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DISTRIBUTIVE JUSTICE AND
POVERTY ALLEVIATION IN
MEXICO (1992-2000)

by

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Abstract

The liberal debate on egalitarian distributive justice was originally developed with affluent occidental countries in mind. We might ask whether the liberal egalitarian distributive question has a different answer when we consider countries with a different social justice tradition, severe scarcity of resources and institutional weaknesses. Such a theoretical answer should in principle better interpret a political conception of social justice for a poor society, and within this general distributive principle provide specific theoretical distributive criteria for the design of poverty alleviation programmes.

I claim, as a possible answer to this theoretical question that egalitarianism could be better served by using a mixed distributive. I maintain that in extreme scarcity situations egalitarians should rather appeal to a moral pluralist view where many factors matter when we compare various feasible distributions, not only equality. This "hybrid" distributive view, which I have called Progressive Sufficiency would not give ultimate importance to equality; it would give priority to the worse off over the better off individuals only under some circumstances and would consider that several morally relevant thresholds should be clarified.

Another problem relates to the type of goods upon we should focus when dealing with interpersonal comparisons. Three types are commonly distinguished: *welfare*, *resources* and *capability*. Progressive sufficiency for instance would recommend thresholds in advantage with the first one described in absolute terms and the second and third described in progressive increases of benefits, taking as the measure of benefits the average held by the proportion of the population within thresholds. Thus we could conclude that both analysis either of the distributive criterion and the currency of the distribution naturally fit together in a general prioritarian argument with graded steps of benefits.

My case study is Mexico and some of its recent poverty alleviation programmes (1992-2000). In terms of developing countries, the Mexican case is interesting because most of its institutions and policies have being inspired by liberal ideas that have succeeded in creating a moderately strong economy, but have failed in the fair distribution of scarce resources.

In relation to poverty definitions, I suggest that if we accept progressive sufficiency we should consider poverty in a graded form. The first threshold should be defined in absolute terms related to functionings and the second in terms of resources and opportunities. If we accept this division we should consider lack of capabilities as a greater moral problem than income poverty. I also suggest that in relation to poverty measures, accepting progressive sufficiency would present an axiomatization problem, as we would need to solve the problem of measuring both linear poverty with the HPI and non-linear poverty with the FGT index.

In relation to the distributive rule used by the government to apply its social policy, my results show that it is unfair to use a very basic sufficientarian approach towards direct benefits. Perhaps the most important critique to the social policy is the factor that the level of benefits is set not by resource scarcity, but by incentive considerations. I suggest that people under a very low level of advantage cannot be made responsible for their actual situation. They would have, as far as partial responsibility, but it should not be taken against their well-being. Something that Progresas –the main poverty alleviation program- is doing. Furthermore, as Progresas holds complete information of the economic situation of each family, it is unfair not to attempt to fully contribute to solve the poverty problem.

"The law ...should moderate opulence and destitution..."
 José María Morelos, 1813.¹

"Land and Liberty"
 Emiliano Zapata's 1913 revolutionary slogan

I do not offer to the Mexican people the hollow phrases of "freedom of conscience", "freedom of education" and "economic freedom". I know that the first represents the clergy's dictatorship; the second represents the dictatorship of reactionary groups which pretend to oppose the workings of a revolutionary regime based in popular culture; while the third represents capitalist dictatorship.

Lazaro Cardenas, 1937.²

1. Social justice and poverty

Since the publication of John Rawls' book, *A Theory of Justice* in 1971, political philosophers have increasingly discussed how better to interpret the egalitarian aim. Part of this theoretical debate is centred on the relation between economic growth and how these new benefits might be fairly distributed among the population. The answer to this distributive question was no longer straightforward equality; some liberal political philosophers, like Rawls argued that if growing benefits were to be maintained, inequalities should be permitted, provided that the worse off increased their benefits.

During 1980s and 1990s' liberalisation process, these normative concerns influenced policy matters, changing the conception of social justice in most developing countries. There is however, growing empirical evidence to suggest that the widespread structural liberal reforms implemented since the 1980s in most developing countries have succeeded in a very small scale in

¹ Declaration N° 12 of Morelos' Sentiments of the Nation, quoted from Reyes, J., 1957, p. 29. (My own translation)

² Raby, D., 1978, p. 13. Quoted from Dulles, J., p.586. (My own translation)

alleviating absolute poverty, while relative poverty and inequality, it is suggested, has increased. The small economic gains have not only led a growing number of researchers, but also groups in the civil society and political organizations to question the entire process of liberalisation. Some of the critics have even blamed liberal ideas in general for the suggested increase in poverty and inequality. The indiscriminate critique of liberals, as well as the growing polarization of the society in the developing world, could risk the small achievements during these decades in the area of political, civil and human rights. The risk could materialize itself in a return to authoritarian and populist governments.

The liberal debate on egalitarian distributive justice that has influenced the liberalisation process around most of the world was originally developed with affluent occidental countries in mind. We might ask whether the liberal egalitarian distributive question has a different answer when we consider countries with a different social justice tradition, severe scarcity of resources and institutional weaknesses. Such a theoretical answer should in principle better interpret a political conception of social justice for a poor society, and within this general distributive principle provide specific theoretical distributive criteria for the design of poverty alleviation programmes.

In this thesis I will suggest a possible answer to this theoretical question and enquire into its practical consequences, discussing its implications in poverty measures and the design of poverty alleviation programs. In this respect, this thesis is an interdisciplinary work drawing on normative political theory and social policy, something not usually done in the literature. Partha Dasgupta in his work Enquiry Into Destitution, briefly considers distributive problems but largely solves theoretical economic problems. Amartya Sen in his famous essay "*Equality of What?*", discusses mainly the currency of the distributive criteria, a contribution that proves to have practical application in discussing

poverty problems in a more inclusive way in the United Nations Human Development Report.³

In my case, I have considered distributive problems in the general context of developing countries, suggesting an improvement to the sufficientarian answer to the distributive problem, an option not well discussed in the literature. Such a modified answer, I believe is a better option than other distributive answers when severe scarce resources do not allow all individuals to reach a relevant threshold. This option presents theoretical problems, mainly problems in the definition of morally relevant thresholds. I build on this normative conception to discuss whether we can apply this conception to the poverty debate. I maintain that the poverty debate can be seen naturally as part of the debates about distribution and the currency of distribution.

My case study will be Mexico's recent poverty alleviation programmes (1992-2000). In terms of developing countries, the Mexican case is interesting because most of its institutions and policies have been inspired by liberal ideas that have succeeded in creating a moderately strong economy, but have failed in the fair distribution of scarce resources. This failure is clearly observable between 1992 and 2000, precisely since the implementation of a wider program of economic and institutional liberalisation took root. Throughout this period total income in the country increased almost 77% in real terms yet the poor lost almost 65% of their relative income share between 1992 and the year 2000 (Chapter 6 of this thesis). The wider income gap between the poor and the rest of the population is striking, especially in the light of the creation of poverty alleviation programmes throughout this period.

The failure of economic liberalisation in fairly distributing income, I suggest, emanates from local historical and political problems as well as from

³ Robert F. Goodin [et al] in The real world of welfare capitalism uses normative political theory and social policy, combining both to discuss welfare problems.

unresolved theoretical problems. Generally it is still being debated how to distribute and what to distribute to similarly situated individuals in order to promote a just distribution; we could also say that liberal theory has not yet answered what are the minimal adequate conditions an individual requires to exercise her rights.

My central argument is that given a domestic political morality problem of severe scarcity of socio-economic resources, and the unresolved problem of what sort of interpretation to give to social justice in situations of scarcity, a just distribution depends on guaranteeing that people reach certain morally relevant thresholds. Thus, the relation between liberalisation and an improvement in human well-being can be approached in two ways. The first would be to provide an adequate interpretation for the liberal egalitarian aim under a situation of severe scarcity of resources; and second, to find adequate normative objectives for each relevant moral threshold.

In order to develop my argument, this thesis addresses two basic questions:

- 1) What fundamental normative objectives should guide the design of poverty alleviation programs?
- 2) To what extent do these objectives remain unfulfilled in the case of Mexico?

2. Historical background and set up of the problem.

A changing conception of the Liberal State has dramatically transformed Mexican institutions from the foundation of the Republic in 1810 through the end of the twentieth century. Under the influence of European liberal ideas, but with local problems in mind, Mexican liberals have created political institutions, recreated social institutions and carried through particular socio-economic objectives, while debating how better to realise a just society.

Although many of the most important liberal political actors throughout the history of Mexico have debated the nature of a just society, the issue has

clearly not been settled. Throughout Mexican history there has been a need to clearly define a general plural liberal conception of social justice: specifically, how should one evaluate social justice and how might one achieve it?

To illustrate, consider the contrasting ideas from three of the most respected social fighters of the country cited at the beginning of this introduction. In modern terms, for instance, José María Morelos (1910), a hero of the independence movement, supports the idea that freedom and liberties guaranteed by law would procure economic growth and a more equal society.⁴ Emiliano Zapata (1915), a hero of the Revolution, demands the immediate reparation of old injustices in relation to land rights, in order that the "campesinos" of Mexico might be accorded the opportunity to enjoy personal liberty and improve their prosperity and well being.⁵ Lazaro Cardenas, the most respected post-revolutionary president (1940), by contrast, considers the main obligation of the State as not only providing the material means for individual prosperity, but also guaranteeing that all people enjoy certain basic services and earn enough income. (Benitez, F., 1978, p. 114-6)

This historical lack of formal consensus as to what the State should promote or, in more general terms, what ought to be understood by social justice, could have a direct effect on society itself and not only for developing countries. The lack of a coherent idea as to what areas of human life the liberal state should focus on, and how to fairly distribute social benefits, I suggest might be one of the causes that can lead to a rather erratic social development. It could also be suggested that this lack of clarity is one of the factors that has created a climate of continuous change in Mexico, particularly, with regard to the focus of social policy, sometimes as a result of

⁴ See Timmons, W., 1982.

⁵ See Cordova, A., 1973, p. 147 and John Womack, Jr, 1970, (Appendix B, Plan de Ayala, Article 7), p. 402

lack of policy continuity and sometimes because the approach taken was plainly wrong, when viewed from a perspective of normative social justice.

Accepting that liberal thinking is continuously evolving, it usually has been agreed that in order for citizens to exercise their basic rights a society needs to provide certain social minimum. This general basic agreement of liberal thought has been also a matter of debate in Mexican history as the severe scarcity of resources has provided for harsh choices and practical discrimination between groups in the society, where some have the minimum and some not enough resources. I will suggest that Mexican liberal thought has in fact tried to deal theoretically and practically with these harsh justice choices, something that the anglo-american liberal tradition has neglected.

I maintain that the Mexican historical liberal tradition can provide the bases for a coherent sufficientarian proposal. This normative perspective not only can be the bases for a fairer conception of social justice under special circumstances of extreme scarcity and institutional weakness , but can also be applied to the measure and design of poverty alleviation policies, as it gives general priority to the worse off.

Since the beginning of the 1980s, a new approach towards social justice has been implemented in Mexico. The supporters of economic liberalisation raised two claims, the first being that strict macroeconomic reforms were needed for the economy to grow, requiring a reconceptualization of the socio-economic priorities being pursued by the State. The second claim was that economic growth would improve everyone's life, providing more economic opportunities to all in the short term.

The latter claim⁶ is disputed by many, based on the fact that inequality and poverty have not decreased since the beginning of the liberalisation process, while the economy has grown. Despite this disappointing result the rejection of these all encompassing changes cannot be total, because sound

⁶ See Altimir, O., 1998; Székely, M, 1998; Alarcon, D, 1998; and Boltvinik, J. 1999..

macroeconomic measures are important and some of these reforms can be justified. The problem seems then to lie in whether the State's socio-economic priorities provide a fair or unfair distribution of economic burdens and benefits.

Academic debates about justice can seem relentlessly abstract and divorced from the real world, but this problem may be avoided by providing an initial account of historical constitutional and political debates in Mexico regarding the above issues.

3. Constitutional conception of social justice.

The conception of social justice advocated by the Mexican State in the Constitution of 1917 can be described in terms of a strong agreement between constituents for the need of socio-economic reform. In order to reach these reforms, constituents gave priority to a strong executive. If the extension of attainable liberties to each individual in society was the main characteristic of the 1857 Constitution, socio-economic rights such as the minimum wage and agrarian reform marked the 1917 Constitution.

Ricardo Flores Magón whose writings in many ways formed the ideological basis of the 1917 Constitution, considered that "...economic freedom is the foundation of all liberties, without it there cannot be any liberty..." (Silva, J., 1973, p. 32)⁷ Clearly the Constituent congress of 1917, influenced by Magón, drafted a Constitution that placed emphasis in a transfer of wealth, by introducing an agrarian reform and the most extensive labour rights for workers. These reforms were considered as the way forward in terms of securing economic freedom for equal citizens. In this view, the State in order to safeguard the interests of equal citizens before the law should intervene in favour of the worker, should promote the provision of bank credits to workers, and should control the economy to benefit the disadvantaged.

⁷ (My translation)

The general assumption in the drafting of the Constitution and behind many of the civil protests demanding the actual realization of these constitutional rights, during the 1940s through to the 1980s, was that an unequal social background was responsible for the extended inequalities and poverty in the country. Thus, society should provide the means to solve these inequalities.

The egalitarian aim, then, was interpreted as providing individuals with an equal share of resources and extended rights to improve their equal opportunities for economic freedom. However, this interpretation was not an adequate one, either in practical or theoretical terms for the existing scarcity of social resources and the weak institutional framework, fostered by the party in power (PRI) since 1929 until 2000.

4. Process of liberalisation. 1983-2000

The Revolution of 1910 and the Constitution of 1917, completely transformed Mexico from being a poor rural country with subsistence agriculture as the main activity practiced by an illiterate population, to a moderately rich industrial country with a mostly urban literate population. This economic and social development was based on an economic model of import-substitution industrialisation and government expenditure with large fiscal and trade deficits.

The state followed a developmentalist economic model, promoting economic growth and social benefits to specific groups identified as political allies, at the cost of greater inequalities and without being inhibited by legal constraints. This illegal administration of the power by the party in power led to the formation of a political system based in clientelism. In this system, political power has usually been a licence to privatise the distribution of wealth and political positions among the elite and clientele. (Heredia, C., 1994, p. 268)

The same governments of the Institutionalized Revolutionary Party (PRI) that formally promoted political stability, peace and economic development, increasingly violated human and civil rights. Examples of this include the repression of workers during 1956 the, killings of students in 1968 and the dirty war on guerrilla groups in the 1970s. In addition to these events, two economic crises, one in 1976 and the other 1982, both caused by corruption and mismanagement of the economy of the governing political party, would further deteriorate the political system, destroying the few economic opportunities that had sustained the political system.⁸

In 1983, several reforms to the Constitution were introduced based upon the need to address both the economic and political crises. The underlying belief was that Mexican society needed a profound change in political and economic practices. Economic developmentalism led by the State should be replaced by a liberal market-oriented economic system that would promote economic and social opportunities. The state would leave individual wealth to individual effort, by focusing on the promotion of economic opportunities, while withdrawing from productive activities.

In 1983, the government of the day incorporated changes to the Constitution that encouraged a wide liberalisation of society, both in economic and socio-political terms. These measures were adopted in response to a crisis that according to Pedro Aspe, then secretary of State responsible for economic reform, "involved a strong fiscal contraction, the privatisation and liquidation of state-owned firms, trade and financial liberalisation, tax reforms, economic deregulation, and a redefinition of the strategy to fight poverty." (In Panuco, H., 1996, p.186) This strategy was completed with Mexico joining the GATT (General Agreement of Tariffs and Trade) in 1986 and later NAFTA (North American Free Trade Agreement) in 1994.

4.1 Shifts in the distribution of benefits and burdens.

⁸ For a chronicle of governmental mismanagement and repression see Carlos Monsivais: *¿ustedes les consta*, ERA, 1980.

Since 1983 market oriented policies were implemented in order to eliminate subsidies to staple goods, such as corn, beans and milk. These reforms were justified as measures designed to enhance individual opportunities. Pedro Aspe, the junior minister and minister of the exchequer from 1982 to 1994, created and implemented economic and social reforms to achieve liberalisation objectives. It is worth quoting him at length:

The constitutional aim of Mexico is a democratic one achieved not only through free access to the polls and freedom of speech, but also through the right to an education, to a job, to a fair salary, to do business, to health, to an adequate pension, to decent housing and other basic needs. Our failure on carrying out this mandate lay in thinking that the state on its own had to provide everything, without respect for the initiatives and creativity of individuals.

Modernisation [...] has a profound social dimension. [It has] the commitment to respect the initiatives of the community and to promote individual achievement [...] It is aimed at strengthening Mexico through unity, progress and social justice.

The stabilisation of the economy through realistic budget management, the privatisation of state-owned enterprises, fiscal reform, economic deregulation, financial reform, the liberalisation of trade, the renegotiation, of the external debt, and the strengthening of land tenure rights is the new way on which the people of Mexico are carrying out an ambitious reform of the State. We are facing the challenge of making the transition to an open economy and an open society. In abandoning its role of proprietor, the state has taken on greater solidarity with the need of the poor. (Aspe, P., 1993, p. xi)

The basic liberal assumption that emerges in Pedro Aspe's writings is that an open society and economy, where competition through free markets is the norm, provides for the basic needs of the population, as people are offered more and better economic and social opportunities than before. In his opinion economic growth and productivity would bring more benefits and the market would distribute these benefits.

In order to illustrate the reforms, we can consider the rural areas. The Constitution of 1917 formally guaranteed the State's intervention in economic areas that were considered relevant to the welfare of disadvantaged groups. The agrarian sector was the most regulated. In 1992, Article 27 of the

Constitution dealing with communal land property was reformed to withdraw the State's intervention in land redistribution. Thus 1) the State would no longer be responsible for land redistribution, 2) the communal land would be able to be sold, 3) subsidies would be eliminated for most crops and the government would no longer bail out farmers debts, and 4) agribusiness could operate now up to 2500 hectares. Proof of this rapid transformation, which intended to redirect farmers' production to export products and provide individual property rights, is given by the technical support offered to farmers by the State. If in 1990, 59.6% of 'ejidatarios' (communal landowners) were given technical assistance, in 1994 only 8.6% had some or any. (Otero, G., 1999a, pp. 193-195)

One of the most important liberal reforms of the liberalisation process was the fiscal reform of 1989. It is relevant in view of what the State was going to distribute from now on and how should it be distributed. The fiscal reform had as an explicit aim, a "commitment to social justice",

A tax reform is not only a matter of economic efficiency, but a commitment to social justice. An effective reform has to address the need to apply resources to the most pressing needs of the poor, but it also has to create the incentives and provide equal opportunities for everybody to participate in the formal economy, to produce, compete, and achieve a better standard of living. (Aspe, P., 1993, p. 117)

In order to provide incentives for everybody to participate in the formal economy, the reform introduced new tax bands, reducing the cap of income tax from 50% to 35%, and providing for a simple tax structure. The tax reform incorporated almost a million of new taxpayers and according to Aspe it's objective was "a fairer distribution of the tax burden" (Aspe, 1993). The overall strategy of the tax reform was to increase the number of taxpayers, to modernise the fiscal structure, to provide incentives for production and derive more resources to health, education and poverty alleviation. A clear shift from giving priority to outcomes, towards giving priority to opportunities was underway.

Modernisation for the reformers implied that universal benefits were not proving efficient, as their goal of reaching the worse off was not being attained, thus a complete restructuring of the distribution of benefits commenced. The relevant feature of this new distribution process was that direct benefits would be targeted to those who needed them most. Crucially there was also a shift in the way economic advantage was understood by the government. Before 1983, poverty was considered as a failure of the State, and from then on, poverty would be considered as a particular problem of certain geographical areas and people. Consequently, specific policies were created to alleviate poverty in defined areas, whereas previously, universal benefits, subsidies, investment in education were viewed as the solution.

4.2 Poverty alleviation programs during liberalisation.

The main project of the government from 1988 to 1994, with respect to poverty alleviation was 'Solidaridad' or 'Pronasol'. This project directed a considerable amount of resources to three main areas, which according to Panuco were:

- Welfare benefits (including the distribution of food bundles, vouchers, subsidies to consumption, health and education infrastructure improvements, and the provision of electricity, drainage, urbanisation, housing and water).
- Production benefits (mainly rural credit, and loans for the acquisition of productive infrastructure and irrigation projects) and
- Regional development programmes (which include the construction and repair of roads and highways, as well as municipal funds). (Panicu, 1996, p.207)

Through this program the State would assist the poor in fending for themselves. But clearly this help would be stating clearly that joint responsibility existed between the poor and the State. In other words the State would support the poor not by providing direct capital resources, but via

benefits directed to increase their self-reliability and, crucially avoiding state welfare dependence. From 1994 up to 2000, a new program called Progresa was underway. Aid was going to be directed only to those individuals considered unable to afford a balanced diet and other very basic needs. The rest of the poor would have to be helped by the overall economic growth and improved opportunities. (Levy, S., 1991, p.52)

The general objective was to end the paternalistic State, and promote self-reliability in a good macro-economic environment able to provide "the benefits of [economic] growth to all members of society". (Aspe, P., 1993, p.x)

4.3 Civil and political rights during liberalisation.

In terms of individual guarantees and workers rights, the period of liberalisation is one of contrasts. In formal terms the law was strengthened to protect civil and political rights. For instance Article 21 of the Constitution was amended in 1983, eliminating the government's privilege to detain people for an administrative fault, reducing the penalty from fifteen days to 36 hours. This particular civil right had been guaranteed since the Constitution of 1857, however the code considered the State's interest more important than the individual interest and allowed for special circumstances, which *de facto* permitted many violations of human rights.

In the same order of reforms, the figure of ombudsman was created to protect human rights. Appointments, at the federal and state levels, had to be sanctioned by the legislature. This approval process provided for partial independence of the ombudsman, considering that in many states as well as in the national chamber of deputies and in the senate, the majority was held by the same party (PRI). However, the most important reform during this time was the creation of an independent electoral supervisory body in 1995, which led to clean presidential elections in 2000, with the electoral defeat of the party in power for the last 70 years.

5. Summary

Throughout Mexican history, there has been a pressing need to clearly define a plural liberal conception of social justice, how to evaluate and realise it. For example Morelos supports the idea that freedom and liberties guaranteed by the law would procure economic growth and a more equal society. Morelos idea concurs with the intentions of the liberal reforms of the 1980's and 1990's. However, the lack of clear improvement in the reduction of poverty and inequality suggest that this conception of social justice cannot succeed without closer supervision by the state when it comes to economic market outcomes. The same can be said of the previous outcome oriented approach.

This brief introduction suggests that we can trace in all versions of Mexican liberalism a general aim of providing sufficient material means and economic opportunities to citizens in order for them to start fully exercising their rights. We can also trace a concern to benefit the worse off either by attempting to universalise benefits, aiming to provide certain minimal outcomes, or by focalizing direct benefits and increasing the economic opportunities. The mixture of both attempts, reflected in the latest poverty alleviation programs makes the Mexican liberal experience interesting. However this general egalitarian aim has not historically been adequately described for a situation of severe scarcity of social and financial resources and a weak institutional framework.

I will suggest that liberalisation during the 1980s and 1990s and especially in the 1990s has not entirely succeeded in their development aims of creating growth and reducing absolute poverty, among other things because it has only counted on the liberal aim of creating opportunities as a way to reduce poverty and inequalities. This not only seems implausible in the short term but unfair to the worse off, due to the severe scarcity of social and financial resources that would impede any possible autonomous improvement.

In the next chapters I will enquire into what conception of social justice could better realise the egalitarian aim under scarcity, fulfilling the historical objective of Mexican Liberals of providing or promoting a social minimum for all Mexicans. In order to do this I will explore how could these theoretical discussions provide a fundamental moral aim for poverty alleviation programmes.

My hypothesis is that the egalitarian aim is wrong when it proposes to distribute scarcity between similarly situated individuals. Justice requires being concerned for the least advantaged members in society, but this concern has to take into account available resources, institutional weaknesses and the number of people to be benefited. Furthermore, for just reasons benefits should be graded and have morally relevant thresholds.

Thesis Outline

In Chapter 2 I will evaluate the liberal normative question of how to fairly distribute resources in situations of severe scarcity. The main contribution of this chapter is to propose a progressive sufficientarian approach when distributing social resources in a society under severe scarcity. Priority should be given to those who are situated below the lowest morally relevant threshold of several relevant ones, in an effort to maximise the number of people reaching this threshold.

In Chapter 3 I will deal with the question of what area of human experience should be taken into account when considering a just distribution. What to distribute becomes relevant to evaluate whether the historical social objective of the Mexican liberal state has been the adequate one. The main contribution of this chapter is that a minimal lower threshold for benefiting people has to consider basic human capabilities, while the rest of thresholds should consider resources and opportunities.

Chapter 4 relates the questions of how and what to distribute to poverty measurement and how different just distributive criteria affect these results. I will also suggest that the normative approach can provide a different perspective for measuring the injustice of an income distribution and thus giving grounds to operate the conception of social justice. The analysis of poverty and deprivation measures under different distributive criteria suggests that in designing poverty alleviation programmes, distributive criteria should be taken into account for them to be effective.

Chapter 5 considers the Mexican case. It provides a detailed analysis of poverty alleviations programmes, especially Progresa (1996-2000). The chapter considers whether this poverty alleviation program follows the normative objective suggested when distributing severely scarce resources. The analysis illustrates, how this poverty alleviation program has followed a simple prioritarian approach, targeting the poorest without considering further direct benefits for the rest of the poor. The programme's design does not take into account individual differences in transforming resources into well-being, thus inhibiting the development of those targeted.

Chapter 6 assesses the extent to which the progressive sufficiency normative objective remains unfulfilled in the case of Mexico. After providing poverty comparable estimates of the last 50 years I provide detailed results on data analysis from 1992 to 2000, in relation to deprivation and income poverty. Using micro data from household surveys of 1992, 1994, 1996, 1998 and 2000 I will consider whether the last poverty alleviation program might be succeeding.

In the main overall conclusion, after summarizing my findings I concluded that a progressive sufficientarian approach solves some of the problems that relational egalitarians have, and some of the problems faced by weighted prioritarianism. It offers as well a better form of sufficientarianism.

Chapter 2: How should we distribute when our aim is social justice?

2.1 How should anti-poverty policies distribute scarce resources?

Equality, Priority, Sufficiency

There are various general theoretical questions that must be addressed when considering which fundamental moral aims should guide the design of poverty alleviation programmes. Two of the most important questions to be asked are a) *how* benefits and burdens should be distributed justly, and b) *what* benefits and burdens matter. This chapter addresses the first of these questions. It is concerned with the way in which an individual's claim to be benefited may depend on a complex range of factors; such as, how badly off she is, how much she could benefit, and whether other individuals are better off, as well as further aggregative considerations. Before addressing practical questions about policy and institutional design, we need to clarify some of these prior issues.

A broad group of political philosophers hold the belief that justice requires equality to be one of our main distributive criteria. I will claim, in general, that egalitarianism could be better served by using a mixed distributive criteria. Progressive sufficiency, as I call this criterion aims to minimise the number of persons below different morally relevant thresholds. I believe Progressive Sufficiency is a better conception of social justice under severe scarcity than Equality. In particular I will advance some ideas as how this criteria can better express our just intuitions in distributive problems under situations of extreme scarcity.

I will assume that scarcity means a situation where is not feasible for every individual to reach a threshold of a minimal decent life. Incidentally this discussion can be applied in some cases in affluent societies where some individuals due to brute luck cannot reach some social threshold.

In discussing competing egalitarian conceptions of distributive justice it is customary to distinguish two questions:

First: how should resources be distributed between individuals who have equal claims to those resources?

Second: which standard of interpersonal comparison should be employed to determine when one individual is better off than another?

For illustration of the first question, suppose that scarce resources must be distributed amongst a group of individuals none of whom is more deserving than any other, or has any special entitlement to those goods. Suppose too that we have a prior commitment to some form of liberal democracy, and that the individuals are co-citizens in such a political community. How should resources be distributed?

There are at least three distinct responses to this question, which can be briefly stated as follows.

Equality: Nobody should be worse off than anyone.

Priority: Resources should be used to benefit individuals, and more weight should be given to benefiting less advantaged than more advantaged individuals.

Sufficiency: Each person should have enough resources.

I shall argue that under certain conditions of severe scarcity and institutional weakness we should favour a sufficientarian rather than egalitarian answer to my question, and aim to ensure that as many individuals as possible have enough resources to reach certain morally relevant thresholds. This conclusion is important because many individuals in developing countries live under such conditions. We need to bear those facts in mind when asking how egalitarian conceptions of distributive justice, which were originally devised with affluent countries in mind, might be applied to developing countries.

Equality

Before presenting the progressive sufficientarian answer to our main question, I want to point some difficulties with the two other main responses, dealing first with relational egalitarianism.

In his Lindley Lecture, “Equality or Priority?”, Derek Parfit asks whether egalitarians should be concerned with the gap between better off and the worse off individuals or should rather only be concerned with benefiting the worse off, even if this would increase the gap. Arguing against the first view, he writes,

If inequality is bad, its disappearance must be in one way a change for the better, *however this change occurs*. Suppose that those who are better off suffer some misfortune, so that they become as badly off as everyone else. Since these events would remove inequality, they must be in one way welcome [...], even though they would be worse for some people, and better for no one. This implication seems to many to be quite absurd. I call this *the Levelling Down Objection*.¹

The Objection suggests “if we achieve equality by levelling down, there is *nothing* good about what we have done.”² If this conclusion is plausible, then relational egalitarianism faces a powerful challenge. Since prioritarianism never requires levelling down, it escapes that challenge. The Objection therefore supports a preference for prioritarianism over egalitarianism.

Some, however, claim that the Levelling Down Objection is not as conclusive a refutation of relational egalitarianism as it may first appear. Larry Temkin has argued that the appeal of the Objection relies upon implicit acceptance of

¹ Derek Parfit: “Equality or Priority?”, in The Ideal of Equality, M. Clayton & A. Williams (Eds.), Macmillan Press, 2000, p. 98

² Parfit, Op Cit., p. 99

the person-affecting principle that one outcome can be better than another only if it is better for some individual, and that this Slogan, as he calls it, is not always sound. For example, a world in which Saints fare better than Sinners is in one way better than a world in which both fare better though Sinners fare even better than Saints.

Note that even if there are *some* cases in which levelling down is, in some respect, welcome, it seems especially implausible to claim that this is true in the cases of severe scarcity which are my primary concern. I doubt that it is *in any respect* welcome for more individuals rather than fewer individuals to suffer extreme poverty. I conclude there is a reason to reject an unrestricted version of relational egalitarianism even if Temkin is correct to claim that the key implicit premise of the Levelling Down Objection should be rejected.

Priority

One of the clearest moral reasons we have to help someone in need is based on a basic humanitarian concern, a concern with the urgency of the claims of those who are badly off. Prioritarians generalise from this concern, and conclude we should aim to improve each individual's condition but attach greater moral urgency to benefiting an individual the worse off she is.

As an answer to our main question, this conclusion faces what might be termed *the prioritarian dilemma*. The dilemma arises because there are two different ways of specifying how much priority to attach to benefiting the least advantaged.

