, revenue generation and efficiency.

AN OVERVIEW

Poverty reduction in the developing world until the 1980s was, most often implicitly, tied to the overall economic development strategy. Higher and faster industrial growth through import substitution was a prominent feature of that strategy, with states taking up the leading role in the process. The expansion of state owned enterprises (SOEs) was justified on the basis of various objectives (e.g. eliminating market failures, supporting economic development in the absence of a strong private sector and redistributing income –to reduce poverty and inequalities).

Widespread privatizations in the developing world have become a part of the liberalization process that marked the shift in

¹ The research for this paper was carried out during my stay in Dhaka in the summer of 2002 for a wider program on the Macroeconomics of Poverty Reduction in Asia-Pacific which was commissioned and funded by the United Nations Development Program (UNDP).

the development paradigm from the early 1980s onwards. The rationale this time was ‘the inefficiency’ of SOEs, which caused growth prospects to deteriorate. The distributional and social welfare consequences of privatization have been largely overshadowed by an almost exclusive focus on efficiency. Departing from this, advocates of privatization outlined how expected increases in efficiency would lead to faster growth and supposedly a better social outcome. Public revenues covering the losses of the SOEs, together with the sales revenues generated through privatization, are expected to generate resources for poverty reducing social projects.

The problem is that, even if privatization leads to efficiency gains (though this is ambiguous, too) or positive revenue gains, would these automatically be translated into poverty reduction? Answering this question requires us not only to analyze the nature of these gains (i.e. do they lead to ‘pro-poor’ growth) but also the distributional consequences of privatization. On the latter, there has been surprisingly little research up until recent times. Ramanadham (1995), Hoeven and Sziracki (1997), Chisari, Estache and Romero (1997), Macedo (2000) and Birdsall and Nellis (2002) are some to mention. A valuable contribution of these papers is the articulation of the fact that there are winners and losers in the process of privatization. Under certain circumstances (e.g. lack of a regulatory framework, the strategy and form of privatization), the population in the latter category is thought to be increasing.

In this chapter, our evaluation is based on the assumption that the impact of privatization on poverty can be assessed through its effect on growth and distribution². More specifically, the effects of privatization would be fed into the processes of growth and distribution through its impact on: employment, revenues of government, and efficiency in production.

One has to note that even if all these elements see a positive change (e.g. generation of large revenues through privatization), this in itself does not ensure a positive knock-on effect on poverty levels. In general, the net effect not only depends on the nature of the change in these indicators (i.e. negative or positive) but also on the extent to

² This should be an uncontroversial assertion, since the relationship of poverty with growth and distribution is well established in the literature. Extensive discussions on this can be found in Chenery et al (1974), Ravallion (2001), and Dagdeviren, Hoeven and Weeks (2002).

which the benefits are either directly shared by the poor or used for purposes conducive to poverty reduction.

The net distributional outcome for beneficiaries/losers would be a product of the trade-offs taking place through various channels. For instance, if privatization is accompanied by an increase in output prices, this would be a loss for consumers but a gain to the new producer. Similarly, while redundancies or retrenchment of workers during or after privatization imply a serious loss for the workers and their dependents, they may benefit the investors of the divested enterprise through efficiency gains in production and increase in profitability.

Finally, the long-term outcomes may be fundamentally different from those in the short term and medium term. For instance, divestment of SOEs may result in substantial retrenchments initially. In the medium to longer term, this negative outcome may be counterbalanced with increased employment following a rise in labor productivity and profitability leading to employment generating investment.

The framework outlined above is applied to the case of privatization in Bangladesh, though it is applicable to most other developing economies including those in Latin America, many of which have longer and more extensive experience of privatization.

THE CASE FOR BANGLADESH

Bangladesh is one of the poorest countries in Asia. Although some progress has been achieved over the years in reducing poverty levels, the current state of social well-being is far from satisfactory. The most recent estimates of headcount ratio suggest that the national poverty level in Bangladesh is close to 45%, with rural poverty levels being even higher than the national average (see Table 1)³.

TABLE 1
THE EXTENT OF POVERTY IN BANGLADESH (HEAD-COUNT RATIOS)

	National	Rural Poverty	Urban Poverty
Bangladesh	44.3	52.5	42.3

Source: BBS (2000).

³ Note that the Interim Poverty Reduction Strategy Paper for Bangladesh (MOF 2003) reports a higher poverty incidence at national level (49.8%) and a lower one for urban areas (36.6%).

While the elimination of poverty in many developing countries was tied to the overall growth strategy on the basis of state-led industrialization, Bangladesh did not have a similar history in this respect. Countries like India, Brazil, Argentina, Chile and Turkey went through a relatively successful phase of state-led industrialization for about three decades since the 1950s and created a substantial productive capacity. On the other hand, the state in Bangladesh became the de facto owner of a large number of enterprises only after independence in 1971. This was when SOEs elsewhere were beginning to encounter the greatest challenges due to the adverse effects of the oil crisis, global recession and rising indebtedness, and policy makers, therefore, began to consider ways of restructuring. Partly as a result of this, a wave of denationalization began in Bangladesh shortly after the nationalization of the so called 'abandoned enterprises'. This was followed by a most rapid privatization⁴ process of SOEs initiated under the military government of General Ershad from 1982 to 1986. In this period, the share of the public sector in total industrial assets was more than halved⁵. While divestment has been meager since the end of the 1980s, the commitment to withdraw the public sector from real productive activities, especially from the manufacturing sector, has been maintained by ceasing its expansion in industry. The share of the public sector in industry both in terms of employment and output declined from around 70% to 10%.

There are several characteristics of the privatization process in Bangladesh. First of all, there has been limited debate on this issue because of the nature of the political regime in the 1980s. The absence of debate may seem a trivial issue. In reality, it may make a serious difference. For instance, a lively debate on privatization has been pursued in India since the 1980s, and various types of SOE reforms, including privatization, have been considered. The use of performance contracts, efforts to increase the autonomy of management and removal of price controls for SOE products, among many other measures, have significantly improved the overall performance of SOEs since the 1990s (see Goyal 2000).

4 The term privatization (and divestment) is used in this paper to mean change in the ownership of assets from public to private sector through sale. Although there are many other forms of privatization, privatization through sales was the most prevalent form in Bangladesh.

5 See Humphrey (1990) for an overview of privatization in Bangladesh in the 1970s and 1980s.

Secondly, the main form of privatization in Bangladesh has been block sales/wholesale divestment, which is known to be more regressive in terms of distribution. Thirdly, the majority of the divested SOEs were small scale and loss-making industrial units (especially jute and textile mills). Finally, investors in Bangladesh have been free from conditions laid down by the authorities, unlike other countries such as India, where the purchase agreement would contain some key obligations for the investor (e.g. new investment, time restrictions on re-sale of shares and constraints on labor retrenchment).

PRIVATIZATION AND ITS IMPACT ON EMPLOYMENT

Privatization is often accompanied by large-scale cuts in employment⁶, which immediately affect the livelihoods of those who are made redundant. The influence of layoffs on poverty is likely to be more severe in low-income countries where there is no social security provision (e.g. unemployment or income support). Among the affected households, those with limited other sources of income are most likely to fall below the poverty line after redundancies. Opportunities for and constraints on re-entering the labor market would be another factor that determines the scale of adversities and the impact on poverty.

The scale of redundancies in the process of privatization has been substantial in South Asia in general and in Bangladesh in particular, as shown in Table 2. Note that it is not only the size of labor shedding but also the form of labor shedding that is important. Labor restructuring in Bangladesh was mostly in the form of retrenchments, which pose more insecurity in terms both of income and other benefits (e.g. medical care) in comparison to other methods such as the voluntary retirement scheme as applied in India. The older workers with long years of service are likely to be worst hit, as loss of income is not the only adversity for them. The insecurity they may have to face as a result of losing the work-related benefits such as medical coverage, which would make a crucial difference to the quality of their life, and the entitlement to a retirement income (assuming that they would be the most disadvantaged in finding new employment opportunities), poses a moral question that cannot be solved on the basis of pure economic reasoning.

⁶ See Kikeri (1998) for an overview of the redundancies in the developing world and ILO (1999) for redundancies in Bangladesh.

TABLE 2
REDUNDANCIES RESULTING FROM PRIVATIZATION IN SOUTH ASIA

	SOE employment	Redundancy ¹ (per cent)	Retrenchment costs
Bangladesh	240 thousand	25	TK 7 billion
India	9.8 million	23 ^a	Rs. 48,092 billion
Pakistan	34.6 thousand	63 ^a	Rs. 3,559 million

Source: Joshi (2000).

1 Percentage of labor force in privatized enterprises a voluntary retirement.

The prevention of the welfare loss and/or poverty among the affected households depends heavily on measures taken by the government. The main dilemma here, however, is that once appropriate measures are in place, the cost of privatization may outweigh its immediate benefits. This point is made obvious by the data in Table 4, which illustrate that the cost of compensation of workers is expected to be ten times more than the sale revenues to be generated through privatization.

Under the most current scheme known as 'the golden handshake', compensation offered to redundant workers varies with their years of service. For instance, a worker with 10 years of service is entitled to a gratuity payment equivalent to 20 months salary plus an additional payment, which again varies with years of service. Although the compensation offered to laid-off workers has improved over time in Bangladesh, it is still far from adequate, especially when new employment opportunities are limited. The participatory review initiative of structural adjustment in Bangladesh revealed that "a great many retrenched workers are yet to be paid the benefits of the much vaunted golden handshake ... those who received the money failed to put the amount in productive ventures... hundreds of them [retrenched workers] have died without medical attention" (Bhattacharya and Titumir 2001: 169 and 206).

What happens to the remaining workers? How is their welfare affected after privatization? There is ample evidence from the developing world that increased flexibility after privatization has increased the insecurity of workers (see Hoeven and Sziraczki, 1997). The experience in Bangladesh has been similar, as demonstrated by Bhaskar and Khan (1995), who found that among the mills privatized between 1983 and 1986 the reduction in the number of permanent workers

was traded off by an increase in the casual workforce, with poorer terms and conditions of employment contracts.

It is well documented that many SOEs in many developing economies operate with substantial excess workforce. Overstaffing in public enterprises reduces productivity, hinders efficient use of resources, and hence risks the economic viability of such enterprises. In some cases, losses incurred may be a serious burden for the taxpayer. Moreover, even though excess employment by the public sector contributes to the social welfare of those who otherwise would have been unemployed and perhaps living in poverty, it is a bad solution for socio-economic problems. This is because access to employment in public enterprises can be a privilege of the urban population and those who are well connected with government officials. When this is the case, overstaffing would create social injustice and reinforce clientelism in addition to its adverse influence on the viability of the SOEs. Concerns for unemployment should be addressed by more egalitarian measures (e.g. developing the institutions of social security) that can be of benefit to the poor and unemployed universally.

What needs to be recognized is that excess labor force in SOEs is not a sufficient condition for privatization. Efforts must be directed towards sustainable and socially responsible workforce rationalization in the SOEs. There is a range of alternatives, from early and voluntary retirement schemes⁷ to reducing new recruitment and absorbing excess workforce in labour-deficit units through re-training opportunities. If some redundancies are unavoidable, then they must be carried out with fair and appropriate measures of compensation. If a particular method of privatization (joint venture, sale, etc.) is superior to any form of SOE reform, the legal and practical aspects ('end of service benefits', training, pensions) of labor restructuring should be designed as an integral part of the whole process.

REVENUE GENERATION THROUGH DIVESTMENT

Revenue generation and its use for social purposes underlie almost all of the objectives of privatization policy in Bangladesh (see PCB 2001). The success of the implementation can therefore be evaluated by the level of net revenues generated through divestment and the extent to

⁷ Which do not deprive workers with long-term service from their work related non-income entitlements.

which they are used for poverty reduction. There are three dimensions to revenue generation through divestment: the sale income net of cost of privatization (e.g. administrative cost, compensation of employees), profits foregone or losses unloaded by SOEs, and change in the tax revenues after privatization. Of these, sale income associated with each divestment has to be considered as a one-off gain/loss, while the latter two are of long-term character.

Gross revenue generation in Bangladesh has been rather dismal in spite of the large number of units involved in privatization, as shown in Table 3. The primary reason for this is that the privatization has been more or less confined to the relatively smaller, loss making labor-intensive manufacturing units operating under more competitive market conditions with substantial debts, such as textile and jute mills⁸. Under these conditions, there has been a serious lack of interest on investors' part. In addition, privatization of quite a large number of mills took the form of denationalization, which involved returning these units to their previous owners.

TABLE 3
PRIVATIZATION REVENUES IN SOUTH ASIA (UP TO 1999)

	Revenues (US\$ Millions)	Number of Companies Privatized	FDI from Privatization (US\$ Millions)
Bangladesh	60	502(*)	0
India	8983	78	1547
Nepal	13	10	1
Pakistan	1,993	106	939
Sri Lanka	807	75	408

Source: World Bank (2000).

(*) Includes all companies privatized from 1970s until 1999. The figure combines those reported in Humphrey (1990) and World Bank (2000).

Gross privatization revenues from 1982 to 1998, at most, constituted 1.5% of total government expenditure in the best years, such as 1983 and 1993. For most other years, it was no more than 0.3% of total government expenditure⁹. What these estimates indicate is that even

8 In general, revenue generation through divestment of SOEs with natural monopoly characteristics (as in utilities) is known to be much larger; and this has been absent in Bangladesh.

9 Estimated by using Government Expenditure figures from the Statistical Yearbook(s) of Bangladesh by BBS. Privatization revenues for 1983 and 1984 are given in Humphrey (1990). Those for 1989 to 1998 are from an online database of the World Bank which can be accessed through <http://www.privatizationlink.com>.

assuming the most unlikely case -that these were net proceeds and they were utilized entirely for poverty reduction, the impact is likely to be insignificant, especially if they are unsustainable. Besides, the Privatization Act 2000 states that the priority in using the proceeds of privatization will be given to meeting the outstanding loans and liabilities of the respective enterprise.

Revenues net of administrative and restructuring costs are likely to be much more meager than the gross figures, perhaps even negative. The compensation package for the retrenched employees is the largest cost in the case of Bangladesh for the divestments planned for the future. For instance, Table 4 gives estimated sale revenues and the cost of compensation involving the companies of which the government plans to divest itself during the 2002-2003 fiscal year. What it shows is that the cost of compensation for redundancies alone is estimated to be ten times more than the net recoverable sale revenue.

TABLE 4
ENTERPRISES TO BE DIVESTED DURING 2002-2003 FISCAL YEAR (LAC TAKA)

Estimated Sale Revenue (Gross)	Estimated Sale Revenue (net of Long-term Loans)	No. of Retrenchments Payment	Estimated Severance
12,205	4,678	21,771	49,359

Source: Monitoring Cell, Ministry of Finance.

If one includes other costs, such as the cost of converting current debts into long-term debts and the administrative costs, privatization seems to be levying a substantial burden on the government. For instance, although long-term liabilities are transferred to the buyer, they are deducted from the total sale price. The reduction in the expected sale price due to the indebtedness of the enterprises to be divested in 2002-2003 varies between 43 and 67%. The average reduction is 38% (see Table 4). Moreover, the investors purchasing the enterprise are provided with a long-term loan by the state to pay off the current debts. In addition, they are entitled to a maximum rebate of 40% from the sale price provided that they pay all the dues within 30 days in foreign exchange. These concessions, together with other costs, suggest that privatization, far from generating revenue, has imposed substantial costs on the public sector.

The next question is the size of funds that may be released after privatization, as the public sector would no longer be liable for financing the deficits of SOEs. In Bangladesh, SOEs have been consistently loss making since the mid 1980s except for a few years. Although these losses can be considered marginal for some years, their size has been considerable for many other years. According to Table 5, net SOE losses have been 2% of total government expenditure on average during 1990-2000, and much higher for some individual years. The losses of the manufacturing SOEs are the primary source of these aggregate losses.

TABLE 5
THE RATIO OF NET SOE PROFITS (LOSSES) TO GOVERNMENT EXPENDITURE

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
(6.38)	(5.34)	8.24	(2.79)	0.18	(2.18)	(0.16)	(4.87)	(1.07)	(1.34)	(5.78)

Source: Monitoring Cell, Ministry of Finance and BBS, Statistical Yearbook of Bangladesh, various years.

Several questions can be raised about this picture. The foremost is, of course, the implication of eliminating these losses through divestiture for the poor. Unless the resources released are utilized for employment generating investment, infrastructural development and improving the health and education of the poor, no progress is likely to be made on the poverty front. The second issue relates to the causes of loss making in public enterprises. Addressing this question requires us to discuss the three possible sources of loss making: are SOEs inherently inefficient, which leads them to incur losses? Are there economy-wide structural factors that contribute to their loss making? What is the role of the quasi-fiscal responsibilities of SOEs in their loss making?

Although the first two points are the subject of the next section, let us make a start on these here. One of the most popular arguments against public ownership is the theory of 'rent-seeking' (Krueger 1974) and corruption. When the source of loss making is the corrupt practices of the public officials, those outside the circle of corruption would lose, including those living under poverty. The issue, however, is whether or not privatization brings an end to rent-seeking and corruption. The experience in Eastern Europe, and especially in Russia (see, for instance, Stiglitz 2002), as well as the incidents of corruption

that hit the surface in the US in the recent years, suggest otherwise. Privatization does not eliminate rent-seeking and corruption (and perhaps it increases them under certain circumstances), nor are countries with strong private sectors free from them.

Loss making due to economy wide factors (e.g. lack of infrastructure, skills etc.) is likely to remain under private ownership. More importantly, if a component of SOE losses had been related to the quasi-fiscal role of the SOEs, certain sectors and social groups, including the poor, may be the losers.

To make this final point more concrete, let us take the example of Bangladesh Chemical Industries Corporations (BCIC), which is a public sector company and has the monopoly over urea (a type of fertilizer) production. Urea prices by BCIC were about 45% below import parity price on average during 1990-2002 according to a World Bank study. As shown in Table 6, total annual subsidy provided through lower prices varied from a minimum of around three billion to a maximum of fourteen billion taka between 1991 and 2000.

TABLE 6
TOTAL SUBSIDY ON UREA AND THE PERFORMANCE OF BCIC (BILLION TAKA)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total subsidy on urea	5	6.1	4.8	5	12.8	13.9	11.7	4.9	2.7	3.7
Net profit/loss of BCIC	-0.34	-0.55	0.21	0.25	-0.75	-1.21	-2.38	-0.67	-1.42	-1.50
Profits without subsidy (*)	4.66	5.55	5.01	5.25	12.05	12.69	9.32	4.23	1.28	2.20

Source: as table 5 above.

(*) Note that this estimate does not include the subsidy of BCIC provided by BOGMC through underpriced gas sales.

Once this is taken into account, the net losses of BCIC are converted into substantial amounts of net profits. The under-pricing of SOE products to various sectors not only affects their financial performance but also has implications for overall economic growth and distribution, since they effectively represent a transfer from public to private sector.

Privatization of units like BCIC may bring an end to the provision of inputs at lower prices. How might this affect the poor? Bangladesh is a country where about 63% of the active labor force was involved in agricultural production and about 75% of the population lived in the rural sector in the year 2000. According to the BBS (2000), the headcount ratio for rural poverty was 52.5% in

2000. If we associate land holding with farming and use of urea, the subsidy on urea is likely to be benefiting a large proportion of small and marginal landholders. This is because the concentration of land holding is not very high in Bangladesh. Only about 20% of households at national level own land greater than 1.5 acres (BBS, 1997). About 10% of households are landless. The remaining are small and marginal landowners who are likely to be benefiting from the subsidy for fertilizers in varying degrees.

Bangladesh is fortunate to have large natural gas reserves, which allows the SOEs to supply fertilizer to farmers at prices significantly below the international market price. Divestment of enterprises involved in urea production under BCIC may imply that urea prices are increased, leading to a redistribution of income towards the new owners in the form of increased profits. What would be the impact of such changes on poverty? One possibility is the increase in land concentration rate if the rise in the price of fertilizer is such that the small and marginal landholders are driven out of farming. If the affected households were among the non-poor, they may fall into poverty or extreme poverty. A second possibility is that the general decline in the use of fertilizer associated with price increases may threaten national food security. The welfare of the non-farming communities and urban population may also be negatively affected by the higher cost of agricultural production and higher prices for basic foodstuffs.

Overall, the impact of privatization on poverty with respect to the role of subsidies and under-pricing is likely to depend on the line production and service being privatized. While there may be a direct link between poverty and privatization of firms producing, say, fertilizer, in other areas the adverse outcomes may not be felt by the poor if they were not the users of the goods and services produced by SOEs prior to privatization. Even in this case, there may be a rationale for subsidies to exist if they play a vital role in the growth and development of some industries.

Another line of argument would be that provision of subsidies can be maintained even after privatization through budgetary allocation. The dilemma here is posed by the fact that the low-income economies are already seriously constrained by the lack of capacity in revenue generation and by the tight fiscal stance they are required to follow. Meeting the amount of subsidies/support necessary for poverty alleviation and industrial development through budgetary allocations

is a major challenge for low-income economies where poverty is widespread and the level of industrial development is very low.

EVIDENCE ON THE EFFICIENCY OF THE PUBLIC VS. PRIVATE ENTERPRISES AND THE IMPLICATIONS FOR POVERTY

The link between growth and efficiency is obvious. How the latter may come about is less than obvious. Although the advocates of privatization would argue that the form of ownership makes a difference, the empirical evaluation of the relationship between enterprise efficiency and ownership is fraught with enormous difficulties. This is partly due to the differences in the objectives of enterprises under private and public ownership.

Millward (1988) indicated, for instance, that the empirical evidence in no way uniformly supports the view that private enterprises are more efficient than public enterprises. Indeed, both the cross-country and single country studies on privatization and performance reveal mixed results. For instance, Megginson, Nash and van Randenborgh (1994) find that the financial performance of the 61 companies from eighteen countries improved after privatization, though the improvement was found to be insignificant and far less for non-competitive companies. Another cross-country study by Cook and Uchida (2001), on the other hand, has shown that privatization had a negative impact on economic growth. The econometric evidence presented by Bhaskar and Khan (1995) for the case of Bangladesh also discloses a negative association between the output level and privatization in the 1980s. Mixed evidence on the impact of privatization on efficiency and economic growth did not slow down the process of privatization in many countries. In fact, in some countries, privatization was carried out in spite of the evidence in the opposite direction, as indicated by Millward (1988).

How does the experience of Bangladesh fit into the overall picture of privatization in developing economies? Financial weaknesses of SOEs have been well documented in Bangladesh. They have been shown to be heavily reliant on state equity injections and credits (see, for instance, Akram 1999; World Bank 1995). This is especially true for corporations operating in manufacturing industry. Troubles of non-financial SOEs seem to have become more pronounced after the mid 1980s. Since then, not a single year has seen profits in their over-

all balance sheets. Their losses were around 2.5% of total gross industrial output between 1986 and 1996.

However, three surveys that were carried out in the past reveal some crucial firm level evidence with respect to the impact of privatization on efficiency. The first was a survey conducted by Board of Investment in 1991. It revealed that 53% of the privatized companies were either shut down or dysfunctional. Those that were still operational were not performing well (reported in Sobhan 1991: 206). The second study was carried out by Mahmood and Sobhan (1991), who compared the performance of denationalized jute and textile mills during 1981-1985 (in terms of output growth, volume and quantity based factor productivities, wastage, etc.) with those that were publicly owned. The findings of this study indicated that production in the privatized jute mills had declined since denationalization. Machine productivity and wastage has been notably poorer in the denationalized mills. The overall evidence in this study leads the authors to rule out the argument for increased efficiency and profitability after privatization. Finally, the findings of Sen's (1997) survey covering 205 firms privatized during 1980s and 1990s presented a similar picture. The closure rate is found to be 40%, with 55% of the divested firms being reported as operational¹⁰. On the other hand, he finds that the profitability of the enterprises in operation increased after privatization. When considered in addition to Akram's (1999) findings on high levels of indebtedness and loan defaults among privatized firms, these raise serious questions about the degree to which privatization can be regarded as a panacea for efficiency. What is interesting about the experience of Bangladesh is that the performance of privatized enterprises did not seem to have significantly improved in spite of sizeable labor redundancies¹¹.

There is another issue requiring further attention. How should we re-interpret the high closure rates among privatized enterprises and the unimpressive productivity performance within the context of poverty reduction? Does this evidence suggest that there are certain structural features of the Bangladesh economy that inhibit the viabil-

10 Akram (2000) suggested Sen's survey would indicate a 28% closure/exit rate if 'the term closure' is modified to take into account different forms of closure (e.g. liquidation, inactivity). In any case, the closure rate is much more than marginal.

11 Employment cuts have often been found as the main explanatory factor for rising profitability after divestment. See for instance La Porta and Lopez-de-Silanes (1999) and Kikeri (1998) on this.

ity of privatized enterprises with certain characteristics as much as the public enterprises in the same sectors (e.g. drawbacks in the institutional structure, old technology, indebtedness, persistent decline in the world demand as for jute products, high power failure rates, lack of infrastructure, competition from abroad, lack of skills)? In fact, the divestment outcomes in low-income countries like Bangladesh can be fundamentally different from those in middle-income economies. This question has critical importance and lies beyond the scope of this paper, as it requires further research and analysis. In fact, there is only one cross-country study, as far as I am aware, by Boukbari and Cosset (1998), which examines the performance of enterprises in the middle and low-income economies together with a number of other issues. The study finds that there is a considerable disparity between middle income and low-income economies with respect to the efficiency of the firms after privatization. According to their estimations, efficiency in divested firms in the middle-income economies has been quite favorable, while the same did not apply to the firms in the low-income economies.

The direct impact of these closures on poverty would be related to the loss of employment income for households affected by closures and loss of income for the input suppliers of the respective firms. Although one can safely argue that these developments have had negative impact on households and were very likely to have increased the poverty level, even if marginally, it is impossible to make a precise judgment about the scale of the impact on poverty due to lack of information about the characteristics of the households affected.

CONCLUSIONS

The experience of Bangladesh with respect to privatization and its implications for social welfare is full of lessons for developing countries, especially for those of low-income status. This study highlights a number of dimensions of privatization that are relevant for poverty reduction. First of all, the cost associated with labor force restructuring in the process of privatization can be larger than the immediate benefits, if any, of privatization. Retrenchment is the worst form of labor restructuring in countries like Bangladesh, where social security and health services are mostly work-related entitlements and not provided universally. The implied cost to workers with limited prospects to re-enter labor market for various reasons (e.g. old age,

constraints on mobility, lack of employment opportunities) can be enormous, and no gratuity package can be sufficient in compensating their (and their dependants') losses.

Secondly, the primary objective of privatization policy in Bangladesh (e.g. use of divestment revenues for social/human development) has not been realized. Despite the high expectations expressed in official documents with respect to revenue generation through divestment, the likelihood of its imposing a substantial burden on the society is very strong once all the relevant costs of divestment are taken into account.

Finally, the mildest interpretation of the evidence with respect to efficiency in the case of Bangladesh would be that the privatization did not fulfill expectations. Two issues are important to mention. The losses incurred, because of the semi-fiscal role of SOEs (as in the case of subsidies), must be separated from losses arising due to technical or economic inefficiencies of SOEs. To the extent that losses of SOEs contribute more to the sectoral development (both public and private) and well-being of the poor, they may be tolerated. However, if there is no such justification, then the rationalization of the pricing or employment strategies adopted is the first option to consider for improving the financial performance of SOEs in Bangladesh. The other issue is the extent to which inefficiency is associated with structural factors prevailing in the low-income countries. The evidence of a high number of closures among divested enterprises in Bangladesh is a strong indication of the effect of such factors, though this requires further research and analysis.

In this paper, the evaluation of the effects of privatization has been limited to efficiency, employment and revenue generation. An important aspect, which is not tackled here, is the impact of privatization on prices and quality of goods and services as well as the access of the poor to services. An analysis of privatization in this respect may yield crucial results relevant for policy making in Bangladesh.

To sum up the issues raised above, there is a need for a critical and independent analysis of privatization processes in the developing economies. The debate on the efficiency of public vs. private enterprises remains controversial. Privatization under the structural constraints of developing economies (i.e. underdeveloped institutional structures, inadequate legal frameworks, market imperfections, missing markets, weak private sectors and extensive poverty and inequality) may result in a high social cost. The scope for reforming SOEs to

make them more viable should be seriously explored. There are many examples in the developing world which support the view that SOEs can play a crucial role in poverty alleviation by generating employment opportunities, supporting private sector development, setting standards for quality and safety in the provision of public services, and by directing resources to underdeveloped regions.

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PART III

PRACTICAL AND LOCAL DIMENSIONS

ROWAN IRELAND*

FRAGILE SYNERGIES FOR DEVELOPMENT: THE CASE OF JARDIM ORATÓRIO SP BRAZIL

INTRODUCTION

Jardim Oratório is a shantytown (*favela*) of some 15,000 residents on the southeastern periphery of Greater São Paulo, in the city of Mauá. I have been following the vicissitudes of its *Comissão da Terra* since 1988 when I spent my first four months as a resident in the *favela* –the first of several stints of fieldwork that followed in 1991, 1992, 1996 and 2001. The study of the *Comissão* has been the most intensive in a set of case-studies of local associations whose members regarded themselves as part of the broader pan-Brazilian *movimento popular* –much talked of in the 1980s, but tending to slip out of view by the new century¹. The

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1 The other case studies were conducted in São Bernardo and Cidade Tiradentes in São Paulo, the Casa Amarela area of Recife, and in the Pelourinho of Salvador BA. Reasons for the decreasing visibility of the popular movements are reviewed in Alvarez (1997) and Hochstetler (2000). Both authors argue that the movements deserve more attention from social scientists than they currently receive.

aim of these longitudinal case-studies was to determine how the associations figured in the social, political and economic life of the *bairros populares* in which they operated. To what extent were they the local manifestations of movements of the poor that had moved beyond the struggle for needs to the achievement of development, broadly conceived? To what extent were they nurturing ‘popular subjects’² as they mobilized residents for collective action to establish title and achieve piped water, sanitation, and other items of urban infrastructure? To what extent were they not only addressing the state for remedies to the pathogens of poverty, but at the same time constituting a space in which the uprooted could establish new forms of social and cultural connectedness (cf. Cavalcanti 2002)? To what extent, examined through their constituent, local associations, were the popular movements of urban residents all they were claimed to be in the enthusiastic literature of the 1970s and early 80s (Slater 1985; Ireland 1999)?

This chapter focuses only on the Jardim Oratório case-study, and though it does not answer all these large questions, they set the parameters of the inquiry. Leaders of the *Comissão da Terra* have long shared the hopes expressed in the academic literature referred to. For nearly twenty years they have been trying to realize a vision of societal transformation achieved through the popular movements, albeit that the vision has come in and out of focus over the years, and the fortunes of those who have carried it have waxed and waned. Remarkably, their vision, even their projects and practices, are very close to new conceptions of the processes of development (Sen 1999; Evans 1996)³. Therefore, a longitudinal study of the vicissitudes of the *Comissão* helps us assess assumptions, expectations, and claims in new development theory. It helps us appreciate the possibilities and perils of the intricate balances and dialectics between the state, NGOs and local social movement actors that are posited in the theory.

THE DEVELOPMENTAL VISION OF THE COMISSÃO

In all three of the São Paulo case-studies, leaders and ordinary members of the associations were asked about their vision of the trans-

2 Daniel Levine defines ‘popular subjects’ as “a set of confident, articulate, and capable men and women, from hitherto silent, unorganized, and dispirited populations” (Levine 1993: 171).

3 This is perhaps not so remarkable, as Evans, for example, has contributed to this new body of theory on the basis of case-studies, including Tendler’s (1997) in Ceará.

formed, future society they were aiming for; the adversaries they saw facing them in their struggle for a better future; their mode of resolving the demands of the movement, the community, the state and the market domains that they had to negotiate on a daily basis; their sense of vulnerability and challenge versus their sense of hope and positive achievement in relation to their transformative goals.

To the researcher's surprise, there was considerable consensus on all these matters between leaders and ordinary members, between those who were very much involved in Catholic Church 'base communities' and those only marginally involved, between those of higher education and those who had never completed primary school, between those interviewed in 1988 and 2001. Beneath enormous differences in biography, rhetoric, and emphasis, there was indeed a shared *Comissão* vision. The content of this vision will emerge out of just two interviews, summarized under the headings of the interview topics listed above.

The interviewees are not claimed to represent approximately two hundred voting members of the *Comissão* in 1988 in anything *but* a shared vision of what the *Comissão* was about, its adversaries and its hopes. The first interviewee, Mancha (his nickname), is a non-resident, professional architect: a technical adviser to the *Comissão*. His discourse and vision of social transformation reflect his grounding in the praxis of the "progressive" Catholic Church in Brazil in the 1970s and 1980s (Ottmann 2002). One advantage of summarizing his interview is that, as an organic intellectual, he uses forms of expression and concepts familiar to social scientists: he can speak to us directly and authoritatively. The disadvantage, of course, is that his very authoritative language may blunt the question whether his is indeed the vision that other leaders and activists of the *Comissão* share.

That disadvantage is redressed by our second interviewee, João André. In 2003, has been a resident of Jardim Oratório for two decades. By virtue of his long-standing position as a leader in the *Comissão*, he cannot be said to be representative of all residents, nor even of all activists. But he is much closer to the mean of Jardim Oratorians on socio-economic indicators, including education and income, than Mancha. Nonetheless, his fluent voice represents, at best, only one of Jardim Oratório's sub-worlds: that of the *Comissão* itself. As we shall see, that sub-world does not contain all the potential for resistance and transformation in Jardim Oratório a point that the *Comissão* itself only slowly came to appreciate.

With these cautions in mind, we can turn to the interview summaries.

INTERVIEW 1

Mancha, technical adviser to the *Comissão*, 1984-88, lecturer in architecture and urban planning at the Pontifical Catholic University of São Paulo (PUC) (interview, November 1988).

THE FUTURE

Mancha saw his regular weekend participation in the *Comissão* as involvement in a local manifestation of a popular movement for the transformation of Brazilian society. In that better Brazil, the poor and hitherto excluded will be full, critical citizens, actively involved in urban planning and the realization of the full range of human rights. In the better cities of the future, of which they have been co-constructors, they will be able to develop their already rich patterns of sociability and show other Brazilians how to share it.

ADVERSARIES

Above all, these include agencies and individuals at various levels of the 'public power' (*poder público*) who not only insist that planning power must remain exclusively in their hands, but who plan urban areas to maximize control over the urban poor, and emphasize the exchange rather than the human use values of urban space. The local Friends of the Neighborhood Society (*Sociedade Amigos de Bairro - SAB*), which has become an instrument of local political patronage, is also an adversary because it mobilizes residents to support local politicians without encouraging them to articulate their own demands and devise their own projects⁴.

COLLECTIVE ACTION STRATEGY

Partnerships have to be developed without any of the parties involved becoming dominant. Popular movement advisors like himself mediate language, helping to draft proposals that state agents can read.

4 There are many SABs in São Paulo. Not all of them have the clientelist character Mancha and the *Comissão* members generally attributed to their local SAB. Nor can it be assumed that, when a SAB is labeled clientelist, that is all there is to be said of it in relation to the politics of poverty and development. It is true, though, that SABs originated in the populist São Paulo city governments of the 1940s and 1950s, and that there was a consolidation of the clientelist character of many of them during the fifties.

They can introduce the perspectives and models of critical urban planning to local resident movement activists. They are also needed to gain funding for proactive projects, like the construction of model houses and the setting up of communal workshops and gardens, which are necessary if the local movement is to become self-sustaining and to achieve wider developmental goals. But they must not direct or control the associations in which they are a necessary element. Through the widening circle of partnerships, the local movement will be able to move beyond the presentation of local demands to the state, to the wider struggle for a new type of city and new institutions that will be prefigured in Jardim Oratório.

RESOLUTION OF THE DEMANDS OF MOVEMENT, COMMUNITY, STATE AND MARKET DOMAINS

Mancha emphasizes the risks involved in giving exclusive, sustained, priority to any one of the interacting domains, and in any one domain swamping another. But he thinks the *Comissão* has in place the means to address these risks successfully. He sees a risk that market pressures and global consumer-culture influences will dissolve local community and subvert local processes of identity-formation. But he believes that the *Comissão* has a line of defense as long as it continues to mount and maintain cooperative enterprises like its communal vegetable garden, its communal kitchen, and its cement brick production workshop. Against the risk of its becoming an in-turned Catholic Church-centered community, the *Comissão* must continue to include the non-religious and the Evangelical Protestants, and to provide services to the whole of Jardim Oratório. Against the risk of its cooperative enterprises becoming small businesses like any others, the *Comissão* must avoid work relations of the 'owner-manager to hired wage-labor' kind.