The most familiar prioritarian distributive principle, Rawls's Difference Principle, attaches lexical priority to the interests of the least advantaged. In doing so it implies that it is preferable to improve the condition of less rather than more advantaged individuals no matter how small the improvement the first individual undergoes or how large the improvement the second individual foregoes. Rawls himself stresses that the Difference Principle should be evaluated on the assumption that certain background conditions hold, and so

is not committed to *lexical prioritarianism* in all cases. As I shall now explain, there are good reasons for him to withhold support from such an extreme view since it neglects too much morally relevant information.

Indicating the first horn of the prioritarian dilemma, Nagel points out that giving lexical priority to the least advantaged does not take into account, “the relative quantities of improvement involved, and also the relative numbers of persons.”³ In addition, he argues that in some cases it “is more reasonable to accord greater urgency to large improvements somewhat higher in the scale than to very small improvements lower down”.⁴

Nagel’s remarks have important implications for cases of severe scarcity with which I am especially concerned. In these cases lexical prioritarianism might require very large sacrifices for large numbers of badly off individuals in exchange for small improvements in the condition of very few individuals who are even worse off. Since such a requirement seems implausible, I conclude that an unrestricted version of lexical prioritarianism should be rejected.

Lexical prioritarianism, however, might be replaced by what I shall term *weighted prioritarianism*. Parfit suggests this alternative way of deciding how much weight to attach to the interests of the least advantaged. Assuming the pluralist view that competing values might justify tempering our concern with the least advantaged, he writes: “...benefits to the worse off could be morally outweighed by sufficient benefits to the better off. To decide what would be sufficient, we must simply use our judgement.”⁵

Parfit’s suggestion indicates the second horn of the prioritarian dilemma. It arises because flexible prioritarianism provides such incomplete guidance in addressing my main question of how to distribute resources in cases of conflicting claims. In the absence of some method for attaching specific weights to benefiting individuals depending on their level of advantage, it can

³ Nagel, T: “Equality” in *Op cit*, p. 63

⁴ Nagel, *Op. Cit.*, p. 76

⁵ Parfit, *Op Cit.*, p. 101

accommodate a huge range of answers. For example, depending up which method is adopted, a flexible prioritarian principle might barely be distinguishable from either a purely aggregative principle which requires maximising the sum of advantages, or a lexical prioritarian principle which requires maximising the prospects of the worst off.

This flexibility might be a theoretical advantage insofar as it enables proponents of prioritarianism to argue that *some* version of their view is likely to provide the correct answer to our question. However, without a clearer account of that favoured version, their view offers little practical guidance.

Sufficiency

I have argued that relational egalitarianism is implausible under conditions of severe scarcity, and that prioritarianism veers between extremism and practical indeterminacy. Sufficientarianism instead would solve the practical prioritarian problem by setting a clear threshold to be reached. In this chapter I shall discuss various versions of the sufficientarian claim that in distributing resources we should aim to ensure that as many individuals as possible have enough.

According to Harry Frankfurt, there are two ways in which individuals might be considered to have enough. The first is to consider that “...*a limit has been reached*, beyond which it is not desirable to proceed”, and the second is to consider that “...*a certain requirement or standard has been met*, with no implication that a larger quantity would be bad.”⁶ Assuming money is the measure of advantage, Frankfurt argues in favour of the second version, claiming that “enough” would be reached when “the person does not (or cannot reasonably) regard whatever (if anything) is unsatisfying or distressing about his life as due to his having too little money.”

The contrast between sufficiency and equality can be shown in two different types of case. In the first case of moderate scarcity everyone has their

⁶ Frankfurt, H: “Equality as a moral ideal” in *Ethics*, 1987. p.37

morally relevant needs satisfied, and they are mostly content with their situation. Frankfurt argues that in this case sufficiency is achieved even if inequality remains. He also insists that the pursuit of equality loses its moral appeal, and might be wasteful since it would harm some people's prospects without benefiting anyone.

When severe scarcity is present the difference between equality and sufficiency is even more evident. To illustrate the difference, consider the following modification of an example suggested by Frankfurt. Suppose we have enough units of medicine to allow some, but not all, members of the population to survive; for example, there are 10 people and 40 units of medicine, that 5 units are necessary to for survival, and 4 units are necessary for a painless death. Under such conditions, it seems plausible to claim that an equal distribution of medicine resulting in painless death for each individual would be worse than an unequal distribution in which 8 individuals survive and 2 individuals die painfully.

Since this example is a case in which the maximin distribution fails to secure a minimally acceptable level of advantage for each individual — i.e. survival — it also illustrates how lexical prioritarianism can diverge from sufficientarianism, and produce less plausible results.

A sufficiency view does not require any individual to accept a lower level of advantage simply in order to achieve equality, regardless of whether this benefits anyone. Thus, it escapes the *levelling down objection*, though depending on how sufficiency is defined it may make certain inequalities relevant when evaluating distributions. Sufficiency can also escape the problem of unreasonable opportunity costs faced by the extreme version of a prioritarian view. However, like weighted prioritarianism it risks being ad hoc. Most obviously, it faces the problem of where to draw the line.

This chapter explores some of these lines of argument in more depth. Its specific aim is that of establishing a "hybrid" view, which combines concerns underlying each of the three criteria in a coherent manner. I will first discuss

equality and the levelling down objection, as well as the instrumental and impersonal reasons to oppose certain inequalities. I then move on to discuss the family of prioritarian views, considering the critique of the extreme view and asking whether the description of the worse off members of the society can be made more specific. Sufficiency will be discussed as an incomplete view that does not accord ultimate importance to any single value. I argue that sufficientarians are correct to insist that thresholds matter, but that it would be mistaken to conclude that a single threshold matters. Instead it may be more plausible and useful to consider a series of thresholds that specify a hierarchy of aims that might be pursued when distributing benefits and burdens.

2.2 Equality

Assuming a commitment to liberal democracy would require that citizens are entitled to exercise a fair share of political power through voting and running for office, and that they are obliged to obey the law which results from a democratic process. These two minimal conditions of liberal democracy might have implications for distributive justice as they could serve as a political guide for economic and social policy.

A basic idea of liberal citizenship would imply that citizens are considered by the law as free and equal moral persons, each having a right to equal respect and consideration. In order to guarantee equal respect and consideration to citizens the state should at least extend their civil and political rights and arrange social institutions in a manner that ensures that these rights can be fully exercised. By accepting and participating in a democratic process, citizens commit themselves to obey the laws arising from the process.

Society's institutions determine the way in which benefits and burdens are distributed among citizens. Citizens are in their right to demand that social resources are distributed fairly and sufficiently to exercise their rights. If this does not happen, citizens might question their commitment to respect the law. However, the normative question of how to adequately interpret equal

respect and consideration to citizens in the distribution of benefits and burdens remains a matter for discussion.

The immediate egalitarian answer to our distributive question of how benefits and burdens should be distributed between people, none of them, a priori more deserving and none with prior special entitlements, has had a clear appeal as an ideal. The interpretation of this ideal, however, has been a matter of consistent debate in recent years. One of the questions put to egalitarians has been whether they value a diminution of the gap between the worse and better off for its own sake, or should they give priority to the worse off, even if this increases the gap. (Clayton, M. & Williams, A., p. 1)

Formulated by Derek Parfit, this question naturally leads to a distinction between two general types of egalitarianism. First, strict egalitarians would claim that an unequal distribution of burdens and benefits among people is in itself morally bad, other things equal (its badness may be outweighed by other considerations). Thus a reduction of the gap between the worse and better off would be considered a moral improvement, other things equal. Egalitarians of this type would be concerned with how one group of people fare compared to others. They would be concerned, for instance, with their relative deprivation.

On the second less strict interpretation of the egalitarian ideal, egalitarians would not consider the gap between people as having much moral significance, thus they argue that we should be more concerned with the worse off than with the existence of the gap itself. This type of egalitarians would be more concerned with the "absolute level of advantage that people enjoy: the less well off a person is, the more urgent morally it is to benefit her." (Clayton, M. & Williams, A., p.3)

When assessing social and economic policy, this distinction works in so far as we might determine whether the structure of benefits and burdens prioritises benefits for the worse off, or is more concerned with the reduction of the gap between people. For instance, if we consider the poor as the

worse off, we could evaluate whether a particular poverty alleviation policy has been designed to either reduce the gap between the poor and the non-poor or only to address their absolute levels of disadvantage.

2.2.1 Strict Egalitarianism

For instance equality of opportunity as a version of strict egalitarianism might consider the gap between people in life prospects as unjust in so far as this gap has been produced by differences in social backgrounds. That is, it would consider poverty unfair only if it were due to reasons not related to the individual choices. The aim of equality of opportunity would be to provide a fair start to the competition. However if we claim equality of opportunity we have to ask what is an opportunity to achieve X ?

We could consider that it might be secured by either:

(1) There being no legal prohibition on one having x ,

or:

(2) The fact that X is in one's feasible set, i.e. one could achieve X if one chose X .

In order to guarantee equality of opportunity (2) should be secured. The intuitive idea is that as long as it is feasible, a person who would choose X , but who seems incapable of achieving it for social reasons beyond her control should be given priority. The unequal social and economic preconditions surrounding the choice of different life opportunities bias the race and perpetuate unfairness in life and in social institutions, thus making inequalities hard to justify.

Accepting that strict equality aims to reduce the gap between people, strict egalitarians should not be concerned if the gap reduction is attained following other objectives. For instance, we could maximise utility by benefiting the poor thereby obtaining a more equal distribution. This might be rejected by strict egalitarians because the value of equality has not been followed. For

strict egalitarians, however, equality can be of value in different ways. For instance it can be instrumentally valuable in terms of its effects, like securing the self-respect of the worse off, or intrinsically valuable for other reasons than its effects. Intrinsic egalitarians might value equality either as derivative from a wider ideal; for example, social cooperation would involve public knowledge that everyone is equal. Non-derivative egalitarians by contrast attach ultimate value to equality.

2.2.2 The Egalitarian ideal

To better understand the egalitarian ideal we need certain clarifications about differences in its aims. I will use M. Clayton and A. Williams' taxonomy to clarify these differences.

"...equality might either be instrumentally valuable because of its effects, or intrinsically valuable for reasons other than its effects. *Instrumental egalitarians* might aim for equality in order, for example, to secure the self-respect of the least advantaged or reduce certain forms of social antagonism. *Intrinsic egalitarians* display a less contingent commitment to equality [...] those who are *derivative egalitarians* value equality as a constitutive element of some wider ideal [...] Unlike instrumental and derivative egalitarians, *non-derivative egalitarians* attach ultimate value to the achievement of equality." (Clayton, M & Williams, A., 2000, p.4-5)

To illustrate these distinctions consider Thomas Scanlon's reasons for rejecting inequalities: (Scanlon, T., 2000)

- 1) Relieve suffering or severe deprivation;
- 2) Prevent stigmatising differences in status;
- 3) Avoid unacceptable forms of power or domination;
- 4) Preserve the equality of starting places which is required by procedural fairness; and
- 5) Procedural fairness sometimes supports a case for equality of outcomes.

Reasons (1), (2) and (3) are clearly instrumental as closing the inequality gap will have the beneficial effects of avoiding peoples' suffering, promoting people's self-respect and preventing "unacceptable forms of power domination". These reasons aim to alleviate suffering, preserve individual freedom and autonomy, values which could be described as part of a very abstract and formal idea of giving equal consideration to people's comparable claims.

Reason (1) provides the strongest direct argument for action of the three instrumental reasons. The relief of suffering is clearly morally more important than the securing of self-respect. However, once suffering has been relieved, other aspects of human life obviously become relevant. It is a matter of discussion whether securing self-respect or securing political control of our public lives is a more important reason in aiming for the elimination of inequalities.

Reason (4) can be cast as an example of intrinsic derivative egalitarianism. We have moral reasons to believe that eliminating inequalities would make things better for some people in terms of fairness. Crucially, this commitment to equality will not only benefit those who are being treated unfairly but also improve society in terms of other values. Procedural fairness expresses the idea of formal equality, laying the groundwork for real equal opportunities, which if provided adequately would only leave those socio-economic inequalities that are due to differences in talents. As the individual might better judge their own skills, differences in outcomes could be considered the result of individual choices, leaving space for analysing inequalities as a fair by-product of equal consideration. Equality seen from a derivative perspective becomes an important value, but not a fundamental one that can trump other important political values, like civil or political liberties.

Reason (5) although the clearest egalitarian reason of all, as it is aiming to equalise economic or social outcomes without considering other competing values, can also be considered as derivative from a broader ideal of fairness. This type of egalitarian will seek to eliminate all inequalities in the socio-

economic areas as part of a wider aim to secure social co-operation, considering them to be products of unfair pre conditions in the first place.

Missing in this lengthy list is a non-derivative egalitarian reason, one that simply states that equality is a fundamental value. Although Scanlon does not argue in favour of equality for its own sake in his list, such a reason Scanlon argues would have the form of a "...straightforward moral ideal of substantive equality, [...] the idea that a society in which people are equally well off (as determined by some appropriate measure) is for that reason a morally better society." (Scanlon, 2000, p.47)

We might identify this approach as reason (6). Scanlon argues that this position lacks the moral urgency of the five outlined above which have morally independent value and appeal to different political ideals. However the simple moral appeal to a conception of a society where everyone is equally well off in socio-economic terms, is an old and strong ideal drawing on an ethos where an unequal society is bad, and that the inequality gap between people must be closed in order to produce a good, even if the achievement of the good produces damages to some or all.

In this brief taxonomy of reasons, I believe it is clear that only reasons (2), (5) and (6) imply a straightforward total elimination of inequalities. The other reasons are concerned with equality but do not demand substantive equality in all socio-economic aspects. If we take on reasons (2), (5) and (6), it would thus seem that inequalities should be avoided not only because inequalities have bad effects (instrumental reasons for rejecting inequalities) and do not help us to realise our other general moral objectives (intrinsic derivative egalitarianism), but also because inequalities are bad in themselves (intrinsic non derivative egalitarianism). This taxonomy of forms of egalitarianism shows a clear moral pattern, from less stringent to a stricter version of the moral value. Types might cut across one another but differences are sufficiently clearer to distinguish when one type is being used.

Each of these types of egalitarianism is open to different criticisms. One of the strongest critiques is levelled at intrinsic egalitarianism of the non-derivative form. Egalitarians of this kind, even though they would accept that the intrinsic value of equality can still be overridden by other values, would have to commit themselves to eliminating inequalities even in circumstances where no one would benefit, prompting critics to ask if this form of egalitarianism should be rejected. We would still be aiming for equality but for other moral reasons, such as those found in the derivative or instrumental kind of egalitarianism. However, if we reject egalitarianism of the strict non-derivative kind, the case for equality weakens, especially when we consider reasons for the redistribution of socio-economic resources in order to reduce inequalities where there is no wrong doing, unfairness or bad effects involved (Parfit, D., 2000, p. 100).

2.2.3 Parfit's critique of intrinsic non-derivative egalitarianism.

Strict non-derivative egalitarians contend that as differences between individuals are wrong, the gap has to be closed, notwithstanding the possible negative consequences. Central to this approach is a belief that equality is one of a few fundamental values. This idea of equality also relies on its relational characteristics: those who are worse off are so because there are others who are better off. Therefore, if no one is better off, it is impossible to claim that someone is worse off in relative terms. Thus in most cases eliminating inequality would be good, *pro tanto*.

Derek Parfit asks whether egalitarians should be concerned at all with the gap between the better off and the worse off, or simply more concerned with benefiting the worse off, even if this increases the gap between the two. His critique is directed at non-derivative egalitarians claiming that unjustified gaps between people are wrong.

If inequality is bad, its disappearance must be in one way a change for the better, *however this change occurs*. Suppose that those who are better off suffer some misfortune, so that they become as badly off as everyone else. Since these events would

remove inequality, they must be in one way welcome [...], even though they would be worse for some people, and better for no one. This implication seems to many to be quite absurd. I call this *the Levelling Down Objection*. (Parfit, D., 2000, p.98)

To illustrate the *Levelling Down Objection* (LDO) let us consider a hypothetical example, where the time frame of benefits is the very short term and the number of people involved is not a concern. Consider a society where differences relate only to income levels, in this society only 10% of the population holds the productive assets while the rest are all equally extremely poor, though benefits are growing. Paraphrasing Parfit, non-derivative egalitarians must admit, that if the rich by a rare coincidence find their assets frozen and appropriated by the authorities for military purposes and not social development ones, this would be a fortunate coincidence in some way as now everyone will be equally poor, by making some worse off than before and leaving the poor still very poor.

The point Parfit emphasises is that such news is not good in any way, and that “if we achieve equality by levelling down, there is *nothing* good about what we have done.”(Parfit, D., 2000, p.99) The change of conditions is worse in some ways for everyone and no better in any form for no one. While we would be able to claim that equality had been achieved in that people are no longer worse off in relative terms, we could not claim that they are better off in absolute terms.

Returning to my example, if we level down the rich, everyone will be poorer in absolute terms, although there will not be a relative difference because the poverty gap has been closed. The case Parfit is making is that some people in this kind of scenario end up worse off than before, but also that equality has not helped anyone in any way or made anyone better off. It is clear that this situation will not be good for anyone, as the derived benefits from the capital invested by the rich will disappear and the abolition of poverty will be farther away. The situation where a few are very rich and the rest are equally poor seems not to be helped by a relative approach to equality.

Furthermore, if we consider that in such a society, ignoring the richest ten percent, differences in their relative position would come only from individual effort or by accident, the decrease of future benefits caused by the expropriation of productive assets, would make their efforts useless. As future benefits diminish, those who are economically and socially worse off would suffer the most through no fault of their own. Equality in this example would not promote a good. The corollary of the *Levelling Down Objection* is that equality in its strictest sense might well damage the better off without benefiting the worse off.

For the above example and its corollary to be convincing we need to accept that for strict egalitarians equality has priority over benefiting people, and this is not necessarily so, as a strict egalitarian could hold a pluralist view, where equality would be a very important value but not the only one. Larry Temkin follows this line of thought disputing the validity of the LDO, by appealing to a pluralist moral view.

2.2.4 Critical assessment of the Levelling Down Objection

Larry Temkin rejects the (LDO), seeking to preserve the value of strict equality; he claims that the LDO has at its root an idea that he calls the slogan.

One situation *cannot* be worse (or better) than another if there is *no one* for whom it *is* worse (or better). (Temkin, L., 2000, p.134)

The slogan serves the purpose of providing an idea of damage or benefit that is strictly tied to individuals. In this sense, all value judgements of damage or benefit have to be related to someone. If there is no one to whom such judgements can be related, any possible judgement becomes incoherent since one cannot damage or benefit a non-existing entity and judgements of damage or benefit must be granted in existing persons. Temkin's strategy for rejecting the strength of the slogan is to prove that there is at least one instance where we might consider the slogan to be inadequate.

Temkin appeals to the idea that there are impersonal values that can show things to be bad, even if no one is damaged. Temkin also argues that there are some impersonal values that can be objective, independent of the way they might affect someone. One of these values is proportional justice, which Temkin illustrates with an example that distinguishes between the gains received by saints and sinners. According to the slogan, values must be person-related, so if saints receive what they deserve while sinners receive even more, this situation would be better than a situation where each receives what they deserve. This conclusion is obviously counterintuitive at least in the sense of proportional justice. Temkin expresses the idea in the following way.

“To the question ‘how *could* one situation be worse than another if there is *no one* for whom it *is* worse?’ one might respond, ‘it could be worse if it were worse regarding proportional justice.’ This would express the view that an outcome’s being better or worse for people is *not* all that matters, proportional justice does too.” (Temkin, L., 2000, p. 134)

An outcome can thus be assessed in different ways, not just in terms of benefits and burdens to people. As long as we accept that some values are objective, though not necessarily overriding, we can value many situations or actions independent of the benefit or harm that accrues to people. Accepting that a situation can be unjust or bad even if there is no one involved weakens the LDO, allowing a claim that equality can be said to have value even if there is a situation where everyone will be worse off.

If we accept that the value of equality has an impersonal independent value, as Temkin argues, we are committed to saying that an equal situation is in some ways always better than an unequal situation. However, Temkin also accepts that benefiting people is important. Here we might be confronted with an undetermined moral situation as to which value to follow and when. For example in cases of life and death, it is not at all clear that equality should take precedence, as benefits for one person might be much higher than to

the other. It would seem then, that only in cases of lesser moral urgency equality would take precedence over possibly smaller benefits.

The possible balance to be taken in a pluralist view, could be given by the limits imposed by the LDO, where benefiting the worse off becomes more important. However, once this has been achieved, equality gains relevance, although in a derivative way. This in fact would suggest that the strict non-derivative idea of equality is undetermined, making it hard to use as a political guide. It would seem then that apart from accepting that strict equality has some value in Temkin's sense but that benefiting people in occasions of moral urgency is more important, in Parfit's sense, we must also be concerned with the size of the benefits we are going to distribute and whether or not these benefits will make a moral relevant difference, say between life and death. In short we have to be concerned with relevant levels of advantage.

2.2.5 Summary

Parfit asks whether egalitarians should be concerned at all with the gap between better off and worse off individuals or simply concerned with benefiting the worse off, even if this would increase the gap between the two. The *Levelling Down Objection* is used by Parfit to demonstrate how concern for the worse off could be more important than pursuing intrinsic non-derivative equality. Temkin's answer to this concern is that intrinsic egalitarians should hold to their ideal, considering that equality is important by its own sake. However, the *Levelling Down Objection* still shows that consequences could be worse for everyone if we pursue pure equality in some situations, showing that benefiting people it is some times more important. We are thus led to consider a pluralist view, where equality would be an important but not the most important value in the assessment of a situation. One of these situations to consider would occur when confronted by an extreme scarcity of resources, where benefits become relevant if they reach an adequate level, not before. In such instances, it would seem we

should consider benefiting the larger number of individuals, in order to respect equally morally deserving individuals.

Thus, this section shows us that in considering a distribution, we have to be concerned not only with how people fare in absolute terms and how people fare relative to each other, but also with the morally relevant levels of advantaged people have. I'm proposing that we should accept a complicated moral gradient perspective where equality becomes important only after certain point where high moral urgency has been given to benefit the worse off. This is in fact a kind of complicated sufficientarian view with prioritarian and egalitarian concerns. Let us consider first the prioritarian view.

2.3 PRIORITY

By far the clearest moral reason we have to assist someone in need is based in a basic humanitarian concern, a concern with the "...urgency of the claims of those who are worse off ..." (Scanlon, T., 2000, p.42) Suppose we are distributing scarce goods amongst a group of individuals, none of whom is more deserving, and with none possessing a prior special entitlement to those goods. The distributive answer to our humanitarian concern might be the following: while we should aim to better individuals, greater moral urgency should be attached to benefiting individuals who are worst off.

This basic humanitarian concern in terms of those who need our help the most, according to Scanlon, has three basic characteristics. In the first place it can have egalitarian consequences, as a transfer of resources from those who are better off to those who are worse off, without concomitant bad effects, can close the gap between the two groups. The second characteristic is that our concern is strictly directed at alleviating the conditions of the worse off, and is in direct proportion to the moral urgency of their claims. Finally, the third characteristic expresses the importance we attach to the urgency of moral claims: as an individual's situation improves the moral need for humanitarian assistance gradually diminishes, eventually disappearing entirely when the individual is no longer extremely worse off.

Although clear in their objective, our humanitarian concerns, invoking as they do a direct moral obligation to avoid damaging people, suffer from two related problems: the first is how do we recognise who is worse off and the second where do our moral obligations cease to apply?

2.3.1 Priority view

Derek Parfit considers a similar view of this same humanitarian concern, a view that in principle can solve the indeterminacy of the humanitarian concern. He calls it "*The Priority View*: Benefiting people matters more the worse off these people are" (Parfit, 2000, p.101). Parfit argues that our concern for the worse off obliges us to give moral priority to their claims. Simply stated we should help most those who need assistance the most. In Parfit's view, the moral urgency of some claims compels us to help, usually with egalitarian consequences, and our help is also a function of people's needs.

To this point Parfit's view has not differed analytically from Scanlon's humanitarian concern for the worse off; however, the third characteristic in Scanlon's framework, is stricter than Parfit's view. For Parfit, benefiting the worse off does not cease to be a priority when the situation is no longer extreme, but only when people cease to be worse off. In Parfit's view, an unequal state of affairs that becomes equal would be better not because it creates equality, but because the gain to the worse off is more important even if the losses for the better off are greater. He uses the following example.

In this manner "benefits to the worse off do more to make the outcome better. We could claim that this is why (1) is worse than (2)."

(1) Half at 100 Half at 200

(2) Everyone at 145

(Parfit, D., 2000, p.116)

Parfit's point clearly depends on the level of benefits to be lost by the better off. If everyone would be equal at 101, there would seem that the losses are far greater than the benefits and that they should not be accepted. The problem is recognized by Parfit, he argues that as in any other pluralist view where we accept competing values, "...benefits to the worse off could be morally outweighed by sufficient benefits to the better off. To decide what would be sufficient, we must simply use our judgement." (Parfit, 2000, p.101)

This view seems to be indeterminate, especially when the main force of the priority view lies in benefiting the one who needs it the most. We could say, for instance, that our "judgement" would tell us that benefits to someone who has been living in bad conditions for all her life are more important to some small benefit which would relieve a rich person from occasional but recurrent suffering. In Parfit's view we might not accept this. The problem is that we do not know what is the relevant sense in which we should consider that benefits to the better off outweigh benefits for the worse off.

This being so in the priority view, in most occasions Parfit's prioritarian view would remain committed to benefiting the worse off, notwithstanding the consequences to the slightly better off. This conclusion would make Parfit's prioritarian view appear in some circumstances too extreme, even if Parfit does not demand an absolute priority to the worse off. For instance, intuitively we would prefer benefiting someone suffering extremely even if the same resources could help a larger number of people to be slightly better off. The direct priority to the worse off until they are no longer worse off, leaves Parfit's margin of intervention open to interpretation, as intuitions could not always be supported. Different interpretations can impose large costs on those who are not considered worse off, costs that sometimes should not be accepted. Thus the limits to our moral concerns with the worse off are not clearly set with Parfit's rationale.

The humanitarian view, by contrast, limits our concerns in clearer way, although the priority given to the worse off is weaker. In the humanitarian view we would benefit the worse off only when the moral urgency is extreme

and when those cases can be described in adequate terms. To assess both views consider the alternatives, where the loss from one group is the gain for the other.

- | | |
|---------------------|-------------|
| (1) Half at 70 | Half at 200 |
| (2) Half at 100 | Half at 170 |
| (3) Half at 120 | Half at 150 |
| (4) Everyone at 135 | |

Let us say that 70 is an extreme hardship and 100 is the avoidance of this hardship. While a move from (1) to (2) is demanded by both the humanitarian and the prioritarian concern, a move from (2) to either (3) or (4) is indeterminate. We can say that a move to (4) from (2) is better because the gains for the worse off count for more, but in view of the losses for the better off and the small gains for the worse off we could also say that a move to (3) is preferred in the overall situation. That is considering the losses from the better off in the original position. Both options (3) and (4) seem equally open to the priority view. The indeterminacy in choosing either option would suggest us to appeal to the humanitarian version of priority to the worse off, where there are clearer limits to transfers between groups, as it only requires placing the worse off above certain threshold, (2). However, this threshold would necessarily make us reject the claims of those who are worse off in relative terms. This option, though clearly limited seems not fair.

To illustrate this problem consider a pastoral society where 90% of the population is equally poor and share the same risk of dying of hunger if drought occurs. All of the members of this group share the benefits from the economic activities the rich undertake in the short term, decreasing the risks of hunger in the long term. If we apply the priority view here, we reach the same conclusion as in a derivative egalitarian view, accepting the status quo in order not to jeopardise the incoming small benefits. The worse off in this case would be those who are at risk and because in this view we do not believe in relative comparisons, we are bound to consider that the worse off are those who suddenly are in the worst absolute condition.

For example, let us assume the rich have a strange and painful hereditary illness, which has been incurable but tolerable. However, advances in medical science make this cure available to a high cost, a high cost which is so expensive it risks the future benefits of the poor as resources would be diverted to fund the cure and not the productive activities that grant the long term benefits for the poor. Here the priority view would accept that scarce resources should be distributed to those who are ill, because the suffering of the rich is in the short term worst in absolute terms than the worry of those who are at risk of either acquiring the illness or in a moderate risk of dying of hunger in the long term. Furthermore, as we are supposed to give absolute priority to the worst off, as we are comparing individual's absolute levels of need, we should distribute benefits accordingly. Say that in order to safeguard partially future benefits for the poor, the economic advisers claim that the poor have to co-operate to fund this cure and a goat of each herd should be sold, after all, this would not make people worst off in absolute terms and would partially safeguard future benefits.

The above example seems to be unreasonably extreme with people above the minimal position; the poor not only would become poorer in the short terms but will also increase their chances of famine in the long term. We have to remember that scarce resources are being distributed. However we do not have in this form of humanitarian prioritarianism a way to limit the benefits for the worse off, if the worse off are considered only in short term absolute terms. For instance the justification for Parfit's priority view lies in the independent moral urgency of people's needs. There is no relational characteristic such as that found in the egalitarian view, allowing us to assess, in theory, each case considering it in absolute terms and not in relative terms. In this way the plea of the worst off person will be dealt with in first place and there is no risk of damaging some while benefiting none, as in the Levelling Down Objection. However, I suggest that the above example shows that we need to appeal to long term worse off characteristics in order to assess what are the relevant levels of advantaged that should be considered.

While preserving a humanitarian prioritarian view, it would seem that we require a contrast between positions that can only be given by the egalitarian option, as it considers relative concerns and can easily incorporate the long term perspective, as it does not depend on the short term worst off position. However, a prioritarian could argue that the priority position can claim that the long term perspective and the attributed indeterminacy can be solved by being more strict in the view and not permit trade offs as in Parfit.

2.3.2 Strict prioritarian view

The common argument in favour of the strict priority view is based in the appeal to a social contract. The basic idea is that a social contract aiming to provide equal respect to everyone must include safeguards for those who are left behind. In A Theory of Justice, John Rawls considers that such principles of social justice, which would guarantee those safeguards for the worse off, could be agreed by rational self interested individuals, behind a hypothetical *veil of ignorance*. In this hypothetical place, the characteristic self-interested individuals of the society would lack morally relevant information about the positions they will occupy. Thus they will rationally come to choose those principles that give priority to the worse off group as they could very well end in that group. Rawls' argues that the principles of social justice rationally chosen by individuals similarly situated in the original position, will take the form of a democratic idea of justice:

- (1) Each person has an equal right to the most extensive scheme of equal basic liberties compatible with a similar scheme of liberties for all.
 - (2) Social and economic inequalities are to meet two conditions: they must be (a) to the greatest expected benefit of the least advantaged (the maximin criterion); and (b) attached to offices and positions open to all under conditions of fair equality of opportunity.
- (Rawls, J., 2000, p.27)

Both principles of justice as fairness, as Rawls calls it, assess the basic structure in the society, and are part of a public conception of justice which

helps to solve public conflicts among individuals. One such conflict is over fair distribution of benefits to the least advantaged group, the measure of which is measured in terms of an index of social primary goods, in a strict order of importance, rights, liberties, and opportunities, income and wealth, and the social bases of self-respect. These goods are supposed to be needed by everyone apart from anything else they want or seek to reach.

The argument supporting part (a) of the second principle, the maximin rule or difference principle, assumes that the natural distribution of talents and social positions in society, are moral arbitrary characteristics that should not be taken into account when considering a fair distribution. The principle applies to luck from natural advantages, but equal opportunities (b), applies to social advantages. Rawls considers that those in the original position would not choose an egalitarian distribution of talents and social places, as differences in talents are an opportunity for mutual advantage.

At first sight the [unequal] distribution of natural assets and the social contingencies of life-expectations threatens the relations between free and equal moral persons. But when the maximin criterion is satisfied, these relations may be preserved: no one benefits from natural accidents and social contingencies except in ways that are to everyone's advantage (recall that inequalities are assumed to exist) and, in particular, the least favoured. (Rawls, J, 2000, p.32)

There are various readings to Rawls' maximin criterion, without entering in too much detail, suffice it to say that maximin gives absolute priority to the worse off group, taking into account individual's whole lives and future generations. In this reading, as long as the worse off are made better off, benefits to the better off that would safeguard the general overall benefits, especially the future prospects for the worse off, should be accepted. We have to understand the maximin principle as the best arrangement for social institutions to guarantee basic liberties, wealth and income to the least well off or in other words, inequalities in wealth and income are unfair only if they fail to benefit the least advantaged. (Parfit, 2000, p.119)

Now, if Parfit's prioritarian view remains indeterminate as we do not have a definite way to decide between providing small benefits to the worse off and larger benefits for the better off, the maximin principle suggests that we should always give priority to the worse off.

To illustrate these thoughts consider the following alternatives:

- | | |
|---------------------|-------------|
| (1) Half at 70 | Half at 200 |
| (2) Half at 100 | Half at 170 |
| (3) Half at 120 | Half at 150 |
| (4) Everyone at 135 | |

Considering that Rawls holds a view of primary social goods that can be described as a social minimum, say that (100) is this minimum, option (1) then, would be rejected as the worst possible situation of the four, as the gains to some have made others fall below the minimum. (2) would be an acceptable level if there is a dynamic process of increasing benefits. However if we accept the view that we must give absolute priority to the worse off in this dynamic process, we would regard the prospect of the reduction of future total benefits as not acceptable. Thus, we must accept option (3) because it would not damage future prospects of the least well off, as option (4) would. Inequalities are accepted not only because they are benefiting the worse off but also because they are benefiting them in their future prospects.

The latter approach shows that Rawls' maximin criterion for wealth and income permits large inequalities as long as the future prospects or actual benefits for the worst off group are clearly forthcoming. However, the way the worse off are determined and the absolute priority we must show towards them can also have extreme consequences for the next worse off group, especially when the principle requires us to maximise the benefits or prospects for the worst off groups and then for the second worse off group.

To illustrate this thought consider a fiscal policy that would take from all groups five pounds in order to give the poor ten more pounds in their income allowance. Since the policy would also be taking five pounds from the poor,

they would end up with only five more pounds. However the next representative group do not receive any income allowance, they will be five pounds worse off in their net income. This net loss will be harder for the next worse off group than for the rest of the groups as they could very well drop their income to a level similar to the first group. In other words the opportunity cost for some is greater than for others. We can further complicate this objection, if we consider that the second worse off group is formed by a very large number of people. Under this rationale, as long as the better off can produce more overall wealth and the worst off can receive growing benefits or better future prospects; those above the minimal position but below the maximal position could suffer unreasonably large costs.

2.3.3 Contrasts between priority views

Taking the priority view in its strictest and most extreme sense, the claims of the worst off group have priority over the less urgent claim of the next worse off person. However, our concern with the first worst off person can impose large costs on the marginally less worse off person. For instance, we prefer a small benefit to the worst off, even though with the same resources we can provide more benefits to a relatively better off person. Part of the problem stems from the level of benefits received by individuals and by the description we give of the worst off.

Rawls' view does not leave any space for compromise. As long as the prospects for all are not endangered, the group that is worst off in terms of income and wealth has absolute priority. Parfit's view, in contrast, remains indeterminate, it does not explicitly give absolute priority to the worse off, leaving us with an open judgement about the trade off between levels of advantage to the better off and the worse off. The humanitarian concern in its turn sets a clear limit to the benefits distributed to the worse off. Such a limit is given by a description of the urgency of their claims in terms of extreme need. Once this extreme need is addressed however, their claim loses moral force.

To illustrate the different forms of prioritarianism I have discussed, consider the following options.

- a) 70 150 200
- b) 100 151 230
- c) 150 151 300
- d) 145 155 250

The humanitarian concern would at least demand option b) as the extreme urgency of the worse off will cease at 100. Parfit's view and Rawl's view would demand option c), not considering option d) on grounds that benefits to the worse off count for more and overall more benefits are better than less. On what grounds could we select option d) which seems to be less hard for those above the minimal position, and furthermore increase equality?

Thomas Nagel argues in favour of a conception of moral equality that gives priority to the urgency of people's claims.

Something close to unanimity is being invoked. An arrangement must be acceptable first from the point of view of everyone's most basic claims, then from the point of view of everyone's next most basic claims, etc. (Nagel, T., 2000, p. 69)

The validity of individual claims would come from a type of social contract that might ensure placing ourselves in other people's shoes and assess if social arrangements are accepted by everyone. As we should also be concerned with the moral value we assigned to certain overall outcomes, Nagel considers that we need a criterion of unanimity that respects individual opinions. In order to respect individual opinions, we must think in terms of conflicts of interest between individual claims, seeking the selection of an option by these same individuals that is minimally unacceptable.

The chosen option would have to take into account our own impersonal view of our situation and our impersonal consideration of other people's situation. In this way we might accept a worse position because we recognise as more

important the claims of the worse off. It is in this sense that Nagel's view gives priority to the claims of those who have fared worst from social arrangements. However, Nagel continues on to argue that giving absolute priority to the worse off, as Rawls does, fails to account for "the relative quantities of improvement involved, and also the relative numbers of persons." (Nagel, T., 2000, p.63) This might result in large costs, for instance to middle class people, in exchange for very small benefits to a smaller number of poor people.

It is more reasonable to accord greater urgency to large improvements somewhat higher in the scale than to very small improvements lower down. (Nagel, T., 2000, p.63)

Nagel stresses that our moral outlook will be incomplete if we do not take into account individual levels of advantage and the relative number of persons involved. In a simple one to one comparison, the interest of the worse off person would have priority. However, taking into account numbers and levels of advantage, we should be equally concerned with the gains and losses with respect to relative advantage.

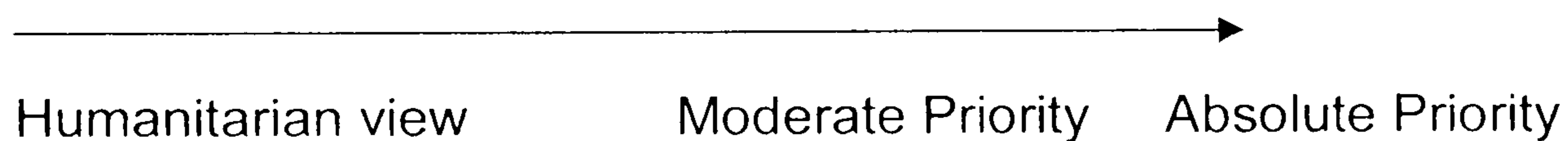
Returning to the four outcomes discussed above:

- | | | |
|--------|-----|-----|
| a) 70 | 150 | 200 |
| b) 100 | 151 | 230 |
| c) 150 | 151 | 300 |
| d) 145 | 155 | 250 |

Nagel's prioritarian view, taking levels of advantage only, I would claim would choose option d) as the one which would allow the relatively better off in the middle to gain more compared to the relative gains of the worse off from their point of departure (a), and the relatively lower gains of the better off, 200 to 250. Priority has been given to the worse off, but it is not at an absolute priority. This view would be supported if we consider the number of people involved; levels and number of people have to be taken into account at the same time to adequately assess options.

2.3.4 Summary

The discussion in this section has shown, in one hand, a progressive grading of moral concern. From the humanitarian concern which limits its intervention to the elimination of extreme need to a qualified concern with the worse off, up to an absolute priority with the worse off. In the other hand this grading of concern is related with the specific weights we give to people's different claims and to the aggregated numbers of people involved. Derek Parfit offers a simile with the idea of *increasing marginal utility*, where benefits to some will matter more than benefits to others. As benefits could matter more to the better off, this law could make inequality greater and leave morally deserving people without benefits. The simile he proposes is a law of increasing moral goodness, where benefits to the worst off will always matter more. Taking into account other moral relevant claims, like the number of persons involved in the assessed outcome and the level of advantage held before the distribution, a graphic of such a law with an increasing relevance provided by the direction of the arrow, would have the following form.



The weakest prioritarian option, the humanitarian view where priority is given only to those needs that are considered to be extremely urgent, seems to be the option with fewer problems. From this option onwards, the problems of identifying how much weight to give to the less well off, as well as issues about the imposition of large cost on those above the minimal position seem to be unnecessarily complicated, leaving much space for disagreement between many conflicting interests.

The problem for the prioritarian view seems to be that our moral concern towards for the worse off takes naturally a gradient form, exactly what the priority view claims to be its virtue. This gradient has to incorporate other parts of our moral outlook, and so complicates our moral judgements, an

issue that the priority view was supposed to ease. Thus it seems that the only clear-cut answer arises when we are judging the possible outcome of two individual competing claims. However, when the number of people and the moral weight of their claims enter into the discussion the decision becomes indeterminate.

One way to partially solve this indeterminacy is to propose a distribution that would only provide enough to meet minimal requirements of differing moral relevance. If we succeed in describing this level of advantage, we would be able to give priority to the claims of those who do not have enough to reach such differing levels, thereby not only easing our moral description, but also providing an account that accords with our other moral concerns. This possible distribution would be close to the one called sufficiency, emerging from the indeterminacy of the non-extreme prioritarian view.

2.4. SUFFICIENCY

I have argued that relational egalitarianism is implausible under conditions of severe scarcity, and that prioritarianism veers between extremism and practical indeterminacy. A turn to sufficientarianism would solve the practical problems of prioritarianism by setting a clear threshold to be reached. In what remains of this chapter, I shall discuss various versions of the sufficientarian claim that in distributing resources we should aim to ensure that as many individuals as possible have enough.

When we ask how to distribute scarce goods amongst a group of individuals, none of whom is more deserving or has a prior special entitlement to those goods, we can say that we should aim to ensure, at the very least, that as many people as possible have enough of these goods. Our most basic moral humanitarian concern supports the idea of giving priority to the worse off as long as their condition remains urgent. This urgency will cease when their level of advantage has risen sufficiently. A clear example of this basic moral concern is the force we give to our moral obligation to help those with unsatisfied basic needs. However, when these basic needs are satisfied the

strength of their claims over us is weaker. This solution to our distributive problem, which we can call sufficiency, depends clearly on our description of where to draw the line.

2.4.1 Contrast with egalitarianism

As noted earlier a pure form of egalitarianism would promote a situation worse for everyone, provided that equality is attained, which Derek Parfit claims cannot be good in any way. Instead he proposes a priority view, where concern for the worse off has first priority. But, as Nagel & Sen argue an extreme version of this idea might impose unreasonably large costs on those who are not considered to be worse off, even if they are only marginally above the bottom described position. Qualifying this view to allow us to give priority to the slightly better off would, however create uncertainty about how much weight to give to each individual's claims. In this context, the sufficiency approach replies that we do not have to lose the value of equality which would provide a clear limit to claims, because as long as we provide to people what is enough to reach certain outcomes, we are respecting their equal claims.

According to Harry Frankfurt, we can consider what is enough for people in at least two forms. The first is to consider that "*...a limit has been reached, beyond which it is not desirable to proceed*" and the second is to consider that like "*...a certain requirement or standard has been met, with no implication that a larger quantity would be bad.*" Frankfurt, considering money as the measure of advantage, argues in favour of the second version, claiming that "enough" would be obtained when "the person does not (or cannot reasonably) regard whatever (if anything) is unsatisfying or distressing about his life as due to his having too little money." (Frankfurt, H., p.37) In describing our basic moral humanitarian concerns with the worse off, we are pointing out the individual characteristics that we consider to be bad in absolute terms, i.e. suffering, deprivation. The priority we are morally obliged to show to people in this situation changes when their situation start

to improve, we gradually cease to give moral priority to those who cease to have morally extremely urgent needs.

The preference satisfaction a person obtains when having enough, according to Frankfurt, is determined by her interests and circumstances, bad or good. Frankfurt argues that a person satisfied with her level of advantage would not have any reason to desire more, although she would accept more even if she is not actively seeking it. This is one of the reasons Frankfurt criticise egalitarians, he claims that as egalitarians are not usually concerned with inequalities between the rich and the extremely rich, this shows that they should only be concerned with those who have too little according to his idea of enough: "The fact that some people have much less than others is morally undisturbing when it is clear that they have plenty."(Frankfurt, H., p.33) For Frankfurt, those morally relevant characteristics that make a life bad or unsatisfactory are the only justification for redistribution. The concern has to be with the satisfaction of an individual's morally important needs. Thus, Frankfurt argues, equality not only fails to provide adequate criteria for differences in need satisfaction, but also damages some people's expectations.

Frankfurt's ideas of sufficiency can be understood in terms of reaching a threshold that would have the form of a natural equilibrium between people's needs and expectations on one hand and resources on the other. Such equilibrium is supposed to emerge from autonomous decisions, thus there would not be any problem in the resulting levels of achievement. The moral appeal of this equilibrium is that it guarantees that as many people as possible reach their goals. When addressing the issue of individual advantage it argues that it would be morally better that as many people as possible reach a sufficiency threshold in the equilibrium sense. By contrast, some forms of equality would set an impersonal threshold that while being higher or lower than people's expectations might have possible conflicts.

The contrast between sufficiency and equality can be shown in two opposite situations. Consider a situation of moderate scarcity where everyone has

their morally relevant needs satisfied and remains mostly content with their situation. In this case equality would lose its appeal because differences in wealth would be considered products of effort or life's informed choices. Thus a search for equality would harm people's outcomes at no benefit for anyone. When greater scarcity is present differences between equality and sufficiency are more evident. Frankfurt proposes an example to illustrate the distributive differences. Suppose we have enough units of medicine to allow some, but not all members of the population to survive. Say there are 10 people and 40 units of medicine, and each person needs 5 units to survive. An egalitarian distribution, Frankfurt claims would be morally unacceptable, as all would die. This is an extreme example of the Levelling Down Objection, as everyone will be worse off if we accept an egalitarian distribution. Priority in its case would not help either, as the worst off *ex ante* are all the members and we cannot help them all, and *ex post* would be those two persons who are left to die and our distribution cannot maximise their interests.

In both cases, that of moderate scarcity and that of extreme scarcity, egalitarians can respond that although equality is important it is not a supreme value. This is more acute in the extreme case, where it is obvious that egalitarians would not accept a distribution that leads to the death of everyone. The problem is that equality is silent in these types of cases, or simply appeals to luck. Instead, Frankfurt argues we should aim to distribute enough units of medicine to maximise the number of people who are over the threshold. It would be better to save some people than to allow everyone to die. The egalitarian claim that *nobody should have fewer goods than anyone else for reasons beyond her control* would be morally mistaken in this case as everyone would die. The sufficiency approach would be morally acceptable, as it would guarantee that as many people as possible is benefited. In this form the sufficiency approach escapes the Levelling Down Objection.

Another important claim can be made in an egalitarian spirit when considering thresholds. We can say that when "*some people have less than enough, no one should have more than enough.*"(Frankfurt, p.31) For

Frankfurt this is also mistaken. For instance, adding one unit to the forty units of medicine to be distributed among 10 people needing five units to survive, would allow us to give one extra unit to one of the worse off people. As each individual needs five units to survive, the one unit would not make any moral difference. People need to reach the threshold and if this is not possible, one additional unit for those who have enough, even when there are others who have less than enough, can be morally acceptable. A crude example of this would be a policy that took a small amount of resources left after raising as many people as possible to the morally relevant threshold, not to further advance those under the threshold, but to build a park for those who are relatively better off, would be morally acceptable only if we accept that there is no other option to bring one more individual to the threshold.

To illustrate these ideas, recall our example of a pastoral society where ninety percent of the population is equally poor and in danger of dying of hunger if a drought occurs. If we assume that benefits are increasing slowly there are two interpretations open to the sufficientarian distribution proposed by Frankfurt: either we accept the risk in waiting for most of the people to reach the threshold, and thus maximise the number of people reaching the threshold; or, to maximise the number of people above the threshold, we redistribute the total resources. Consider both options, the threshold being 100:

- 1) 95% at 70 5% at 200
- 2) 50% at 100 50% at 70

In (1) we are assuming that 95% of the population will reach the threshold in the medium term, with a low risk of dying. This situation is morally acceptable, because most people would eventually reach the threshold, and crucially they will reach it by benefiting from the productive activities of the richest 5%. Furthermore, as the resources held by those above the threshold are not sufficient to change the circumstances of most, having more would not be morally objectionable, from this point of view. In 2) we are assuming that we have to maximise the number of people above the threshold

immediately, which would allow half of the population to avoid the risk of dying of hunger, with all of them losing future benefits as, say productive assets would be dispersed, increasing the risk of the other half to almost certain death.

In terms of the proportion of people, in choosing interpretation (1) we would be accepting that a low risk of death for 95% in order to save them all in the future is better, than let 50% to die for sure while 50% live for sure in (2). Interpretation (2) would only accept that is better to save the most immediately. Crucially the above analysis depends on four factors: the selection of the threshold level, the number of people involved who might be benefited or are actually benefited, the relevant time period, and the moral risk factor attached to the exercise of reaching the threshold.

Now, in a pluralist view, the sufficientarian option solves the problem of setting the limits for a distribution, by stating that these limits lie in what is enough. It shows for instance that these limits, in cases of extreme need and extreme scarcity, lie in providing enough resources to the higher number of individuals, as fewer resources for more people would be useless. The relevance of a limit described in terms of sufficiency is paramount, if we assume it as a standard to be reached. It means that benefits would have no meaning unless they reach such a limit. For instance, an individual, *ceteris paribus*, requires 2 500 calories a day to be well fed, if a person limits this consumption for long periods of time, malnutrition and its derivative consequences take permanent hold. To insist that to a hungry person, we could provide less than 2 500 calories a day is just a form of administering hunger.

An example of this situation is humanitarian disasters. Aid usually arrives too late when people is already malnourished, needing special care to recover and usually there is not enough food to provide 2 500 calories to everyone. It is an injustice to provide fewer calories to people. Now, if we want to minimise the number of people under the relevant threshold we would be left with the grim perspective of selecting those who have more probabilities to

survive, something that would not have happened if resources arrived in time.

If we assume equal respect to individuals, we would have either to draw straws to select people who would be fed or consider other moral criteria. In such cases, the criterion is clearly a position of saving those who are more likely to survive with fewer resources in order to reach more people. We cannot assume equal respect as equal chances to be fed as some egalitarians would like it to be, nor we can give priority to the worst off as most resources would be quickly spent reaching a fewer proportion of people. We would have to assume equal respect by doing what would save more individuals.

In cases where scarcity is moderate, standard sufficientarians would claim that a single threshold should be reached; this threshold could have the form of a social minimum or average income. They would claim that the moral urgency to help people afterwards ceases. As I have argued there are many reasons to consider that the moral urgency has not ceased but only decreased. In fact prioritariness would say this, but they would differ from standard sufficientarians as sufficientarians can require benefits to better off to get them to the threshold, not catering for the worse off. We can improve on priority and sufficiency by proposing that it would be mistaken to conclude that a single threshold matters. Instead it may be more plausible and useful to consider a series of thresholds that specify a hierarchy of aims that might be pursued when distributing benefits and burdens.

2.4.2 Conclusion

Progressive Sufficiency

Advocates of the sufficiency approach often present their approach as an alternative to more egalitarian or prioritarian approaches, and employ only a single decency threshold when defining their favoured principle. So construed, *standard sufficientarianism* implies that if a number of distributions guarantee enough for each individual, then there is no reason to rank those

distributions by means of further egalitarian or prioritarian principles. Despite its popularity, it is not obvious that we should accept the standard assumption that sufficientarians should employ single threshold principles, and flatly reject the convictions that make egalitarian and prioritarian principles appealing. Instead, I think it is worth exploring the possibility of employing multiple thresholds, and aiming to ensure that as many as possible reach the first standard, then the next, and so on.

For illustration of what might be termed *progressive sufficientarianism*, suppose there is a set of discreet goods lexically ordered, namely a, b, c ... Say (a) is the capacity to be well-nourished: (a) has a rank from a survival diet (a1), to a secure adequate diet (a2), on to a pleasurable diet (a3). The individual moral claim for common resources diminishes as a person moves from (a1) to (a2) to (a3) while others have not yet reached the threshold below.

I would further argue that our collective responsibility to satisfy an individual's claim to be benefited diminishes in inverse proportion to the increment of the capacity of the individual to achieve the good. In this sense, the approach is in overall prioritarian, but sufficientarian in the sense that thresholds are morally relevant and after certain stage there should not be any more redistribution of common resources. Furthermore as we consider inequalities bad for people, we should close the gap within and between thresholds.

We can imagine a simple process where the first threshold, defined in absolute terms, has to be achieved by the highest proportion of the population. The second threshold, defined in relative terms between the people over the first threshold, would require that everyone has average opportunities to reach it. The third threshold could be described in similar terms.

To illustrate consider an example regarding medical services. If we consider medical insurance as the measure of advantage, we could argue that we have a moral obligation to provide the same basic but ample medical

insurance to everyone under thresholds. More expensive insurance should be privately bought. For the basic ample insurance everyone should pay according to their income level with a progressive increasing nature, in order to subsidise the cost for the lower thresholds. In order to determine price for the second and third income threshold, we could either set a fix proportion of total income within thresholds or assume an egalitarian way of distributing cost within and between thresholds.

In seeing diminishing relevance for less urgent moral need, the progressive sufficientarian resemble the prioritarian. Nevertheless, a difference remains in their treatment of individuals who are least advantaged, and can be benefited only slightly. The prioritarian claims the fact they are worst off always provides some reason to attach greater urgency to benefiting them, while the progressive sufficientarian says it all depends on the extent to which they can be benefited, and what costs doing so has for others. If we can't get them to some relevant threshold, but in benefiting them we would jeopardise some other individual reaching that threshold, we are not required to attach greater urgency to benefiting them.

An apparent problem with the above view is its possible rigidity. Suppose that by pushing one individual just below the lowest threshold we can move everyone else above the highest threshold. Is it wrong to do so? The progressive sufficientarian would answer that it is wrong. This is due to the nature of the first threshold which is described in absolute terms of deprivation, individual's moral claims for resources at this stage are more urgent than above.

A further question for progressive sufficientarians, though one shared with other distributive rules, is how to adequately describe the content of advantage. We have to answer satisfactorily *what* benefits and burdens matter when distributing and whether my answer to how to distribute imposes constraints to the answer of what to distribute.

Chapter 3: What should be the focus of social justice?

3.1 What aspects of human life should anti-poverty policies target?

Welfare, Resources, Capabilities

In situations of extreme scarcity of social resources where there might not feasibly be enough for everyone, the answer to the distributive problem has usually been one of equality (Roemer, 1998, p. 201). I have maintained that in this type of situations egalitarians should rather appeal to a moral pluralist view where many factors matter when we compare various feasible distributions, not only equality. Such as how many people are benefited, how much people are benefited, how badly off are the beneficiaries, whether any of the beneficiaries are so badly off they would otherwise not have enough to reach different morally relevant thresholds and arguably, equality at least derivatively insofar as inequality is bad for people. These factors can be coherently argued for in a view that maintains a graded sufficientarianism. This “hybrid” distributive view, which I have called Progressive Sufficiency, incorporates elements from Equality, Priority and Sufficiency. It would not give ultimate importance to equality; it would give priority to the worse off over the better off individuals only under some circumstances and would consider that several morally relevant thresholds should be clarified.

Though a sufficiency principle may sometimes reject the maximin distribution, if the sufficiency threshold is low enough that each individual can reach it, the two types of principle need not conflict. So, in evaluating the sufficiency approach establishing the relevant threshold is very important. It would seem however that this view presents a double problem, not only do we have to know what standard of interpersonal comparison should be employed to determine when one individual is better off than another, but also what level of this standard constitutes enough.

In making sufficientarian interpersonal comparisons, and establishing the threshold, the most appealing answer is to consider individuals' abilities to transform scarce resources into need-fulfilment, or what Amartya Sen terms

“basic capabilities and functionings’. For instance, for an adult to be well-nourished would require income, opportunities, information through education, etc. In selecting the relevant capabilities, however, we should bear in mind the limited information available to distributive institutions. Sen’s approach requires more and more information as the functionings progress, and this may lead to problems.

For example, the function of participating fully in public life requires too much information about the individual for distributive institutions to make an adequate comparisons. Such information might concern not only an individual’s resources and opportunities, but also her previous decision-making. Apart from very basic capabilities where not much choice is open to the person as to the level of deprivation he holds, it is questionable whether certain capabilities are appropriate measures to assess different circumstances between people.

Multiple thresholds

Advocates of the sufficiency approach often present their approach as an alternative to more egalitarian or prioritarian approaches, and employ only a single decency threshold when defining their favoured principle. So construed, *standard sufficientarianism* implies if a number of distributions guarantee enough for each individual, then there is no reason to rank those distributions by means of further egalitarian or prioritarian principles. Despite its popularity, it is not obvious that we should accept the standard assumption that sufficientarians should employ single threshold principles, and flatly reject the convictions which make egalitarian and prioritarian principles appealing. Instead, I think it is worth exploring the possibility of employing multiple thresholds, and aiming to ensure that as many as possible reach the first standard, then the next, and so on.

For illustration of what might be termed *progressive sufficientarianism*, suppose there is a set of discreet goods lexically ordered, namely a, b, c, d, e. Say (a) is the capacity to be well-nourished, (a) has a rank from a survival

diet (a1), to a secure adequate diet (a2), on to a pleasurable diet (a3). The individual moral claim for resources would diminish as he moved from (a1) to (a2) to (a3) while others have not yet reached the threshold below.

Advocates of this type of view argue that our collective responsibility to satisfy an individual's claim to be benefited diminishes in inverse proportion to the increment of the capacity of the individual to achieve the good.¹ In this respect the progressive sufficientarian resemble the prioritarian. Nevertheless, a difference remains in their treatment of individuals who are least advantaged, and can be benefited only slightly. The prioritarian claims the fact they are worst off always provides some reason to attach greater urgency to benefiting them, while the progressive sufficientarian says it all depends on the extent to which they can be benefited, and what costs doing so has for others. If we can't get them to some relevant threshold, but in benefiting them we would jeopardise some other individual reaching that threshold, we are not required to attach greater urgency to benefiting them.

Those very basic capabilities that cover deprivation and disabilities only cover those aspects that are morally sufficiently needed by any person under just social institutions to minimally participate in public life. Just social institutions would require that citizens freely chose, under social norms and resource constraints how to lead their own life, and apart from very basic needs, the capabilities required by a person to do this are very difficult to assess, we would require too much information from each individual and perhaps would end up accepting the welfarist option that the best measure of welfare is how a person regards her own life. Instead of this we could argue that after certain urgent requirements, social institutions should guarantee that a person has enough *resources* and *opportunities* to lead a decent life.

A seeming problem with the above view is its possible rigidity. Suppose that by pushing one individual just below the lowest threshold we can move everyone else above the highest threshold. Is it wrong to do so? The

¹ John Roemer in a mimeo has propose something akin to this view.

progressive sufficientarian would answer that it is wrong. This is due to the nature of the first threshold which is described in absolute terms of deprivation, individual's moral claims for resources at this stage are more urgent than above.

One approach to deal with thresholds is to rank basic capabilities. Only when we have maximised the number of people reaching the capability to achieve a survival diet we would start with the secondly ranked basic capability. I claim this is better than the actual situation whereby a sufficiency approach is in place where only one such threshold exists. After this threshold is reached there is only an indirect further concern.

Progressive sufficiency presents the problem of where to draw the line of these differently relevant moral thresholds. It also sets constraints as to how to characterize these thresholds, due to its graded progressive nature. The problem of what should we consider morally relevant in the human experience for distributive purposes concerns all forms of distribution, and is directly related with how we specify that a person is worse off than another. This general problem is one of interpersonal comparison, famously addressed by Amartya Sen in his essay "*Equality of What?*" Depending in our answer to this question, egalitarians would establish whether inequality exists, prioritarrians would use the description to "...identify those individuals whose claims are morally most urgent." (Clayton & Williams, p. 8) Progressive sufficientarians, for instance, would use it as the prioritarrians to identify those individuals whose claims are morally most urgent and minimise their number below some low sufficiency threshold, after this level they would maximize the number of people reaching the following thresholds. After the last threshold, by contrast with prioritarrians further benefits are not considered even if they are worse off in some sense than other people further above.

On identifying what aspects of human life should we consider in order to decide which person is better off than another when distributing burdens and benefits, one important subject is the relevance of personal responsibility in

the person's condition. We could ask whether we should focus only on access to goods or on people's *achievements*. Suppose that everyone accepts that we should help the poor, and two poor persons have access to the same help in the form of a job offer, but one of them does not reduce his poverty for reasons that can be attributed entirely to him, like rejecting the job. If we focus only on access, egalitarians would accept their resulting inequality. However, focusing only on access to benefits would not allow us, for example, to pay the accident's medical bill of the willing jobless, as he has not contributed. I argue that justice at least would demand of us that certain thresholds of achievement have to be reached by all.

However, though important contrasting *access* with *achievement* does not cover all the problems of interpersonal comparison. Another problem relates to the type of goods upon we should focus when dealing with interpersonal comparisons. (Clayton & Williams, p.9) Three types are commonly distinguished: *welfare*, *resources* and *capability*. The area we select is particularly important, especially when we are considering it for purposes of social justice, in particular in a poor society, as success in designing effective policies to improve the condition of the poor depends partly on the area of human life we select. To illustrate, consider a particular way of earning a living, fishing. Suppose two fishermen live in poverty, one called Jesus the other Judas. When we design policies to alleviate their poverty, should we be concerned with their *welfare*? As welfare has usually been understood as preference satisfaction, should we artificially increase the price of fish in the state's depot in order to increase the satisfaction they ultimately derive from fishing?

Two clear problems emerge. Jesus is content with his life, though he has almost nothing; after all he has been taught to emulate his name kin, and he desires little. We could say that he has *cheap tastes*, as he is satisfied with very little. Judas instead wants much more, as he suddenly realizes that he can buy many things that he did not want before. We can say that he has developed *expensive tastes*. If we wish to equalise welfare, it would not be clear whether we should benefit all type of preferences or some or just the

basic ones. As it is not very clear how to deal with welfare we might want to look into *resources*.

Perhaps we should provide our two fishermen with better quality tools of trade or direct income rebates, if market conditions are against them, so as to increase their command over *resources*? However it seems unreasonable to focus only in the amount of resources each fisherman ends with. Egalitarians, prioritarrians and progressive sufficientarians would argue that resources couldn't adequately distinguish between people, after all Jesus has been born with a gift for fishing and Judas not. A resource metric would seem *incomplete* in the latter respect, as Judas would need more resources to compensate for his lack of ability. The metric can be thought also as *superficial*, as both fishermen require resources for improving their lives, but in order to improve them they would require much else than only resources. (Clayton & Williams, p.9) Perhaps we should look into a middle way between welfare and resources.