VULNERABILITIES AND STRENGTHS

Mancha perceives a danger that foreign NGOs which are providing essential funds for certain *Comissão* projects will accept the perspectives of state agencies for regularization and urbanization. Likewise, there is a danger that local residents will accept these perspectives once title has been established and basic services provided. Here is the danger of success: that the mode of urbanization dismantles local cooperative relationships, subverts popular culture and local identity

formation, and empties the movement. Other dangers include getting locked into demand politics to the point of being too focused on party politics and local election struggles. More generally, negotiation of any of the interfaces with the state, NGOs, the Church etc., which are essential to the life of the association and the local community, is also fraught with the dangers of cooptation. Countering the dangers are certain strengths. The cooperative enterprises promise to counteract the tendency for the movement to demobilize once minimal urbanization is achieved. Funding from international NGOs reduces dependence on the state, and the accompanying danger of becoming locked into the politics of demand. The closely linked but autonomous development of the Church community provides mutual benefits.

INTERVIEW 2

João André (JA), several times president of the *Comissão* and resident in the *favela* for twenty years. JA was born in rural Ceará, migrated to rural Paraná at age 13, and arrived in Mauá SP in his thirtieth year. He is presently employed as an advisor and assessor of urbanization projects in the Workers Party (PT)⁵ government of Mauá city, despite his incomplete primary education (composite of interviews conducted in 1988, 1992, 1996 and 2001).

THE FUTURE

JA's vision of a transformed Brazil is much more politically focused than Mancha's. He has been an active member of the local Workers Party (PT) since the early 1980s and was an endorsed candidate for the municipal Council in 1992, so, not surprisingly, the future to which he strives includes the PT in power at all levels of government, enacting its programs for equity and human rights. But JA's vision of the PT itself has remained that of the early '80s: the Party's centre of gravity is to reside in its local *núcleos*, and its political triumph will at once signal and promote an active, critical citizenry at the grassroots. Governance in the new Brazil will involve locally anchored 'organized movements' linked to Church and state agencies but autonomous and internally democratic.

⁵ The PT is the party of Brazil's President Luis Inácio 'Lula' Da Silva. Apart from having its candidate elected as President in 2002, the most important achievement of the PT is at the municipal level – its successful experiment over twelve years of government with the participatory budget in the city of Porto Alegre (Baiocchi 2001).

ADVERSARIES

Beyond J. Oratório, these include elements in local government and agencies like the National Housing Bank which JA sees as seeking to dismantle and remove shantytowns (*desfavelar*) and control *favela* populations rather than to mount projects to provide urban infrastructure (*urbanização*) with local, popular participation. JA also regards as adversaries those elements with the Catholic Church which would dismantle ties to the popular movement or contain and control it 'within Christianity'. Within J. Oratório, the adversaries are entities like the *Sociedade Amigos de Bairro*, which work on local residents rather than with them, seeking to mobilize them in support of local government projects, and distributing patronage in return for votes. The individual adversaries are the skilled political manipulators who use the language of popular participation to hide the reality of control and patron-client politics (*clientelismo*).

COLLECTIVE ACTION STRATEGY

JA conceives of urbanization of the *favela* as necessarily a people's struggle, but one that cannot succeed on the basis of 'local action with hoes'. His strategy is predicated on the need to maximize popular participation at all levels, from planning to implementation of urbanization projects –while at the same time working with the state and NGOs where the resources and expertise necessary for urbanization are to be found. Maximizing popular participation requires awareness-raising (*conscientização*), the organization of community service groups, and providing times, spaces and the means of communication for public discussion and collective action. In J. Oratório that is best attended to, first in the pastoral groups of the local Catholic community, and then extended to the whole *favela* by the *Comissão*. Working with church, state and NGOs requires steep learning by local activists, but also the strict maintenance of boundaries –between Church pastoral activities and the *Comissão*, between the local PT nucleus and the *Comissão*, between local government, the NGOs and the local movement.

RESOLUTION OF THE DEMANDS OF MOVEMENT, COMMUNITY, STATE AND MARKET DOMAINS

The maintenance of boundaries, as outlined under strategy, is the key to resolving the sometimes contradictory demands made on the

Comissão and its activists. The resolution is never complete and is part of the continuing work of the movement.

VULNERABILITIES AND CHALLENGES

The characteristics of the J. Oratório population present challenges to the *Comissão* as it attempts to maximize participation. The population is culturally diverse. Work demands, and in times of high unemployment, the struggle for survival, mean little time or energy for participation. Expectations and the level of demands are low, so that people are easily satisfied and do not see the need for continuing participation. In 1992, JA emphasized the problem of violence as a deterrent to participation and mobilization. In 1996 and 2001, he and other leaders worried about young people being persuaded by globalized youth culture to lifestyles beyond their means that were incompatible with *Comissão* values and vision. Activists face the same problems as other residents, so that it is hard to sustain commitment to the popular movement. On the other hand, much has been achieved (a constant theme in JA's interviews over the years), and the vision has been maintained, particularly in the Church community. Achievements and vision are sources of strength.

There is a theory of development implied in these summarized testimonies of Mancha and João André. In the next section, we shall see how close this implicit theory is to what I call new development theory, associated with the names of Amartya Sen (2001), Peter Evans (1996) and others (e.g. Meir and Sigilitz 2001).

NEW DEVELOPMENT THEORY, JARDIM ORATÓRIO AND ITS *COMISSÃO DA TERRA*

When João André outlines his vision of urbanization and Mancha talks of Brazil transformed, they approximate the very notion of development that is shaping up in new development theory. That notion refers to five processes, analytically separable but interacting to constitute development. These are:

- *Increasing engagement of citizenry in processes of social choice.* This process is the one to which Mancha and JA are most attuned in their stress on maximizing participation as integral to urbanization. The *Comissão's* leaders insist that the diffusion of information, public discussion about options and collective actions to achieve chosen goals are ends in themselves.

- *Increasing willingness of citizenry to invest in public goods (health and educational services, transportation infrastructure, urban infrastructure) and to enhance the delivery of those goods.* Mancha and JA envisage, and take part in collective action for, the creation of public goods as a prime goal of the *Comissão*. At the same time, it is part of their collective strategy to mobilize residents to pressure local government to deliver the public goods of urban infrastructure that are beyond the capacity of the *Comissão* to produce.
- *Consequent enhancement of productivity, contributing to long-term growth.* This process refers to the wider economy, and in my interviews I did not probe for views about long-term growth and productivity. However, all interviewees were committed to a modernized, prosperous Brazil, and critical of the inefficiencies and ineffectiveness of political and economic elites that, in their view, subverted prosperity, and committed to the idea that the health of the economy and the deepening of democracy are complementary.
- *Reduction of violence and corruption as intrinsically valuable and growth-enhancing.* JA, as noted, laid increasing stress over the years on the reduction of violence so that the urbanization goals of the *Comissão* could be achieved.
- *Enhanced ability to negotiate globalization challenges and opportunities.* Both interviewees are attuned to the importance of harnessing resources and ideas from overseas if the *Comissão* is to maintain independence from the local state and avoid clientelism. On the other hand, JA in particular has come to think of the challenges of globalization in the form of global youth consumer culture, which he blames for the disinterest of the young in the work of the *Comissão*.

More interesting even than these parallels are the commonalities in the dynamics of development. The dynamics of new development theory are represented in Figure 1. The box headed 'Synergies' represents the core processes in these dynamics. The notion of synergies refers to the enhancement of developmental efforts on any one of the five dimensions outlined above through interaction between social movements acting locally through associations like the *Comissão da Terra*, the state, and NGOs (Evans 1996). When social workers and others who are state service providers become 'embedded' in the communities in

which they work –exchanging ideas, experiences and knowledge with local leaders and erstwhile clients– there will be mutual benefits. On the basis of new networks of trust, service delivery is enhanced, and local communities are at once opened up and strengthened, increasing capacities for local initiatives, self-help and social choice. When governments deliver the collective goods they are good at delivering (in the case of a *favela*, paved roads, sanitation, water-supply, but also law and order) and these goods facilitate the working of local cooperative enterprises, then we can speak of ‘complementarity’.

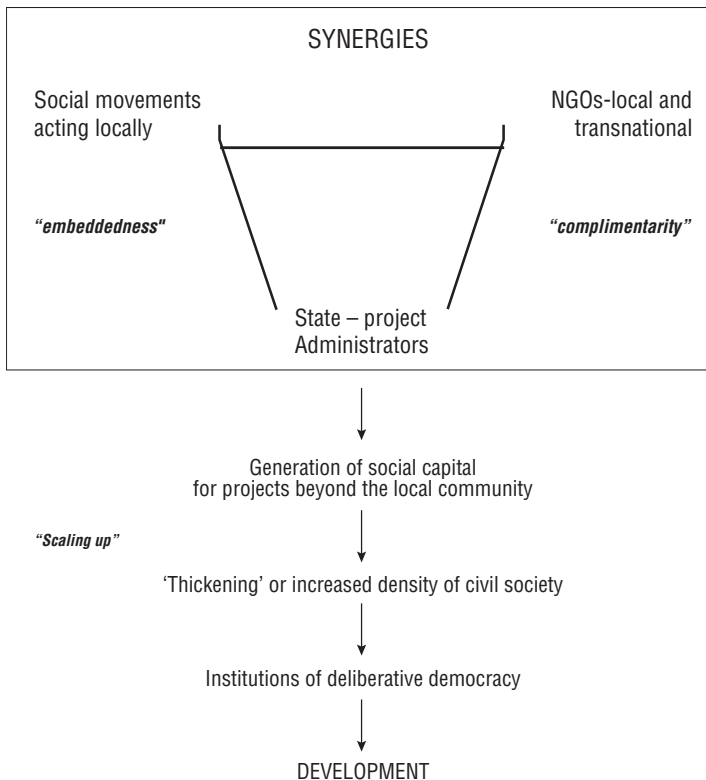
Neither Mancha nor JA use the notions of embeddedness or complementarity. But when they outline their goals, their strategies for collective action, and their vulnerabilities, they show that they see the achievement of synergies as integral to urbanization, both as means and ends. They appreciate the limitations and dangers of going it alone –the lack of resources and expertise that would lock them into reactive, demand politics; the in-turned communitarianism that would obviate the multiple outward connections that are necessary if the transformation of Jardim Oratório is to be a local chapter in a story of national transformation. And they acknowledge, and seek out, the positive benefits of interactions with state and NGOs –always with the proviso that the integrity of the interacting parties is maintained: just as the notion of synergy would have it.

In one respect, perhaps, they add a critical edge to the notion of synergy. They insist on the maintenance of boundaries between the parties engaged in synergies and reflect on the vulnerabilities of the local movements when boundaries are breached. They are arguing, in effect, that there is no added value if embedded ‘outsiders’ suppress the voice and infringe the autonomy of ‘insiders’; nor is there complementarity if any of the parties simply uses another for its own non-negotiated ends. This insistence is entirely consistent with Sen’s notion of social choice as a developmental goal, and addresses the suspicion that to speak of synergy is necessarily to endorse the new managerialism of many development NGOs, states and institutions of world governance (cf. Petras 1999).

In new development theory, the chain of effects referred to as ‘scaling up’ (from micro to macro; from local practices, to national institutions) is contingent on the processes of synergy, so understood. This is an important departure, from the theorizing of Putnam and managerialist ideologues that link local associations to the generation of social capital and the thickening of civil society, through to the

maintenance of a vital institutional democracy at the national level (Putnam 2000). In new development theory, local associations do not on their own produce societally exchangeable social capital; nor does the simple sum of associations thicken civil society. Only when certain types of local association produce collective goods that are valued-added in the synergies depicted in Figure 1, does ‘scaling up’ occur.

FIGURE 1
NGOs, SOCIAL MOVEMENTS AND THE STATE IN DEVELOPMENT PROCESSES



Mancha and JA are activists more than theorists. I have drawn out of their interviews what I regard as a theory of development and of the synergies required for development that I consider remarkably close to new development theory. As activists, they test their hopes and strategies against reflections on the vulnerabilities of the *Comissão* as they have experienced them. Through an account of the vicissitudes of the *Comissão*, I propose that we follow their example and

subject new development theory itself, and particularly the idea of synergy, to a sort of reality test.

This account is presented here in the form of snapshots of the practices and projects, the achievements and failures of the *Comissão* at several points of time, from 1988 to 2001. The *Comissão* will be examined at these several moments to determine how well the vision of future shared by Mancha and JA (and, I claim, other *Comissão* activists) has been realized, as opposed to the extent to which the vulnerabilities they perceived have materialized. We ask, on the basis of our examination of the *Comissão*: what in a specific set of local, national and global circumstances are the possibilities and obstacles to the generation of synergies? What, in specific circumstances, are the chances for, and the challenges against, the processes of 'scaling up'?

SNAPSHOTS OF THE *COMISSÃO*, JARDIM ORATÓRIO, 1988-2001

SNAPSHOT 1, 1988

In 1988, the *Comissão* appears to be a node in a network comprising Greater São Paulo's popular residential movement. Its leaders consider themselves to be part of a wider movement, and meet regularly with leaders of other similar associations informally and in regional assemblies and training seminars for the popular movements. Perhaps more important than its organizational links is its sharing a history of struggle through what Sonia Alvarez (1993: 196) calls "the discursive thread" of "pre-participatory language on rights and citizenship" that "over the course of the 1970s and 1980s wove dispersed, localized urban struggles together into loose knit and increasingly popular movement networks". This weaving is accomplished as much in Catholic liturgies and in the theatre of those assemblies and seminars, as in the formal communications of lectures and written declarations.

Since its formal constitution in 1984, the *Comissão* has accomplished a great deal. It has become a sort of unofficial local government in Jardim Oratório, marking out lots and street boundaries by negotiation with individual squatters and neighborhood groups, organizing cooperative house construction and setting up a cooperative for the production of cement bricks. On several occasions, it has mobilized a large proportion of households to tackle the municipal government on a range of issues from installing water supply to the more profound issues of how urban planning should proceed and

what sort of title should be available to residents. Not the least of its achievements is its own *modus operandi*. It has not lost its character as an initiative of the Catholic pastoral team, led by young priests and seminarians of the Redemptorist order who live in the shantytown; nor has it managed to go it alone without depending on resources available to it through its Church ties. But it is run by laity on fairly democratic lines, taking all important decisions after exhaustive discussion, and leaders are held accountable for the completion of tasks assigned to them by the *Comissão*, as well as for their use of financial and other resources. These laity are extraordinarily alive to the need for procedures and forms of accountability that would prevent their following the easy path to clientelism and political patronage that they find in a rival neighborhood association. Each Sunday morning about a dozen members of an executive, elected by signed up members of the *Comissão* (about 200 residents), meet to review the week's activities and plan future projects. Any member of the *Comissão* is free to attend these sessions, and occasionally one or two turn up and take part in discussions. By any standards, the *Comissão* is a civil association of a type supposed to be virtually non-existent at the Brazilian grassroots until the 1970s.

In 1988, three of the executive have been elected for a year as *liberados*, freed to work full-time on *Comissão* projects while receiving a minimum salary out of funds from a grant received from a German Catholic aid agency, and later from a European-based Protestant organization. The *liberados* work on such projects as building model houses, supervising the making of cement bricks in the workshop of the *Comissão* (also financed by the foreign aid agency), organizing the maintenance of a communal kitchen, and mobilizing residents in dealings with the mayor's office. In all this there is much help from the 'priests' house' and from advisers recruited through Catholic Church networks activated by the priests and seminarians. The priest in charge of the house comes to about half of the meetings of the Executive. A young architect from São Paulo's Catholic University (Mancha and his successor, Ton) often attends, to present plans for model houses and a community workshop (eventually built with European grant money). Occasionally, journalism students who help in the production of the *Comissão* community news-sheet and one-page bulletins attend. This local civil association, therefore, is by no means merely local and exclusively of the popular classes. On the contrary, its network of influ-

ences, its flows of discursive and material resources, cross class and even national boundaries.

SNAPSHOT 2, 1992

By 1992, the *Comissão* is unable to sustain the levels of mobilization encountered in 1988. Various factors account for this decline. Gangs of young males, jobless but aspiring consumers of global youth culture, have been terrorizing neighborhoods. Fear keeps residents, women especially, from venturing out for meetings and the religious and social festivals that nurture the roots of the *Comissão* in several different neighborhoods in the shantytown. The violence has also undermined interest in collective action to make Jardim Oratório a better place to live: maximizing family security, or better, flight to a safer area, if that can be found and afforded, are the only options, I am often told as I interview a 10% sample of households. The *Comissão* is judged to be helpless and ineffectual before the violence. It is also considered by residents to have failed in its urbanization projects. The local government elected in the 1988 municipal elections has been profoundly opposed to shantytowns and residential associations like the *Comissão*. It is therefore locked out from local government, including the access to its resources and the expertise of its officers that it has actively sought. It discovers (or rather has the view of its leaders confirmed) that it cannot go it alone on urbanization while locked out.

The Executive of the *Comissão* decides to put up one of its own as a Workers Party candidate for Council in the 1992 elections to give it a voice within local government. But this reaction to the lock-out proves to be a political disaster that severely lowers morale in the *Comissão*, as well as further undermining its status among residents as a leadership group that gets things done. Great effort is put into the campaign, but the candidate loses, failing to get enough votes in Jardim Oratório to reach the necessary quota. He leaves Jardim Oratório soon afterwards. The *Comissão* has to face up to the fact that, far from being the vanguard of a united community, it has lost much of its mobilizing capacity in a residential area where lifestyles and strategies for survival have become increasingly diversified through the later 1980s.