Perhaps we should provide them with the opportunity to acquire different skills, so that they could change their trade if necessary, thereby increasing their opportunities and *capabilities*? Although it would seem more appealing than the two other options, the *capability* approach runs into a clear problem. Apart from the very basic capabilities, we would not know which capabilities to support. The list might be extremely large.

Perhaps all of these, welfare, resources, and opportunities/capabilities--are important and should be targeted in our policy designs. However, different goals and constraints can compete with one another and give rise to conflicts. Where conflicts arise, we must provide arguments for favouring particular claims, arguments that consider whether we are focussing on the right aspects of human life, and in a fair way.

Progressive sufficiency for instance would recommend thresholds in advantage with the first one described in absolute terms and the second and third described in relative terms. Thus we could conclude that both analysis

either of the distributive criterion and the currency of the distribution naturally fit together in a general prioritarian argument with graded steps of benefits.

In the literature on what social justice should be concerned with, three answers have been prominent: *welfare*, *resources*, and *capabilities*. I will survey these in turn, and consider the relations between them. Other answers, which emphasize liberty or responsibility, are also possible, as I will indicate along the way. I will survey these answers from two particular angles. First from perspective of a poor country, enquiring what does this perspective add to the standard debate and second, enquiring whether my answer to *how* to distribute imposes constraints to the answer of *what* to distribute.

3.2 Welfare as the focus of social justice.

Welfare can be understood in several ways, one of the more common ones is preference satisfaction. However considering individual preference satisfaction as a measure of interpersonal comparison in order to distribute scarce resources could seem irrelevant if we accept every person's evaluation of her own situation as the main form to distribute resources, private interests would overcome common ones. According limits, not only to the type of preferences that can be included in a distribution but also limits in the form of thresholds to the accepted preferences, perhaps could allow some objective measure. A distributor could argue that common resources should be distributed only to satisfy basic welfare as well as limiting resources to a certain common measure of welfare.

However these restrictions directed to make the welfare criteria more objective could still present problems when we compare the welfare of the worse off. One of these problems relates to the responsibility every member of the society has to respect other people's interests. If we assume that we should give priority to benefit welfare achievement in the lower threshold, it could very well be that the gap between the individual welfare and the threshold has to be filled without any contribution from the individual. If there

is no contribution when it is due, either in effort or in resources, this would restrict the possible benefits coming to other individuals as more resources would be needed to benefit individual welfare achievement.

The latter problem is related to the cheap and expensive tastes problems where the welfarist faces a dilemma of whether to benefit those with expensive tastes, like those recently acquired by Judas or not benefit those with cheap tastes, like Jesus, though knowing that it would seem unfair not to close the gap between the two. I will assess the welfarist option for interpersonal comparison and consider some of its general problems.

3.2.1 Forms of welfarism

The idea of welfare suggests a concern with what is of fundamental importance in a person's condition, rather than of merely instrumental importance. The concept of welfare "...was adopted, in fact, to provide a metric for assigning a proper value to resources: resources are valuable so far as they produce welfare." The intuitive appeal of welfare lies in the recognition of differences that affect our judgement about a person's condition. (R. Dworkin, 1981, p.191)

Ronald Dworkin gives an example that can illustrate this relevance. A father has several children, one is blind, another a playboy with expensive tastes, and a third a poet with few needs. The question Dworkin makes is how the father shall write his will? If the father believes in welfare for interpersonal comparisons he will take into account these differences. He will also have to decide on some conception of welfare in order to balance the need of the blind son with the expensive tastes of the playboy and the cheap tastes of the poet. (Dworkin, 2000, p.12)

In Dworkin's example we can readily observe both the appeal and the problems of welfare as a metric for interpersonal comparison. It is intuitively correct to consider that the needs of the blind son require more resources to improve his welfare. However although we accept this, it is not clear enough whether it will be fair to provide fewer resources to the poet while accepting

the playboy's expensive tastes, something that equality of welfare would mandate. In order to illustrate these kind of problems let us consider a precise conception of welfare.

Welfare has been understood in several ways to reflect this suggested fundamental importance in a person's condition: as utility, as happiness or preference satisfaction. Dworkin (2000:p.17), arguing against welfare as the right metric for distributive justice, reviews several conceptions of welfare. Let us consider preference satisfaction. This conception would establish that "... a person's welfare is a matter [of] his success in fulfilling his preferences, goals, and ambitions..." Dworkin divides preferences into three types, political, impersonal and personal preferences. Political preferences are those preferences one would have for them to be followed by others. Impersonal preferences are those not necessarily directly affecting other people but requiring common resources, and personal preferences are those preferences about a person's own life and circumstances. He argues that even restricting the scope of welfare to personal preferences, welfare cannot be coherently considered by any theory of distributive justice.

Dworkin argues that in order to avoid the subjective nature of personal evaluation of success in life, we would need an independent form to compare people's success. He proposes that for a person to consider her own life as a failure, she has to have reasonable causes of regret that she has not had whatever share of material resources she is entitled to have. The problem lies, Dworkin argues, in the existing circularity of reasonable regret. This idea would require "...an independent theory of fair shares of social resources..." Welfare in these terms cannot be the basis for a theory of fair shares, because the relevant welfare comparisons must presuppose such a theory. (Dworkin, 2000, p. 39)

Before rehearsing the possibility of providing objective thresholds to welfare, let us consider a further argument against it.

3.2.2 The problem of expensive and cheap tastes

Dworkin rehearses a further argument against welfare. His argument considers the problem arising from the seemingly counterintuitive obligation either to benefit those with expensive tastes or not to benefit those with cheap tastes. The dilemma can be better described considering malformed preferences, a form of cheap tastes. If we want to avoid pampering the rich by sourcing their voluntarily acquired expensive preferences, we cannot benefit those with malformed preferences as they have been chosen. As this seems to be an internal problem for the welfarist conception, the only form to solve it would be to appeal to an independent metric again, rendering the welfare metric inadequate to compare individuals.

Recall the father's doubts about how to divide his resources between his children, one blind, the second a poet with humble needs and a third a playboy with expensive tastes. The father could very well reason that it would not seem right to leave more resources to the playboy than to the poet and to the blind son. However he would need some justification for not doing it considering that he is giving relevance to their children's own evaluation of success, and with this metric he should provide for each son's preferences.

The force of the subjective evaluation of success lies in the assumption that each son has autonomously arrived to such preferences. If the father has any respect for their children's integrated personalities he would accept their choices or simply would assume different needs towards welfare achievement. A problem emerges though when we consider intuitively unfair the results coming from the assumption of autonomy for two similarly situated persons. The son who develops new expensive tastes would require more resources, but in this same vein, the son with cheap tastes would have to transfer resources to the other. The resulting distribution seems unfair.

The father thinking about these possible distributions can justify his refusal to support the playboy and his aiding to the poet, by appealing to each man's defining choices. If when young each of them had equal resources, at some

point each would have faced two choices: the first to maintain their resources without entertaining expensive ambitions, and the second to settle for a life with less enjoyment than the one they have might envisaged. Dworkin is considering that if there were equal opportunities at a defining moment where choices for life options are open, it would be justified to refuse granting different bundles of resources to satisfy preferences. Thus the playboy should not have more than his fair share. (Dworkin, 2000, p.56)

Accepting the former description of defining moments of life choices, we would be focusing in access to resources to satisfy their preferences and not in their actual preference satisfaction. This might suggest that we can accept welfare as the measure of interpersonal comparison if we only avoid comparing preference satisfaction. However even considering only access to resources to satisfy preferences, it is not clear how can we decide which is a fair share of resources for each son. The father, focusing in access to resources for preference satisfaction, can decide that the child choosing to be a poet has tastes cheaper to satisfy, thus he is allowed to provide fewer resources to him than to the would-be playboy, even after refusing further resources to the would-be playboy. The case of providing more resources to the disabled child in order for him to have equal possible welfare would be easier to justify, as he is the only one among the children who did not choose to be like he is. However even this case can present problems. The blind child could consider his blindness not as a handicap but a god given characteristic, refusing any aid. In this case the father would have to respect the blind's child own evaluation of his situation.

The fact that welfare either has to provide resources for expensive tastes or give less to the person with cheap tastes or can allow for fewer resources for the disabled child makes the welfare metric difficult to maintain. However the welfarist dilemma is debatable, for instance John Roemer (1998: pp.242-245) offers an argument, contra Dworkin, where reasonable regret does not necessarily require an independent theory of fair distribution. His argument proposes different classes of individuals, each class formed by all of those individuals sharing the same circumstances over which they have no control

but they can influence their own preferences. If every person under each class receives the same amount of resources, one individual under such a class would not have reason to regret not having the life path of another person in her class, as the resulting achievement is entirely her responsibility. Roemer's argument would deal with voluntarily acquired expensive tastes, benefiting only those involuntarily acquired ones, but as Roemer points out, this argument would not be able to deal with cases of cheap tastes. A person in the class of persons with involuntarily acquired cheap tastes would be refused more resources. This result would be clearly counterintuitive as such a person could be developing adaptive preferences, in this case cheap ones that in fact are diminishing her opportunities even if she does not accept it. Roemer suggests that the main problem of a welfarist metric lies again in the subjective evaluation of welfare.

As the problem of cheap tastes remains, we might be inclined to consider resources as an objective metric for interpersonal comparisons. Before doing this let us consider the welfare metric from the perspective of poor countries and graded welfare.

3.2.3 Graded welfare and distributive criteria.

It is important to consider the problem of expensive and cheap tastes in the context of poor countries. The problem of cheap tastes depends on the assumption that this type of personal preferences although involuntarily acquired do not deserve more resources because people are content with them, if people modify them, their new preferences would be considered as expensive tastes by some welfarists, and thus they would not be benefited. Recall that a type of welfarism intends to benefit only those involuntarily acquired preferences to avoid pampering expensive tastes. The problem arises when we reject this situation and intend to benefit the voluntarily acquired ones.

In poor countries where social resources are scarce and most people live with few resources and are content or prepared to accept them, while just a

few live with a lot, the welfarist option would not seem to provide an adequate guide for increasing people's benefits. Consider for instance a poor country with large social and economic inequalities with a government focusing in access to equal welfare as a metric for interpersonal comparison. This government in order to assign resources in its anti poverty policies would need to know whether the poverty of some group is worse than another. Even though the welfare of both groups was originally terribly low, government officials, taking into account access to resources for welfare, have only to consider minimal increases in income or some categorical characteristic to decide that some people are worse off than others, and thus leave them out from the program. Government officials would have assumed that this increase in welfare is due to increments in resources, when in fact it could have been a change of preferences.

The problem for this type of welfarist in this context, is that he would have to decide which preferences to take into account to assess the poor. In fact he would not be able to assess correctly which change of preferences account for a move out of poverty, as people can very well acquire an expensive preference sacrificing other areas which affect them most. This is not only counterintuitive; it also seems to be unfair.

This example illustrates a problem. Under a certain threshold of poverty, the welfarist metric does not adequately capture the urgency of the situation. When some person changes her preferences, and this change is considered as an increase in preference satisfaction, the welfarist metric does not consider it fair to provide further benefits, even if such a person could have adjusted down his other preferences.

However if we modify the general assumption that different personal preferences should be taken into account and consider all persons as having similar preferences, we could perhaps give content to objective thresholds of welfare and solve both problems. The first by setting a high enough threshold of achievement of certain basic goods that would deal with the urgency of

the overall situation, and second by assuming a progression of benefits up to a relevant higher threshold.

Ronald Dworkin rejects the possibility of a theory of objective welfare. For him one such theory would state that two persons welfare would be equal if both “ are healthy, mentally sound, well educated and equally wealthy even though one is for some reason malcontent and even though one makes much less of these resources than the other.”(2000:pp.46-47) As this theory would require only that people be equal in the selected resources, Dworkin states simply that this is a version of equality of resources.

The price to pay for objectivity would seem for Dworkin the elimination of all subjective evaluation of people’s own success. However this is not the most important part of the welfare metric. Welfare intuitively appeals to us by revealing the unfairness lying in providing the same resources to people with different needs and this need does not necessarily require an external criterion to be assessed.

The welfare criteria for interpersonal comparison can be rendered more objective if we assume that welfare can be described in a graded form. That is, we accept first that there is a commonality of needs and preferences among humans, and second that these needs and preferences can be adequately divided in progressive stages of welfare. This way of looking at welfare is not necessarily another form of resourcism, as we would still recognize that people transform differently the same resources, and that they would not necessarily required the same benefits. For instance accepting that for all people is morally relevant to have an adequate healthy diet does not imply that people would not need to receive different bundles of food goods to achieve this state. However if we adopt an internalized conception of resources, graded welfare can be described as another form of resourcism.

Like John Roemer (1996:245), we could assume that people would have reached such a level if it was not for some factors beyond their control. However these reasons outside the individual’s control have to be

constrained by other people's interests. The natural way to take into account other people's interests could be by accepting that after a certain low threshold is passed, welfare achievement should not be considered but only access to welfare, opening the way to different individual choices of life plans.

However it is not yet very clear if graded welfare can address further problems of distribution where fairness depend partially in the criteria we have to compare between people. It could very well be that constraining welfare is not enough to express an adequate comparison between individuals.

Let us consider the possibility of several objective welfare thresholds. Let us think about indirect taxation of food. A government requiring more resources wants to reform indirect taxes on food: its aim is to increase the welfare of all. In order to do this the government wants to eliminate existing progressive indirect taxation like subsidies to basic food items up to high taxation to luxury food goods. Policy designers argue in their bill that promoting a flat tax will be more efficient and crucially it will increase access to welfare. They argue that assuming different individual preferences, the best way to respect morally equally deserving individuals is to introduce a flat indirect tax of 5%.

Congress committees have the last word.

3.2.3.1 Welfare egalitarians

The committee of welfare egalitarians argue that if government wants to respect equality it cannot pamper those with expensive tastes, it should keep on raising the taxes of luxury food goods in order to inhibit the involuntary development of these tastes. They accept, with the government however, that this creates a different problem, that of poor people with cheap tastes that would benefit more from higher subsidies to their tastes. But as they have chosen those cheap tastes they cannot be benefited more than the rest, thus in order to respect equal access to welfare, the committee suggests to extend subsidies for more products.

For *welfare egalitarians* the rich and others with expensive tastes should be encouraged to develop cheaper preferences, as egalitarians are convinced that the chosen development of expensive tastes should be discouraged. In taxing out luxury food goods from the market and expanding the range of products with subsidies, in effect egalitarians are reducing the price of an average food basket with the aim that everyone has access to it, to increase welfare. Assuming that people have different preferences, even with cheap tastes the basket could become very large, in effect reducing the generated income to the tax office.

This option evades the expensive tastes problem with the rather expedient way of eliminating expensive products. However, even with a reduced and more accessible food basket, equality of welfare would not be reached, as differences in preference satisfaction would still make some people more satisfied with the chosen basket than others. It can also be argued that the elimination of tax receipts from luxury goods will reduce the budget for subsidies, forcing a general reduction of welfare with a constant reduction of the food options. In a poor country where direct taxation is hard to obtain, indirect taxes are a high source of governmental income, thus the egalitarian proposal in these terms is not very efficient and produces a possible perverse effect reducing welfare options.

Let us consider the suggestion of progressive sufficiency of describing different morally relevant thresholds in relation to welfare, in order to evaluate welfare equality. Assuming graded welfare, we could accept that most people should be satisfied if they have reached a particular level of welfare. Such a level in a poor country could be set rather low.

Assuming this strategy, the only interpersonal comparison we would be making is between those who have achieved that level of welfare and those who have not, we do not have to specify at any point whether some individual is worse off than another, only whether she is worse off by not reaching the accepted welfare level. By contrast, when considering a continuous welfare

while considering individual preferences, the food basket should have contained the widest possible range of options to satisfy the widest possible number of individuals, leaving indeterminate where should the basket stop.

A seeming problem with the grade egalitarians welfare option in a poor country would be the rather large reduction of welfare suffered by a portion of the population, damaging their interests, as the tax rate for other products apart from the selected ones has to be very high. This is because equality of welfare discourages that some people have more welfare than others, thus after the set threshold, people are not allowed more benefits. On top of this we would have to set the welfare level as low as possible to guarantee equal welfare.

However, the graded welfare egalitarian option of reducing the list of available goods to discouraged preferences seems to solve both the expensive and cheap tastes problems. In the latter, by committing welfare achievement to a certain threshold, thus providing certain objective characteristic to welfare; and in the first by inhibiting expensive tastes. However it is not very clear whether this revision of welfare is not better managed by focusing on resources rather than this restricted version of welfare where some preferences are discouraged to guarantee equality.

To wit, recall Dworkin's example about the father and his children, under this later version of equality of welfare the father would have to be sure that all of his children reach certain threshold of preference satisfaction, some threshold perhaps defined in terms of average self-realization for each child's main characteristic. The father, for instance, can find what is the average achievement for a blind person, and so on, then distribute accordingly. Each child would still get different amounts of money, so they can still complain alluding to their special needs. Thus we would have two options, either to deny their claims as irrelevant and focus on a more objective metric like resources, or consider their claims partially relevant but not adequately focused, thus considering capabilities as a better metric for interpersonal comparisons.

3.2.3.2 Welfare prioritarians

The committee of welfare prioritarians respond negatively to the government proposal of scraping progressive indirect taxation. They suggest that the government proposal would fail to give enough priority to access to welfare by the worse off. Instead they recommend that the government should consider maximising the income coming from taxes that can be extracted from expensive goods in order to increase the benefits for the least well off persons. Prioritarians then argue for imposing taxes on expensive products at as high a rate as possible in order to maximise their receipts and with this raise subsidise those products acquired by the least well off group.

However, prioritarians suffer a deeper problem than egalitarians by using the welfare metric. Prioritarians, asking who is the least well off person, would have to answer: the person who is more reasonably dissatisfied with her life prospects. If we focus on access to desired goods, we could exclude voluntarily acquired expensive tastes, but not the involuntary ones. As prioritarians give priority to the worst off, they would have to benefit a rich person over a poor person if she is the worst off in terms of welfare on preference satisfaction, even as a result of involuntary expensive tastes.

Prioritarians though would accept the existence of expensive tastes as a form of gaining resources to maximise the welfare of the least well off person; contrary to egalitarians they would not pretend to inhibit the formation of such preferences as long as those preferences increase the welfare of the least worse off person. However, accepting that those with involuntarily acquired expensive tastes should be benefited, prioritarians are forced to ask at every policy stage who is the least well off person or group.

Consider again accepting the suggestion that there are morally relevant welfare thresholds, rather than considering as relevant minimal increases in welfare. Welfare prioritarians could distinguish between those under and above different thresholds more easily than asking who is the least well off person when deciding every product's tax. As prioritarians do not strictly require full equality, they can benefit people under the first threshold, recognizing them as the worse off and then the next; the order would be given by considering each threshold better than the one before.

In relation to the problem of cheap and expensive tastes, the objective nature of morally relevant welfare thresholds would mandate more resources even for people with cheap tastes, but not necessarily more resources after certain upper limit. To illustrate the idea let us consider the satisfaction of food preferences. Under normal welfare, each individual would have various food preferences; prioritarians in order to distinguish the worst off person, would consider in general how dissatisfied she is from not being able to have access, if you wish, to her usually average food basket.

Under graded welfare, food preferences could be assumed as having morally relevant thresholds. The first threshold, although somewhat strained, could be described in terms of the satisfaction of the minimal diet required by every individual for survival. The second threshold could be described in terms of having access to those resources that would acquire the average food basket in a selected community. The third threshold could be described in terms of having access to those food products that are related to special occasions in the selected community.

For welfare prioritarians the idea of thresholds present some problems. As welfare is understood as preference satisfaction achievement, every individual under the threshold would have to be benefited until it reaches the threshold, thus the gap between his actual welfare and the threshold becomes very important. As prioritarians give a high priority to benefit the worst off person first, the largest individual gap would be targeted. If resources were scarce, as they mostly are in a poor country, many under the

threshold would be left without resources. However this is a problem of priority. A problem for welfare, even graded welfare, would be that, for instance under the first threshold if someone prefers a more expensive food basket that would achieve her survival, this basket would have to be supplied. The problem of subjective individual preferences is inescapable in the first threshold as we are recognizing the value of welfare achievement. The same can be said with further thresholds described in welfare access terms. In these cases cheap tastes could be penalized, as people with these tastes would not profit from the opportunities open to them, remaining below a lower threshold.

On top of these problems with welfare, prioritariums could face problems in the distribution of burdens and benefits in the form of taxes and subsidies when dealing with thresholds. Given the overall priority shown to the least well off by prioritariums, they could end dictating a tax regime where most food goods have a 100% tax in order to place people in the first threshold. This action would reduce the welfare of other people lowering them down from a higher threshold to a lower one. A similar problem exists if many cannot be raised to the second threshold before only one person with expensive tastes reaches the first.

These later type of problems are related to the nature of the distributive criteria not to the nature of welfare. However, the reasons argued to impose constraints on welfare could perhaps better be handled by a resource or capabilities metric. In fact this objective way of describing welfare thresholds moves us naturally from preference satisfaction to resources. The Progressive sufficientarian view in fact moves us towards a capabilities and then a resource based view, as preference satisfaction seems not to have many advantages.

Let us consider for now another distributive criteria.

3.2.3.3 Welfare Progressive sufficientarians

A third Congress committee of progressive sufficientarians consider the idea of establishing morally relevant thresholds of welfare. They argue that individual preferences should not be considered as different, because this leads to a debate about different tastes, either expensive or cheap, instead welfare should be considered as graded, with lower and upper limits. Taxation then should consider different levels of welfare in this restricted version, but the adequate level of taxation would need an empirical research in relation to different levels and not simply a flat tax.

Welfare progressive sufficientarians would avoid the problems of egalitarians and prioritarrians of damaging the interests of many people above the first threshold because they do not place high priority in benefiting the worst off person first; rather they place priority in minimising the number of people below the first threshold. As progressive sufficiency places priority in people reaching successive thresholds, it should in general avoid lowering down people further down than their actual threshold.

In avoiding benefiting the worst off person first, progressive sufficientarians would require a more precise definition of thresholds as people closer to the threshold should be benefited enough to reach it but no more to surpass it, before most under the first threshold reach it. The first threshold defined in absolute terms could impose a rather counterintuitive result to the ordering imposed by progressive sufficientarians. In fact progressive sufficientarians would recommend that people who are closer to survival should be helped first in order to save more people in overall terms. The counterintuitive idea is that those that are farther from survival, needing more help would have to wait.

In other respects the problem of cheap tastes would still appear when considering graded welfare. Though we can even force individuals to be above the first threshold of survival, the graded welfarist progressive sufficientarian distributor would not be obliged to provide more resources to a person with cheap tastes above the equal average resources of the threshold. However, as her cheap tastes would not make her profit from the

opportunities open to her, she is bound to lag behind in the area of resources or capabilities, not in welfare terms.

Although we could use welfare if we accept that increases on personal preference satisfaction are reflected in increases of resources, if we accept this without changing to a resourcist option, the problem of cheap tastes comes into full force as total satisfaction would come from small increases for some and from larger increases for others. A resourcist option could perhaps better express the idea of common general needs sourced in upper thresholds by equal average resources. Resources could provide a more objective non linear measure within upper thresholds that permit us to distinguish simply who is lagging behind for reasons not of his fault.

3.2.4 Summary

As we could see the welfare criterion for interpersonal comparison can be rendered more objective if we assume that welfare can be described in a graded form. That is, we accept first that there is a commonality of needs and preferences among humans, and second that these needs and preferences can be adequately divided in progressive stages of welfare.

However, the main problem of welfare as criteria for interpersonal comparison, the dilemma of expensive and cheap tastes does not disappear, although it can be reduced by defining lower and upper thresholds of benefits. The problem of expensive tastes re-emerges although in different form in the lower threshold, when we consider the achievement of an absolute welfare characteristic. In order to reach the first threshold the individual welfare gap has to be closed, and as needed goods can be different for different persons and some of these goods can be expensive or cheaper than others, even if individuals do not desire these goods, a problem of unfairness can emerge, especially if those closer to the threshold require expensive goods. The problem of unfairness appears, if for reasons of those expensive tastes some other people with cheap tastes are left outside benefits.

The problem of cheap tastes, again reduced and taking a different form, appears in further thresholds: people in the middle threshold with cheap tastes could not demand more benefits because their involuntary cheap tastes leave them already at the middle welfare threshold. A resourcist could argue that is unfair not to provide the same resources to all, even if a person does not want them. For this reason we might look into a resourcist criteria where human differences in transforming resources after the first threshold, into well-being, though relevant, are not vital. •

The simple constraints imposed by progressive sufficiency mark a different approach towards thresholds. It would seem the first threshold requires a linear measure of interpersonal comparison. Insofar as high priority is placed in people reaching the threshold, graded welfare could be such a measure as it recognizes that individual differences require to be taken into account when benefiting. However, graded welfare is not the only existing consideration when taking into account these differences; the capability criterion of interpersonal comparison can also assess these differences. Further thresholds, it has been argued above, would need a non linear measure of interpersonal comparison to assess fairly whether a person has lagged behind for reasons beyond their control.

Let us consider the capability option first taking into account the latter concerns.

3.3 Capabilities as the focus of social justice.

The case for welfare is partially defeated by the dilemma of having to benefit those with expensive tastes or penalize those with cheap tastes. I say 'partially defeated' because despite their problems, either graded welfare or the capability metric is in principle needed to reflect individual differences in transforming resources into at least a very basic decent standard of life.

We can understand capabilities in a minimal sense as the idea of a person being able to do certain basic things, as A. Sen constantly points out in his writings. Thus what we would value in the capability approach are the functions a person is able to realise, his capacity to function in the community. We would not value strictly or for its own sake the amount of resources someone has, we value the opportunities that capabilities give to a person. We are, thus, considering not the means to be free in a society, nor the satisfaction these means produce in people, but the actual end of being able to freely function in society.

This middle area, between resources and welfare, which has been called by Amartya Sen the 'capability' area, differs from resources and welfare in the emphasis placed on how resources affect the opportunity to do something with them. G. A. Cohen summarises this idea, pointing out that capabilities are part of the neglected intermediate area between external resources and welfare.

Sen was right that, in the enterprise of assessing a person's well-being, we must consider his condition or state in abstraction from its utility for him. We must look at something which is "posterior" to "having goods" and "prior" to "having utility." we must look, for example, at his nutrition level, and not just, as Rawlsians do, at his food supply, or, as welfarist do, at the utility he derives from eating food. (G.A. Cohen, 1989, p.943)

Sen provides a description of well-being which appeals to something which individuals are entitled to in order to do certain basic things, to function in certain ways.

The functionings relevant for well-being vary from such elementary ones as escaping morbidity and mortality, being adequately nourished, having mobility, etc., to complex ones such as being happy, achieving self-respect, taking part in the life of the community, appearing in public without shame [...]. The claim is that the functionings make up a person's being, and the evaluation of a person's well-being has to take the form of an assessment of these constituent elements. (Sen, 1993, p.36)

People would be entitled at least to the required assets to carry out elementary functionings and those complex ones that relate to their own community. However, we have to be very careful not to confuse elementary functionings with some specific level of functionings relative to the community. A person in a poor community could have very low expectations about his health along with other members of her community, but that is not a reason not to compensate her for her low expectations in the form of capabilities to have access to the complex functionings that other people in other communities could be enjoying. Capabilities in this sense will include as many opportunities as possible and the compensation for low capacities to transform those opportunities into the realisation of different functionings.

Crucially for Sen, elementary functionings are part of the value of freedom, as they are the bases that lead to a chosen life. Freedom enjoyment is best realised in a person's capability of achieving differing functionings in his own community and according to his own characteristics. A person would require the resources and the opportunities to realise these functionings, but crucially what is at stake here is people's capacity to bring about these functionings. Thus the capability approach would consider compensating people for shortfalls in their internal and external assets when their opportunities and capacities are cut short, in order to enable them to function in their community.

3.3.1 Some clarifications needed by the capability option.

There are two main areas, however, where the idea of people's capacity to bring about differing functionings has to be clarified. The first area is human diversity and whether we are able to gather sufficient morally relevant information about these differences in order to fairly distribute resources to enhance their capability sets. The second is human choice and whether the selection of a specific expensive life plan or a cheap life plan implies different levels of resources.

3.3.1.1 Human diversity and requirements of morally relevant information.

The first area can be better distinguished contrasting the ability to transform resources into well-being with the availability of resources. Say the functioning that concerns us is to be well nourished. Women's abilities to be well nourished do not necessarily relate to the availability of resources. A poor woman, for example, could very well have more resources in the form of food supply than another. However her capabilities to function or her opportunities to be well nourished, could not be realised because of her susceptibility to sickness, or higher load of physical work or simply because she could be expecting a baby. The diversity of human abilities to transform resources into well-being have to be taken into account when distributing. These abilities include internal assets. Thus a policy aiming to increase people's capabilities in this respect would have to consider the most important aspects in the community that limit them. Such a woman would require an adequate set of resources to realise her capability to be well nourished.

However, a clear problem for the capability option to make interpersonal comparisons is that the information required in order to compensate someone for the reduction of her capability set would be immense. The same woman of our example once she has achieved the basic functioning of being well nourished would be entitled in principle to more resources if her capability set is restricted for her to participate in the feasts of her community. The problem with this is not only that this woman's capability set could demand more resources than other people, nor that we could think that her participation in her community's feast does not necessarily increase her freedom, but worse, we could not be sure if such a functioning could not have been replaced by her participation in the political life or in the cultural life or her community. We would need too much information about her capability set to adequately assess her needs.

Joshua Cohen (1995, p.285) argues that this information problem restricts the area where we can apply the capability approach to one area where information is simplified. The problem, he argues could be solved if we abstract from the “fullness of human diversity, and make interpersonal comparisons in a “low-dimensional” space.”

[...] One way to make the required simplifications would be to specify certain *especially severe* and *informationally transparent* cases of limited capabilities, to focus in capability assessments in those cases, and to rely on primary goods for interpersonal comparisons elsewhere. Thus, we would rely on capabilities when we specify a minimally acceptable threshold of human functioning –basic needs in areas of nutrition and health for example –and when we are concerned to characterize and remedy disabilities.”
(Cohen, J., p.285)

Cohen imposes several constraints to the capability approach due to its informational problems. The first and most important is to reduce the “fullness of human difference” to something more manageable. Accepting that this reduction not only is possible but necessary, the threshold where human differences should be morally relevant becomes very important. For Cohen this threshold lies where “destitution” and “disability” end. Cohen remarks that the boundaries of such a threshold could be given by reference to “the notion of conditions that require remedy if a person is to have the capacities associated with the role of equal citizen.” (Cohen, p.286) The justification of this boundary lies in the appeal to a community of equals cooperating in fair terms and sharing some general conception of the good. These Rawlsian conditions for a fair society would not be fulfilled if some members were not treated as equals; this would be the case of destitute and abandoned disabled persons.

To link morally severe cases with a political aim, however, could become a problem as we are reducing the moral priority given to severe cases by accepting the possible political differences in different communities. In a way we would be appealing to a relative notion of conditions for citizenship to justify promoting the interests of objectively destitute and disabled persons.

However, we do not require any political justification to set the minimal threshold. If we accept that information problems can be solved, the only justification needed lies in the adequate description of the basic functioning.

3.3.1.2 Description of basic functionings.

The adequate description of a basic functioning though would set limits to further complex functionings. For instance, we need to know if someone has enough resources and opportunities to have access to achieve his basic functioning of being well nourished, this would imply fairly detailed and hard to obtained information about his assets. This practical exercise however is very difficult to realize at an individual level with basic functionings, and harder still with more complex functionings, like achieving self respect in the community.

Sen argues for an idea that is closer to have access to the well-being that would come from achieving the functioning of being well nourished. He gives an example comparing two capability sets, one of someone starving from not having resources nor opportunities and the other of someone who is fasting. Neither person has achieved the functioning; but one has access to achieving it, while the other does not. However, by describing basic functionings in this way, we would be appealing to an independent criterion of the required adequate level of resources and opportunities to function. This criticism is just the one that Dworkin made against the welfare option.

This criticism can be avoided if we simply accept that the person fasting cannot be let to die. The objective limit that life or death sets in this severe case does not have anything to do with an independent criterion of adequate resources: it is simply part of the description of being adequately well nourished. The achievement of the functioning, then, is what we would be looking for. We can assume a functioning has been achieved using proxies, such as the available income for food or expenditure on food, as well as self-production, crossing this information with basic medical information.

By arguing in this way we can avoid partially the claim that the capability option is another form of welfare. However, after basic functionings, the complex functionings require very sophisticated information. As Joshua Cohen argues, such a high demand of information simply limits the possibility of comparison between individuals' capability sets.

At this stage we should recapitulate the argument. The capability option described in the above way would have to consider the achievement of basic functionings as its main objective. The achievement of these functionings would better incorporate the commonality of human experience than graded welfare, as it would constrain the scope of characteristics to take into account when considering the achievement of a functioning. The achievement of such a functioning though, would still require to be evaluated in a linear form, as we would consider similarly worse off people below the threshold. Comparing it with graded welfare, the capability option handles better the problem of expensive tastes below the threshold, as people's capability gap to the threshold is constrained to specific areas, signalled by capability proxies.

To illustrate, we would differently consider the requirement of a malnourished person under graded welfare and the capability option. Under graded welfare we would accept the gap between the available income and the cost of a food basket as proxy for the welfare gap to be filled. The problem of this option lies in our reduction of options to avoid expensive preferences, however in doing this we are leaving out people's differences in transforming resources into well-being. Under the capability option the description of the achievement of a functioning incorporates more objective characteristics linked to available proxies. The use of proxies might insulate the basic functionings from individual preferences that could lead to a problem of expensive tastes, while allowing personal differences in transforming resources to surface.

3.3.2 Individual choice of life plans.

The second area where the capability approach should be clarified is the area of individual choices. Human choices involve individual achievements or functionings. Two persons could have the same capabilities - similar opportunities, including similar resources -, but choose different ends. This freedom to choose different ends could lead to completely different complex functionings. But crucially, they can arrive to their own ends if society's emphasis is in providing similar capabilities. However, we face the problem of choosing those appropriate functionings that could broaden the area where different values could be realised. That is, a society should consider those basic general functionings that permit individuals to realize their different individual values.

What we could agree on is that a society that wishes to respect individual freedom to lead a chosen life has to provide the means to do so by focusing on those basic functionings that could lead to more complex ones. We could speak of capabilities to function in a civil society, in the political life and crucially to be able to have part in the way the socio-economic life is led. But we have to limit the extent of some capabilities in order to be fair with the rest of the members in a society, as the capability set of a person can be extended widely by reducing the capability set of another person. For instance a person who is well nourished is fulfilling one of his elementary functionings. She is entitled to the set of commodities that allow her to attain this functioning and many others, but would be objectively constrained by the basic functionings of other people.

Sen places this concern in terms of the person who fasts and the person who starves, the capability sets of the two are completely different: one has the capability to be well-nourished, while the other has his capability set restricted. The relevance of this difference between the two persons is to consider whether basic functionings, like being well fed, imposes restrictions on other people's capability sets, even if personal choice is involved and the choice is an integral part of the capability in question.

If we agree that a person's ability to choose between different forms of the good life has to be guaranteed, a person should be left to fast. However, the starving person could have chosen in a different moment to bet her fortune away, having her capability set reduced. We could ask if the capability set of the fasting person should be reduced in order to improve the capability set of the other person, not withstanding her past choices. If our answer were yes, basic individual well-being would actually depend not entirely on the nature of the choice of life plan, but in the nature of basic functionings. This would mean that basic functionings are prior to freedom to achieve well-being.

To illustrate the idea consider again the case of the person who is fasting out of religious convictions. Her choice of life plan is very important to her. The other person is starving by her own past choices. By Sen's standards we would be inclined to provide resources to the starving person if we consider limited capability sets. However by the same Sen's standards we would have to let the starving person starve if we give adequate relevance to choices, respecting individual's life choices. The solution to this inconsistency is to consider that we should always secure basic functionings, that is we should always feed a starving person, but assume her choice to be left in the lower thresholds of benefits.

3.3.3 Summary

The capability option in principle works better than graded welfare to capture personal differences in transforming resources into well-being, solving the problem of expensive tastes when considering basic achievements. However due to information and individual choice problems the capability option would be very difficult to use when considering other cases than disability and destitution.

The analysis of the capability option also provides a further and independent argument to maintain that human advantage can be considered in stages. The first stage would be better understood as the achievement of basic

functionings while further benefits can be better understood as access to resources and opportunities.

3.4 Resources as the focus of social justice.

I have argued that the case for an option of interpersonal comparison totally based in personal differences is partially defeated by the dilemma of having to benefit those with expensive tastes or penalize those with cheap tastes. We still need to reflect individual differences in transforming resources into at least a very basic decent standard of life. Once we agree that the capability option better reflects individual differences in transforming resources into a very basic decent standard of life, we should consider the case for further benefits in the form of resources.

3.4.1 The resourcist option.

As we consider giving priority to the least advantaged, in our case the poor, we could say that everyone should have at least enough resources as sufficientarians do, or equal amounts of resources as strict egalitarians do, or that we should give overriding priority to them, as prioritarians do. Leaving aside for the moment the idea of a distributive criterion imposing certain constraints on the resourcist option, let us consider whether the idea of resources, as the relevant aspect to compare individuals' advantage, could deal adequately with the problem of compensating individuals for lower levels of advantage, that are no fault of their own.

John Rawls in *A Theory of Justice* famously argues in favour of distributing primary social goods, a list of goods that every individual would require notwithstanding her preferences. Given the nature of these primary goods, an index in theory could be made and used to compare between individuals' levels of advantage. Rawls' theory promotes fair equality of opportunity, to allow a fair competition for positions of advantage, assuming the result of the competition as a fair result. Institutions then should maximise the level of primary goods held by the worse off group in order to give priority to them.

In Rawls' theory, the main assumption is that there are some factors that we consider morally arbitrary that make people different. A distributor then would have reasons to compensate those individuals that face disadvantages at the start of the competition for being born, for example in a poor family, or face handicaps, or not having the talents and natural abilities required by the job market. In order to compensate them, a Rawlsian distributor would use the resources coming from those whose talents have a higher earning potential in the job market.

However one problem for Rawls' theory is that the level of advantage an individual holds, measured in an index of primary goods, is the only way we have to compare between individuals. But in fact the position an individual holds has been used by the theory in two different ways that could become contradictory, the first revealing the individual's talents and the second revealing his effort.² If we use the level of advantage a person holds as a measure of her talents, and such a level is low, in theory we should benefit her not withstanding other people's efforts in the same level of advantage. This problem is similar to the welfarist dilemma where those with cheap tastes are not entitled to more benefits. As the theory is not concerned with the final outcome, but with the opportunities for the competition, a Rawlsian distributor will always benefit the person who is worse off in the sense of having a lower level of primary goods, without taking into account personal effort or change of preferences.

Consider how two similarly situated persons should be benefited, where one chooses to have more leisure time and the other chooses to invest his time in re-training. If benefits coming from training were slim for no reason in particular, both persons would still receive the same benefits from the distributor on the Rawlsian view. Intuitively this would not seem fair for the person who re-trains, thus a welfarist and even a graded welfarist would choose the man who is making an effort to give him more benefits or place him closer to a threshold. Instead a resourcist would defend his benefiting the

² A similar problem for the theory is discussed by John Roemer (1996: pp.165-167).

other man with the idea that in objective terms his level of resources is similarly low.

This problem can be divided into two parts. The first is related to the way in which the distributive criterion of maximizing the level of primary goods affects the fairness of the competition in successive rounds of competition, once, it is supposed, real opportunity has already been achieved. The second is the way in which the idea of an open list of primary goods could not permit us to distinguish precisely between those who are choosing a simple life or choose to free ride and those who simply have bad luck in their endeavours.

The second part of the problem is the one that concerns us, as we are searching for a way in which different levels of resources can express morally relevant differences between individuals, that allow us to allocate to people without penalizing them for the way in which they lead their life.

Rawls in a *Theory of Justice* speaks of primary goods as rights and liberties, opportunities and powers, and income and wealth (Rawls, 1971, p.92). Later Rawls adds to his list the social bases of self-respect and those capabilities essential to be a "normally cooperating member of society." (Rawls, 1996, Ch. V). In fact these primary goods reflect so diverse and differing goods that is very difficult to use them as a criterion to compare individuals' advantages.

John Roemer points out (1996:pp.165-167) that creating an index of these primary goods becomes a problem since we do not know from the list the person's labour contribution, which should be an essential part of such an index. After all, the Rawlsian intuitive idea is that individuals' disadvantages should be maximized as far as possible to increase the value of return of effort. The problem of not being able to define such an index risks the objectivity of the criterion, as it does not deal adequately, according to Roemer (1996: 182), with the relationship between the choice of life plans and effort.

3.4.2 Ronald Dworkin's resourcist idea.

The intuitive problem for Rawls is how to compensate those with morally relevant disadvantages but taking into account effort. This problem requires a coherent index of primary goods to make adequate interpersonal comparisons; such an index can be difficult to produce. Rawls main intuition is maintained under another resourcist proposal. Ronald Dworkin's resourcist idea considers that a fair distribution should be sensitive to individual preferences but not sensitive to the bundle of resources an individual initially holds. The bundle of resources can be divided into two types: internal and external assets³.

When we speak of resources, we are concerned, in the first place, with external assets, understanding them as both natural resources and economic benefits coming from social cooperation. Natural resources can include the value of land, the benefits coming from underground supplies of valuable materials, and in general those resources that are understood as wealth. In relation to internal assets, Dworkin holds the idea that differing social and genetic circumstances produce differing abilities and handicaps that affect the way in which people transform external resources into success in their life plans. Circumstances also affect preferences. (Dworkin, 2000, pp. 86-89)

Dworkin's idea of equality of resources calls for a distribution that is sensitive to ambition or preferences and not sensitive to personal endowments or internal and external resources, understanding these resources as coming from morally arbitrary circumstances. For Dworkin, if we are ready to compensate people for their disadvantages in external and internal assets, we should also take into account people's responsibility for their own situation. The problem then seems to be to find a way to separate the influence of resources from the influence of choices for which people are responsible.

³ Dworkin distinguishes between external resources and "physical and mental powers" later including them into circumstances (2000: pp.79-80).

Dworkin uses the construction of a hypothetical insurance market to account for problems of compensation coming from disadvantages in internal resources. One has to note that for instance those handicapped are considered as having fewer resources, so every individual, knowing that he shares a common *ex ante* risk of being handicapped, would rationally want to buy insurance. The insurance market in question would take into account individual preferences about risk, in fact making individuals responsible for their choices and compensating for handicaps in the resulting distribution of total resources.

However, there is no clear guidance as to how we would discern who is worse off than another. Furthermore this system does not solve our initial problem. To recall, we were looking for a resourcist option that promotes the interests of those lagging behind and permits us to make objective interpersonal comparisons. The problem of cheap tastes or adaptive preferences is emblematic. If someone accepts her situation as good and has no ambition to raise her level, in Dworkin's system this person will not receive a transfer of resources, just as it happens when we considered the welfarist option.

The case of cheap tastes is important in the context of a society with extreme scarcity of resources, as many people would hold little resources and will be naturally satisfied, if only for psychological reasons as in the case of adaptive preferences, with the low level of resources they have. However the intuition still holds that justice would demand more resources for these persons even if they did not expect them; it seems obvious that more external resources would make their life better, either in welfare terms or in providing the means to realize their life plans. Even after the resource and choice distinction has been drawn there are further adaptive preference problems for Dworkin's view, in a poor country.

3.4.3 Responsibility.

Dworkin's main point is that people should be compensated with external resources for those inequalities arising from their circumstances and not compensated for those inequalities that are due to their preferences or choices. However as I have argued, this system falls back on the welfarist problem of giving to individual preferences an inordinate place of importance in the distribution, without much clarity as to how to distinguish between a situation caused by unlucky circumstances or by own choice.

The balance between responsibility and resources has been made more specific, though not necessarily clearer. John Roemer summarises the general view of the debate of what he calls a "restricted egalitarianism".

"Persons should be rendered equal in condition insofar as their condition results from circumstances over which they cannot be held responsible, but differences in condition are admissible when those differences are due to actions/beliefs for which they are responsible." (Roemer, 1996, p.263)

Roemer considers that Dworkin stipulates this area as the existing difference between preferences and resources. As a contrast G. A. Cohen describes it as the existing difference between "bad luck and the actions one could have chosen not to have done". Cohen's proposal to articulate his view is to promote "equality of access to advantage", where access functions as opportunities and advantage as a hybrid of welfare and resources.

Roemer takes on the work of implementing Cohen's view, calling it equality of opportunity for advantage.

"I say that equality of opportunity has been achieved among a group of people if society indemnifies persons in the group against bad consequences due to circumstances beyond its control and brute luck, but does not indemnify them against the consequences of their autonomous choices." (Roemer, 1995)

In order to operate the above principle Roemer uses the standard idea of a statistical distribution to group people into similar types sharing similar characteristics. As the distribution of individuals between types is given by those characteristics a person did not freely choose to have, the place in the distribution a person holds within her type is a product of her choice.

Roemer (1995) argues that a distributor wanting to allocate resources to combat lung cancer should take into account individual responsibility within specific groups. Suppose the first group is formed for 60 years old white female professors, the second group for 60 years old black male steelworkers. Roemer argues that assuming the median time for smoking of the first group is 8 years and for the second 30 years, both medians would be equal in probability terms, that is an individual in each group would have the same probability of having smoked the number of years specified, thus Roemer argues, they deserve equal resources. Below that level a person in either type has exercised responsibility; above that level she has been more irresponsible. A distributor should take this into account by charging correspondingly different amounts for similar treatments to people in correspondingly positions in the two distributions. The procedure considers two steps: a) factoring out aspects beyond person's control and b) examining the empirical distribution of those aspects.

As responsibility is crucial in Roemer's view, Susan Hurley (Boston Review of Books, 1995) considers that the patterns of choices open to a person are multidimensional. Thus, in any choice, it can be reasonable in given circumstances, to reduce the appeal to responsibility entirely as we would not be able to determine whether people's choices were better or worse in given circumstances. Furthermore, Hurley argues that in this way Roemer intends to reward meritorious choices and this should not be the goal of distributive justice. Roemer replies to Hurley's idea arguing that his proposal only works in unidimensional choices, like smoking, or choosing more education.

Hurley (2001) argues that "luck egalitarianism" uses the distinction between luck and responsibility as a filter to select those goods to be distributed. That

is we would be able to distribute those goods that are matter of luck and not goods that individuals are responsible for. She argues however, against the idea that selecting which goods to distribute could influence our idea of how to distribute them. Furthermore she rejects the idea that the responsibility/luck distinction could provide an adequate account of the position of an individual in the distribution, and worse it could not provide an adequate guide to the difference between positions of different individuals in a just distribution. Her argument considers simply that even if a person is responsible for her own position she could not necessarily be responsible for the position of others, thus invalidating the appeal to redress unlucky situations through an egalitarian aim.

Now, Roemer's argument intends to implement a practical "political" solution to the distinction between luck and responsibility. If Hurley's argument holds true there is actually no possible solution, simply because there is not a practical way to discern where lies the distinction between personal choice and luck, in our own situation and in our relative position.

I will consider an argument by Scanlon (1975) to argue that responsibility should not be important at certain stage of advantage but should be partly considered after some stages. If we coupled this idea with Roemer's reply to Hurley whereas statistical inferences should be accepted and that we should look into unidimensional choices, perhaps we could give some support to Rawls' resourcist simple intuition where people should be compensated for situations not under their control.

3.4.3.1 Limited Responsibility

T. Scanlon (1975) argues that we should give priority to the moral urgency of a situation. Scanlon argues that presented with situations of great absolute moral urgency we should give immediate priority to this situation. The appeal to this action is based in a humanitarian moral obligation that trumps other considerations. Now one of these moral considerations to be trumped is responsibility. We are under the obligation to assist people in situations, say

of misery, even if they are in that position by their own choice. Accepting this basic moral idea, the luck/egalitarian view presents not only practical problems of implementation but also theoretical problems as to what justice requires at certain stage of advantage.

If we agree that morally urgent situations command a prioritarian action we have to consider that justice should have a place in these considerations. For instance in situations of a humanitarian emergency, we should be ready to consider how to render our obligation to act fairly, both in the currency and the way we distribute. The constraints imposed on what we should distribute and how we should distribute under this emergency have a natural threshold where the moral urgency ceases. It is beyond this boundary where responsibility can start having relevance, assuming that objections can be met, even if it is disregarded below this threshold.

The point to consider here is that accepting Scanlon's simple prioritarian argument but not including the distribution and the currency of the distribution within the morally urgent idea to assist those in need, we will find a tendency to see after the emergency boundary, all higher advantage as problematic. Instead, if we include the distribution and the currency of the distribution within the idea of an emergency action, we can see past the strict boundary and assume in general that higher thresholds should also be morally relevant.

In the above sense, a limited way to implement responsibility could be to provide opportunities to advantage in the type of resources that can incorporate unidimensional type of decisions and increasing grades of advantage. If after a certain threshold of achievement, we focus on opportunities/access to resources rather than resources, in fact we are assuming that after reaching a certain minimum people are responsible in the most part for the level of advantage they hold. Consider education as a type of advantage with a unidimensional type of decisions linked to pay in different jobs. After reaching a certain equal minimum, opportunities and information

should be offered, thus, guaranteeing equal access to jobs, the unequal payment received is partially the responsibility of the individual.

To illustrate let us consider Rawls's proposal again. He simply assumes that the worse off are in that place for reasons that are not their own fault. Rawls argues that the social minimum is to be obtained from maximizing an index of primary goods that permits every person to fulfil her idea of the good. As people differ in their idea of the good, people would be responsible for how they use their primary goods. As this idea has the double problem of being unable to create an adequate index of goods to make interpersonal comparisons, or to use the position in the level of benefits held by the person to measure her effort, her choice of life plan and her unfortunate circumstances, it simply is not clear enough how to compare people's positions.

Another option to capture Rawls' simple resourcist intuition of providing resources for differing ends, without entering into the difficult area of clarifying how far a person is responsible for 'her own position relative to others', would be to limit the list of resources and to assign minimums and maximums of resources relative to the society in question, in order to partially capture the area of responsibility. This area could be captured by accepting that people lagging behind, given similar opportunities for benefits and a minimum level of guaranteed benefits, are in that position in part by their own choices. However they would receive increasing benefits over time as these would be described relative to the increasing benefits of the rest of the members of the society.

The few types of resources chosen with an appropriate measure would allow us to compare the level of goods and services held by the person in question. A very simple option is the common idea that money or income can be an adequate measure of advantage, as it can be the means to acquire differently preferred goods and services. Consider a society where nutrition is a problem. Officials assume that 2 500 calories per day is sufficient to be

nourished for the average type of activity in the region and they give priority to the least advantaged.

Three different resource distributions ensure different distributions of calories:

a) 2 500, 3 200; b) 2 700, 2 700; c) 2 800, 3 000.

Sufficiency is satisfied by each distribution, equality by (b), priority by (c).

We have to note that resources in this case would equate with people's supply of food or the income to acquire it and that we measure the worse off as having less resources.

The specificity of a lower limit for a good nutrition or simply the acceptance of minimums sets the problem of those with cheap tastes or adaptive preferences in a different perspective. When considering welfare we would intuitively reject the idea that no more resources should be given to this person because she is content with her preferences, and furthermore we agree that she has enough in this lower level. To argue that she would be better off with more resources seems not to make sense in a welfarist view. In a resourcist view, however, the intuition for accepting that justice demands more resources for this person is based in the idea that, if there are enough resources in the society, then she should not be left way behind, even if she does not prefer them or simply has enough to reach the lower level or she is responsible for her level of resources. Perhaps she would only be picked last in the distribution but she must be selected.

To assume there are scarce resources to be distributed does not necessarily complicate this person's claims for more resources. We could argue that in fact there are enough resources for a minimal level of resources for all, though not enough resources for a higher level for all. The idea of minimums in specific resources takes into consideration a singular idea of what is enough, as it would allow in a Rawlsian argument that differently talented people would have resources minimally to follow their own idea of the good. However, and in contrast to Rawls, there is no need to specify that the minimum is the equilibrium point where the worse off maximise their

expectations, and where transfers cease. (Rawls, 1971, p.285) In the sense of “enough” we are using here, and without entering into distributive criteria discussions (though the point would naturally lead to this discussion), enough is simply the absolute lower standard of to the morally relevant resources and it would be only a required start.

To illustrate the point consider again the food example. To have resources for acquiring food equivalent to 2500 calories is enough to survive but not necessarily enough to enjoy a varied and typical meal. It would seem that if we agree that we can select morally relevant type of resources, there would be an absolute lower level and either socially agreed further levels or levels defined by benefits held by other members in the society. When the minimum is set in absolute terms and we agree that there are not sufficient reasons to refuse resources to those people lagging behind, we can argue that further increases in benefits depend on the average selected level in the society.

It would seem that we are left with the option that individuals should have increasing resources and choose how to use them, with the important caveats that resources are scarce and those lagging behind would only receive more resources depending on the general average increase of resources for different levels of benefits. This idea is closer to a pure resourcist view, where the area of responsibility for one's preferences is limited.

3.4 5 Summary.

I have argued that considering a more objective resourcist criterion, with some minimums on certain specific types of resources, individual responsibility is not morally relevant at the lower level. Thus, it would not matter that someone loses her fortune by betting it all: the moral priority to feed her would be maintained. When considering further benefits we could think with Rawls that fiscal incentives should reward, for instance, labour, but up to a certain high threshold level guarantee that those behind are not left

without resources. Thresholds could all increase with the general wealth of the society.

For instance, a progressive sufficientarian distribution would require simply minimising the number of people under the lower limit and guaranteeing that people have enough, described in average terms, to reach further thresholds. Both egalitarians and prioritarrians would aim to raise the level of resources of everyone; in the case of the prioritarrians giving priority to the worse off, among which our person with cheap tastes would be found; in the case of the egalitarians simply equalising resources.

3.5 Conclusion

Progressive sufficiency presents the problem of where to draw the line of differently relevant moral thresholds. It also sets constraints as to how to characterize these thresholds, due to its graded progressive nature. The problem of what should we consider morally relevant in human experience for distributive purposes concerns all forms of distribution, and is directly related to how we specify that a person is worse off than another. This general problem is one of interpersonal comparison, famously addressed by Amartya Sen in his essay *"Equality of What?"* Depending on our answer to this question, egalitarians would establish whether inequality exists, and prioritarrians would use the description to "...identify those individuals whose claims are morally most urgent." (Clayton & Williams, p. 8). Progressive sufficientarians, would use the answer as the prioritarrians do, to identify those individuals whose claims are morally most urgent and to minimise their number below some low sufficiency threshold. After this level progressive sufficiency would maximize the number of people reaching the following thresholds. After the last threshold, by contrast with prioritarrians, further benefits are not considered by progressive sufficientarians, even if people above the final threshold are worse off in some sense than other people further above.

On identifying what aspects of human life should we consider in order to decide which person is better off than another when distributing burdens and benefits, one important subject is the relevance of personal responsibility in the person's condition. We could ask whether we should focus only in access to goods or in people's *achievements*. Suppose that everyone accepts that we should help the poor, and two poor persons have access to the same help in the form of a job offer, but one of them does not reduce his poverty for reasons that can be attributed entirely to him: says he rejects the job. If we focus only on access, egalitarians would accept the resulting inequality. However, focusing only on access to benefits, would not allow us, for example, to pay a medical bill for an accident for the willing jobless, as he has not contributed to common resources by taking the offered job. I would argue that justice at least would demand of us that certain minimum thresholds of achievement have to be reached by all, regardless of responsibility.

After the first threshold, individual choice of life paths, where individual responsibility is involved could modify the required distribution, taking into account whether someone is worse off than another only by her choice of life. The important point to underline here is that given the indeterminate nature of responsibility we should shift the emphasis on individual choices back to the distributive criterion, and far from the area of what to distribute.

Considering the analysis in this chapter of welfare, the capability option and resources, we can suggest that there are reasons to argue for a graded advantage in human experience and that anti poverty policies should consider first the achievement of basic functionings described as the relief of severe deprivation and disabilities. Secondly, policies should consider resources and opportunities. Progressive sufficiency then would recommend thresholds in advantage with the first one described in absolute terms and the second and third described in relative terms.

I believe it is important to notice that when considering distributive questions from the perspective of a poor country, we have to take into consideration

that possible answers have to provide an adequate political guide to a process, from almost an absolute unfair distribution of benefits and burdens towards a fairer distribution. The process towards justice in a poor country and a discussion on specific theoretical considerations in such respect has been neglected in the literature. I have maintained that just distributive answers should vary depending on the severity of resource scarcity. I have argued that when considering a fair distribution under severe scarcity of resources we should aim to minimise the number of people below a threshold defined in absolute terms. I have also argued that further thresholds should be taken into account and that such a mix distributive process can solve some problems of other distributive rules.

A further conclusion from both the analysis of the distributive criterion and the currency of the distribution suggests that both criteria naturally fit together in a general prioritarian argument with graded sufficientarian steps of benefits and egalitarian considerations within thresholds. The structure of the distributive rule imposes some constraints to the answer of what to distribute. It is clear that in considering the first threshold in absolute terms with severe resource scarcity as a background condition, the only fair answer to what to distribute is to consider the area of capabilities. If we assume a decreasing moral relevance towards the better off and higher resource availability we can argue that the next threshold should be described in a resourcist view. The general idea of thresholds coupled with resource availability and decreasing moral relevance, inclines us to consider that when resource availability is high and higher thresholds are described in relative terms, the highest of the thresholds should consider welfare as the currency of the distribution.

In order to consider how far my answer to the distributive question and to what to distribute affects social policy, I will discuss poverty conceptions, poverty measures and design assumptions in poverty alleviations policies. In discussing poverty we can better observe whether the first threshold of a fair distribution can be adequately described.

Chapter 4: Distributive considerations when designing anti-poverty policies.

4.1 Introduction

Let us suppose that we agree that under conditions of severe scarcity of social resources one possible answer to the question of *how* to distribute resources is that a just social distribution should maximise the number of people who have *enough* to lead a decent life – a life where limited different aims can be reasonably pursued at different graded, morally relevant thresholds. Furthermore, let us assume that to the question of *what* to distribute we have agreed that one possible answer is that a just social distribution should consider different answers depending on the different morally relevant thresholds set by a distributive aim, from the lowest one in absolute terms better described by functionings, to the highest one in relative terms better described in terms of income and opportunities.

In order to enquire how unfair a society is in the above terms, and what type of policies should be applied to redress possible unfairness, we should look first into how the worse off, or in our case the poor, are selected. We need to know, at least whether our normative distributive criterion affects poverty definitions, poverty measures and poverty alleviation program designs. This chapter addresses some of these questions.

The literature on poverty is vast and generally concerned with the question of how we can more fairly measure whether someone is poor or not. According to the literature there are at least two general types of poverty measures, one measuring whether people are poor or not, the other estimating how poor are they. One type considers empirical and conceptual problems inherent in classifying a percentage of the population as poor. The other operates with a mathematical manipulation of poverty indices aiming to be more sensitive to the income distribution among the poor by providing some sort of measure of poverty intensity.

Governments and international agencies have usually used the first type of aggregate measures due to its attractive and self-explanatory results -a ratio of the total population that is poor. However some researchers have rejected this type of measures because they do not measure poverty intensity, thus, providing ambiguous results and probably leading to unfair policies. The second method, which is distribution sensitive, has been accepted by welfare researchers as one of the only methods that may lead to *equitable* anti-poverty policies. (Zheng, 1997, p.125). This latter assumption and their possible problems related to the justice of the distribution amongst the poor, as well as the constant discussion in relation to the success or failure of anti-poverty policies provides room for a discussion.

In the light of the discussion in Chapter 2 and 3, where we considered a specific just distributive rule, saying how to distribute, and a mixed criterion for the currency of distribution, saying what to distribute, this chapter will describe both types of poverty measurements. It will mainly examine and question the impact that both types of measurement have when considering the recommended distributive rule and other rules, and the currency of distribution. Finally I will suggest some ways of applying this methodological discussion to empirical data on poverty.

This chapter is divided into three parts. The first section will address theoretical aspects of both types of poverty measures. The second will discuss the relevance of the findings of Chapter 2 and 3 on poverty measures. The third will draw conclusions and offer suggestion on how we might evaluate poverty.

4.1.2. Theoretical aspects of poverty measures

A general conception of poverty considers the worse off portion of the population with unsatisfied basic needs requiring urgent help to satisfy them. This conception appears clear as long as the urgency of the situation appeals to our humanitarian moral sense and to our sense of justice. However, this conception of poverty becomes less clear-cut when some improvement is

noted in the living standards of the worst off; the moral urgency of helping diminishes when there is a qualitative improvement in their quality of life. Therefore, this conception of poverty should be carefully examined to avoid ambiguities about whether some people are poor or not.

The ambiguity of a situation where we cannot clearly consider someone as poor or not depends not only on the conception of poverty, but also on how we measure it. Definitions of poverty also seem dependent on the tendency of researchers to assume that an increase of one unit will always benefit a person *ceteris paribus*. If we assume that welfare does not have a continuous form, but a graded form, in which only certain levels of welfare are important, then we can evaluate poverty from a different perspective.

Let us first consider the question of how a society should fairly distribute severely scarce resources amongst similarly situated individuals assuming we face a morally urgent problem. Consider the answer that says that social justice, as a morally binding agreement between societies' members, would demand that we give priority to the group of worst off individuals. If we agree on the definition of the worse off we still need to decide how to distribute among them.

4.2 AGGREGATE MEASURES OF INCOME POVERTY

4.2.1 Head Count

The most common aggregate poverty measure is the *headcount ratio* –the fraction of people with income below a poverty line. This measure has been criticized by for not providing an indication of the severity of poverty. (Atkinson, A., 1998, p. 48) Critics have argued that the results given by this measure could mislead policy design or policy evaluation, as we would be designing or evaluating only poverty eradication policies, rather than poverty alleviation or redistribution policies. The problem of this measure is easily noted if we consider two groups of people of equal number, one well below

the poverty line, and the other very close to the line. Both groups show the same poverty head count, but the first group has a greater problem.

Anthony Atkinson (1998, p.49), although accepting that the *head count* measure does not provide adequate information about poverty intensity, defends the measure as a good way to show, for instance, how many members of society are deprived of the right to a minimum level of subsistence. In his view, all individuals under certain threshold would be among the worst off, notwithstanding their ranking among this cohort. In a way this view resembles the idea of not considering individual welfare as continuous, but graded. For Atkinson, it would not matter whether person (A) is only one unit close to the line and person (B) 300 units farther behind. It could be said that neither's right to be over the lines is respected.