SNAPSHOT 3, 1996

In 1992, the *Comissão* appeared helpless before a complex of factors, both local and global, that appeared to subvert it. So it is a surprise in 1996 to discover that it has not only survived but has chalked up achievements on its urbanization agenda, and adapted to some of the circumstances that appeared about to overwhelm it in 1992. It has led a successful campaign to tackle the very serious problem of rubbish disposal in the shantytown. In the campaign it has worked with other associations previously considered rivals or subversive of the hoped for united, autonomous community of Jardim Oratório. These include a Pentecostal congregation which allowed its community radio to be used to mobilize residents to set up and maintain neighborhood collection sites, and the local SAB (Society of Friends of the Neighborhood), once scorned as a clientelist organization, but now acknowledged to have its own mobilizing potential in certain parts of the shantytown. The rubbish disposal project marks a development in the strategies and agendas of the *Comissão*. There is a move away from a focus on extracting services and resources from the municipal government, and towards what the *Comissão*, with new allies and in consultation with community development NGOs, can accomplish without recourse to the state, or with complementary inputs solicited from the city government. Further, the *Comissão* amends the exclusive strategy of mobilizing the whole community of Jardim Oratório from the solid base of a united Catholic population, in favor of a process of urbanization, as conceived by the *Comissão*. The revitalized *Comissão*, recognizing diversity, now attempts to provide public spaces and occasions for the airing and mediation of differences about gender roles and generational lifestyles -as much in the population of practicing Catholics as in the wider community. For the first time a woman is president of the *Comissão*, and a female health-worker, employed by local government to work in Jardim Oratório, has become an influential participant in meetings of the *colegiado* of the *Comissão*, enthusiastically promoting local participation in health programs jointly sponsored by the *Comissão* and the city administration.

But there is a downside. In 1996, there are absent friends -some of the leaders of the *Comissão* have moved out, most to other areas on the periphery of Greater São Paulo. Their departure is considered a great loss. Further, the flow of financial resources from

international NGOs, always uncertain but essential, seems to be drying up –though morale is boosted when an Italian NGO selects JA to join a group of Latin American community leaders to visit European development aid NGOs.

SNAPSHOT 4, 2001

Much has changed in Mauá and Jardim Oratório. Even the name of the *Comissão* has changed: it is now the Association in Defense of Citizenship–Land Commission (*Associação Comunitária em Defesa da Cidadania–Comissão da Terra*). Links with the Redemptorist community have been attenuated because the priests and seminarians have closed their house. The PT is into its second mandate in Mauá, and several leaders of the *Comissão*, including JA, who is technical assistant to the secretary of housing, have been appointed to positions in the administration. Jardim Oratório is markedly less of a *favela* and more of a *bairro popular*. There is now a paved semi-circular road running through Jardim Oratório, and a shuttle bus runs around it to take passengers to downtown Mauá. The water supply, sanitation lines, and electricity grid now extend to the whole area. The ‘demands’ made by the *Comissão* over two decades have been met. Rubbish collection, and separation of rubbish at several collection points, are functioning well, with complementary inputs from the city and the *Comissão*, the latter making a small amount of money from the sale of recyclable rubbish that it compresses and bales.

But all is not well according to JA, who is again president. He is grateful for his job and enjoys it. But he counts the disappointments of the PT victory. The PT mayor refuses real and full participation of the residential movements in framing and evaluating the budget. JA, and comrades like him who have been rewarded with jobs as long-time movement and party militants, know that they are caught by the tail (*rabo preso*): they not only feel, but have been told, that they are not to voice public criticism of the administration. Their own inclusion in the administration and the formalizing of consultative procedures means curiously less access to the local government than at any time since the lockout of the late 1980s. Residents of Jardim Oratório know all this, and this is one reason, in JA’s view, for a dramatic decline in participation in the *Comissão* itself and in its projects. Another reason, he believes, is premature satisfaction, on the part of most residents, in the successful urbanization they believe has already been achieved.

DISCUSSION

These snapshots attest to the astuteness of Mancha's and JA's sense of the vulnerabilities of the *Comissão* and the challenges that would have to be overcome if their shared vision of a better future were to be realized. In the language of new development theory, the snapshots suggest that synergies are only momentarily achieved and never sustainable; and that 'scaling up' stalls as synergies fail, or as movement from one step to another is blocked.

The snapshots reveal very clearly the difficulty of keeping in tandem the demand and the citizenship projects considered by the *Comissão* to be integrally related. Though a certain interdependence of the projects is demonstrated in snapshot 2, as citizenship participation fades because of failure in the demands campaigns, limited resources and factors in the political environment seem to rule out joint pursuit of the two projects. Further, the synergies desired by the *Comissão*, and essential in new development theory, appear, at any point in time, impossible to realize. The likely alternatives, suggested by snapshots 2 and 4, appear to be failure of synergy as the state either locks out the local movement association, or co-opts it. The boundaries between the parties are likely to be either too high or too permeable and blurred for synergies to occur. Finally, the snapshots suggest that factors uncontrollable by any of the parties to local synergy – those factors we bunch under the rubric of globalization – on balance undermine the capacity of the *Comissão* and the will of the state to be partners in synergy.

The theorists are hardly more sanguine than these conclusions from the case. Evans and others (Evans 1996) have considered difficulties in the achievement of synergies and in the processes of 'scaling up' in the very cases out of which they have constructed their theories. For example, Evans notes how embeddedness all too easily becomes clientelism; and he considers that 'scaling up' is almost certain to falter in the absence of creative institutional entrepreneurs. Testimonies from the frontline of development in practice leave no room for illusion: "We make compromises, we open new processes...we are facing complexities. We make declarations of interdependence. We take money from the powers that we fight, we try to confuse them and get confused. We go along with the carelessness of using and thoughtlessness of production and consumption. We try to live with the system and escape it. We are crushed under the bulldozers of capital and

technology; we die from hunger and get used to producing statements in the name of the oppressed and dying: we live within the grids of the Norths and the Souths within and against each other” (Charkiewicz and Nijpels 1993: 18-19, quoted in Waterman 2001).

Yet some theorists, just like a reduced circle of movement activists in Jardim Oratório and similar settings throughout Brazil, persist in the hope that development that includes as integral elements reduction in material poverty, enhancement of choice, liberation and deep democracy is not only desirable, but a real possibility. What do the snapshots of Jardim Oratório and its *Comissão* suggest about the realism of these hopes?

The response depends on assumptions, expectations and perspectives, to a degree. If one assumes that real movements for development will be identical in strategy and structure to the famous movements of the '70s and '80s which were integrated around the 'master frame' of opposition to the military, then nothing much will be expected from or seen in the *Comissão* and the network of movements of which it is a part (cf. Hochstetler 2000). Certainly, nothing like 'scaling up' would be expected from a base in synergies in which local chapters of residents' movements like the *Comissão* were parties. If one assumes that economic, political and cultural globalization operate together only and ineluctably to destroy local associations and popular movements, and even the capacity of the state to meet the demands of such movements, then there is room only for the dark and the negative in our snapshots in the real, big picture. If the discursive dichotomies of modernity are applied rigidly –hegemonic versus resistant; clientelism versus symmetrical reciprocity; state power versus local civil society– then the key notion of synergy seems an impossibility and pursuit of it an illusion. But if we examine the snapshots within other frames, other assumptions about globalization, and a discourse of dialectics rather than categorical dichotomies, then some hopeful tones may be discerned.

First, let us try a frame that permits us at least to consider that the networks of discourse and personnel connecting associations like the *Comissão* may be factors in significant social transformation. This helps us appreciate that the loss of leaders noted in snapshot 3, while certainly a loss to the *Comissão*, may not have harmed the movement. In fact, at least one of the departed had become, by 2001, an important leader of a residential association even further out on the periphery, and he is in constant contact with remaining leaders of the

Comissão and other similar associations in the region. Serious attention to the network also helps us explain, and prompts us to factor into our assessments, the resilience of the *Comissão*. Members of this local node in a movement network have been able to draw strength from their knowledge of, and even their involvement in, successes elsewhere in the most difficult times in Jardim Oratório. The point is this: location of the *Comissão* in a sort of social movement ecology - the movement network that Alvarez (1997) has alerted us to (see also Ireland 1999)- points to ways in which the *Comissão*, at its lowest ebb, obtains discursive, moral and practical resources that allow it to spring back as a partner in local synergies.

Second, let us try other perspectives on globalization. There is no doubt that many of the reverses evident in the snapshots can be attributed to factors to do with economic and cultural globalization in São Paulo. Throughout the urban periphery, economic globalization rapidly affected employment opportunities, as well as the will and capacity of agencies responsible for provision of urban infrastructure and services, in ways (including the generation of violence) that undermined the popular residential movements and constituent associations like the *Comissão*. Concomitantly, cultural globalization, leading to an extensive diversification of lifestyle aspirations, tended to fragment the social solidarities on which entities like the *Comissão* depended (cf. Banck 1995). But there is no basis in the snapshots for concluding that the more globalization takes place, the more we can discount associations like the *Comissão* and the movements of which they are a part as partners in the local synergies of development.

Current, more sophisticated understandings of the ambiguities of different forms of globalization help us see how global flows of material and discursive resources, and personnel, have enriched and sustained the *Comissão* (Ireland 2002). Mancha notes how the grant from Germany once helped the *Comissão* to reduce dependence on the local state and complete projects that served two purposes -to produce model anticipations of the new city in the developed Brazil of the future, and to ensure a future for the *Comissão* after the exhaustion of the politics of demands. Arguably, the present ebb in fortunes of the *Comissão* can only be remedied if global connections and flows allow a revival of the projects of the 1980s. The project of the *Comissão* to foster active citizenship in Jardim Oratório may depend on the development of global civil society (Waterman 2001).

But the resurrection of the cooperative projects is unlikely to happen, and were the vision and energies of the *Comissão* to be mobilized and resourced once again, then Jardim Oratório might not be the appropriate location for the old projects. This consideration, together with the political context revealed in Snapshot 4, suggests that the *Comissão* no longer has its small local role to play in the development processes of new development theory. Snapshot 4 shows us the local state, even in the hands of the Party of the movements, co-opting and taming the leaders of the *Comissão*, subverting its projects of creation and participation, even as it attends to its long-standing demands. The temptation is to generalize from snapshots 2 and 4 that synergy between local state and local movement associations is well nigh impossible: the state, impelled by the logic of maximizing control and minimizing uncertainty, will either lock out the local movement or co-opt it. If we view the snapshots in the light of the sorts of discursive dichotomies listed above, then we might conclude that the *Comissão* never had anything to do with the development processes represented in Figure 1.

I argue that that is not a necessary conclusion, and that the *Comissão's* story, placed in the context of the movement network of which it is a part and interpreted in the light of a more dialectical and historical perspective, helps us understand the real and remarkable - if flawed and discontinuous- development that has taken, and is taking place, in Brazil. This is development as conceptualized in new development theory, envisioned by the *Comissão*, and realized through synergies of the state, NGOs and local associations in social movement networks. This is development that can be traced even as contributing partners to the synergies that achieve it, like the *Comissão*, come and go, their fortunes ebbing and flowing.

So we conclude with a consideration drawn from that alternative perspective. Synergy might be achieved not only by value-added exchanges between strictly and permanently separated parties (the NGOs, local movement associations, and the local state), but by transfers of personnel between the parties. So we have -as indeed happened in Jardim Oratório- state educational, health and welfare officers becoming movement leaders, while movement leaders become NGO staff, state officials, and even (albeit elsewhere) elected legislators. Synergies then occur as the vision, discourse, and experience of the local movement associations, enter and transform the other parties. There is nothing automatic or guaranteed here, of course. All syn-

ergies, however they occur, are always fragile; scaling up is, of necessity, fraught with reverses and corruptions.

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POVERTY, POLICY AND 'SLEIGHT OF HAND' IN BOLIVIA AND LATIN AMERICA

INTRODUCTION

Most of us are aware that what government says and what government does are often two quite different things. It is not uncommon in liberal democracies for political parties to make great promises in their election campaigns only to forget those promises once elected to government. For most of us, the common explanations of a need for political pragmatism, the challenge of multiple demands and economic constraints are sufficient. As long as there is some kind of stability, some kind of general prosperity, the 'Magic of the State', as Michael Taussig (1997) calls the legitimizing techniques of nation-states (the evolution of a common national identity, culture and spirit), and a

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belief in the benefits of liberal democratic government, allow us to overlook the gaps between political rhetoric and political reality.

However, in countries where there is no political and/or economic stability, or where the ties of nationalism and the magic of the state are weak, these gaps cannot be overlooked. Here the political sleight of hand, the attempt to make us believe in something that never was and may never be, not only fails to convince, but generates reactions of disillusionment and increasing anger with the limits and contradictions of government. I argue in this chapter that recent signs of disillusionment and periodic outbursts of public anger in Bolivia are largely to be explained by this reasoning.

This chapter argues that there is more to the ongoing social unrest in Bolivia than the social and economic problems of the country. Despite the attempts by recent Bolivian governments to introduce policies explicitly designed to target poverty, mass demonstrations and road blockades continue to occur, and with increasing frequency. The Bolivian government and international organizations are surprised by the poor results of their efforts to reduce poverty by opening up new market opportunities and political spaces for marginalized sectors of the population. By doing all they can think of to improve the lot of the poor, the continuing unrest is generally attributed by them to the continuing disruptive effects of the coca trade and the militant conservatism of the country's ethnically polarized society. Here I argue that, whilst the features they identify do have a negative influence on national development, the real issues thwarting the reduction of poverty in the country are the political limits of accepted policy debates and solutions. Furthermore, I argue that this problem is clearly not limited to the Bolivian case.

Many of the details I describe in this chapter are specific to the political and historical background of Bolivia, but there are also clear resonances of the social conflicts and blockages to policy formation seen elsewhere in Latin America and the Caribbean. Despite overtures to the contrary, current development thinking in the region remains largely restrained by a dogmatic acceptance of market-oriented liberalism. All too often, the hopes created for the poor by legislation to reduce national debt, support local democracy and enshrine popular participation, dialogue and cultural sensitivity are robbed of their impact by concurrent legislation for governance, privatization and the reduction of public spending. Whilst the rhetoric of government and development specialists promise increased freedoms, reform packages

deliver increased burdens in the form of further supervision, restriction and obligation. This sleight of hand, the presentation of something other than it really is, is not only barely sufficient to convince the international community of the area's investment viability: for a growing number of the region's inhabitants, the current contradictions of democratic government and development policy are becoming increasingly obvious and unacceptable. Despite the creation of new political spaces in national decision-making structures, the strict control of which, and how, people can be heard add to a general sense of disillusionment with the state and the role of government.

PRO-POOR POLICIES IN BOLIVIA

By the 1990s, Bolivia had not only developed a functioning democracy, but also reached a stage where there was sufficient interest in and outside the country to introduce government policies specifically targeted at the reduction of poverty. The strategies adopted by the government were aimed at opening up not only new development and market opportunities, but also political spaces for marginalized sectors of the population. For the first time constitutional changes in the early 1990s recognized the pluri-cultural nature of the country's population¹. Ratification was also made of international agreements on human and indigenous rights. In addition to these, the Bolivian government introduced a number of practical and technical changes. The most important of these was the Laws of Popular Participation (1995) and Administrative Decentralization (1996). Taken together, these reforms had the goal of redistributing government powers and development finances to previously impoverished local municipalities. At the same time, they also introduced a new system of local government that promised not only to be accountable and transparent to the local population, but also to create a marriage between local liberal democratic government and traditional leadership and organizational structures.

Other important social policy initiatives taken by the Sanchez de Losada administration included the introduction of a new Agrarian Reform Law (INRA), designed to guarantee and regulate existing private and communal land titles, reform of the schools

¹ Bolivia has an indigenous population of just over 50%, and in these terms is only comparable with Guatemala.

including an attempt to introduce bilingual education, and a new system of pensions (BONOSOL). Micro-credit and micro-financing schemes were also set up during this period and continued with state and international support.

Despite the democratic election of an ex-military dictator² to the presidency at the end of the last decade in the last millennium, the Bolivian government's line on combating poverty through democratic measures did not, at least on paper, change. Indeed Banzer's campaign slogan appealed directly to the basic needs of the poor, i.e. 'Bread, Roof and Work'. As well as military action against the coca growers in the Valleys of the Chapare, the Bolivian government continued municipal level reform, while electing a commission to look into the upholding of human rights.

Following the World Bank's introduction of the Poverty Reducing Strategy guidelines in 1999, Bolivia became the only country in South America to join the World Bank's *Highly Indebted Poor Countries* (HIPC) initiative. As well as the creation of a more favorable debt repayment climate and the capital investment this was to afford, the initiative involved the definition of a *Poverty Reducing Strategy Paper* for the country (PRSP). The PRSPs are the World Bank's practical reply to the UNDP's Millennium Development Goals (MDGs) in which extreme poverty and hunger are to be halved by 2015. The rules governing the PRSPs ensure that debt relief money is directed to poverty reduction, and respond to obvious criticisms and weaknesses in the ownership of previous reforms by involving broad-based participation by national governments and local civil-society in all operational steps. In order to qualify for debt relief, governments must produce a PRSP that clearly states how they intend to target poverty in national development, as well as respond to the needs and interests of the national population (Bendana 2002). In Bolivia, the local version of the global initiative is the *Bolivian Poverty Reduction Strategy* (EBRP)³.

The PRSP process encourages the use of qualitative consultative methods to gauge the interests and opinions of civil society. In Bolivia, these regulations have created the basis of a 'National Dialogue' whereby the population was to be consulted about national economic policy, the allocation of HIPC resources, and public interests in development (UDAPE 2000). The first phase of this process produced vari-

² General Hugo Banzer was head of the military regime between 1971 and 1978.

³ *Estrategia Boliviana de Reducción de la Pobreza*.

ous positive outcomes, principally an agreement to foster a program to reduce poverty and boost economic growth. The Operational Plan of Action taken over by the second Sanchez de Losada administration and designed by the Bolivian government's Social and Economic Policy Analysis Unit (UDAPE) for 1997-2002 was based on the four pillars identified by this process, i.e. opportunity, equity, dignity and institutional reform.

RHETORIC AND REALITY

As a result of its impressive record of pro-poor policy, Bolivia has been hailed by leading figures in the World Bank and the international community as a 'good practice' example of development and democratic government reform⁴. However, despite the exuberance voiced for the Bolivian model of democratization and poverty reduction by the international community, there is now growing recognition amongst both researchers and development practitioners alike that the positive impacts of these measures have been exaggerated.

Bolivia remains one of the poorest countries in South America. Although the UNDP claim that a better infrastructure for dealing with poverty has been created in Bolivia as a result of the recent rise in social investments, they admit that little progress has been made in welfare measured by income and levels of consumption (UNDP 2002). Indeed the UDAPE report that between 1999 and 2002 a further 382,000 people were forced below the official poverty line (in simple terms, incomes below US\$2 a day). As a result, poverty rose from 62% to 65%, and in some rural areas in the highlands of the country it is estimated to be as high as 82% (Landa 2002; Hernani 2002). In the years 1999 to 2002, the gap between rich and poor has also increased. The median income of 90% of the population is now 15 times larger than the poorest 10%⁵. Although the Bolivian economy continues to grow by 2.8%, because most of that economic growth has occurred in areas of high productivity (principally the finance sector), it has

4 Comments made by Dr Deepa Narayan, editor of the World Bank's "Voices of the Poor". NORAD Conference, Oslo, Norway, October 2002. Similar comments have also been repeated in recent research findings focused on government and economic reforms in the country, e.g. 'Decentralization and local government in Bolivia: an overview from the bottom up' by Jean-Paul Faguet, London School of Economics, Crisis States Program, Working papers series no 1, May 2003.