Atkinson's view, however, does not address the problem of how to distribute when considering severe scarce resources. Using his perspective, we would have no of deciding whether person (A) or person (B) should receive first the help. It is because we recognize that there is a severity ranking of the condition of the poor, and furthermore, that a specific distributor would have limited resources, that problems of justice arise. A distributor would have to decide who would receive resources first, and justify why some have been left out or not benefited from the distribution. If a right to reach a threshold existed, there would be no reasonable and just rationale for leaving some out of the distribution when resources are scarce.

Assuming that welfare is graded, and considering that being above the first threshold is not a right but a weaker moral requirement depending on the available resources in a society, we can only maximise the number of individuals reaching the first threshold. Additionally, a distributor aiming to reduce the portion of the population who is worse off should start distributing resources to those closer to the threshold until resources run out. In this way the *Head Count* could provide *ex ante* and *post facto* measurements of the success of a particular policy. However, the head count is not enough to correctly assess the fairness of a policy. In the area of measurement and

guidance for policy design, the *head count* cannot answer who is farther or closer to the line, because it does not provide information on the severity of an individual's situation and the specifics of income distribution under that threshold. We would need to incorporate other type of measures to clarify these empirical questions and provide some insight into other moral questions, such as whether we are helping the most needy individuals, and when this is not morally justified, why not.

4.2.2 Distribution sensitive measures

Distribution sensitive poverty measures have been designed to consider the income distribution amongst the poor, ordering them from the worst off upwards. Assuming for now that income is taken as a good measure of well being, the worst off person is the one with zero income, the second worse off person is the one with one unit and so on. Thus, a distribution sensitive poverty measure would provide an idea of the intensity of the inequality amongst the poor with reference to the poverty line.

There are several distribution sensitive poverty measures, most of them created after Amartya Sen noted different problems emanating from some simple aggregate measures such as the *Head Count* (Sen, 1996). Sen proposed some minimal requirements that an aggregate measure should include, which were subsequently translated into the mathematical axioms forming the basis for most measurements of this type.¹ A measure for instance has to satisfy at least the following axioms.

Monotonic: given other things, a reduction in the income of a poor household must increase the poverty index.

Transfer: given other things, a pure transfer of income from a poor household to any other household that is richer, must increase the poverty index.

¹ See Zheng, B: (1997) for an extensive survey on poverty measures.

Transfer sensitivity axiom: this axiom gives more weight to transfers at the lower end of the distribution than the higher end. (S. Levy, 1991, p.16)

The most common distribution sensitive poverty measure, fulfilling Sen's axioms, is the one proposed by Foster, Greer and Thorbecke (FGT) (1984). This measure is commonly used because it is decomposable, allowing not only measurement of poverty levels, but also the contribution to the total of each different surveyed subgroup. For this last reason governments use the measure to plan decentralized anti-poverty policies. The FGT measure works by comparing each individual's income with its distance to the poverty line (poverty gap). The measure can be made to assign different weights to each individual's poverty gap, values of the variable α . The value of α gives less or more weight to larger poverty gaps, providing an index of poverty intensity. Its functional representation is the following equation:

Figure 4.1 Foster, Green, Thorbecke, poverty measure.

$$P\alpha = \frac{1}{N} \sum_{i=1}^n \left(\frac{z - y_i}{z} \right)^\alpha \text{ for all } y_i < z$$

Where N is the size of the population, n is the number of poor, z is the poverty line, y_i represents the income level of individual i for all $y_i < z$, and α is a parameter showing the relative importance attached to the income of the poorest of the poor in the measurement of poverty.

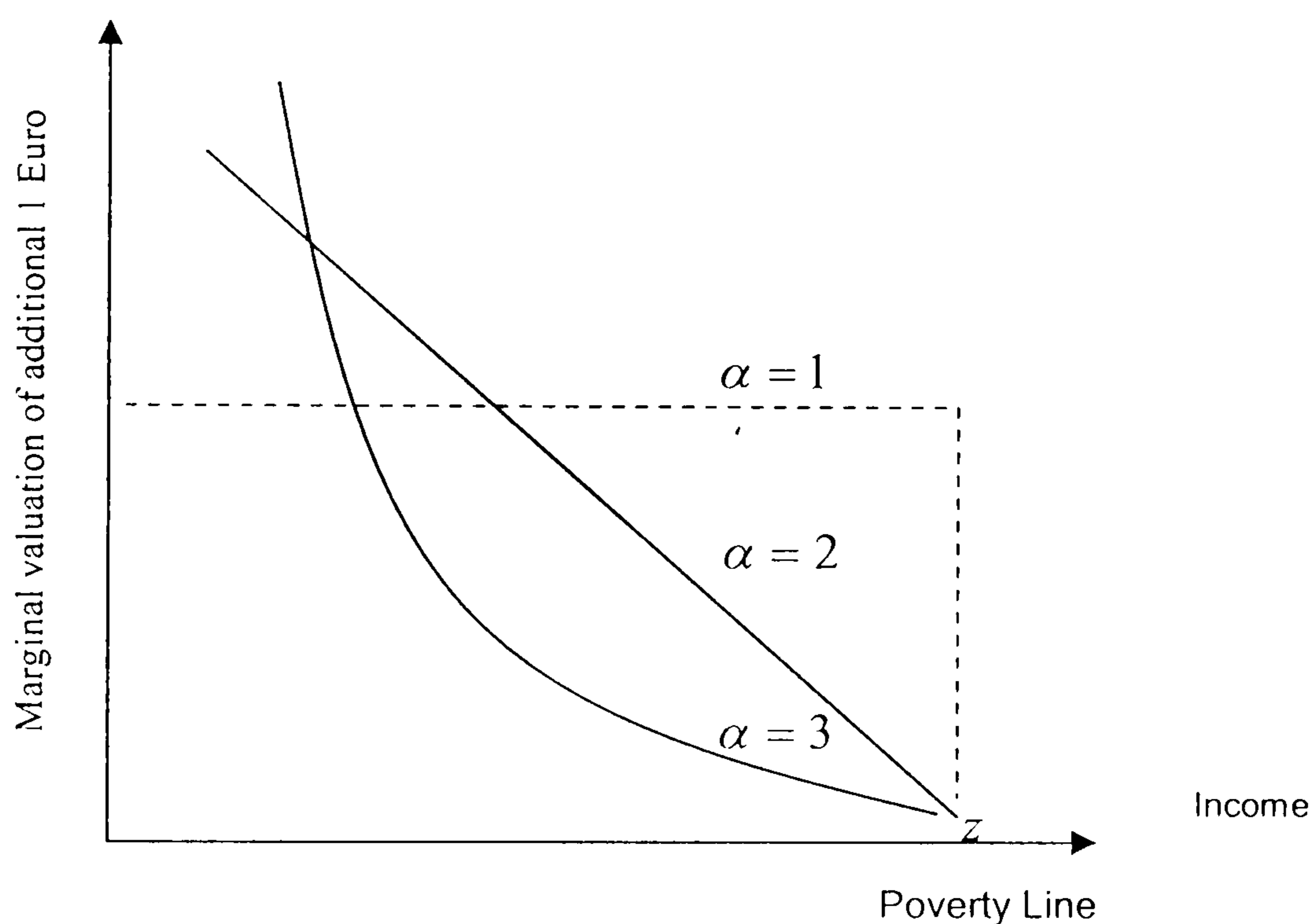
By this formula one can also obtain other commonly used poverty measures. As the measure takes a power of the poverty gap, when $\alpha = 0$, $P\alpha$ is equal to the *Head Count*. When $\alpha = 1$, $P\alpha$ is equal to the combination of the *Head Count* and the average income gap of the poor, a measure usually called *Income Gap*. As the parameter α rises, increasing priority is given to transfers to the very poorest. Read in this way, the measure with the same data provides information on the proportion of the poor ($\alpha = 0$), the intensity of

poverty in the whole population ($\alpha=1, 2$ or 3), and the distribution of income among the poor.

4.2.3 Contrasts with different distributive criteria

The comparison between different distributive criteria can be observed in Figure 4.2 where the plotted FGT equation represents an increasing marginal valuation of an additional one Euro for the worse off. (Atkinson, A., 1988, p.51). The Figure represents different concerns for the worse off.

Figure 4.2 Foster, Green, Thorbecke, poverty measure, with different parameter values.



Source: Atkinson, 1998, p. 51.

The value $\alpha = 1$ implies that the same value is attached to a marginal 1 Euro at all income levels below the poverty line. This in fact means that is indeterminate who should get the Euro, once in this case the number of people would matter. The value $\alpha=2$ gives a linearly increasing marginal valuation; higher values, such as that of $\alpha=3$ shown, give a non-linear increase in the marginal valuation, with more weight attached to additional income given to the poorest. (Atkinson, 1998, p. 51)

As we can observe in Figure 4.2, the increasing marginal valuation of one Euro provided by higher numbers of the parameter α , could be in fact liken to

the increasing moral valuation given by prioritaricians to the worst off. For instance, a value of $\alpha=3$ would recommend that a specific distributor with limited resources assign aid to the worst off person until this level reaches the level of the second worst off person, then he would help the two equally until both reach the thirdly ranked, and so on until all aid is distributed. (Zheng, 1997, p. 125) In fact this distribution would give a similar solution than the Rawlsian prioritarian *maximin*. A very important difference with *maximin* is that $\alpha=3$ would in principle allow trade offs between number of people helped, while *maximin* will refuse trade off regardless of numbers. Another very important difference is that *maximin* cannot in principle be represented in a continuous line.

Once again, consider the question how should we distribute severely scarce resources amongst similarly situated individuals? As mentioned in Chapter 2 there are at least three distinct responses to this question, which can be briefly stated as follows.

Equality: Nobody should have more than anyone else, through no fault of his own.

Priority: We should benefit individuals, and more weight should be given to benefiting less advantaged than more advantaged individuals.

Sufficiency: Each person should have enough.

The plotted FGT measure can be a good way to show differences among distributions and assess my progressive sufficientarian argument. We have to note that progressive sufficiency (PS) would give, as does moderate prioritarianism a decreasing marginal valuation (DMV) between thresholds. Giving DMV between thresholds would mean that the group within the first threshold has priority over the group within the second. PS has a significant difference with moderate prioritarianism, whereby within thresholds the distribution will start from those closer to the threshold down, giving

increasing marginal valuation within thresholds in order to minimise the portion of individuals below the line.

4.2.3.1 Priority

Observing Atkinson's graphic we could argue that $\alpha = 3$ (see Fig. 4.2) can be described as a strong prioritarian distributive valuation. In Figure 4.2 we can easily observe why one of the most common critiques to strong prioritarianism is the overriding value given to the worst off person. This situation not only presents a problem under extreme scarcity, as resources would be expended very rapidly on the worse off, leaving many with little, but also a distributor under moderate scarcity would require too much information to discriminate between the less badly off and the slightly better off.

For example, if we assume that the poverty line is situated at 300 units and that we have 100 units to distribute, consider three persons, A) with zero income, B) with 250 units and C) with 250 units. The three of them are similarly situated in other characteristics. A distributor following a strong prioritarian rule of distribution would require all aid to be given to A) since he is worst off. This policy would settle the distributive question because nothing would be left to distribute between the other two. Although the final income distribution would be more egalitarian, B) and C) could reasonably claim that their interests have not been adequately assessed as none of them received benefits which could help them reach the threshold.

A weaker prioritarian version, one that could be described as close to Parfit's version of prioritarianism, (See Chapter 2, Section 3) would be $\alpha = 2$ (see Fig. 4.2). This distributive criterion would not confer extreme priority to the worst off person. Instead, it would allow a distribution of resources between all the worse off. However, one of the problems with this distributive criterion is its indeterminacy. As there is no clear moral obligation to the worst off person, we would require further criteria to assign resources.

With regard to my example of three persons with different levels of resources, the weaker version of prioritarianism would have the same problems as maximin in ranking B) and C). However, as there is no extreme priority to provide benefits for the worst off, the number of individuals benefiting matters much more than in $\alpha=3$. Thus, resources could be divided amongst the three of them in different proportions, giving more to A) and perhaps the same to B) and C), according to the linearly increasing marginal value one more Euro has for the worse off person.

4.2.3.2 Equal Treatment

A kind of equal treatment for those below the threshold would require us to assign $\alpha = 1$ (see Fig. 4.2), where we would assume that 1 unit would have the same marginal value to every person under the threshold, because what matters is to treat them all equally. Therefore it would not matter who gets the allocation, it would be of the same value regardless position. Note that this would not equalise their positions and should not be confused with equality in the sense discussed up to now.

In my example, persons (A=0), (B=250) and (C=250) with a threshold of 300 and 100 to distribute, assuming $\alpha=1$ we would end up with (A= 33.33), (B=283.33) and (C=283.33). The result of this distribution would reduce the aggregate intensity of poverty, though it would seem to be unfair to the three of them, in the sense that they would end up with less than needed. A distributor would be presented with the dilemma of lowering down some for the benefit of a third, leaving all, at the end farther away of the relevant threshold.

4.2.3.3 Progressive Sufficiency

Progressive Sufficiency is not considered in the graph plotted by Atkinson (Fig. 4.2). The reason for this is that distributive sensitive poverty measures assume either a linear value to transfers to all the worse off or increasing higher values to transfers to those who are in worse conditions. A

progressive sufficientarian distribution, aiming to provide enough for everyone, would in fact assign an increasing marginal value or maximax within thresholds and a decreasing marginal value priority or weighted prioritarianism between thresholds. Opposite to weighted prioritarianism, PS would be discontinuous in its increments in welfare. If we assume that welfare is formed by discrete characteristics with different levels of accomplishment, we would have to measure the distance to the threshold of each person, or of a group of persons and provide the required resources to reach the threshold.

Assuming extreme scarcity of resources, and because we accept that it is better to benefit more people than less, we should aim to minimise the number of people who have less than enough, starting with the ones closer to the threshold. In fact we would have a linearly increasing marginal valuation of the income gap of each person or group. That is, we will give more marginal value to one Euro given to the person closer to the threshold, as we would be able to place more people in the threshold.

Returning to my example, persons B) and C) both at 250 units, would receive everything and A) would receive nothing. A) Being the worst off would remain the worst off but B) and C) would no longer be poor. The advantage of this distribution can be better appreciated if we consider the threshold in absolute terms. If we think in nutrition terms, only when reaching the threshold will a person have enough to eat.

With this end goal in mind, and thinking in my example with extreme scarcity of resources, progressive sufficiency would succeed in providing enough to two out of three persons; the other distributions would fail to save anyone in this sense. As far fetched this example can seem, this is more or less what happens in situations of extreme scarcity, either in humanitarian emergencies or in most parts of the developing world.

4.2.3.4 Contrasts among distributions

Cross comparisons between distributions are illustrated in Table 4.1

Table 4.1 Contrasts among different distributive criteria

Original Distribution	Maximin	Weak Priority	Equal Treatment	Progressive Sufficiency
Pre	Post	Post	Post	Post
A= 0	100	50	33	0
B= 250	250	275	283	300
C= 250	250	275	283	300

Note: Arrows show the direction it would take the distribution.

Assume that we have 100 units to distribute and less than 300 units means indigence. From a graded welfare perspective and assuming severe scarcity of resources, we would have to accept that the best distribution is the one that places more individuals at the threshold. Only progressive sufficiency fulfils this requirement. In order to do this it would have to start with those closer to the line. In contrast, a prioritarian would start from the bottom of the distribution, and a strict egalitarian would divide equally total resources among all or if it cannot do this it would try to close the gap, giving it all to the worst off.

Now, let us evaluate each distribution from the perspective of distributive sensitive poverty measures, assuming A), B) and C) are the only poor out of thirty others (see Table 4.2). In this case we are distributing 100 units and the poverty line in absolute terms is set at 300 units.

Table 4.2 FGT measure results.

Original Dist.	High Priority	Weak Priority	Equal Treatment	Progressive Sufficiency
A=0	A=100	A=50	A=33	A=0
B=250	B=250	B=275	B=283	B=300
C=250	C=250	C=275	C=283	C=300
$\alpha=(0)=10$	$\alpha=(0)=10$	$\alpha=(0)=10$	$\alpha=(0)=10$	$P(0)= 3.33$
$\alpha=(1)=4.4$	$\alpha=(1)=3.33$	$\alpha=(1)=3.33$	$\alpha=(1)=3.34$	$\alpha=(1)=3.33$
$\alpha=(2)= 3.52$	$\alpha=(2)= 1.67$	$\alpha=(2)= 2.36$	$\alpha=(2)= 2.66$	$\alpha=(2)= 3.33$
$\alpha=(3)=3.36$	$\alpha=(3)=1.02$	$\alpha=(3)=1.93$	$\alpha=(3)=2.35$	$\alpha=(3)=3.33$

Note: All indices were multiplied by 100. When $\alpha=0$, P is equal to the head count, when $\alpha=1$, P is equal to the income gap, when $\alpha=2$, P gives more value to lower incomes, when $\alpha=3$, P increases the value given to lower incomes.

In Table 4.2 a lower percentage in the results of the FGT measure reflects a better situation. We can observe that a sufficientarian distribution as measured by setting $\alpha=0$, reduces the proportion of people under poverty comparing it with the original distribution. It also reduces the aggregate intensity of poverty as measure by setting $\alpha=1$,; and improves, albeit slightly, the original distribution when we use $\alpha=2$ and $\alpha=3$. In contrast, all the other distributions do not reduce the proportion of the poor for $\alpha=0$ and present the same results as sufficiency in the aggregate intensity of poverty for $\alpha=1$, though have better results than sufficiency when we give more value to lower incomes. In this later respect the best arrangement is high and weak priority.

Let us now consider the case of A), or a group of persons left without anything in the case of sufficiency. In the case of a graded welfare approach, and considering indigence, it is obvious that to distribute only some benefits would not be enough, they would remain malnourished, and thus it is better to save 7 percent and loose 3 percent, rather that loosing 10 percent altogether. In the rest of the distributions we are administering hunger, not solving it.

If we consider that one more unit means an increase in benefit, as in normal continuous welfare, in Table 4.2 we can observe that improvements to A) provide overall better results in $\alpha=2$ and $\alpha=3$. However, the priority given to the worst off could lead to a problem of ambiguity for the FGT measure. For instance, it seems counterintuitive that under sufficiency, while reducing the number of the poor, the measure gives a similar percentage of $\alpha=2$ and $\alpha=3$ poverty to that in the original distribution. This would mean in reality that the moral command over resources of one poor individual would be similar to the moral command over resources of several poor individuals, though only in relation to reaching the threshold. This cannot be accepted if we want to respect the equal interests of individuals.

Seeing from this perspective, an apparent problem for the FGT measure seems to lie in the Transfer sensitivity axiom, where more priority is given to the worst off under the threshold. As I have argued, between thresholds priority should be given to the general group of the worst off, while within that group priority should be given to those immediately below the threshold. The overall rule is multiply discontinuous.

The results in Table 4.2 also show the importance of the poverty line in the case of graded welfare or to be more general the moral relevance of thresholds. In a continuous welfare scheme each unit provided to individuals is considered as benefit. But in a graded limited idea of welfare each unit is only important if it pushes a person to a given threshold. An increase in benefits after reaching this threshold is accepted by *prioritarians* as long as we keep our rule of decreasing marginal moral valuation of one Euro for the better off. In the case of *equal treatment*, as long as everyone reaches similar levels of resources, more units after the threshold are considered an increase in benefits. In the case of simple *sufficiency* the problem becomes the threshold, a little bit more resources after the threshold becomes irrelevant, there would not be further benefit relevant to justice. This might be solved if we accept different thresholds with a declining moral urgency. This means that it always will be more important to guarantee that a person has enough, for instance, to be well fed, than others having enough opportunities for

gourmet food. But once the first moral threshold is reached by all, opportunities for mild exotic consumption should be open.

Taking into account the results of the above section, let us consider some of the problems related to poverty definitions and the setting of a poverty line.

4.3 POVERTY DEFINITIONS AND MIXED CRITERIA IN THE CURRENCY OF THE DISTRIBUTION

The fact that poverty is multidimensional, reflecting the composition of a complicated function that allows people to reach certain levels of achievement in order to lead a decent life, and the fact that some societies suffer from a severe lack of social and financial resources, makes a clear definition of the cut off point between the poor and the non-poor a difficult task. This becomes especially difficult if we disagree in the type of benefits to distribute to people in order for them to leave poverty.

There are three main perspectives in which poverty has been defined over the years.²

- 1) Income perspective: Through this perspective a person or a household is poor if their income is below the defined poverty line. Such a poverty line varies depending on the country. However, it is usually defined in terms of having enough income to acquire a defined amount of food.
- 2) Basic needs perspective: Through this perspective poverty is defined as deprivation of material requirements for the minimally acceptable fulfilment of human needs, including food. This concept of deprivation includes not only income, but also basic services such as health, basic education, work and public services.

² The following is based in the Human Development Report, 1997. pp. 15-16

- 3) Capability perspective: Through this perspective poverty represents the absence of some basic capabilities to function. Functionings can vary from such physical ones, as being well nourished, being adequately clothed and sheltered and avoiding preventable morbidity, to more complex social achievements such as partaking in the life of the community.

Option 2 and 3 could be regarded as very similar in practical terms. Option 3, however, expresses a more inclusive description of poverty, which can be difficult to express in policy terms since it has to deal with many more variables than does option 2. As we have seen in previous chapters, both the distributive rule and the currency of distribution set constraints on how to distribute scarce resources. One of these constraints (something that the poverty literature does not consider) concerns what happens when we mix different currencies of distribution to better assess the moral problems of distribution. I have argued that we should consider capabilities for the first threshold and resources and opportunities for the second and third thresholds.

4.3.1 Poverty definitions and distributive criteria

Each of the poverty definitions provided above, reflects a more general debate about what should be the currency of a just distribution (see Chapter 3) and the distributive rule to be followed. The currency debate considers the problems derived from selecting some area of human experience as the adequate one to be equalised, prioritised or limited. As I discussed in Chapter 3, *welfare, income and capabilities* present particular problems that can make a distribution unfair. A natural problem of these three types of criteria is the narrowness in which they consider human experience.

The most inclusive description is the capability version, describing a middle area between resources and welfare. It recognizes that different persons will transform resources into welfare in different ways. Thus it would seem unfair to describe someone as non-poor even if she is above an income threshold, while knowing that she requires more resources because she has for

example, a handicap. Observing this area of human life we could better describe the group of people who is worse off. However, the capabilities currency would not solve all problems of justice in the distribution of resources.

We cannot adequately rank all persons by their capabilities, either throughout their lives or even simply at a particular moment in time. This is not only due to the large amount of private information needed, but also because apart from certain basic functionings much is open to individual effort. It would seem we have to limit our concerns with capabilities to a very clear level of achievement in order to be certain we are being fair in our comparisons with other peoples' efforts. After this basic level we should still be morally concerned with people who are worse off, but our concerns cannot remain focused on this middle area. We would better shift focus to consider resources, described in terms of enough resources and opportunities to reach different levels of specific discrete goods.

Let us assume that the first standard of a decent life is formed by basic capabilities, and that we should minimise the number of people below this level of achievement. The first standard, thus, requires a way to measure people's functionings. As this cannot be done directly, an indirect way has to be found. An index of deprivation would show through social indicators the indirect lack of some functionings. The United Nations in their Human Development Report (1997) offers an alternative with the Human Poverty Index.

$$\text{HPI} = [1/3(P_1^3 + P_2^3 + P_3^3 +)]^{1/3}$$

The HPI concentrates on deprivation in three essential aspects of human life, namely a) longevity (people not expected to survive to age 40 (P1), b) knowledge (percentage of adults who are illiterate (P2) and c) a decent living standard of living (P3) (this element is composed by three variables: the percentage of people without access to safe water (P3₁), the percentage of

people without access to health services (P32), and the percentage of moderately and severely underweight children under five (P33).

The HPI is represented as a percentage of decomposable multidimensional poverty measure with equilibrium between its formula factors. It can be disaggregated up to a small regional level. Moreover, the HPI introduces a new perspective into the measurement of poverty in underdeveloped countries because it does not take income into account. The rationale behind the UN-Human Development idea is to take into account much more than the Gross National Product. This idea could be exemplified by assuming, that even if an individual could have more income than the average she can still have a reduced capability set, measure by a low P3₂. This is clear in case of the disabled, but it is also relevant in other groups of able-bodied individuals. For example, pregnant women who are raising children, collecting fire wood, water, grinding and attending other house chores. Some members of this group might possess more than the income threshold to be described as poor. However, they have a reduced capability compared with other groups with less income. In this context, income becomes important once these *proxies* for basic functionings have been satisfied.

4.3.2 Poverty lines and graded welfare

The HPI however, does not solve the problem of ranking people or households from a capability perspective. The three areas of human experience selected in the HPI, longevity, knowledge and living standards, are necessarily restrictive due to information access problems in each country. (HDR, 1997, p.18) For example the HPI does not include the functioning of partaking in community life, as it would be very difficult or close to impossible to measure. Other basic functionings, such as the exercise of civil and political rights, as well as being handicapped are also difficult to measure.

We must recognize that the HPI was created to evaluate and rank underdeveloped countries where lack of safe water, illiteracy and malnutrition

are more common. In this context, the thresholds set by the index are the lowest standards in the world. The HPI in this context can only provide a guide in order to assess deprivation in certain countries, as the lowest standard can be too low for other countries.

When we explore the possibility of ranking individuals or households in one country, taking into account the variables set by the HPI, we are confronted with disparate sources of information, making impossible the use of one single data set. For example the incorporation of longevity makes it very difficult to rank households, as it is by definition an aggregate measure. Malnutrition for children under five years of age in a household is information usually linked to medical databases that do not give other type of socio-economic information. In contrast knowledge is clearly described by the proxy of school attainment; the same can be said of access to safe water, and access to health services.

The common sources of general socio-economic information for households and individuals are the census and socio-economic surveys. Censuses are more reliable as they are able to show a wide picture of socio-economic characteristics of the whole population at a determinate moment. However, their long-term periodicity prevents a close scrutiny of short-term social changes. Furthermore they do not provide information on malnutrition or morbidity. In contrast, household surveys tend to be performed every one or two years, allowing statistical comparisons over shorter time periods. These surveys incorporate information related to expenses, income, work, education, and living conditions. However they usually lack health data.

The HPI applied to households or individuals can be considered when referring to a very basic quality of life, notwithstanding income level. In cases where health information is not available, we would need to select those proxies related to health. Using micro data information about households related to social and living conditions it could be possible to select multiple indicators related to deprivation. The extent of the indicators and the availability of information depend on each country. The point to

stress here is that we are measuring a very basic level of attainment, a base line where a decent life starts to be possible, regardless of the income each individual has. This base line is described in such absolute terms that to be close to the threshold would not help, the person has to reach it or be above it. In order to start exercising her liberties an adult person has to be able to read, to be informed, to be healthy and live in a good shelter with safe water.

4.3.2.1 Problems of interpersonal comparison between those individuals under the lowest threshold.

Financial poverty lines are either framed in absolute or relative terms. When financial poverty is considered in absolute terms, the poverty line is set to take into account the price of a minimal basket of goods recommended by experts. When poverty is considered as a relative condition the poverty line is set to take into account the average income in society. Each method of determining the poverty line has specific drawbacks. For instance, it is very difficult to agree on the components of the minimal basket of goods. A common problem to both absolute and relative poverty lines is how to link the cost of the basket or the average income to real earnings, or even simply to inflation. Once problems of definition are resolved, financial poverty has the advantage of providing an interpersonal ranking easily grasped for policy purposes. If information were available for type of households and regions, a distributor would be able to rank individuals by their income.³

In the case of the Human Poverty Index, however, the suggested deprivation line, although well defined in absolute terms, does not allow us to rank the worse off. In fact, although the Human Poverty Index is providing a complex very low base poverty line in non-financial terms for underdeveloped countries, those under this threshold can still be numerous. Use of the HPI would require policies directed to all of those under the threshold, diminishing our ability to maximise the number of people reaching the threshold.

³ For a discussion of poverty lines see Boltvinik, J., (1999), Desai, M., (1995) and Hernandez Laos, E., (2001)

However, even if we accept the platitude that we must help all under the threshold provided by the HPI index, we must keep in mind that we are talking about countries with severe scarce resources to distribute, where the sheer number of people under the threshold make policies very difficult to implement if there are no further criteria to distinguish among very badly off individuals. For instance, according to the HPI calculated in 1997, Mexico, one of the best-situated countries in this index, had 11% of its population under the threshold, almost 10 million people. The worst situated country in the HPI of 1997, Niger, had 78% of its population under the threshold, around 7 million people. (HDR, 1997, p. 21)

If our aim, as recommended by Progressive Sufficiency is to minimise the number of people below the deprivation poverty threshold, and if we possess information related to the groups represented under the threshold, one way to solve the lack of ranking in graded welfare would be to attribute benefits to the larger group, or to the region with a larger deprived population.

In strict terms we could say that, in order fairly to distribute social resources, we would have to maximise the number of people reaching the first threshold, crucially maintaining a balance for the long term, with incentive constraints and other social aims that can promote further benefits for everyone. In general we are assuming that our moral concern is with the worst off, defined as the group of people under successive thresholds. Although diminishing in priority, our moral concern is sufficiently strong to benefit individuals in each successive threshold, even though they would not be considered poor.

The problem to distribute benefits between groups now, seems to be one of targeting and efficiency in the distribution. A general objective for a distributor considering all social transfers would be to give priority to those under the first threshold and maintain benefits for the rest of the population to avoid people falling down a threshold for faults not of their own. In what follows, let us mainly consider the first threshold.