5 Gini index co-efficient of 0.56.

absorbed only 10% of the workforce. It is now estimated that 67% of the Bolivian workforce is employed in the informal sector.

There also seems to have been little improvement in terms of expanding the country's democratic development. Although there has been a great deal of political rhetoric about participation and democratic opening, it still appears that a lot of voices are not being satisfied, or given place in the redesigned local government structures of Bolivia. Over the last few years, strikes amongst diverse sectors of the country's urban and rural work force remain common, roads remain blocked, and mass marches and demonstrations by indigenous peoples from the Highlands and Lowlands of the capital have occurred with greater and greater frequency. Indeed, the President of the Republic, Gonzalo Sanchez de Losada, was forced to flee the country in October 2003 following a series of militant demonstrations during which a number of government ministries were left in ruins.

THE DEVIL IS IN THE DETAIL

Given the continuing levels of poverty and social unrest in Bolivia, things are clearly not turning out as governmental policy-makers and their international supporters had intended. Poverty and democracy remain on the agenda as the two greatest social and political issues to be addressed by government and local populations in Bolivia. In my opinion, the explanations on offer are not convincing. The war on drugs has failed, but not only because of disenchantment with market liberalism. Farmers involved in the growing of coca are critical of the rules under which current market policies operate, but are even more critical of the state's rigid defense of traditional means and understandings of government. Mainstream political parties have failed to come to terms with the rural and indigenous population, but this has nothing to do with indigenous conservatism.

I argue here that the greatest barriers for Bolivian development and democracy are the continuing limits placed on the notions and structures of democracy in the country. Findings from the local level, in my case from the Municipality of Santuario de Quillacas, an Aymaran speaking community in the Southern altiplano, demonstrate that there is a *sleight of hand* in the processes of reform and development carried out in the name of poverty reduction and democratization. Moreover, they show that local people are more than aware of this sleight of hand.

POPULAR PARTICIPATION AND ADMINISTRATIVE DECENTRALIZATION IN BOLIVIA

From the point of view of administrative decentralization in Bolivia, the above mentioned laws made two fundamental provisions. One concerned the political structure of the state, the other the fiscal and financial relationships between the different levels of government. Together with the revised Constitution, the laws created new layers of autonomous elective local government at the departmental level and at a level previously identified by sections and provinces. These provisions have the effect of driving down a significant proportion of government revenue (approximately 20%) to a level of local government where, from the point of view of significant public expenditure, the Bolivian state barely existed before. In addition to the re-distribution of taxes, local governments were also given permission to apply for extra funding from non-governmental agencies and other financial agencies such as the Social Development Fund (FIS) and the Peasant Development Fund (FDC). According to figures from the Bolivian Ministry of Finance, total local government budgets increased by more than 50% between 1994 and 1995.

In addition to new financial arrangements, the Law of Popular Participation made provision for the entire territory of the Bolivian nation to be re-surveyed and divided into newly defined urban-rural administrative constellations known as Municipalities: a process in which old municipal, provincial and departmental borders were reconsidered, and in some areas significantly redrawn.

Although there were no changes to the old political constitution of municipal governments as such, important openings in the types of organizations that could participate in this representative system were created by the new laws. In addition to different kinds of jurisdictions, the Law of Popular Participation put in place the means by which indigenous forms of community self-government could become participating actors in Bolivian democracy. By registering as Territorial Base Organizations (OTBs), traditional organizations were granted legal standing and delegated the official role of supervising the satisfactory execution of municipal plans. A report produced by the University of Stockholm argued that these OTBs were the linchpin of the reform, in the sense of realizing a marriage between the representative democracy of the state and the traditional-participatory systems of indigenous peoples and communities (Booth, Clisby and Widmark

1997). By opening the administrative system up to new political agencies, this legislation appeared to open up the possibility of moving away from liberal governments' enshrinement of individual rights at the expense of cultural and group rights.

HOPE AND DISAPPOINTMENT

Despite the rhetoric of democracy and successful reform created by the Bolivian government, research conducted by independent analysts at the local level in the Bolivian highlands shows local people's disappointment with the results of Popular Participation and Administrative Decentralization. Research reveals that although things looked good on paper -i.e. people were voting in local elections, attending meetings, registering their organizations and making development plans, etc.- people themselves didn't perceive any return for their actions.

Indeed, there were very few concrete signs that improvements were being made either in terms of local governmental representation or of local development. It reveals that while making ostensibly significant changes to government structures and political opportunities, in many local rural communities reform had occurred in name only.

To start with, the major impediments to positive change were identified as being technical in nature. Indeed, although some mention was made of the lack of sufficient national funding to support the implementation of reform, most early critiques tended to characterize the problems of popular participation and decentralization as resulting from a series of deficiencies at the local level. Analysts pointed out the insufficiency of education levels and training at the local level (Ticehurst 1998; Booth, Clisby and Widmark 1996, 1997; Arias 1996; Lee Van Cott 2000; Calla Ortega and Perez Arenas 1995). It was highlighted that although a significant proportion of municipal staff demonstrated honesty and commitment to their work, most were of urban background with scant or no technical experience of municipal management (Calla Ortega and Perez Arenas 1995). According to the estimates of the National Secretariat for Popular Participation in 1995, 85% of OTB leaders were functionally illiterate.

Even if municipal staff and civil representatives were suited to their new work, critics of the reforms highlighted that the level of training and information given to them by the state was insufficient. In a report produced for TYPI-DANIDA on the situation in Northern Potosí,

the authors wrote: "Municipalities demonstrate little knowledge about the infrastructure which supposedly has been passed into their hands and even less respect of what they will try to achieve with the education reform" (Calla Ortega and Perez Arenas 1995: 31). Where municipal staff education was a problem, public education and awareness were an even greater problem. Critics contend that the effort of the government to diffuse information about the law was insufficient and left the majority of the public unaware of its nature and its impact on their lives (Lee Van Cott 2000). The majority (52%) of Vigilance Committees polled by the National Secretariat for Popular Participation said they urgently needed more training in order to examine the annual operating plan (POA) of their municipality and to judge whether projects were being implemented properly (SNPP 1996). They struggled with new bureaucratic language and with the new bureaucratic ritual required of them (Bigenho 1999). They lacked the resources to hire technical advisors, and most technical assistance provided by the government has gone to municipal governments.

According to critics, a combination of low education levels and poor training was responsible for what was, in a context of extreme poverty and unmet basic needs, to be the frivolous use of resources in the first year of the new laws. Many municipalities had chosen to spend money on visible urban improvements (e.g. the rebuilding of the town square, the building of new municipal offices, the construction of sports grounds) rather than on productive and infrastructural development. After the first year, the direction of spending changed as a result of an increase in state-sponsored training and education. Spending shifted to social welfare investments -primarily basic sanitation, schools and health posts and drinking water- with a good proportion continuing to go towards urban improvements such as sewerage systems (Lee Van Cott 2000). However, as a number of authors have suggested, the continued urban bias in investment points to the better-organized demands of elites as well as to the quicker results of urban infrastructure projects compared to productive investments, which require greater technical and managerial capacity (Moe 1997: 8)⁶.

Although agreeing with these initial critiques of the participatory and decentralization reform process, recent research carried out by myself and others (McNeish 2001; Jansen 1999) demonstrated that

⁶ Also see Gray-Molina '¿Adonde fue la plata de la participación popular?', *La Razón*, 25/5/97.

the problems faced by reform were in reality larger than those restricted to the functioning of local governments. Contrary to the pervading rhetoric of responsiveness and openness, it was discovered that strict limitations and restrictions were being imposed by the government on local participation in the new development planning process. Although legislating for people to take part and be consulted within the process of participatory planning, this was only allowed to take place within the prescribed parameters of a state methodology (Lee Van Cott 2000; Calla Ortega and Perez Arenas 1995; Blackburn and Holland 1998; Grey-Molina 1999; DANIDA 1998).

The government's justification for fostering the methodology of participatory planning was that it privileged social demand. However, by defining a strict set of checks and balances that by outlawing any alternatives pushes an agenda mainly concerned with infrastructural and production development, it was pretty clear that the government was reluctant to relinquish any real control over national planning. Rather than provide a sphere for democratic deliberation on public policy among autonomous civil society organizations and the state, the law convened certain specified groups to engage in a prescribed methodology of participation in state-specified public policy matters.

My own research shows that the formulation of municipal development plans was heavily influenced by external consultants belonging to the Municipal Strengthening Units from the regional development corporations (CORDES). These consultants provided facilitation and training in participatory methodologies to help articulate local needs, perceptions and priorities. However, those same consultants were also required by the government to fit local priorities into a standard format to be presented to departmental authorities (Blackburn and Holland 1998: 36). According to a report on Northern Potosí by TYPI-DANIDA, "In the majority of cases there is a great gap between what municipal authorities and community members think is necessary" (Calla Ortega and Perez Arenas 1995: 30). In my own research, the Municipal Mayor of Santuario de Quillacas commented: "Central Government always seems to have a different perspective to us. They seem to have real problems integrating our ideas with the Departmental Development Plan".

In addition to these and other limits placed on participation and decentralization by the government and national political parties, there were also clear signs of ongoing conflicts based on differences in culture and tradition. Although the laws proposed a marriage of liber-

al representative democracy and ethnic community-based structures, local traditions and forms of organization often clashed with the requirements of state law and office (McNeish 2002).

The main cultural critique of the Laws of Popular Participation and Administrative Decentralization was the impact they were seen to have on community boundaries. As mentioned above, the creation of new local government structures in Bolivia required the physical and political re-delimitation of municipal territories. With these reforms, the state tried to occupy the whole national territory through the recognition and territorial delimitation of municipal jurisdictions. This was meant to solidify sovereignty and state modernization (Bigenho 1999). The old political and administrative map of Bolivia was well known as a series of inconsistencies that had long needed correction. However, the proposed administrative division of the country brought with it a great number of delimitation conflicts between municipal sections. Territorial limits had not been a pressing issue when local government had neither the responsibility nor the funds to attend to marginal areas. However, now that they did have the funds, local communities had even higher invested reasons to claim and dispute particular areas for historical, economic and demographic reasons.

During the first year after the introduction of the reforms, a National Inter-Ministerial Commission on Boundaries (CONLIT) was created to coordinate the different maps and lists of five different ministries to define the boundaries of the new municipalities and their cantons. In the course of this process, all sorts of problems arose. Two municipalities existed according to the records in an area where no people lived; three municipalities existed but had never officially been registered, although elections there were held on a regular basis. Lots of communities protested because they had been placed in the wrong municipality, province or department, or because their boundaries had been drawn wrongly (Ramírez Velarde 1996:118). In 1996, CONLIT was dealing with close to a hundred boundary conflicts throughout the country. Some involved unresolved claims over important natural resources, such as natural gas and wood, which in the form of levies could significantly increase municipal spending capacity. However, it was also not uncommon still to find municipal, provincial or even departmental contours segmenting singular ethnic territories. The cutting up of territories and cultural units over which ethnic organizations exercised authority may have taken away from these groups any form of empowerment that they had gained through the rest of the process.

It was this experience of ‘disempowerment by boundaries’ which in 1997 caused people I know to make comments such as: “The laws express respect for our norms and customs and promise positive change in local development, but still they appear to take little account of our lands, customs and culture”.

SCALING UP?

It would be wrong to characterize all policies and processes of democratization and poverty reduction in terms of the failures and difficulties seen in Bolivia. Indeed, it would be both methodologically flawed and logistically impossible to comprehensively characterize what was happening in such greatly differing historical, political, social and economic contexts. Even within Bolivia itself there is some variation between regions and cultural areas in the way that different policies have been experienced and had impact⁷. This said, there are clear resonances between the Bolivian case and the social conflicts and blockages to policy formation seen elsewhere in Latin America and the Caribbean. Here I argue that these similarities are the result of the similar origins, intent and content of reform in the continent. I also argue that they result from the way in which debates about democracy and development are largely restrained by the seldom-questioned political hegemony of market-oriented liberalism. Although there are some exceptions, this paradigm continues to set the limits to acceptable meaning, and therefore to acceptable policy, in Bolivia and the rest of the continent.

Again, my research on popular participation and administrative decentralization serves to demonstrate these points. Popular participation and decentralization are widely celebrated as institutional responses to the challenges of economic regionalism, governance, development planning and the distribution and balance of power. As such, they represent central tenets of national strategies for poverty reduction and democratization. Schemes for administrative decen-

7 In interviews I carried out with Alcides Valdillo, Director of Municipal Strengthening at SNPP, and David Teuchschnieder, of the World Bank, areas such as Santa Cruz and Tarija in the Bolivian Lowlands were described as far more promising and trouble-free than the highlands. Municipalities are larger, and therefore, on a per capita basis, receive sums of money more realistic for administration and development investment. Indigenous power structures in these areas were described as being more easily identifiable, and their local leadership more willing to compromise and listen to what the state was offering.

tralization of the state and participatory development were introduced by a large number of Latin American governments in the 1980s and early 1990s (Figure 1).

FIGURE 1
COMPARATIVE TABLE OF POPULAR PARTICIPATION AND DECENTRALIZATION
IN LATIN AMERICAN COUNTRIES (BASED ON MARTINEZ, 1996: 114)

	Latin American Countries					
	Peru	Ecuador	Colombia	Venezuela	Mexico	Bolivia
Date Introduced	1984	1978 1983	1982 (1986)	1978	1983	1994
Government	Belaunde T. Alan Garcia	J. Roldos F. Cordero	Birigilio del Barco	Herrer Campins	Miguel de la Madrid	Gonzalo Sanchez de Lozada
Int. Orgs	INEP-UNDP	UNDP	CINEP/UNDP	OAS	UN	UNDP
New Orgs	Dialogue Rimanacuy	Participatory Committees	PEZ, TZ, JAZ, CAPACA, CIPACU	Territorial Associations	Councils, Neighborhood Delegations	OTBs, CVs, SNPP
Objectives	Regional Development Decentralization	Development Training, Social Welfare.	Decentralization Development	Social Development Planning	Development Planning, Urban Problems	Local development Decentralization Health and Education
Resources	Municipal Res. % GNP	2% GNP	50% of GNP	Investment in Plans	Transfer of Resources to Municipalities	Municipal Finances, 20% GNP.
Location	Municipalities	Ministry of Labor, AME, CONADE	Municipalities	Municipalities	Municipalities Public Companies	Municipalities

Popular participation and decentralization have meant that new channels of communication are opened between local peoples and their central states. Greater numbers of people, including previously politically invisible groups such as women and the poor, are given previously unheard of access to local structures of power. Governments and supporters of the programs in non-governmental circles back administrative decentralization as a way to improve both the efficiency and the responsiveness of governmental institutions. Although claiming the homegrown nature of respective reforms, national governments

appear to learn from each other in including popular participation as the necessary responsive ingredient in their decentralization process (Martinez, 1996). Whilst this learning process appears to originate at home in most countries, the influence of economics and international organizations such as the UN, IMF and World Bank on those countries which have continued with programs of popular participation and decentralization is unmistakable (Palma Caravajal 1995; Montano 1996; Ospina 1997). In Bolivia, the World Bank had a key interest in pushing through legislation for local government reform, the financing of the implementation of reform and the blueprint for participation in planning. In Latin America, popular participation and decentralization programs were not only the result of a regional political mood-swing, but by and large carried out as a part of the structural adjustment process at the behest and with the support of the international community represented by the UNDP and the World Bank (Tendler 1997; Palma Caravajal 1995; Martinez, 1996; Caravajal 1995; Stiefel and Pearce 1982). The Municipality, a legacy of the centralized Napoleonic state structure shared by many countries in the region, was to be recast and granted a key role in most new programs for administrative decentralization (Nickson 1997).

In the drive to make local government structures and institutions function democratically, decentralization means the introduction, or reform, of some system of locally elected representatives and civil/state institutional communication. Within these systems, previously politically weak or marginalized sections of the population are ostensibly granted mechanisms to air their views and influence the processes of local decision-making. At least in the case of Latin America, this also means the decentralization of increased levels of resources, technical and financial, to the local governmental level (Tendler 1997, Palma Caravajal, 1995). Commonly, newly created and legally empowered local institutions are granted a role in the direction and supervision of the newly available finances.

GOVERNMENTALITY AND THE MENTALITY OF GOVERNMENT

As we know from experiences in Brazil, e.g. Porto Alegre (Abers 2000; Chavez Miños 2002), as well as reports from further afield, e.g. Juchitan in Mexico (Rubin 1997), there are 'good practice' examples of popular participation and administrative decentralization. However, despite the way in which these positive experiences are

picked up by many governments, international organizations and overseas development agencies as a vindication and basis for their policies, the multi-disciplinary research now becoming available demonstrates that these good practice examples are exceptions to the rule (Crook and Manor 1998; Steifel and Wolfe 1998; Martinez, 1996). For example, Martinez writes that in general he agrees with Ojeda Lautaro (1988: 80) on the fact that although programs for popular participation help to maintain the stability of the governmental system, they are usually “designed without the participation of its interests, without their goodwill or agreement. Rarely do they [the government] take into account local calendars and rhythms, or even less the specific cultures of the population; as a rule they are plans and rules imposed and alien to the concrete processes which operate in reality” (Martinez 1996:73). The research shows that although the language of decentralization and popular participation might appear radical as mechanisms of democracy and development, in practice governments and elites’ commitment to opening up the political system to ‘civil society’ seldom goes beyond rhetoric. Indeed, it would appear that whilst governments and local elites feel compelled to introduce democratic reforms as a response to national social and economic pressures, they are not only uninterested, but unable, to allow new structures to operate freely. According to Stiefel and Wolfe (1998: 226): “the few projects in which people’s participation has been successfully introduced and pursued are almost without exception ‘accidents’ ... normally due to the special efforts of one or a few committed individuals in the organization of the ‘target group’, and are not the result of any planned guidance by the organization”.

Using fear of ‘waste’, ‘bad management’ and ‘corruption’ as cause for intervention, processes for decentralization and popular participation are often deployed as tools for the re-establishment of centralized control. In the interest of sovereignty and governability, strict rules and numerous checks and balances are introduced and enforced to make sure that popular participation happens in a controlled and closely monitored environment. In the process, local informal systems of thought, organization and authority are re-engineered to match official requirements (albeit that they are locally manipulated and/or resisted). Indeed, although the policy language used to introduce decentralization and popular participation programs may talk of respect for local culture and organization, governments’ generally perceived need to define a standardized system for

the whole population makes such sensitivity difficult, if not impossible⁸. As Juan Gonzalez (2000: 3) writes about Colombia, “in spite of the political rhetoric used many times behind the discourse on participatory democracy and development in the country, it is the administrative approach which has become dominant”. Here, as an ideal, the formalized and formalizing logic of government, i.e. ‘the taming of chance’, differs little from that which has been applied by ‘modern’ governments since the middle of the nineteenth century (Scott 1998; Hacking 1990; Foucault 1991).

In many regards, the logic and practice of government, or indeed of power, has not been changed by the processes of decentralization and popular participation introduced over the last decade or so. Indeed, even if legal changes lead to real political openings in the future, there would nonetheless appear to be much in the current international climate of neo-liberal politics and globalization to bolster the continued legitimation of this status quo. There is a lot of evidence from Bolivia to suggest that decentralization and popular participation have become so widespread because of the backing they now receive, both from the international political system (UN, international NGOs) and international financial institutions (World Bank, International Monetary Fund, Inter-American Development Bank, etc). In many of the countries where structural adjustment programs (SAPs) have been applied, or where international development loans have become important (all of the countries mentioned except India), a secondary stage to the requirements imposed is an emphasis on government reform (Stiefel and Wolfe 1994).

Following the widespread economic crises in Latin America and other parts of the world in the 1980s, many international organizations started to push a package of reform across the world which combined an emphasis on both the economic and the political in its preoccupation with ‘governability’, i.e., in their terms, the condition of ‘governance’ necessary to create a stable market economy (Stiefel and Wolfe 1998). Within this new politics of governance there is a strongly publicized stress placed on the creation of democratic government, in that ‘emphasis is placed on free and regular elections, universal voter registration, multiple political parties, an independ-

⁸ Although with their emphasis on standardizing individual rights this is particularly the case in liberal democratic countries, it is even more the case in countries which still have authoritarian governments.

ent judiciary, constitutional rights for individual citizens, minorities and marginalized groups, and a free and independent press' (Webster and Engeberg-Pedersen 2000: 2). However, whereas emphasis on democracy is strong amongst international organizations, beyond the fulfillment of technical requirements there has been little or no concern given to the impact reforms have on populations, i.e. whether they have really made a difference to the empowerment of previously marginalized communities or not. No interest is given to the actual impact on the social relations of power within each country. Indeed, as regards decentralization and popular participation programs, it is simply presumed that their introduction is enough to produce democratic results (Mohan and Stokke 2000; Törnquist 1999).

Given the increasingly obvious limitations of international policy which relies on restructuring mechanisms such as decentralization and popular participation to create democratic government, a number of development experts have begun to ask why such a weak policy has been so widely and so uncritically accepted (Stiefel and Wolfe 1998; James 1999; Nelson and Wright 1995). A number of analysts have suggested that one of the main reasons why such policy has been able to pass with so little critique relates to a lack of 'conceptual clarity within the field of development itself'. Indeed, as Wendy James (1999: 13) warns, there appears "to be a climate of language which pervades the genre and can make it difficult to see the difference between advocacy and analysis, or even to see clearly what is being advocated". The outcome of reform is ambiguous because the goals and intentions of development experts and government reformers are themselves frequently ambiguous. Words such as 'participation', 'mobilization', 'animation', 'self-reliant development', 'dialogue' etc., are all interchangeably used by governments and the organizations that support them in these efforts. Some authors suggest that conceptual confusion serves a purpose, i.e. it allows governments and international organizations to limit themselves when convenient to general proclamations and advocacy of participation without having to spell out the practical implications, the political aspects, and thus the power consequences of participation (Stiefel and Wolfe 1998).

In contrast, or in complement, to this observation, other researchers suggest that the reason why state-sponsored projects for participatory development and administrative decentralization have had such ambiguous results relates to the way in which their ideas were adopted into current development practice. Looking at the sepa-

rate histories of participation and decentralization, there is no doubt that they have their roots in the radical debates and ideas of development practice of the late 1970s and 1980s. However, without denying the importance of development currents such as 'participatory action research' and 'participatory rural appraisal' as grounding methodologies, the explosion of state-sponsored interest in participatory development and administrative decentralization in recent years must be directly connected to the changing climate and governance of the world economy (Stiefel and Wolfe 1998; Nelson and Wright 1995).

The appropriation of participatory development and administrative decentralization by international financial institutions such as the World Bank as a means to soften their economic activities explains in large part why so many countries cite them as elements of national development policy. Indeed, as much as the World Bank's appropriation of these development ideas explains why the state-sponsored trend for these kind of development policies is so widespread, it also provides some indication as to why present applications of popular participation differ so much from the way they are understood in radical non-governmental development parlance. Whereas earlier development theorists supported decentralization strategies as a means to redistribute power, the Bank adopted them simply as a means to streamline and cut the costs of government administration. Although both development theorists and the Bank supported participatory development as a means to encourage the self-sufficiency of local communities, there is a crucial difference in their thinking. Other than financially supporting the technical design and introduction of participatory development and decentralization schemes, the Bank was in no way interested in covering the cost of the work towards self-sufficiency. This work would be on the shoulders of local communities themselves.

At the foundation of the World Bank's policy towards participatory development and decentralization is an ideological assumption about the role and responsibility of individuals. I argue that this market-oriented thinking also provides the basis for most Latin American governmental policy and development thinking over the last decade. This ideological assumption is also the root of much of the sleight of hand in such policy and thinking. Individual citizens are free to act in a society and market in which the state is omnipresent only to ensure that competition between these individuals is free and unhindered (Burchell, Gorden and Miller 1991: 119). This is a notion quite differ-

ent from the socialist and communitarian ideas of academics involved in debates about these kinds of development. Here the operative words are ‘stakeholder’ and ‘transformative’. These are, as Robert Chambers (1994) suggests, ideas borrowed from North American organizational management that emphasize “decentralization, trust, rapid adaptation, falling forwards and diversity”. Interestingly, the Bank’s understanding of self-sufficiency also appears to move towards an idea of disciplined liberal individualism favored by neo-conservatives. Here, we witness “the multiple responsabilization of individuals, families, households, and communities for their own risks” (Dean 1999: 165).

Through the practice of policy, the World Bank and governments who support it aim to create a new kind of subject, i.e. individuals who are self-sufficient and responsible for their own self-improvement (Shore and Wright 1997). Here the idea matches the analysis of ‘advanced liberalism’ made by Nikolas Rose in that the aim is “to govern without governing *society*, that is to say, to govern through the regulated and accountable choices of autonomous agents -citizens, parents, employees, investors” (Rose 1999: 298). Much like tenants’ associations in Britain during the 1980s, it is people themselves, rather than trained professionals, who are said to have the requisite skills and relevant knowledge essential for improving “their quality of life” (Hyatt 1997: 218). Indeed, as in this case, ‘poverty’ for the new subject “is represented not as a social problem, but as a new possibility for poor individuals to experience ‘empowerment’ through the actualization of their own self-management” (ibid: 219).

Under the logic of ‘new public management’, the state only acts to create the organizational conditions for its citizens’ self-realization. In this new dispensation, experts no longer act as the direct functionaries of a ‘social’ state. Instead, they act as competitive providers of information and knowledge -for example, risk assessments, that enable individuals and their communities to steer themselves. As Nikolas Rose (1999: 147) writes: “[T]hey tutor them in the techniques of self-government -as in the burgeoning of private consultancies and training operations. They provide the information that will allow the state, the consumer or other parties -such as regulatory agencies- to assess the performance of these quasi-autonomous agencies, and hence to govern them -evaluation and audit. They identify those individuals unable to self-govern, and either attempt to re-attach them, training, welfare-to-work -or to manage their exclusion -incarceration, revisualization of welfare”.

Fitting with this understanding, popular participation and decentralization can be seen to comprise elements which within the current social science debate on 'governmentality' are called 'technologies of agency', i.e. the strategies, techniques and procedures through which authorities enact programs of government (Barry, Osborne and Rose 1996). Or what Michel Foucault (1991), simply but obtusely, called the 'conduct of conduct'. Discussing the workings and attributes of advanced liberalism, Mitchell Dean outlines two principal technologies. The first comprises the extra-judicial and quasi-judicial proliferation of contract evidenced in the 'contracting out' of formerly public services to private and community agencies, agreements made by unemployed persons, learning contracts of school children, performance contracts between government ministries and senior public servants, enterprise agreements, and so on (Dean 1999). The second technology comprises 'technologies of citizenship'-the multiple techniques of self-esteem, of empowerment and of consultation and negotiation that are used in activities as diverse as community development, social and environmental impact studies, health promotion campaigns, teaching, community policing, and the combating of various kinds of dependency (Dean 1999). Dean (1999: 168) writes that these technologies come into play "when certain individuals, groups or communities become ... targeted as populations ... deemed to be at high risk ... Victims of crime, smokers, abused citizens, gay men, intravenous drug users, the unemployed, indigenous people and so on are all subject to these technologies of agency, the object being to transform their status, to make them active citizens capable, as individuals and communities, of managing their own risk".

In this society, government appears to be more facilitative and empowering, but is also more disciplinary, stringent and punitive. Government takes on less a directly directive and distributive role and more a coordinative, arbitrary and preventive one.

As means to encourage governance and the management of 'risk' (Beck 1992), popular participation and decentralization support an idea of empowerment. However, this idea of empowerment has been hollowed out, or 'depoliticized', to establish something quite different from the idea of sharing power and increasing political participation. Existing structures of power are ignored, and empowerment is understood mainly in the sense of having a place, a voice within an administrative or management system. 'Empowerment', as Wendy James (1999: 14) writes, "[N]ow seems to have little more body to it

than responsibility delegated from above, or from the centre, to monitor others below or beyond one, for whose activities one has to be accountable. One seems to be 'empowered' to take a shred of management responsibility and decision-making, but the contemporary sense of the word does not seem to entail any direct control of resources or scope to join with others at the same level in the structure to pursue collective bargaining with the centre".

CONCLUSIONS

In terms of policies for change, appearances really can be deceptive. Much of the literature on development, and the kinds of programs it legitimates, rest on a particular understanding of political participation as leading to the emancipatory empowerment of communities of people in the development process. It is implied that poor marginalized populations are capable of achieving development by themselves. All they need is some preliminary financial and technical assistance, and away they go. 'Help them to help themselves'. However, in application, this is not the way reform works. In practice, development practitioners and legislating governments question the knowledge and ability of people to help themselves. The fact that local populations have developed complex forms of organization and survived against the odds created for them by nature and government is ignored. Because local people are thought by government to lack the capacity and sufficient consciousness to bring about social transformation by themselves, they are made to participate in development through institutionally controlled structures for participation. In my opinion, this contradiction is the basis of the sleight of hand observable in most of the state-sponsored schemes for local democratization and poverty reduction in Latin America.

By denying people's agency and consciousness of their own problems, state-led programs for democratization and poverty most often neglect issues of power. In contrast to the rhetoric of empowerment, their real foundation in ideas of the 'responsibilization' of the individual do nothing in their own right to question, or seek to transform, existing power structures. The contradictions, or sleights of hand, might be obvious to the people they affect, but because of their politically tacit nature, they make the open discussion of alternatives extremely difficult. Indeed, through the structures of participation and government they institute, existing power structures are to some

extent given new justification and reason for being. As a result, existing class and ethnic prejudices within the institutional structure of the state also continue unchecked.

In Bolivia, a country where needs are great but the state has been historically weak, the contradiction of programs for democratization and poverty reduction creates an explosive mix. As a result of the lack of political will to listen, and evidence of the central governments real interest to expand its governance and please foreign investors, local communities have had little cause to believe the promises of established political parties. Consistently let down by government policies, and without any real functioning channels to express their needs or demands, local Bolivians have turned inwards to local traditions and historical experience for explanation and means of action. In some cases, this has brought about the reintroduction of a political rhetoric founded in the historical memory of earlier ethnic conflict. In others, it has inspired the creation of new political parties that mix modern ideas of justice and governance with ethnic symbols and interests. This might be a positive development. However, the events of recent years, and the frequently racist tone of political leaders' language, remind us of the widespread ethnic and class polarization in the country. They also remind us that local events are very much connected to and governed by more powerful external interests.

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EINAR BRAATHEN*

**SOCIAL FUNDS IN AFRICA:
A TECHNOCRATIC-CLIENTELISTIC
RESPONSE TO POVERTY?**

INTRODUCTION

The role of the state in poverty reduction is, arguably, limited to receiving blueprint policies from international finance and development institutions like the World Bank. A technocratic belief prevails, extolling that poverty reduction is the domain of scientific-technical experts, that the policy they prescribe is always right, and that the main challenge is proper management and implementation of the policy. Social funds provide a suitable empirical starting point for analyzing technocratic-managerialist practice against poverty. Do we find the same approach in all countries? Is there room for divergent approaches among public servants?

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In 1987, Bolivia designed the first social fund mechanism with support from the World Bank. According to a Bank report, its “objective was to provide short-term employment that would ease the hardships of economic crisis and adjustment in the late 1980s” (Chase and Sherburne-Benz 2001). In other words, social funds (SFs) were a temporary antidote to the adverse impact on the poor of the Structural Adjustment Programs. SFs provided a menu of possible projects with funding available to communities. The menu usually offered social infrastructure projects (construction of schools, health centres, roads and bore-holes). SFs were operated by semi-autonomous units or agencies, outside existing line ministries.

However, soon they became part of a larger strategy. SFs evolved to focus more on longer-term development issues of community development, capacity building and self-help at the community level and, more recently, at the local government level. By 2000, the World Bank had supported SF projects in over 50 countries with commitments of over US\$3 billion in World Bank resources, supplemented by an additional US\$3 billion from other sources (Chase and Sherburne-Benz 2001).

This chapter focuses on the two largest SFs in sub-Saharan Africa: Zambia Social Investment Fund (ZAMSIF), and Tanzania Social Action Fund (TASAF).

THEORETICAL POINTS OF DEPARTURE

First, we should build on Judith Tendler’s seminal critique of SFs (Tendler 2000). She concludes that they have no documented positive impacts on poverty. Instead of socio-economic functions, the SFs fulfill certain political-ideological functions: a process which in this chapter is called *technocratic clientelism*. The SFs reproduce clientelistic relationships between the donor (World Bank) technocrats and recipient governments on the one hand, and between the politicians and their constituencies in the recipient countries on the other. As a consequence, democratic government structures, particularly at the local level, are weakened. However, Tendler’s empirical evidence was limited to Latin America and the ‘first generation’ of SFs before the year 2000. A second generation of SFs was put into operation after 2000. They are characteristically part of a more comprehensive strategy for poverty reduction, based on debt cancellation –the Highly Indebted Poor Countries (HIPC) initiative– and

broad civil society dialogue –the Poverty Reduction Strategy Papers (PRSP). Do Tendler’s conclusions apply even in a different context, namely the ‘second generation’ SFs in Africa?

Second, we need to test the World Bank assertion that “[b]ecause social funds are flexible, innovative financing mechanisms, they have different features and objectives depending on where they are implemented” (Chase and Sherburne-Benz 2001). If this is true, it represents a blow against the basic assumption in Tendler’s critique. Tendler assumes that the SFs are trapped in a technocratic-economic assumption that one-size-fits-all. To what extent does the local context influence the features and functionings of structures initiated and funded by international financial institutions?

To answer this, an analytical model will be applied which may be termed the ‘technocrats-in-action’ approach. It is inspired by a pioneering Norwegian scholar, Knut Dahl Jacobsen, and his study on the role of the expert in the modernization of Norwegian agricultural society (Jacobsen 1966). The focus is on the political-social environment that put the public administration ‘under pressure’, and on the resulting response action strategies of the experts –their action models. The approach presupposes that the technocrats are inevitably politicized by playing important political roles, and enjoy a certain autonomy in defining these roles (action models). Hence, the approach is useful to explore the alleged flexibility of the SFs, albeit within a local political context.

The approach corresponds with a theory of the role of the state in socio-economic transformation processes, developed by Peter Evans. The theory holds that public technocrats may contribute to effective transformation only when they maintain a certain autonomy from the political power holders and share certain ideals and transformation projects with change-oriented groups in the society. The resulting ‘embedded autonomy’ is the main characteristic of the developmental state, and a necessary, if not sufficient, condition for socio-economic transformation (Evans 1995). A main aim of this chapter is to add to this theory that transformation requires public servants equipped with transformative, or radical, action models.

The chapter is structured in the following way. First, Tendler’s critique of the SF is deepened, suggesting the postulate of technocratic-clientelism. Then the technocrats-in-action approach is outlined in more detail. Some universal components of the action models of the SF technocrats are suggested, including the principles of New Public

Managerialism (NPM). This analytical approach is followed in a country-specific analysis in Africa. Two countries are selected: Zambia, because it was the first one to introduce SFs in Sub-Saharan Africa, and Tanzania, which set up SFs much later, but rapidly made them a key component in the government's strategy for poverty reduction. The SFs in Zambia are subject to empirical analysis, followed by a comparative view of those in Tanzania. The analysis is based on fieldwork focusing on SFs in 2003 in connection with two separate research projects on local government reform (Braathen 2002, 2003)¹. Differences between the SFs are found in the two countries. Local contexts do influence the features and functionings of structures initiated and funded by international financial institutions. In the concluding remarks, these findings are used to criticize both the World Bank's and Tendler's narratives of the SFs.

QUESTIONING THE SUCCESS STORY

The World Bank's first in-depth study of the SFs was carried out in 2000 (World Bank 2001). It was conducted in six countries: Armenia, Bolivia, Nicaragua, Honduras, Peru and Zambia. It focused on financial issues and econometric effects at the household and community level. The study considered the following issues: targeting (to what degree have SF resources reached the poor?), impact (what impact has the SF had on the community facilities it supported and households in those communities?), sustainability (are the community projects supported by the SF likely to be sustainable?), cost effectiveness (are community efforts to rehabilitate facilities through SFs cost effective when compared to other ways of rehabilitating such facilities?). The study found that the SFs reached the poor, had a positive impact on the community facilities and households, provided cost-effectiveness and were sustainable.²

1 The duration of the fieldwork focusing on SFs was about one week in each country. However, this fieldwork was embedded in larger research projects on rural development (Zambia 1998-2002) and local government reform (Tanzania 2002-2005), respectively. Both research projects were funded by the Norwegian Agency for Development Cooperation.