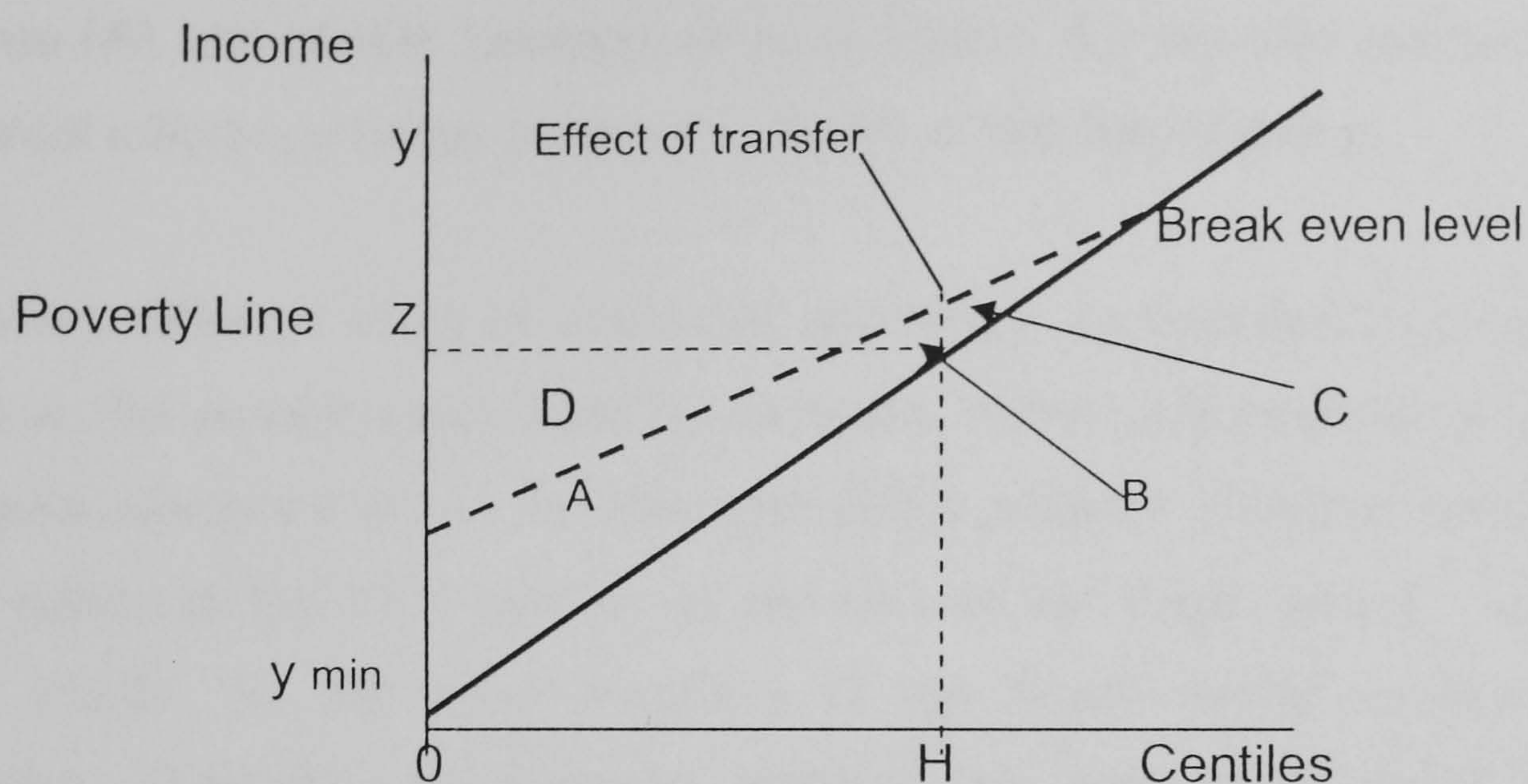
4.4 TARGETING AND EFFICIENCY IN A DISTRIBUTION⁴

We should remember that poverty alleviation is not the only objective of social policy. A clear objective would be the establishment of a financially sustainable social security system, linked to the finance of a pension system. (Dreze, J., & Sen, A., 1991, pp.8-15) In developing countries governments usually possess few resources to invest in social security, and only some groups of workers receive these benefits. Targeting resources to the worse off and the overall efficiency of transfers becomes relevant insofar as priorities are clear. However, targeting resources for the worse off can only work as long as other objectives of social policy are not abandoned.

The general problem of measuring target efficiency to alleviate income poverty is illustrated in Figure 4.4 given by Atkinson (1998, p.121).

⁴ The following section is based in Atkinson, A., 1998, pp.120-125

Figure 4.3 Measuring target efficiency of programmes



Source: Atkinson, 1998, p.121

In the figure all families are ranked in increasing order of income along the horizontal axis, z is the poverty line and H the percentile of families. The poverty reduction efficiency of social transfers would lie in the extent to which they reduce the poverty gap ($D+A$). In Figure 4.3 the solid line represents the situation before transfers and the dashed line the situation after transfers.

“The reduction in the poverty gap is the indicated by the area A , and the poverty reduction efficiency of the transfers is measured by the ratio of the area A to the total transfer ($A+B+C$). The efficiency is less than 100 per cent to the extent that there are payments to the non-poor (C) and that there are “excess” payments to the poor (B).”

(Atkinson, 1998, p.122)

In considering this type of efficiency we are centring our attention on the accuracy of the program in assisting only the target group. This type of efficiency, called *vertical efficiency* can achieve 100% efficiency by moving the dashed line downwards, eliminating areas B and C , leaving, however, a high poverty gap.

We could also consider how far the needs of the target group in question have been met. This issue is represented in Figure 4.3 as the ratio between the area (A) and (A+D). Looking close at Figure 4.3 we can appreciate that *horizontal efficiency* better covers the needs of the target group.

These two different ways of observing efficiency, vertical and horizontal, are based on the poverty gap. If we consider the headcount measure of poverty, horizontal efficiency would be "the ratio of the number of beneficiaries in the target group to the total number of persons in the target group." (Atkinson, 1998, p123) In this case transfers in the figure would achieve 100% efficiency. However, as Atkinson remarks this efficiency would also be achieved if we move the dashed line vertically downward until the break-even point coincided with the poverty line.

The point made by Atkinson is that notions of "efficiency" are not independent of the methods used in measuring poverty. It is clear that we can achieve high levels of "efficiency", at the same time as leaving high levels of poverty. "Vertical and horizontal efficiency are therefore valuable indicators, but they are not on their own sufficient to guide policy formation. [...] The indicators need to be related to the overall policy problem, with an explicit formulation of the objective and constraints." (Atkinson, 1998, p. 123) Consequently, the methods used to set the poverty line and identify the poor are of singular importance in the general objective of making poverty alleviation policies efficient in reaching the targeted group.

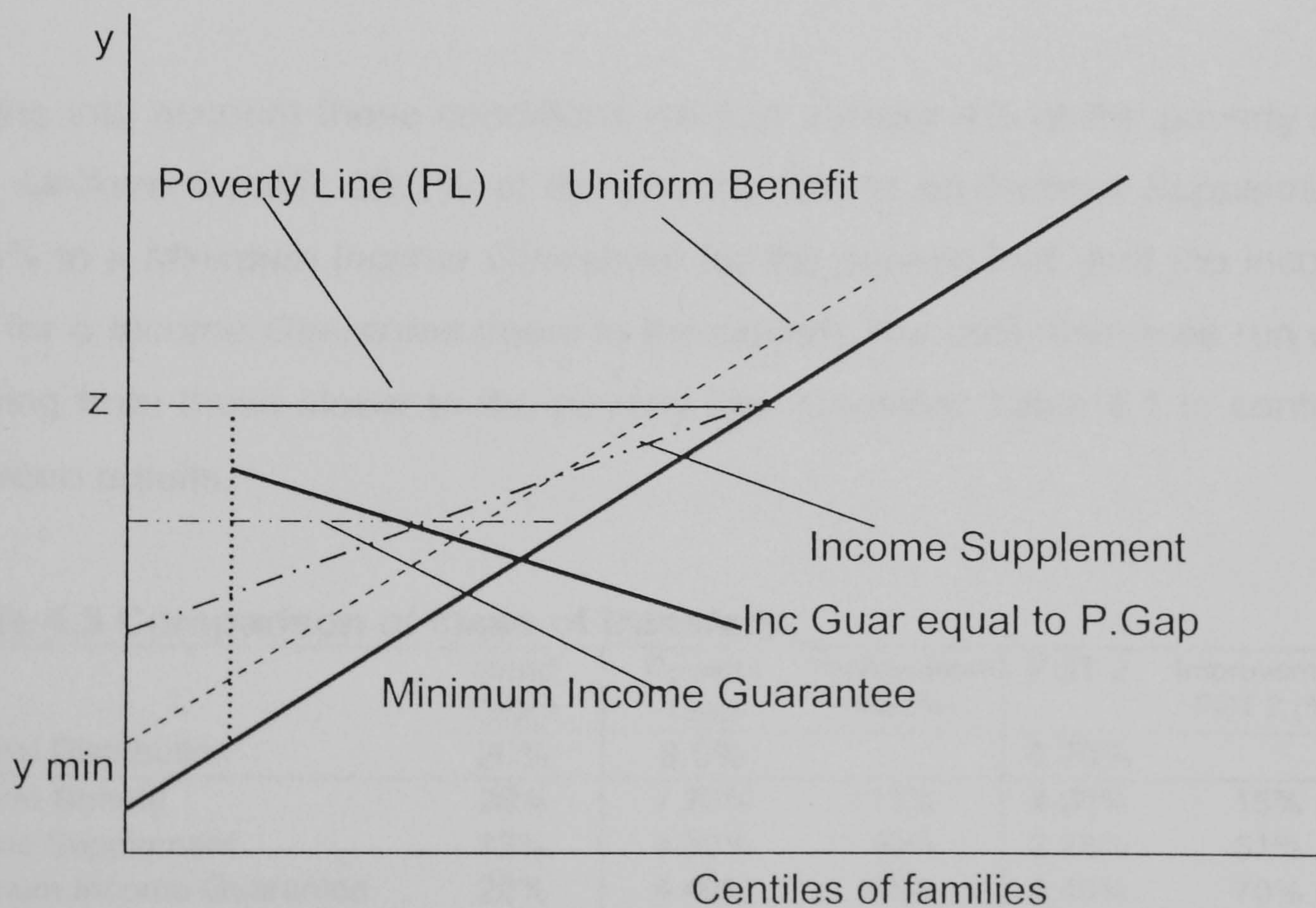
One such problem is how we ought to measure the effect of transfers on the group of deprived people, taking into account not income but only an index of achievements, but where these may have beneficial effects in the long term, as in the case of educational achievement. There is, first, the problem of mixing the HPI with the FGT index. The first is a non-linear measure of poverty and the second a linear measure

4.4.1 Poverty alleviation problem

According to our previous discussion, let us suppose that a government's aim is to maximise the number of people reaching the first threshold, and in considering the long term, reasons of efficiency and incentives, prevent people from falling below thresholds for reasons not of their own fault. The government will tax people over higher threshold but not so hard as to level all them down. In this sense Progressive Sufficiency will be more like weighted prioritarions than like maximiners between thresholds.

The government will measure the degree of aggregate poverty by the head count and the poverty gap, which is given algebraically by FGT formula. The policy aim would be to minimise $P_{\alpha=0}$ (head count) and $P_{\alpha=1}$ (poverty gap) subject to a government budget constraint. Consider the following class of transfers.

Figure 4.4 Class of transfers.



Source: Modified from Atkinson, 1998, p.124, incorporating Income Guarantee.

Consider pre transfer net income (solid line). The family with the lowest pre-transfer income intercepts the vertical axis in y_{min} . Four transfer cases are contemplated. The first is a *Uniform Benefit* that can be express as pre transfer income plus an equal transfer for all. The second is an *Income Supplement* that is targeted to those below the poverty line and is less than the individual poverty gap but gives relative priority to those with lower income giving them higher sums. The third provides a *Minimum Income Guarantee* that concentrates the transfer on the half poorest group giving them half their income gap to the poverty line. The fourth provides an *Income Guarantee* equal to the poverty gap, concentrating the transfer in those with a lower income gap.

We might ask how these transfers fare according to our explicit poverty reduction aims of minimising $P_{\alpha=0}$ and $P_{\alpha=1}$. Let us consider a simple example where the poverty line is set in absolute terms and is 1/2 average family income. In the original distribution with this poverty line we would have a head count of 20%. The poverty gap in the original distribution is 8% of total income. Let us assume a transfer of 2% of total income.⁵

Taking into account these conditions we can transfer 4% of the poverty line to a *Uniform Benefit*. 20.2% of the poverty line to an *Income Supplement*. 40.4% to a *Minimum Income Guarantee* for the poorest half. And the income gap for a *Income Guarantee* equal to the poverty line until resources run out, starting from those closer to the poverty line. Consider Table 4.1 to contrast between results.

Table 4.3 Comparison of class of transfers.

	Head Count	Poverty Gap	Improvement PG (%)	FGT 2	Improvement FGT 2 (%)
Original Distribution	20%	8.0%		4.70%	
Uniform Benefit	20%	7.20%	13%	4.00%	15%
Income Supplement	15%	4.00%	50%	2.28%	51%
Minimum Income Guarantee	20%	4.40%	45%	1.40%	70%
Income Guarantee Equal to PG	5%	3.95%	51%	3.18%	32%

Source: My own calculations based on Atkinson, 1998, p.124

⁵ Note: This example is similar to Atkinson, 1998, p.121. I have only changed the numbers and added a further option.

Considering our explicit aim of minimising $P_{\alpha=0}$ (Head count) and $P_{\alpha=1}$ (Poverty Gap), and taking into account the results provided by using the FGT formula, the best option would be to provide an income guarantee equal to the income gap of families closest to the line. The improvement in this option with respect to the original poverty gap is 51%.

One disadvantage of this option is that 5% of the very poor would be left without transfers. This is clearly observed after measuring poverty and assigning high priority to those in the bottom of the income distribution, $P_{\alpha=2}$. According to $P_{\alpha=2}$, the best option would be to benefit the worse off first, through a minimum income guarantee. As we have discussed, this option cannot be considered when we describe the poverty line in absolute terms, as the line consists of a graded benefit that cannot be separated. This option also provides ambiguous results; for instance, if we are looking for the highest reduction of $\alpha=2$, we could still obtain the same result of 1.40% by benefiting only 5% of the worse off.

The above exercise shows, among other things, that in designing a poverty alleviation policy governments should be clear in their aims when referring to the targeted efficiency of the policy in question. It can also be observed that it is possible to apply different priorities to different groups of the population. For instance, in my example the minimum income guarantee has been applied to half of the poor and the income guarantee has been applied to 75% of the poor. Although it is clear that the best options for reducing poverty are the targeted ones, we might face two problems derived from targeting. The first problem is one of lack of precise information to be able to target benefits, and the second problem is one of incentives to work and leisure.

4.4.2 Targeting and information

Efficiency in the targeting of governmental programs is a general problem in developing countries. Institutions are weak and resources are scarce, which

makes it very difficult to gather detailed income and categorical information from individuals and households. The main problem of this lack of precise information is that benefits can be given to those who do not need them as much, leaving the needy without anything.

To avoid problems of this type governments usually design some poverty alleviation policies by self-selection, making the self selected group, the targeted group. Self-selection stems from the assumption that only those who really need the benefits will bother to claim them. However, self-selection can raise the same problem of not reaching the targeted group. This can be due to people feeling that they should not claim it, or simply because they are not well informed of the policies. Other cases of imperfect targeting can come from a failure to express clearly the objective of the policy, such as when the objective is to reduce poverty, and due to a wrong interpretation of aims, only the rural poor are benefited, excluding the urban poor.

A further problem could arise from the difficulty in gathering precise information related to income poverty. This is especially so if targeted programs assume different benefits for those under different thresholds, for instance, if the extremely poor are to be benefited with direct benefits and the moderately poor are only be given indirect benefits. A program has to consider in its design a way to certify adequately and with detail when direct resources should be withdrawn, especially when we assume that direct benefits might be more attractive to an individual than indirect benefits. The aspect of individual behaviour in relation to work or leisure brings us to the issue of incentives in the design of a poverty alleviation policy.

4.4.3 Problem of incentives in the design of anti-poverty policies

The standard theory of *utility maximisation* assumes that when faced with a marginal tax of 100%, the individual rational decision is to avoid that tax. By this same basic premise the tax structure has been designed assuming that tax increases for those above certain earnings would reduce their incentives to work. Governments take into account this rationality and in general design

their incentive structures according to it. In poverty alleviation policies this rationality would mean for instance that income benefits couldn't be given in relation to earnings. For incentive reasons, assuming this conception of rationality, transfers equal to the poverty gap will only reduce effort, as people will cease to work. If benefits were given in this way, the argument goes, people would face a 100% marginal tax, thus they would reduce earnings to receive more transfers, increasing the general cost of the program and not benefiting those who work harder.

However, the utility maximisation assumption in relation to incentives to work has to be proved empirically and there has not been much empirical support for this theoretical proposition. (Atkinson, 1998, p.136) One reason for the absence of this "rational" behaviour in the real world could be the wrong assumption that leisure is *ceteris paribus* always preferred to work. Work could be a source of self-respect for the individual, making someone to prefer badly paid work over a legitimate claim for benefits, or prefer to pay high taxes given the status acquired with the job. It could also be that the poor behave as if they have nothing to lose, that is rationally. They could very well accept whatever transfer is provided, until it has reached a sufficient threshold that makes a difference in their lives. (Banerjee, A., & Newman, A., 1994)

In the case of poverty alleviation programmes, a distributor facing scarcity of resources would have to regard as a necessary part of the program that the poor increase their earnings in the short term, in order to reduce the general cost of the program. The utility maximisation assumption would suggest to poverty alleviation programmes designers that, for example, cash transfers should be distributed without taking into account earnings, only augmenting the monetary income for all the poor. However, we could start from different assumptions when considering incentives to work. We could assume, for instance, that some of the poor will continue working for reasons of self respect even if they receive relatively large transfers. We could also assume that if the poor have the chance they will choose between working in back breaking jobs in order to survive or to survive only with the transfer. However

these assumptions require a close supervision of poverty alleviation programs.

One way to solve the supervision problem is to assign probabilities to specific groups within the poor as to which group would benefit more due to exogenous and endogenous development variables. This is an empirical question that can be answered with household income and expenditure surveys including socio demographic micro data. An example of this idea can be given by labour surveys showing that an increase in one year of education after third grade increases earnings between four and nine percent in the informal sector and twelve percent in the formal economy.⁶

4.5 Conclusion

In order to enquire how unfair a society is and what type of policies should be applied to redress possible unfairness, we should look first into how the worst off, or in our case the poor, are selected. We needed to know how our normative distributive rule and currency choices are related to poverty definitions, poverty measures and poverty alleviation program designs.

In relation to poverty definitions, I have suggested in section 4.3.1, that if we accept progressive sufficiency we should consider poverty in a graded form. The first threshold should be defined in absolute terms related to functionings and the second in terms of resources and opportunities. If we accept this division we should consider lack of capabilities as a greater moral problem than income poverty.

The results in Table 4.2 show the importance of the poverty line in the case of graded welfare. In a continuous welfare scheme each unit provided to individuals is considered as benefit. But in a graded limited idea of welfare each unit is only important if it pushes a person to a given threshold. An increase in benefits after reaching this threshold is valued by *prioritarians*, as long as we keep our rule of decreasing marginal moral valuation for

⁶ See Orlando, Maria, 2001 and Taylor E.: 1999.

everyone. In the case of *strict equality*, as long as everyone reaches similar levels of resources, more units after the threshold are considered an increase in benefits. In the case of *single threshold sufficiency* the problem becomes the threshold: a little bit more resources after the threshold is achieved become irrelevant; no further benefit would be recognized. This is counterintuitive. This might be solved if we accept different thresholds with a diminishing moral value, just as in general weighted prioritarianism would do. That would mean that one Euro for the group under the first threshold has more value than for following thresholds. Within thresholds we would accept that one Euro for those closer to the threshold has increasing moral value.

I suggest that in relation to poverty measures, accepting progressive sufficiency would present an axiomatization problem, as we would need to solve the problem of measuring both linear poverty with the HPI and non-linear poverty with the FGT index. As the HPI index does not include income and FGT index measures income differences, a problem could emerge where both indexes meet. For instance a person not considered to be poor in income terms could be suffering a handicap which limits his functionings.

Furthermore in section 4.2.3 we considered how different distributions produced similar results in the FGT index when taking into account higher α , even if the proportion of the poor has been reduced to a third. I suggest that the distributors should have a clear alleviation poverty reduction aim when designing programs. Furthermore if we accept the progressive sufficientarian notion that when benefiting the worse off, reaching a threshold for most has a higher moral relevance than benefiting all worse off with little, we should consider an inverse priority in order to maximise the portion of those benefited, maximax up to a threshold. This assumption would suggest that the FGT measure should be refined to capture differing priorities between and within thresholds.

In relation to poverty alleviation programs, if we consider our explicit aim minimising $P_{\alpha=0}$ (Head count) and $P_{\alpha=1}$ (Poverty Gap), the best option

would be to provide an income guarantee equal to the gap of families closest to the line.

In considering poverty alleviation policies, I suggest, that governments should be clear in their aims when referring to the targeted efficiency of the policy in question. It is possible to apply different priorities to different groups of the population. Also, when considering incentives in the design of poverty alleviation programs, the utility maximisation assumption in relation to incentives to work has not much empirical support. (Atkinson, 1998, p.136) One possible reason for the absence of this “rational” behaviour in the real world, I suggest, could be the wrong assumption that leisure is *ceteris paribus* always preferred to work. Work could be a source of self-respect for the individual, making someone prefer badly paid work over a legitimate claim for benefits, or be willing to pay high taxes in order to get the status acquired with the job.

Chapter 5: Poverty alleviation programs during liberalisation in Mexico (1988-2000).

5.1 Introduction

The purpose of this chapter is to analyse the poverty alleviation programs operative in Mexico from 1988 to 2000. Most developing countries during the eighties and nineties facing political, financial and economic crisis, opted for liberal structural reforms as a new model of development (Pipitone, 1994). In Mexico, one of the most important reforms involved a reform of the State. The new liberal State changed its conception of social justice, from one aiming for equality of condition to one accepting inequalities as the price to pay for more economic growth and more opportunities. One of the consequences of the reforms was the increase in inequalities and the increase of the portion of the population in absolute poverty. The government of the time considered that social justice should be understood as co responsibility in the individual's own well-being, the government providing a safety net in the form of poverty alleviation programs as well as the benefits of more opportunities, while the individual should assume his responsibility in the labour market.

I suggested in the introduction to this thesis that the Mexican liberal state's conception of social justice has not really been adequately described, especially if one of its historical liberal egalitarian aims is to provide sufficient social and material means to citizens to exercise their freedom, something that has not successfully been done. I suggested that this problem is in part due to a theoretical problem in the liberal political debate in relation to the justice of a distribution in cases of extreme scarcity of resources.

In previous chapters I have described an incomplete moral distributive option that attempts to solve some of the problems of other distributions under extreme scarcity and suggested that this option could be an adequate normative political guide to follow in the design, for instance, of poverty alleviation programs.

Suppose we agree that a just social distribution should progressively maximise the number of people who have *enough* to lead a decent life, where a decent life is defined as that in which diverse aims can be reasonably pursued. Furthermore, assume that we can describe such a life on a graded scale, where we can distinguish at least three increasing levels in a decent life. If this were the case, social institutions would be fair if they initially maximise the number of people reaching the first level of a decent life, then the second and so on.

Suppose also that we agree that the first level of a decent life consists of basic functionings. After reaching the first level, capabilities and functionings tend to require too much information correctly to assess individual differences in transforming resources into well-being, risking unfairness in the distribution. Therefore we should move towards the second and third levels by minimising the number of people who have less than *enough* resources and opportunities to reach such levels.

In Chapter 3 I suggested that my normative distributive option has consequences for the way we should measure poverty as well as in the way we should design poverty alleviation programs. Specifically I suggested that we should use mixed measurement criteria to respond to different criteria in the first threshold and further ones. The mixture of measurements could present problems for a poverty alleviation program, as it would have to be designed to respond to different aims. The first aim would be the achievement of basic functionings and the second access to resources and opportunities, measured in relative terms. These normative ideas suggest some assumptions that have to be taken into consideration when designing poverty alleviation programs.

The chapter will be divided into three sections. The first section will provide a background of the Mexican economic liberalisation process during the 1980s and 1990s, and a brief assessment of the matter of social and civil rights during this period. The second section points to the historical context of Mexico's

poverty alleviation programs, and foregrounds a review of the main program implemented from 1988 to 1994, Pronasol. Section three considers the relevance of the normative findings in the analysis of the design of poverty alleviation programs, especially the latest program named Progresa which started in 1997.

5.2 Liberalisation process: 1983-2000

The 1980s debt crisis resulted in a lack of external financial resources and high reduction of public investment to balance the external deficit, these macroeconomic measures lead to an economic crisis in public utilities and public services, creating internal deficits and high inflation (Aspe, P., 1993). The Mexican authorities of the moment concluded that the existing model of development was inadequate, and that a new model, supported by the International Monetary Fund and the World Bank, might better address the country's economic challenges. The Mexican authorities also assumed that in the long term the development model designed by the IMF and the World Bank would partially solve a problem of perennial structural poverty.

According to the World Bank, the measures taken by most governments in Latin America had to,

"...re-establish macroeconomic stability by introducing fiscal adjustments and appropriate credit controls. This implied the need to raise taxes, improve tax collection and administration, reduce or eliminate subsidies to utilities and goods and services, and reduce the number of workers in the public sector. These actions had to be taken alongside programs which would reduce the role and the dimension of the state, through the privatisation of public utilities and public financial institutions."(Banco Mundial, 1985, p.1)¹

The purpose of these liberal economic reforms, promoted by the World Bank, was to restart economic growth as well as raise income and employment levels, by improving a market economy. The past model of development had relied excessively in a large external and internal deficit in order to sustain an

¹ My translation.

unrealistic internal market with high subsidies and crucially inefficient states productive enterprises.

The Mexican debt crisis can be traced to government officials' belief, that oil prices would stay high in the near future and that capital costs in the international economy would be lower in the long term. These assumptions led to a tripling of the external debt, between 1977 and 1982. From 1981 international interest rates rose and international oil prices stopped growing. The seeds for the financial and economic crisis were sown: namely "excessive external indebtedness, higher commercial deficit, drastic worsening of public deficit, capital flight, overvaluation of the currency."(Pipitone, H., 1994, p. 418).

In August 1982 the Mexican government declared a moratorium of payments of its external debt, and the nationalization of the commercial bank system. In December 1982 a new government belonging to the same party in power since 1929, took office. The new government started a process of structural adjustment. A junior minister of finance in 1997, Santiago Levy, described the reforms in 1980's, in the following terms.

Far from simple retrenchment caused by a temporary scarcity of funds, the Mexican government is embarked on a radical redefinition of its role in the economy, its responsibilities, and the nature of its interventions. Its role as producer is diminished (with a few exceptions like oil and electricity). Its role as regulator is changing: at the macroeconomic level to set credible and sustainable policies; at the micro level to promote the efficient operation of markets. At the same time, the government maintains its commitment to improve the welfare of the poor. (S. Levy, 1991, p.4)

Notwithstanding the purported priority given to the poor in this economic reform, a terrible impact was to be felt by those already of limited means when it came to living standards. Special measures had to be taken as the State could no longer harness the whole economic development in favour of those who were severely impoverished. The Organisation of Economic Cooperation and Development (OECD) remarks in the conclusion of its 1995 economic survey of Mexico:

In many respects, Mexico's record in implementing structural reforms is remarkable. Deep-rooted government interference in economic activities was substantially reduced in less than a decade through the massive sale of State assets, bold reforms in agriculture, the liberalization of financial markets and a spectacular opening of the economy to international trade, leading to the signing of NAFTA and other trade agreements. [...] Although there have been social costs in such reforms, further delays in implementing long-due changes would have only made the situation of the poor worse through higher prices, regressive use of public subsidies and overall allocative distortions. (OECD, 1995, p.121)

The OECD last remark points to a common belief during liberalisation. The common idea was that reforms were urgently needed if future benefits were to be expected, as past interference in the market had caused perverse incentives, destabilizing the economy. However, after almost 13 years of liberal structural reforms, the Mexican economy, approved by the WB and IMF, plunged into the worst financial and economic crisis of its history. The 1995 survey conducted by the OECD, adequately sums up the events after the financial international agencies and the executive powers of the USA and Canada announced a US \$50 billion financial rescue package to the Mexican government in 1995.

"In return to this financial assistance, the Mexican government agrees to a series of conditions, including tight targets for monetary and fiscal policies and for privatisation revenues, further structural reforms, publicity for key fiscal and financial data and the channelling of proceeds from oil exports to a special account at the Federal Reserve Bank of New York."(OECD, 1995, p.160)

In short it would seem that the new economic reforms and the 1995 crisis changed the nature of the state's relationship towards economic activity. It changed from a State that was actively involved in protecting local productive activities and producing those products considered strategic, to one that is only supposed to enforce regulation to control the excesses of the free market and minimally to protect the poor. According to this new liberal model, fairness in the distribution of benefits would come from the rule of law, formal equality of opportunities and from an adequate economic environment to promote economic opportunities and a safety net to protect the worse off.

The new liberal mode places high hopes in the Rule of Law. Thus, before entering into the analysis of poverty alleviation programs, we should partially assess the strength of the state's institutions through the alleged enforcement of civil and social rights.

5.2.1 Civil and social rights during liberalisation (1985-2000)

The Mexican Constitution defines a number of civil and social rights that should be granted to every resident in the country. One way to assess whether individuals enjoy these rights is to consider to what extent state institutions have guaranteed these rights.

The Mexican Constitution of 1917 privileged individual liberties. Its first section on Civil Rights lists those individual liberties that should be protected by the Mexican State, (such as the abolition of slavery (Art. 2), equality of sexes before the law (Art. 4), freedom of speech (Art. 6), freedom of press (Art. 7), freedom of public manifestation (Art. 9), freedom of transit (Art. 11), freedom of creed (Art. 24)), and guaranteed rights of private and communal property (Art. 27). In order to assess whether the government in fact guarantees the above civil and social rights to its population, I will consider the concepts of rule of law and citizenship.

The *Rule of Law* is susceptible to different conceptions. One approach focuses on governmental power. Governmental power, especially as it concerns citizens, "...must be accompanied by observance of the correct legal rules and have the authority of the law...discretionary power however broadly based must not be abused or used in an unrestrictive way." (J. McEldowney, 1994, p.105) In the case of Mexico, the institutional abuse of power has been the norm. The arbitrary form in which decisions were taken made impossible a system of checks and balances between the three powers of the Republic. Until the year 2000, the political system granted almost absolute decision making power to the Executive Power. In short

there was no accountability, civil rights violations were common, and impunity is the norm.²

Foweraker makes the point more explicitly, referring to the Mexican political system

"In a system lacking effective checks and balances, and in the specific absence of an independent judiciary, the Mexican executive both makes the law - by initiating most legislation - and controls the courts. The executive is also able (routinely) to designate and remove state governors, mayors and legislators at both federal and regional levels. In sum, there is no rule of law because government in Mexico is not accountable."(J. Foweraker, 1996, p.98)

Foweraker makes an analysis of the formal changes to the law introduced by the liberal structural reforms during most of the years of the liberalisation period (1982-1996). He argues that most of the changes are more formal than real with the exception of the electoral laws and electoral institutions. He concludes that since the beginning of 1982, liberal governments, while promoting changes to the electoral system, were involved in an incremental of violations to civil rights. (J. Foweraker, 1996, p.98) A window of hope was opened in the presidential elections of 2000, after a single party rule of 71 years. During this elections the PRI lost the executive and its congressional majority. Although a basic form of democracy had been secured with the real possibility of party alternation in the presidency, a paternalistic political system still persisted. The Rule of Law, understood as respect for every individual's civil rights, was mostly absent.

In terms of social and economic rights, it is important to take into account how the law defines them and whether successive governments have succeeded in guaranteeing them. The formal objective of the State towards social and economic development is stated in an amendment to Article 25 of the Constitution. This amendment was passed in 1985.

² See Amnesty International 1997 report for a summary of civil rights violations in México.

“The State is responsible for the promotion of economic growth, employment and a just distribution of income and wealth. This development will allow the full exercise of the liberty and dignity of individuals, groups and social classes, whose security is protected by this Constitution.”³

The question one must pose here is what the modern Mexican State understands by the constitutional mandate of “the promotion of economic growth, employment and a just distribution of income and wealth”, when it does not have a very good record in respecting civil and political rights? We can partially assess its commitment to economic development through social rights and the extent to which the population enjoys these rights. Economic advantages, we must remember should be such that citizens can take full part in the political community. (Desai, M., 1995, p.104)

Some of the social rights described in the Constitution include the right to education (Art. 3) to health services and to decent housing (Art. 4) and to social security (Art. 123). These rights could also be interpreted as an entitlement to a share of the economic product of the social cooperation of every citizen, whether in the form of public services or real equal opportunities to an income that could pay for these services.