2 Background Notes for the World Bank's presentation of the *Social Funds Impact Evaluation* at NORAD/MFA, Oslo, 15 June 2001. See also Chase and Sherburne-Benz 2001.

TENDLER'S CRITIQUE

Tendler (2000: 114) confronted these conclusions in an article with the ironic title *Why Are Social Funds So Popular?*: "They are said to reduce poverty and unemployment, and to bring services and small works to myriad poor communities in a way that is decentralized, demand-driven, participatory, low in cost, and fast-disbursing".

Apart from the claim of fast disbursement of credits, Tendler finds evidence that none of the claims favoring SFs are true. Rather, they point in the opposite direction, as donor-driven, supply driven, not very decentralizing or participatory devices. The SFs produce no visible pro-poor sustainable impacts. Instead of supporting long-term public sector reform, aiming at improved pro-poor service delivery by means of a thoroughly democratic transformation of the state and the state-society relations, the World Bank seems to favor a strategy that produces more measurable short-term results: construction of service facilities 'low in cost, fast-disbursing'. Nevertheless, seemingly invulnerable to evidence-based criticism, the SFs play an ideological role, in boosting the (self-) esteem of the World Bank. In particular, it plays a conservative-political role in promoting *technocratic clientelism*: it reproduces clientelistic relationships between the donor (World Bank) technocrats and recipient governments, on the one hand, and between the politicians and their constituencies in the recipient countries on the other. The SFs help the Bretton Woods institutions sell austerity and neo-liberal reforms to borrower countries, while presidents and other elected officials regard the SFs as a blessing to meet electoral needs. Like other distributive programs managed in a discretionary manner, the SFs are excellent vehicles for political patronage. They help leaders of local constituencies to make up for the losses stemming from austerity programs. Tendler's critique has been supported by recent research on the SFs in Malawi, which to some extent have been subject to elite capture (Bloom et al 2004).

THE TECHNOCRATS-IN-ACTION APPROACH

Although Tendler's criticism is welcome because it stimulates debate and new research, it is theoretically one-sided. Her approach is basically economic, and assumes an *a priori* and unitary rationality on the part of the main actors –the technocrats and the politicians. There is a belief that because people might have a direct interest in a certain social arrangement, this is why the arrangement came into being, and

as a consequence they do everything to defend the arrangement as successful. However, the group interests may have been socially constructed contemporaneously or *a posteriori*. Consequently, it is likely that practice creates a multiplicity of experiences, assessments and perceived interests among the main actors.

The challenge is to capture this multiplicity in practices and rationalities. Are they static or dynamic, solid or contested, converging or diverging? To what extent has one type of practice become hegemonic within one group of public managers and professionals, and why?

THE TECHNOCRATS' MODELS OF ACTION

The concept of action model is a heuristic device to understand hegemonomies as they are internalized and (re-) interpreted by professionals engaged in public services. Focusing on technocrats-in-action, we must look at how they interact with whom in their environments and work organization. Policies and power structures in the political-administrative system, like specific policies and management structures in their work organization, may influence the technocrats' scope of action. Since the technocrats are supposed to serve the public, two types of relationships are worthy of particular attention: those with the political authorities, and those with the clientele.

We should also identify what technocrats bring from their past when they enter into interaction with politicians and clients: the social identities, shared technical-professional values and ideological influences among them. These are the main components of an action model (Jacobsen 1966). This approach has many resemblances with Bourdieu's emphasis on the 'habitus' of the actors and their usually conflict-ridden 'fields' of action (Bourdieu 1977). The action model is usually dynamic –changing over time as a result of practice, and it is often contested by other actors with other models, within the work organization or the broader field of practice. It is of particular interest to examine what the action model is composed of, the extent to which it enables collective action among the technocrats, and the extent to which they can reshape their relationship to the political authorities and to the clientele in their own image.

In the concrete analysis of the SF technocrats and their action models, we should distinguish between:

- a general 'influence' analysis, reconstructing the 'universal' policies, operational guidelines and professional-ideological values that constrain the technocrats and provide basic inputs to their action models. In the case of the social funds, they stem from the headquarters of the World Bank, which has tapped into a 'global' discourse on good governance/good management;
- a country specific analysis, looking at the concrete field of practice of the actors, in particular the political environment, the SF technocrats' relationship to the political authorities, the technocrats' relationship to the clientele, and the technocrats' action model and the extent to which it has spurred a transformation of practice in the field.

GENERAL INFLUENCE ANALYSIS

There are two sets of ideas that seem to have influenced the SF technocrats when a 'second generation' of SFs was set up after 2000. The first set came out of a fusion between the discourses on 'good governance' and 'poverty reduction', in which the World Bank was instrumental in the policy innovation and fusion process. The second set is inherited from the 1990s –the New Public Management (NPM) principles (Braathen and Palmero 2001).

When good governance and poverty reduction emerged in the 1990s as two dominant themes in development studies and co-operation, they initially developed in partial isolation from each other (Goetz and O'Brien 1995). On the one side, 'poverty' was dealt with as a problem in itself, ignoring the fact that it results from the interaction of economic, social, political and other contextual factors (Øyen 1996). On the other side, the 'good governance' advocates focused on legally sanctioned institutions and relationships, and thus on issues such as the judicial system, public administration reform, accountability, democratization, transparency, etc. Thus, as Sobhan (1998) argued, few attempts were made to concretely link these concerns with development outcomes, and with poverty reduction in particular. However, the World Bank then appeared to effect some important interventions into the debate. First, they conflated the governance and management issues so that NPM became part of the 'good governance' agenda. Secondly, the Bank fed these management ideas into the international poverty agenda in publications like the World Development Report 2000/1 (Braathen 2000). In this context, social

funds appeared to be a tool for well-governed and pro-poor public action. Therefore, it might be proper to assess to what extent we can identify influence of the NPM ideas on the SFs.

The main tenet of NPM was to meet the needs of the citizenry through effective service delivery. This is sought through several sets of measures. The first is increased discretionary powers to state managers, with a focus on results rather than procedures. The second is to make service provision more demand-driven, that is, to run it according to market or quasi-market principles. The third is an emphasis on 'public-private partnerships' (e.g. privatization in terms of outsourcing certain services to private businesses, as well as increased user participation in planning, running and financing service delivery). The emerging complex organizational arrangements are supported by principal/agent theories, suggesting a separation of policy-making (performed by principals), regulation and operations (performed by agents). A main critique has been that it tends to sideline democratically elected bodies and depoliticize public policy-making. It limits influence from the population to atomized or local user-committees, while the organization of citizens in nation-wide civil society or political organizations is discouraged (Kettl 1999; Christensen and Laegreid 2002).

When looking at the main principles of operations of social funds, they indeed reflect the main principles of NPM. SFs typically are run by semi-autonomous units or agencies, operating outside line ministries (which is made easier when initiated and funded by the World Bank, the main principal); make grant funds available to communities or municipal councils, to enable them to choose from a menu of possible projects (such as a well, a health centre, a school, a grain mill or road repair); out-source project design and construction to local and/or private actors, outside the government procurement regulations; require a local (community) contribution, roughly 10-15% (Tendler 2000).

The first principle supports the NPM norms of increased powers to managers to achieve certain results. The second underscores demand-driven service provision and development, while the third and fourth are in accordance with the gospel of demand-driven service provision and local community-based 'public-private partnerships'.

COUNTRY-SPECIFIC ANALYSIS IN AFRICA

THE POLITICAL ENVIRONMENT

What many NPM reformers tend to ignore is that the 'modern' institutions and mechanisms needed to bolster NPM forms are too weak in the African political context. The post-colonial African state is usually very different from the Western state.

The administrative systems in post-colonial states are hybrids of patrimonial (private oriented), bureaucratic (universal law and rule-oriented) and professional (client- and goal-oriented) subsystems. With Médard (1982, 1995), we may define such hybrids as *neo-patrimonial*. Patrimonialism in Sub-Saharan Africa is characterized by the following three features:

- Personalistic rule and politics centered around 'big men';
- A lack of distinction between the public and private domain. Although 'modern' legal and administrative systems are assimilated, they are invaded or co-opted by the private domains of the 'big men'. Politics becomes a kind of business, because it is political resources that give access to economic resources. However, the formal co-existence of legal-rational and patrimonial logics of action makes the state *neo-patrimonial*;
- Clientelism. The 'big men' (patrons) may well abuse state resources not only for themselves, but also for their main supporters, and for political legitimation. Mass politics is structured around vertical clientelistic relationships (Médard 1995; Bratton and de Walle 1997; Chabal and Daloz 1999; Braathen and Orre 2001).

When the patrimonial sub-system is dominant, NPM-related reforms have a very inadequate human resource basis. That condition cannot be changed through mere training and education (capacity building) programs.

Second, the political and social institutions that could provide a check on the patrimonial-administrative system are underdeveloped. Even in the most developed countries, increased discretionary powers to state managers, privatization and outsourcing tend to increase corruption and other side effects (nepotism, favoritism, clientelism and other patrimonial practices) (see Kettl 1999). If this takes place in the 'developed' world, what could one expect from NPM-related reforms in 'developing' countries? Particularly in Africa, the democratically

elected bodies are weak, and their control of the administration through mechanisms of accountability is at best limited.

In this African context, two crucial aspects of the role of the technocrats need to be clarified. First, the extent to which they manage to fence off their professional practice from undue interference from personalistic rulers. This is the question of technical autonomy. Second, the extent to which they can transcend the clientelistic practices of 'big men' nationally and locally –in other words, how the technocrats structure their embeddedness. Do they serve the democratic structures of the poor citizenry, or do they mainly operate in networks with the existing elites that blur the public-private divides?

THE TECHNOCRATS' ACTION MODEL: RADICAL OR CONSERVATIVE?

A radical action model aims at changing the state-of-the-art in the parameters mentioned: the political environment, the relationship to the political authorities, and the relationship to the clientele. A radical action model is a necessary, although not sufficient, device to produce such changes. A conservative action model helps maintain the existing power relations. As ideal-types, the distinction between radical (transformative) and conservative (neo-patrimonial) action models might be found along the following dimensions.

In the relationship to political authorities, a *radical* action model is concerned to protect the collective technical autonomy of the professionals. They want recruitment to public service according to qualifications and merits. A radical action model unites the professionals and helps develop a strong professional ethos or 'esprit de corps', with strong commitment to certain goals, values or codes of conduct. It helps them combat patrimonialism and other particularistic, private -and elite-oriented types of conduct. Their loyalty is towards non-personalized institutions like the democratic constitution, the rule of law and approved public policies. They want organizational autonomy more from the political rulers than from other administrative and political institutions of the country (Jacobsen 1966). A *conservative* action model does not embody these concerns, and may emphasize the loyalty to the ruler in person. It conforms to the rulers' interpretations at any time of constitutional and policy obligations, as well as to their representation of tradition, values and norms of the society. It may see recruitment based on political and

other elite connections as an advantage for the smooth operations of the technocrats.

As to the relationship to the clientele, a *radical* action model is responsive to the poor communities themselves, represented by their own spokesmen and women, with whom they may strongly identify. There is an ethos of *public service*: norms of neutrality keep in check political, religious and other bias in the relationship with the communities, as seen for example in the allocation of funds and services across regional and party political dividing lines. The public servant has obligations, and the citizens have rights. A radical action model is willing to relinquish autonomy when it comes to being held to account to democratic institutions and legitimately elected representatives of the people, but without renouncing their principles of neutrality or compliance with stipulated policies, constitutional requirements and the rule-of law. It tends to emphasize capacity building among the poor communities so that they can contribute to the effective co-management and/or monitoring e.g. of the construction, operations and maintenance of service delivery facilities.

A *conservative* action model is more prone to define local elites (politicians, chiefs or traditional businessmen) as well as conventional businessmen as their main clients, with whom they identify strongly. The ethos is one of *effectiveness* and thus privatization: the public managers should be result-oriented, and fast disbursement of funds is more important than the right disbursement. To obtain results, it is advised that the managers make deals with any officeholder that they think might create 'obstacles'. Hence, the managers may be tolerant of rent-seeking and political/electoral considerations in the allocation of funds, and they are elite oriented. It is 'politics-as-usual/business-as-usual'. There is more emphasis on the interaction with contractors/subcontractors (service providers) than with end users (service recipients). The contractors are the most important 'customers'. Information is considered a business asset, and is shared on a particularistic and opportunistic basis.

SOCIAL FUNDS IN ZAMBIA

THE POLITICAL ENVIRONMENT

Zambia experienced a profound shift of political-economic regime in 1990-91. A popular movement introduced multipartyism and swept a trade union leader, Frederick Chiluba, to power. Democratic local self-

government was reintroduced, although the grassroots political-administrative structures were weakened once the one-party state of Kenneth Kaunda was dissolved. The donor community embraced Chiluba, and the World Bank chose Zambia to pilot social funds on African soil. The Social Recovery Project (SRP) started in 2001. Chiluba quickly converted to pro-American religious and economic fundamentalism. An aggressive neo-liberal policy increased the hardships of an already troubled people. Poverty doubled during the ten years of Chiluba's personalist rule, and the public sector—in particular the local government authorities—was starved nearly to death. At the same time, the quality of governance worsened. After a wave of democratization and decentralization, one saw particularly in Chiluba's second period as elected president (1996-2001) increasing personalization, centralization and corruption of power. The privatization campaign, mainly of the mining sector, was surrounded by a series of corruption scandals. Indeed, President Chiluba excelled in practicing 'patrimonial democracy' (see Braathen 2002).

However, the people struck back. Chiluba's attempts to change the constitution and get elected for a third period were barred by civil society protests and opposition in his own party, Movement for Multi-Party Democracy (MMD). In the general elections of December 2001, MMD's Presidential candidate was Levy Mwanawasa. He got only 29% of the votes, but won narrowly due to the split among the many opposition parties. The new President gave a green light to a legal prosecution against Chiluba, and promised to combat corruption and improve the democratic governance of the country (see Rakner 2003).

The SFs managed to keep an arm's length from Chiluba. The SRPs I and II from 1991 to 2000 supported approximately 1,400 community initiatives. That covered nearly 10% of Zambia's population, with a total of \$45 million for sub-projects. Seventy-six per cent of the sub-projects supported education rehabilitations, while health projects made up 14% and water supply projects 7%. The World Bank evaluated SRP to be highly successful. Hence, the third SF project in that country, the Zambia Social Investment Fund (ZAMSIF), became effective on 1 July 2000. It was to spend \$65 million in the five-year period 2000-2005 (ZAMSIF 2000, 2002).

THE TECHNOCRATS' RELATIONSHIP TO THE POLITICAL AUTHORITIES

ZAMSIF is managed by a semi-autonomous Management Unit based in the Ministry of Finance and Economic Development. The Program Manager is assisted by a management team of six. The Unit at the central level had in total 25 managers and officers, plus support staff. At the regional level they had 13 officers; one or two officers based in each of Zambia's nine provinces (ZAMSIF 2000). In total, ZAMSIF had nearly 40 officers, all with university degrees, and all hired on a consultant contract basis for five years. This caters for a far more competent, cross-disciplinary, coordinated and hence influential unit than other government agencies aiming at development interventions.

The integration with other central level stakeholders –ministries, donor agencies, NGOs, business associations– is formally ensured by the national level ZAMSIF Steering Committee. It meets every six months to “guide, develop and harmonize the policies of ZAMSIF and to monitor its performance. The Permanent Secretary for Budget and Economic Affairs in the Ministry of Finance and Economic Development will be the chairperson, and the ZAMSIF Management Unit will be the secretary” (ZAMSIF 2000: 3). Hence, ZAMSIF appears ‘semi-autonomous’: fenced off from interference from cabinet members and politicians, but quite well embedded in the most influential technocratic decision-making circles of the country.

These two factors –a staff at the top well equipped for development intervention, with full support from leading donor and bureaucratic authorities– make ZAMSIF a powerful force at the sub-national levels. The small size of the management unit, and above all its scant representation at the regional level, mean that ZAMSIF depends heavily on cooperation with public servants at the provincial level and with the local government authorities. This seems to be a deliberate measure: ZAMSIF is designed to inject more dynamic cooperation across the sectors at the local levels. The government bureaucracy is co-opted into the ZAMSIF rather than the other way round, along the lines of ‘adhococracy’: flexible recruitment of officers to task forces and committees with tasks or purposes carefully defined by ZAMSIF itself. This is most clearly manifested in the most strategic instruments of ZAMSIF: the Provincial Assessment Committees (PACs), which are “[S]et up in every Province either as a sub-committee of the Provincial

Development Coordinating Committees (PDCC) or as a separate committee. The PAC will agree the indicative planning figures for districts, approve District Investment Fund (DIF) projects, monitor performance of districts participating in the DIF and either demote or promote districts according to agreed criteria” (ZAMSIF 2000).

Hence, the PAC is a forerunner in administrative decentralization (deconcentration) in the Zambian public sector, equipped with important decision-making powers. But even more important, the PAC-network is the axis of maybe the most concerted and radical attempt to reform the local government system in Zambia since 1992. ZAMSIF introduces a classification of the local councils according to criteria of managerial capacity (planning, implementation and financial management capacity). The assessments of the PACs decide the classification of each council from one year to another. There are five levels of classification and more grants, and greater local autonomy in their use (increased discretion and reception of ‘unconditional’ grants) is guaranteed for each higher level. This provides an advanced incentive system, that is, an element of a quasi-market and competition between the councils to achieve higher status. It can also be used for fiscal decentralization reform purposes. In other words, ZAMSIF is, through its PACs and five-level qualification system, leading a major move towards the introduction of national NPM reforms. This might be very much in accordance with the political program of the World Bank and other donor agencies, but it has not been debated or voted on in the national parliament or cabinet.

To sum up: ZAMSIF is a powerful political tool for changing the political-administrative system of the country, in particular its inter-government (inter-ministry and central-local) relations. It has sidelined the central-level political system (Parliament and Cabinet). However, ZAMSIF does *not* introduce a (neo-colonial) parallel structure that sidelines and downgrades the national vertical administrative system. On the contrary, it helps ‘upgrade’ core elements of that system –particularly local government. ZAMSIF appears to be insulated from political manipulation by elected leaders at the national level. There seems to be a transparent and impartial system for allocation of funds. All Zambia’s 72 local councils have signed a Memorandum of Understanding with ZAMSIF and received training in the required modules³.

³ Source: interview with a ZAMSIF national manager, February 4 2003.

THE TECHNOCRATS' RELATIONSHIP TO THE CLIENTELE

"ZAMSIF's goal is to contribute to the improved, expanded and sustainable use of services provided in a governance system where local governments and communities are mutually accountable" (ZAMSIF 2000: 1). The main direct intervention to the district level is through capacity building workshops. Awareness workshops are organized first in the province with the political and administrative representatives of all districts, and then in all districts including representatives from all villages/communities. In addition, district planners are given extra training.

Apart from this, contact between the ZAMSIF officer and districts/communities takes place frequently during construction work. In addition, the district is visited by the PAC every six months. These visits are rather relaxed and supervisory by nature, and they do not seem to produce any authoritarian/clientelistic relationship⁴. After one year of operations, the districts may receive quarterly funds for their own capacity building activities.

Zambia established in 1995, in response to a cabinet circular, a District Development Coordinating Committee (DDCC) in all 72 districts of the country. The heads of all government departments present in the district, representatives of the Council (chairman, mayor and secretary, town clerk), plus invited representatives of NGOs or donor agencies operating in the district, sit on the Committee. However, in most of the districts, the DDCC has been dormant for lack of designated tasks and resources. ZAMSIF has changed this situation: it brings life to DDCCs.

The key person in this process is the District Planning Officer (DPO) employed by the council. Very few councils had a DPO before the year 2000. However, ZAMSIF makes it a minimum condition for a council to be eligible for funds (by signing a Memorandum of Understanding with ZAMSIF) that a DPO is in place. He then becomes the secretary of the Planning Sub-Committee (PSC) of DDCC. The PSC prepares the main planning documents: a District Situation Analysis, a District Poverty Assessment, and a District Poverty Reduction Strategy.

It also appraises projects, provides relevant technical input into the process of budgeting and costing, and recommends ZAMSIF pro-

⁴ Source: interview with the Planning Officer in a District Council, February 7 2003.

posals. These are discussed in the DDCC, which in turn presents them to a standing committee of the Council (consisting of elected councilors, their committee on plans, works and development) and the Full Council Meeting for approval.

ZAMSIF's main component is the Community Investment Fund (CIF). The stated aim of CIF is to "empower local communities through the financing of sub-projects identified, implemented, managed, operated and maintained by the communities" (ZAMSIF 2000: 1).

Visits to a few districts indicate that there has so far been no 'democratic-participatory' process behind the selection of the beneficiary communities. The reason is that there has been no representative political structure to link the villages with the district administration (the PSC/DDCC). There is the 'ward', which is the constituency of a councilor elected on a simple majoritarian basis. However, there are usually up to twenty villages in each ward. With the extremely bad feeder road and transport conditions in the rural areas, there is no way for the councilor to be truly responsive to all the villages. Hence, on average only 20% of the electorate turn out for the election of the councilor.

The councilors standing committee might be consulted, but the fieldwork data point in the direction that the DPO and his planning sub-committee will already have agreed on which communities are most 'in need' of which type of facilities (fresh water, schools, health centres). This is disclosed by their planning documents and other overviews. Then they consult the councilor of the area and ask for his support. What is left to the selected communities is to elect a Project Committee, for which gender balance is required. It sits for the year or so it takes to complete the project and its main task is to guarantee local contributions to the construction project in terms of 'voluntary work'. This unpaid work should be quantified in the budget and approximate to 15% of the total costs.

However, there is an agreement between ZAMSIF, the district management teams and the councilors in many districts that representative sub-district structures need to be built to ensure bottom-up participatory planning. Hence, in one district visited, the council has built Area Development Committees (ADCs) in four of the fifteen wards. The ADC members are elected at different Zone Public Meetings, with one zone for approximately each 1,000 inhabitants, and a minimum of 100 people must attend the meeting. The DPO will apply for capacity building money from ZAMSIF for that purpose.

Local development of building contractors seemed to be a visible but minor consequence of the ZAMSIF intervention in the district. Not more than 30% of the ZAMSIF project funds in the district was paid out to local contractors. In terms of 'empowerment', the subcontracting activity might also have increased the status and management capacity of the elected Project Committee.

To sum up: the ZAMSIF officers and assessment committees interact with the district management in an ostensibly empowering and supportive manner. In particular, the district planners are becoming strengthened in the local political-administrative system. There are elements of community empowerment, but the absence or weakness of permanent sub-district democratic structures reduce the scope and sustainability of this empowerment. Local building contractors also seem to benefit, albeit modestly. This lack of sub-district democratic structures allows local politicians (the councilors) room for maneuver to influence the choice of beneficiary communities, but the power of the planning officers in the process has the potential to limit this type of local-political clientelism. Nevertheless, since ZAMSIF provides 60-70% of the net resource inflow to the communities in the district visited over the current five-year period, these districts may collectively enter a relationship of dependence on ZAMSIF. ZAMSIF is definitely popular in the districts, though the programs it delivers are not *necessarily* popularly controlled.

SOCIAL FUNDS IN TANZANIA: A CONTRASTING CASE

THE POLITICAL ENVIRONMENT

Tanzania is Africa's most aid-dependent country. Seventy per cent of its GNP is financed by multi- or bilateral foreign aid (in Zambia, about 40% of GNP is aid-funded). However, Tanzania, with its estimated 33 million inhabitants (Zambia has 15 million), is also one of the politically most stable countries in Sub-Saharan Africa. One party, TANU/CCM⁵, has ruled Tanzania since independence in 1961. The official ideology formulated by the 'Father of the Nation', Mwalimu ('Teacher') Julius Nyerere, was 'Ujamaa (village based) socialism'.

⁵ TANU was the acronym for Tanzanian African National Union, the dominant liberation movement of the country. It changed its name in 1975 to the People's Revolution Party, or Chama Cha Mapinduzi (CCM) in Swahili (which is the official language of the country).

With the introduction of multipartyism in 1995, CCM and president Benjamin Mkapa have reverted to neo-liberal orthodoxy. However, in practice, the political and economic changes, like the privatization of state owned enterprises, have been made much more cautiously than in neighboring countries. In contrast to Zambia, Tanzania's economy is showing signs of a sustainable growth and recovery from the lost decades of the 1980s and 1990s. At the grass-roots level, the unique structures of popular participation have survived the one-party system. There are multiparty elections of leaders at the neighborhood (hamlet) and village/township level, and the ward level has a proper administration with a ward executive officer and line ministry extension officers. Nonetheless, the non-elected tier between the district and the central state (the region) has been, and still is, much more powerful in Tanzania than in Zambia. Hence, the legacy of the one-party state equips Tanzania with a strange combination of immense bureaucratic rule on the one hand, and grassroots democracy on the other. The problems of corruption that were identified with the elected leaders in Zambia are in Tanzania more associated with senior (de facto one-party state) bureaucrats.

Compared to Zambia, Tanzania's experience with SFs is more recent. Tanzania Social Action Fund, TASAF, started in 2000 and runs in parallel with ZAMSIF, up to 2005. The size of the 'IDA development credit'⁶ agreed with the World Bank is \$60 million, slightly less than Zambia's \$67 million⁷.

THE TECHNOCRATS' RELATIONSHIP TO THE POLITICAL AUTHORITIES

Like ZAMSIF, TASAF has a highly educated and slim central staff. It consists of nationals only, working on consultancy assignment terms. However, the staff appears to be more senior and closer to retirement age. At the headquarters in Dar-es-Salaam, they are only 23 managers and specialized officers. There are two major personnel policy differences as compared with ZAMSIF.

First, there are six desk liaison officers in the key partner ministries: Water, Community Development, Regional Administration and

⁶ IDA is the acronym for International Development Association, which is the soft loan/grant branch of the World Bank Group.

⁷ Source: interview with a national TASAF manager, February 14 2003, and TASAF 2002.

Local Government, Health, Education, Works. Second, TASAF has an army of district sergeants: 42 TASAF district accountants (making 65 professionals in total on TASAF full-time consultant terms). In addition, there are 42 TASAF project coordinators paid by the local government councils, and up to 40 officers hired on a part-time basis in each district to facilitate TASAF related participatory planning in the villages. The local corps includes about 107 full-time officers, plus more than one thousand part-time officers.

Hence, TASAF provides a small and coherent parallel structure to the civil service. The heavy bureaucracies of the line ministries are co-opted at central and local levels (as in Zambia), but they are effectively by-passed at the intermediate regional level (unlike in Zambia). TASAF operates semi-autonomously under the auspices of the President's Office. There is a TASAF National Steering Committee of twelve or thirteen people. The chairman is appointed by the President. In addition there is the Permanent Secretary in the Vice-President's Office for Poverty Eradication, a representative from the Regional Administration and Local Government Department, a Regional Administrative Secretary, some other representatives from key ministries and from civil society: one from the umbrella for the NGOs, some from faith groups, and some private sector representatives.

In Tanzania there is much less of a fair, balanced and impartial allocation of funds across regional and party political dividing lines than in Zambia. TASAF operates in only 40 of the 86 districts on the mainland, and in the Zanzibar and Pemba Islands. This may raise suspicions of political bias in the selection. The strongholds of the opposition –districts in Arusha and Kilimanjaro– are not among the TASAF beneficiaries, but this can be because they are among the best off districts when it comes to social service infrastructures.

There is pressure in Parliament to extend TASAF to all the districts of the country. A cabinet minister told Parliament that the government was considering doing so in a second phase of TASAF in 2005-2010⁸. This politicization of TASAF is of course part of the ruling party's concern for the Presidential and Parliamentary elections in 2005.

The situation in the two countries in this regard can be summed up by saying that the SFs have important political functions. There is a partial sidelining of existing structures: in Zambia of the central political authorities (giving ZAMSIF an image of neutrality), in

⁸ Source: the Tanzanian *Guardian* daily newspaper, February 12 2003.

Tanzania of the bureaucratic authorities (giving TASAF an image of non-corrupt effectiveness).

THE TECHNOCRATS' RELATIONSHIP TO THE CLIENTELE

A TASAF Project Coordinator is recruited among the Council employees, chosen by the District Executive Director. The coordinator is thus a Council employee, fully paid by the Council, but TASAF equips the coordinator with a vehicle, a computer, a fax machine and a photocopier. TASAF dispatches an auditor to the district on its own payroll.

A more important difference with Zambia is that there is a District Steering Committee for the SF projects. The committee consists of the District Commissioner (a Presidential appointment), the District Executive Director (administrative head of the district council) and a handful of councilors (council chairman, a woman councilor, chairmen of standing committees, plus the councilors from the piloting projects/wards). In this way, the local political notables have potentially a much stronger influence over the selection of beneficiary communities than in Zambia, where a 'joint staff' of planning officers has the upper arm. Hence, when we visited two wards in a rural district, we found that the TASAF projects were usually allocated to the village where the councilor comes from. In the district as a whole, no more than one project was operating in each ward except for the village of the council chairman, which was the only one in the district that had received two projects⁹.

Another expression of the politicized and manipulative character of SFs in Tanzania, in marked difference from Zambia, is that people are informed that the projects are gifts from the Tanzanian government, not based on loans from the World Bank. "TASAF is only a funding mechanism, so we say: 'This is not a donor agency project, it is part of the Government'"¹⁰. This was confirmed by a head teacher in a village: "People think TASAF is a CCM/government thing, not World Bank. I therefore think that TASAF helps to increase people's support to the Government"¹¹. However, this may be a sign of stronger 'national ownership' of the program.

⁹ Visit to a village in ward A, February 25 2003; visit to a village in ward B on February 27 2003.

¹⁰ Interview with the Planning Officer in a District Council, February 26 2003.

¹¹ Interview, February 25 2003.

To what extent are local sub-contractors disproportionately benefiting? On the one hand, “one of the aims is to build entrepreneurial ‘private’ capacity (skills) at the community level”. On the other, the scope seems to be quite limited, and the cumbersome World Bank procurement guidelines are used¹².

How are communities affected? As with ZAMSIF, the main component is construction of social service facilities managed by community committees. In Tanzania, the community involvement in the planning left a lot to be desired. It was based on ‘Participatory Rural Assessments’ (PRA) that had a very short-term and clientelistic orientation. A PRA team of three or four government extension officers ‘invade’ a village for five days. They establish focus groups and come up with ‘a shopping list’. There is a vote in the village assembly on what are the major needs in the village: needs supposed to be met by TASAF. Hence, TASAF calls this exercise Community Needs Assessment (CNA). However, the District Planning Officer expressed concern with the quality of this type of exercise: “It is supposed to be bottom-up, but that is not the case. People at the grassroots level are not well capacitated. They just shop-list their problems, and want us deliver it”¹³.

The ‘auxiliary’ fund component is different in the two countries. The District Investment Fund (DIF) in ZAMSIF is managed by the District Council, while the Public Works Program in TASAF sidelines the councils to involve the communities directly, and it targets the poorest-of-the poor and the women in the villages who are also co-managing the projects. However, as a strategy for community empowerment it was double-edged, as we saw in our village visits. Such a public works program may create dependence and clientelism, particularly by undermining the longtime policy that development should be based on unpaid labor contributions from the communities –the so-called self-help principle. The public works program was based on paid labor to selected members of the community¹⁴.

12 Source: interview with the TASAF district coordinator in a district visited on February 24 2003.

13 The planning officer in a district council, *op. cit.*

14 The village constructed a dam for fish farming and agricultural irrigation. The workers were paid one dollar a day for six months. The chairman and members of the project committee were among those indicated as the poorest in the village. Most of the workers were women –widows or single mothers. The people selected for the work were those suggested by the neighborhood committee leaders to be the poorest of the poor.

To sum up: to a greater extent than in Zambia, we found that the social funds in Tanzania did tend to promote political clientelism at the local level. TASAF increased the resources for re-election of local politicians, favored certain villages against others, and introduced individual and non-inclusive arrangements for social assistance in the communities.

THE TECHNOCRATS' ACTION MODEL: RADICAL ZAMBIA, CONSERVATIVE TANZANIA?

In both countries, the SF technocrats represent a reforming –and hence ‘modernizing’– faction of the state bureaucracy. However, their action models are contrasting in nearly every respect. In Zambia, they seek to radically change the government system of the country in favor of local councils, communities and their elected representatives (councilors). They try to insulate themselves from central and party political authorities and achieve a reputation of neutrality, while in Tanzania the SF technocrats admit that they are ‘politicized’ and accept that they build the popularity of the ruling party and its leaders. The Tanzanian technocrats seek to enhance their autonomy vis-à-vis the line ministry bureaucracies and local councils, which they consider to be corrupt and ineffective, while they try to present themselves as non-corrupt and effective. Like their Zambian colleagues, they are modernizing in the sense that they espouse a public service ethos emphasizing effective, non-corrupt and improved service delivery to the people, and they show no inclinations to advance the interests of private business elites. However, the selection of means is very different.

There are reasons to say that the Tanzanian technocrats reproduce a practice of manipulation from above. They allow national political leaders to instrumentalize the SFs. They themselves see no problem with interfering directly into the local government level by deploying their own planners and accountants, setting up their own district project committees, and choosing selectively the local councils, communities and councilors to cooperate with. In this way, the Tanzanian technocrats contribute to ‘conserving’ the clientelistic features of the political system of their country.

However, at the end of the day, only half of those poor enough to be eligible for the work program were selected. Sources: The TASAF committee chairman and the Village Chairman in the village, visited on February 25 2003.

In Zambia, on the other hand, the SF technocrats attempt to elevate the status, power and resources of all the local councils. They recruit professionals from the provincial government level to supervise the councils, and they involve all the councilors and local planners in their efforts, using the existing government planning committees of the districts. They also try to build permanent participatory structures at the sub-district level and enhance community empowerment programs. Block grants, corresponding to transparent criteria of size, needs and accountability capacity, are transferred to the councils.

In sum, although sharing some radical visions of reforming the service delivery system in their countries, the Zambian SF technocrats try to transform the country in a more decentralized, ostensibly democratic and self-governing direction, while the Tanzanian technocrats tend to reproduce the existing centralized and clientelistic political system. Still, in Tanzania the more developed and institutionalized grassroots democracy, at the village level, has the potential to change the picture and provide more effective popular-democratic control of development programs.

CONCLUDING REMARKS

The social funds in Zambia and Tanzania, funded and supported by the World Bank, are genuinely popular. In this way, they tend to ease the popular resistance against the Bretton Woods influence in the countries, and consequently they help to legitimize the clientelist relationship between the World Bank/IMF and these nations. At this level, we find that the SFs indeed support technocratic clientelism. While there is no convincing evidence that the SFs help to reduce poverty in a sustainable way, a focus on technocrats-in-action shows that this World Bank program has important impacts on the central-local and state-society relationships in the respective countries.

However, the political-administrative impacts of one given program (the SFs) are far from uniform in the two countries. On this, the World Bank writers were right –the SFs ‘have different features and objectives depending on where they are implemented’- and Judith Tendler was wrong. Nevertheless, the Tanzanian case supports Tendler’s account of technocratic clientelism at the domestic level, as seen in Latin America. The SFs interact closely with the political-administrative local power-holders and become a tool in their efforts to reproduce power within a neo-patrimonial and clientelistic state.

However, the Zambian case transcends this picture. In an international comparative perspective, the Zambian SFs are genuinely a political-radical influence. In both countries technocratic intervention has been politicized, albeit in a *conservative* direction in Tanzania, and a *radical* direction in Zambia.

This chapter has tried to argue that the technocrats' perceptions and ideological orientations –their action models– count, but of course they have not determined the divergent function of the SFs in Zambia. The fact that the current Zambian 'second generation' SFs, unlike the Tanzanian, are built on the learning process of the 'first generation', and that they have far more resources available (\$US 67 million for the 15 million population against \$US 60 million for Tanzania's 33 million population) and can embrace all the districts of the country, might have made a big difference. Moreover, structural factors like a strong political opposition, a more mature civil society, a weakening and delegitimization of dominant political structures and the high level of education and self-esteem among civil servants, interplay favorably for the Zambian case. These structural factors contribute to shaping *the role of the state* in the type of poverty reduction analyzed here, albeit subject to the inherent limitations of top-down modes of intervention. Though they may be managerially contrived, they contribute to providing elements of political radicalization, greater autonomy and increased room-for-maneuver, as well as more embeddedness in local societies and coalitions for change, among the technocrats in Zambia.

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