Education

In terms of education rights, Article 3 of the Constitution states:

Every individual has the right to receive education. The State -Federation, States and Municipalities- will provide pre-primary, primary and secondary education. Primary and secondary educations are compulsory.

And yet, according to the National Institute of Statistics (INEGI) Census of 2000, 28.5% of the population over fifteen years of age have not had any instruction or have not completed primary school and 9.5% are illiterate. In 1970, 70% of the population over fifteen years of age lacked instruction or had not completed primary school. Comparing percentages between 1970 and 2000, we observe 1% improvement every year for the past thirty years. Although there has been a large improvement in primary education,

³ Mexican Constitution. This and all following quotes from the Constitution are my translation.

according to the Census 2000, only 47% of the population over 15 years old finished primary and secondary instruction.

These data suggest that state institutions have not done enough in their efforts to guarantee the right to education, since they have failed in relation to more than half of the population. Considering that educational achievement is usually related to earnings, we might conclude that the majority of the population with low educational attainment has also been denied economic opportunities. (Orlando, M., 2001) Consequently, if the Mexican liberal historical aim has been to provide sufficient means to citizens in order for them to exercise their rights, it seems very unlikely that 53% of the population of fifteen years or older, who have not completed primary or secondary education, could fully exercise these liberties.

It has been observed in Mexico that the lack of education is related to poverty (Székely, M., 1998). In order to observe whether educational attainment is linked to other social rights, I have compared levels of infant and adult mortality with literacy and income. Unfortunately this information cannot be statistically correlated as data does not come from the same source, however Table 5.1 shows a clear picture of what happens in these areas.

Table 5.1 Literacy and income and infant and adult mortality rates by region. Mexico 2000.

	Num. of states	Total Population (Millions)	% of 15 years or older who know how to read and write.	% of working population earning 3 Minimum Salaries or more.**
Regions*				
A	9	13.1	93.0%	31%
B	8	28.9	92.6%	30%
C	5	10.7	90.0%	26%
D	10	44.8	86.8%	25%
Total in Mexico	32	97.5	90.5%	28%

Source: Secretaría de Salud, 1999, and INEGI, 2001.

* Mortality rate data is from 1998. I ranked states from low infant and low adult mortality rate (A) to high (D) in descending order. See Appendix II for method and regions.

**A minimum salary a month accounts more or less to 100 US dollars.

As we might have expected, in Table 5.1 we can observe that if we rank regions of the country by their level of mortality rates, this is mirrored in literacy level and income. Where mortality rates are lower (A), the percentage of people earning more is higher and the percentage of illiterate people is

lower. As mortality rates increase, earnings decrease and illiterate population increases. This rather common picture of a relation between social problems, is punctuated by the number of people involved in these shortcomings. These descriptive results suggest that the worse off are concentrated in specific regions and that the State has failed to grant them most basic rights.

Health and housing

Taking into account that, in aggregate terms, when people have better health they also have more earnings, we might further consider similar descriptive relations. The rights to decent housing and to health services are described in Article 4 of the Constitution.

- Every person has a right to health protection.
- Every family has a right to enjoy a dignified and decent house.

According to the literature, there are various methods to assess health protection (Secretaria de Salud, 1999). Following the idea of functionings, we could assume that to die lacking medical attention, even by natural causes, is an indication of not having access to adequate health services. In fact, data provided by the Mexican Health Office in 1998, shows that 15% of deaths occurred without medical attention. Also, the presence of drainage or septic tanks provides a good measure of housing standards. Interestingly, the census of 2000 of INEGI shows that 78.5% Mexicans live in adequate housing conditions according to this measure.

To evaluate possible descriptive relations between access to health services and to other public services, we need only to look at the data provided in Table 5.2.

Table 5.2. Health Indicators and percentage of dwellings without services, Mexico 2000.

	Num. of states	Total Population (Millions)	Average percentage of dwellings without drainage.	Average percentage of people dying without medical attention.
Total	32	97	21.5%	15%
Regions*				
A	9	13.1	19.8%	12.2%
B	8	28.4	17%	12.4%
C	5	10.7	25%	15.7%
D	10	42.5	30.5%	20.5%

Source: Secretaría de Salud, 1999, and INEGI, 2001.

* Mortality rate data and people dying without medical attention is from 1998. I ranked states from low infant and low adult mortality rate (A) to high (D) in descending order. See Appendix II for method and regions.

Table 5.2 shows data of infant and adult mortality rates, total mortality without medical attention, and the percentage of housing without drainage. Although this type of result cannot be conclusive, as the association of percentages cannot show causation, they show at least the clustering of significant aspects of deprivation in the country. Table 5.2 also demonstrates, unsurprisingly, that higher mortality rates and a lack of health services are mirrored. The same can be said of lack of decent housing. This data and the found in Table 5.1 suggest that people in region D might also lack most other social rights.

Social security

Article 123, fraction XXIX of the Constitution deals with labour and social security matters.

The Social Security Law has public relevance. It will consider insurance for disabilities related to work, old age, death, involuntary dismissal, sickness and accidents, day nursery services, and whatever other insurance destined to the protection and well-being of workers, peasants not receiving a salary and other social groups and their families.

The Institute of Social Security (IMSS) provides social security, pensions and disability insurance, as well as health services to non-government workers earning a salary. It also provides basic medical attention in poor communities. According to the 2000 Census, the IMSS provided all these services to 32.3% of the population. For government workers the Institute of Social Security for Workers of the State (ISSSTE) provided these social security services to 5.9% of the population, while other public systems (social

institutes in each state of the Republic for public workers), covered another 2.2% of the population. This leaves almost 60% of the population without social security.

A reform to Article 123 in 1996 modified the structure of the national security system to allow private pensions for non-governmental workers. The law changed the system from one financed by all actual workers to one financed by individual savings. The new law allowed the self-employed and other types of workers to subscribe to private pension providers regulated by the State. The State guarantees that after 30 years of contributions or for disability reasons, a basic pension would be paid to the contributor.

Through this new private scheme, self employed workers are also able to receive health services for an extra price. This makes the new social security system open to all who have the discipline and the money to save for pensions and health, whereas before, the only option for retirement was the public social security system, then only available to those workers earning a salary. Moreover, under the actual conditions of severe unemployment this system provides a certain degree of security to the self-employed who can afford it.

The amendments made to Article 123 are also aimed to reduce the proportion paid by the employer and the employee into social security, thereby increasing the portion paid by the government, which provides funding for more than a third of the quota with open taxation. This law also permits workers to save in their private pensions in order to increase their pension.

However opening social security pension schemes to private providers necessitates coming face to face with market risks. For instance, as the government has made the private pension providers invest mostly in government bonds in order to guarantee stability, low real interest rates could diminish returns for savers.

The possible drawbacks in the amount of the final pension will not affect those whose contributions amounted to a minimum salary. This is in fact the only redistributive characteristic of the system. It has replaced solidarity between generations and within workers with a minimum for those making the saving effort. This characteristic of the pension system, in fact suggests that liberal reforms are effectively abandoning the egalitarian aim of reducing the gap between people for a different aim which accepts inequalities but provides a safety net.

Summary

To sum up, the data on civil and political rights, as well as social rights shows that, although there have been small improvements throughout the years, the rule of law is weak and deprivation in many social areas is widespread. This overall picture provides us with a view during the 1980s and 1990s of an underdeveloped country trying to solve its economic problems through a more open market economy and liberal state reform.

In this context, the liberal governments of the Republic between 1988 and 2000 proposed specific social policies to pursue the alleviation of poverty. These social policies included programs that targeted those who were considered the least advantaged of all the citizens, the poorest of the poor.

5.3 POVERTY ALLEVIATION PROGRAMS

Before assessing the design of specific poverty alleviation programs, I will evaluate the historical background of these types of programs operating in underdeveloped countries since the 1980s. I will describe the different factors taken into account by governments to create social policies aiming to eliminate poverty. I will also review some specific formulas used by the Mexican government to measure poverty and distribute resources among the least advantaged.

5.3.1 Historical background of poverty alleviation programmes under liberalisation.

Since the beginning of the liberalisation process in 1983, the Mexican government seems to have been aware that the new economic model would be hard to implement due to the traditional paternalistic system of price controls, subsidies, and a relatively high minimum salary. While reforms liberalised these three areas, the poor and the middle classes were expected to suffer from them. In 1988, a program named Pronasol was designed not only to palliate the resultant poverty problems, but also to target scarce resources on the poorest, leaving out those not considered to be in greater need. The idea of *Pronasol* is similar to the Social Investment Funds implemented across Latin America and the Caribbean in the 1980s, supported by the World Bank and the IMF. The general idea of Latin American governmental officials undergoing structural reforms was to guarantee economic growth through free market conditions and to minimise the investment in universal welfare and productive activities in order to balance any budget deficits, despite the great political cost. The idea was to target poverty problems through specific programs and funds in order to direct scarce resources to the least advantaged, creating a safety net and a claim to political credibility. The rationale was that resources were scarce because public deficits had to be constrained to guarantee a good macroeconomic environment in order to establish the bases for long-term growth. A secondary assumption was that most resources spent in universal benefits were not reaching those who were really in need of them.

A general statement from a World Bank report describes the idea behind the Social Investment Funds.

The social investment funds were created in Latin America and the Caribbean to alleviate the impact, on the poor, of the reduction of income and employment, caused by the debt crisis and by those structural adjustment measures taken to set the bases for a renewed growth. The traditional ministries of the social sector were not sufficiently prepared to administer this task. The social investment funds were conceived as a way to re-establish the government's

credibility and to secure political support for the reforms. (Banco Mundial, 1985, p. ix)

The majority of the funds were used to create temporary institutions that later became permanent ones. These institutions were created to provide funding for infrastructure and social services for the poor. These funds had the following characteristics:⁴

- Autonomous from the public service and highly paid officials.
- Contracts were given to the private sector.
- Freedom of expenditure and allocation of resources without direct government supervision.
- Funds dependent on the demand of financial assistance from poor communities. High degree of participation within communities.
- Clear accounting systems and open information.
- Strategic use of funds, justified by maps and poverty indexes.
- Promotion of high priority projects in communities of extremely low income.
- Co-finance of projects from international agencies, such as the World Bank and the Inter American Bank of Development

PRONASOL (National Program of Solidarity) (1988-1994) was very similar in its methods and objectives to the Social Funds, but was financially controlled by the federal government. Its main goal was the reduction of poverty through the participation of its beneficiaries in poor communities.

5.3.1.1 Pronasol (National Program of Solidarity 1988-1994)

Pronasol targeted direct resources to the least advantaged in order to provide staple food, basic infrastructure, and basic services (i.e. primary schools, primary health services, electricity and water supplies and labour schemes to supplement incomes). In fact Pronasol became almost the only provider of funds to social projects in the majority of poor communities, ignoring democratically elected local authorities.

The general aims of *PRONASOL* included:

⁴ The following is based in Banco Mundial: Alivio de la Pobreza y fondos de Inversion Social,(Introduction)p. ix My translation

- Allocating enlarged budget shares to increase the welfare of the poor.
 - Expanding programs of global development to all Indian zones.
 - Increasing social investment returns by seeking the participation of benefited groups in the planning and execution of projects as well as promoting utilization of local materials in infrastructure projects.
 - To demand participation of the state and municipal authorities by requesting joint investments in projects along with the federal expenditure.
 - To involve Non-Governmental Organizations (NGOs), academics and other groups of the society in poverty eradication.
 - To promote the active involvement of women in the program.
- (A. Guevara, 1996, p.158)

The main difference between Social Funds and *PRONASOL* was the lack of strict financial control exercised by the international agencies. The lack of financial clarity, the relatively large resources directed to this federal program, and its blatantly vertical structure led to much criticism of the program and its use of resources (Esquivel, G., 1996). The main argument of those against the program was that targeting did not have a clear criterion of distribution and that the total political control of resources could be easily used in order to win political battles, granting or retiring funds for public services and infrastructure that were deserved by legal right. Indeed, there is indirect evidence that the government in Mexico during 1988-1994 used poverty alleviation resources for partisan political purposes.⁵

To better appreciate such a large program, consider *Pronasol* spending as a share of Gross Direct Product in Table 5.3

⁵See Gerardo Esquivel: 1996. In top of this evidence, PRONASOL has being criticised in the press as being partisan. Chalco, an area near Mexico City is an example. In the 1988 elections, this area was won by the left opposition party. After being signalled as a pet project of then President Salinas, PRONASOL invested heavily in the area. In the elections of 1994, Chalco was won by the PRI. In a normal democracy this would seem a logical result. In Mexico it was seen by political commentators and the opposition parties as buying votes.

Table 5.3 Pronasol and social spending

Billions of current pesos and percentages						
	1989	90	91	92	93	94
Total Pronasol spending	3.09	6.50	10.23	13.95	16.46	18.41
of which:						
Social Dev. Agreements	1.64	3.28	5.19	6.99	8.26	9.23
Pronasol for Social Welfare	0.97	1.87	3.16	4.21	5.22	6.31
Pronasol for Production	0.17	0.88	0.99	1.56	1.87	1.65
Basic Infrastructure	0.31	0.47	0.89	1.19	1.11	1.22
Pronasol spending (as a share of GDP)	(0.61)	(0.95)	(1.18)	(1.37)	(1.48)	(1.48)
Public spending on social Dev. (as a share of GDP)	(6.18)	(6.49)	(7.70)	(8.64)	(9.59)	-
Pronasol spending (as a share of public spending on social development)	(9.86)	(14.6)	(15.3)	(15.8)	(15.3)	-

Source: OECD, 1995, p.109

As we can see, Pronasol, if only for the sheer size of the program, had a profound impact in poor communities. Since the projects it conducted were demand-generated, the program can be recognized as particularly effective in generating support. However we cannot be certain that those community projects would not have been pursued if resources had been given to local authorities through normal channels. Furthermore, some empirical studies show that Pronasol did not really help the very worst off as very poor people did not have access to local political channels to demand resources.⁶

Despite the new economic measures, the economy did not recover enough to include the least advantaged. Poverty problems in 1994 were reflected, not so much in those who enjoyed the benefits of *Pronasol*, but in those who could not demand funding and generate the political pressure needed to obtain assistance.

The idea that the very poor would be provided with better opportunities by demand-driven programs could be considered as partial targeting. However, the worst off did not have the information or the resources needed to seek

⁶See OECD, 1995, p.111 for a general assessment of PRONASOL and A. Guevara, 1996, p.171 for an empirical assessment over one region.

help. The failure to reach the worst off population, as well as the lack of accountability of the program, led the next government of the PRI under President Zedillo (1994-2000) to consider the implementation of a new program. Two new targeting ideas were considered in the design of the government's new programs. The first idea was to create clear criteria for resource assignment to infrastructure projects, thereby identifying people in extreme need. Second, people in extreme need were to be directly benefited.

5.3.2 Poverty alleviation programs during 1994-2000

Since 1929, it has become a tradition in post revolutionary Mexico, especially during the long time the PRI governed, that each new administration would produce a new social policy. The vast problems of poverty and inequality, together with the social justice rhetoric of governments, makes the unveiling of new policies and their possible achievements - in terms of gaining social stability, electoral success and political power - one of the most important events of each new government.

Social policy in a liberalized market economy with little intervention by the state in controlling prices and salaries depends largely on a good fiscal system with fair taxation and special programs, in this case conceived as safety nets. In general the state is charged with providing a economic environment which allows individuals to interact in the market place, either through producing and selling goods or selling labour. The rationale is that, given equal formal opportunities and a stable growing economy, achievements would depend on the individual. The government would directly help only the poor who could not benefit from the increasing opportunities.

Let us further consider what sort of assumptions the 1994-2000 Mexican government followed in the design of their poverty alleviation programs.

5.3.2.1 Assumptions in poverty alleviation design during 1994-2000.

Santiago Levy, junior minister of finance between 1994 and 2000 is credited with the design of the main poverty alleviation program during the period in question. In *Poverty Alleviation in Mexico*, Levy considers poverty to be a different problem from income inequality (1991). The swift treatment he gives to this distinction is based on the general assumption that some of the policies that promote equality will not necessarily reduce poverty, as they might reduce the average wealth of the society. "Policies that reduce income inequality may, but need not, reduce poverty." (Levy, S., 1991, p.7).

The objection to egalitarian policies makes Levy favour a prioritarian view, where the worst off should be the only ones who benefit from a government's direct intervention. Benefits for the worst off should only reach a certain level. The level is set in terms of having enough income to acquire a minimal food basket. In this respect Levy would favour a very basic sufficientarian view. The worst off for Levy would be the extremely poor, those whose poverty is an absolute condition in nutritional terms.

"The extremely-poor are those who cannot secure enough nutrition to function adequately...[The extremely poor] in general, are less able to lead a healthy life with sufficient energy to satisfactorily perform tasks in the labour market and/or participate in educational activities."(Levy, 1991, p.7)

Levy is using the language of functionings and capabilities but at an extremely low level when referring to the extremely poor. Even though he is considering functionings he measures these short-comings in income terms. By contrast Levy considers the moderately poor to be those who "cannot avail themselves of what, at the given stage of the country's development, are considered basic needs."(1991:7) For Levy, well-being requires at least meeting very basic needs, so that an able person can assume risks and pursue her interests. Individuals will decide for themselves what is worthwhile to pursue and what is not. Levy's working assumption is that a person knows more about his preferences than the state: thus the state can only provide

him with the basics and with the right environment for him to pursue his interests. Levy argues that the State should provide indirect benefits to those who are able to work but have welfare levels below those deemed acceptable.

With the right set of policies most of these [moderately poor] individuals can increase their productive potential and, therefore, Mexico's national income. (Levy, 1991, p.9)

In Levy's view, the direction of government investments should be geared towards the supply side of the labour market. The government should focus only on those distributive measures that increase the marketable assets of the poor (i.e. technical education, land prices, etc). The division line between the extremely poor and moderately poor in Levy's work becomes rather important, as benefits would be different for the two groups.

5.3.2.1.1 Poverty lines

In terms of efficient economical resource allocation a distributor requires a clear cut off point to distribute scarce resources to the targeted group. As we have seen in Chapter 3, the efficiency of a distribution can be influenced not only by the way in which we measure poverty, but also by the selected poverty line. In general, a clear poverty line, either in terms of achievement of functionings or in income terms is necessary to select those within the population to be benefited.

According to Levy (1991) the poverty line for the extremely poor is set by considering those characteristics of poverty that produce definite damage. "People that are undernourished are more vulnerable to disease, are at risk of developing anthropometric deficiencies, [and] are at times lethargic..." (Levy, 1991, p.7) Therefore, in order to be able to produce efficient policies we should identify those characteristics that put people at risk. Levy considers that although most social indicators like life expectancy, literacy rates, child mortality rates, access to drinking water, number of hospital bed per region, etc., show some form of poverty, as long as they are statistically

correlated any of them would suffice to show poverty. Levy claims that these indices are not good criteria to use in efficient poverty alleviation policies. This is because many of the indicators confuse inputs with outputs for example he argues that we should not really care first about the number of hospital beds per region, but rather about the health status of individuals. For example, longer life expectancy is a result of good nutrition and healthy life (Levy, 1991, p.10). Therefore, according to Levy, an adequate policy must emphasize and focus on improving nutrition, hygiene and education. Levy considers functionings as the main measure to assess policy intervention for the extremely poor. His proposal is to provide some resources to help people achieve very basic capabilities. If those basic capabilities are achieved, poor people might be able to grasp other opportunities available to them. For Levy the extreme poverty line should be measured with respect to a diet based on the preferences of individuals as well as the prices ruling in the area.(Levy, 1991, p.12)

Although he considers capabilities, Levy is in effect returning to the idea that food supply can be a good measure of extreme poverty. He then proceeds to use expenditure as a measure of welfare advantage by arguing that capabilities should be targeted. He is disregarding the possibility of setting a poverty line in functionings terms, when his argument would have naturally led to this measure.

Levy sets the extreme poverty line based on the recommendations made by FAO, in terms of the consumption of sufficient calories to function adequately. He provides an estimation of costs of basic foods to feed a family of 4.9 members. The line of extreme poverty, according to Levy (1991) "...is given by the cost of the nutritional basket, and the extremely poor are those whose food expenditure are below this cost: these are the individuals who lack access to adequate sources of nutrition." (Levy, 1991, p. 23)

Taking into account the price of a food basket set by Coplamar (1983) for a family of 4.9 persons, Levy uses the Foster, Green, Thorbecke (FGT) poverty

measure to find out the characteristics of the extremely poor, in the Mexican Income and Expenditure Survey of 1984.

To sum up, based on the 1984 Income Expenditure Survey: (i) at most 19% of the population was below the line of extreme poverty, (ii) the extremely-poor are mostly located in rural areas, (iii) the poorest of the extremely-poor are also found mostly in rural areas, (iv) the extremely-poor have very large families, have the largest share of children, the highest dependency ratio and the lowest educational levels, (v) not even the extremely-poor allocate more than 60% of total monetary expenditures to food, (vi) most of the extremely-poor are in agricultural activities, (vii) the urban extremely-poor are relatively better off than the rural, but have similar demographic, expenditure and educational characteristics.
(Levy, 1991, p. 30)

From the above description a general policy is derived. Levy argues that the information available in relation to the characteristics of the poor shows that primary poverty in Mexico is the result of institutional measures that have undervalued the resources owned by the poor, such as land and labour. Alleviation of extreme poverty in the medium term, Levy suggests, will come from institutional reforms able to skew market outcomes to benefit the poor. He also argues that targeting of direct benefits need to be adjusted if the government aims to target the people who are most in need.

Policies for the extremely poor need to exploit the complementarities among nutrition, health and education. [...] benefits to the extremely poor must all be under a single program that: (i) centre attention in regions with the highest FGT indices, (ii) delivers food through coupons rather than price subsidies. (Levy, 1991, p. 85)

Levy considers that the best way to promote preference satisfaction is by having enough resources to enable people to buy their preferred foods. This description mixes preference satisfaction, resources and capabilities in a rather confusing way. For instance in Levy's view of preference satisfaction, there would not be a form to satisfy food preferences if there are not enough resources or coupons. However he is claiming that resources should be given up to a certain level and only for reasons of labour efficiency. In the other hand if capabilities want to be targeted for help, they would have to be sourced adequately or simply there would be no sense in the exercise as people will not reach the determine functionings.

Let us consider Levy's poverty alleviation proposal only from his perspective of preference satisfaction. His proposal is based upon the assumption that the extremely poor are able to maximize their own welfare. Understanding welfare in this approach as preference satisfaction, we could argue that the poor require resources and not in kind benefits. This assumption produces, at least two implications in the context of designing poverty alleviation programmes:

- a) Enough resources should be available for people to choose between the objects of their preferences; and
- b) Transfers of resources should be a supplement to earnings.

In Levy's policy proposal, food coupons or money allow people to satisfy their food preferences, as there is no constraint in the type of food they are able to purchase. However as mentioned before,⁷ this form of preference satisfaction discriminates against people's differing abilities to transform resources into well being, as some could have more needs than others. It could be also criticized in terms of people's expensive tastes, for example if the poor want to exchange their food coupons to satisfy cultural preferences in relation to festivities of some kind, clearly it would still be unfair to let them be undernourished.

In Levy's proposal (b) is solved by incentives to work. Levy states that "policies that help the poor need to avoid the creation of a class of 'welfare dependents'; the incentive structure must be such that, at the margin, it always benefits the poor to work and earn additional income."(Levy, 1991, p.52) The incentive structure proposed by Levy provides low benefits in the form of food coupons. The required equilibrium between the offer of resources and preference satisfaction comes from providing half of the average food requirements to families in food coupons, forcing the poor to work to get the other half of their needed food supply.

⁷See section about welfare in Chapter 2, above.

Levy assumes that under this type of incentive structure individuals will prefer to work. As we have seen in Chapter 4, this argument is rather weak in that it is very unlikely that at very low levels of advantage people will stop working, not even when their whole average food requirements are covered by food coupons. It is also possible that people prefer to work for reasons of self-respect. If, however, they cease to work this can be due to other types of problems, like having cheap preferences, as a result being used to having so little that they have no incentive to improve their absolute worse off condition.

Levy's proposal, which evolved into the program PROGRESA, represents a rather weak starting point for a sufficiency distributive criterion. First, it promotes a sufficiency threshold based on the average food requirement of a family, considering this area as well as health and education as forming very basic functionings. Second, it promotes an incentive structure that forces people to work as benefits given are not enough to reach the low level threshold.

Levy's (1991) theoretical framework for the design of poverty alleviation policies was considered and enacted by the government of Mexico between 1994 and 2000. The following section will review the policies generated based on Levy's suggestions.

5.4 SOCIAL POLICY 1994-2000

The government of President Zedillo in 1994 changed the emphasis of social policies directed to alleviate poverty from an umbrella program like Pronasol, which was in charge of all areas of human welfare in poor communities, to a federal program concentrating on nutrition, education and, basic medical attention for extremely poor individuals. By doing so it was believed that an individual's productive capabilities could be improved, enabling greater achievements in social and economic aspects.⁸

⁸SHCP, Social Policy, 1997.

Following the financial crisis of December 1994, the subsequent reduction for fiscal year 1995 reveals much about government priorities. The fact that the new program of nutrition is the only part of the budget that increased its real budget in 23% while the rest of the programs reduced their real budget suggests that the Mexican government took Levy's views seriously. However, although increasing its budget the social nutrition program showed a very small budget compared to other programs. (SHCP, 1997)

Pronasol assumed that groups of poor people would generate a demand for services, and the state would help them to help themselves build or rebuild infrastructure. The condition attached to such programs was that the community should solve its own conflicts of interest and decide which project to implement. The emphasis was on infrastructure in order to provide the right environment for people to leave poverty.

The new government divided the possible help between direct individual help and indirect intervention, focusing in infrastructure programs. The new social policy maintained the emphasis on infrastructure, allocating increasing resources, according to a clear criterion to those regions in the worst situation. But in order to help the extremely poor to leave a vicious circle of poverty, where illness and lack of abilities stopped them from enjoying the new opportunities, the government changed its policy to one of direct intervention into these people's lives.

The first paragraph of the budget project of 1997, presents a general social policy to the lower house of Congress. This paragraph reveals this division of priorities in detail,

In concrete terms this government's objective translates itself in providing a generalized access to education services, health care, social security, and housing, among other services.

But it has to be recognized that the benefits of economic growth and broad social programs do not homogeneously reach, or do so with the required speed, all of the regions, or all social groups. This is why the government has established a second half within its social policy, with the objective of eliminating those circumstances that impede the

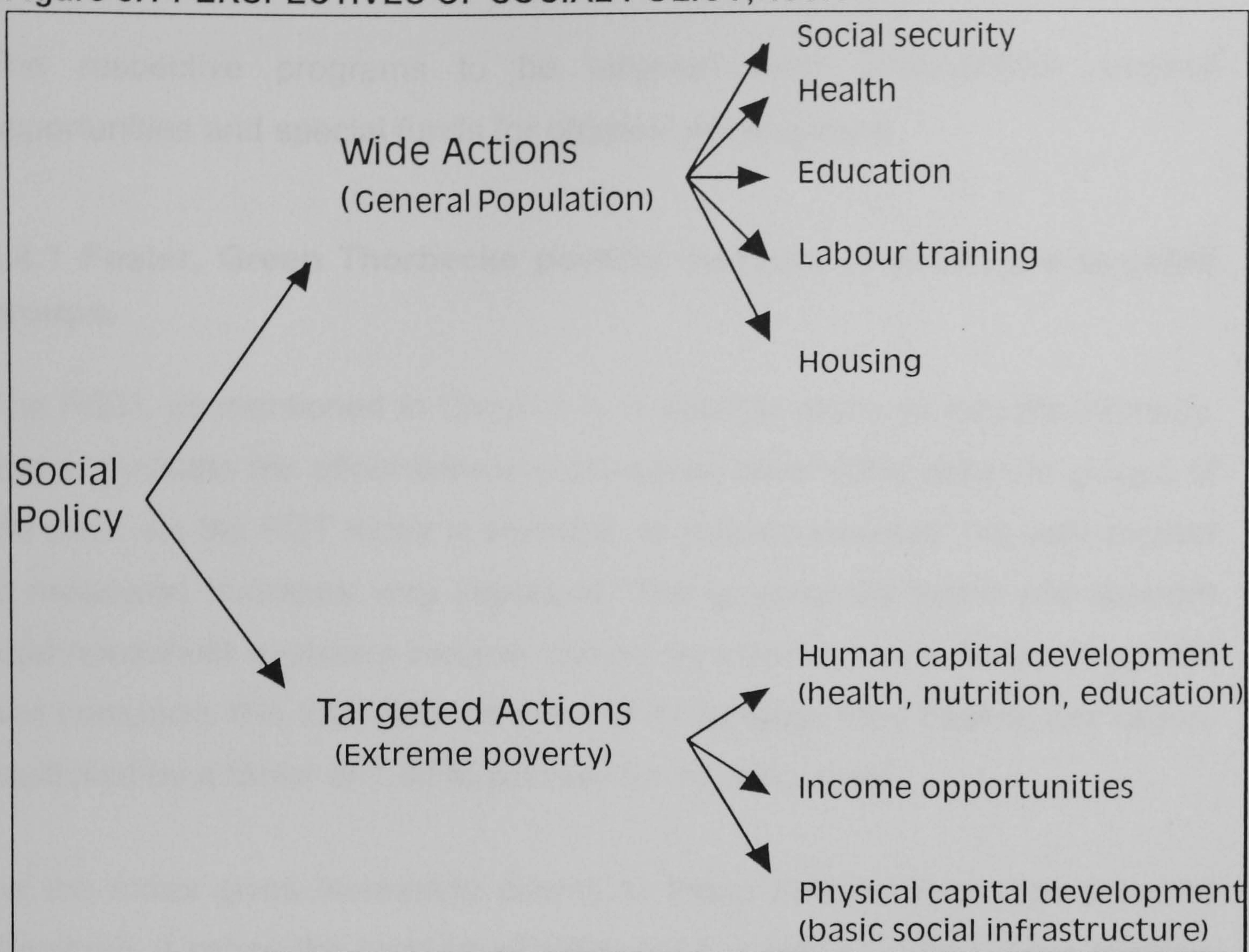
incorporation of those regions and social groups in the benefits of development. (SHCP, 1997, Social Policy)⁹

From this quotation we can see that the government considered the poor as being held back by their condition. The government characterization of the poor takes into account the supply side of the market, where people need only be healthy and educated in order to take full advantage of the available economic opportunities. If they were healthy and educated, failure would be their responsibility. In contrast, the capabilities characterization of poverty would consider the demand side of the market, promoting people's well-being in order to increase their abilities to enjoy their liberties. This approach relates a lack of resources to a lack of freedom. It would seem then that despite Levy's conception of extreme poverty in terms of functionings, the influence of the capability conception on social policy is rather limited.

Social policies are divided then into those actions aimed at those without the ability to enter the labour market, living below a certain absolute threshold, and those actions directed to the rest of the population. The two types of approach are shown schematically in Figure 5.1.

⁹My translation.

Figure 5.1 PERSPECTIVES OF SOCIAL POLICY, 1997.



Source: Secretaría de Hacienda y Crédito Público, 1997.

The objective of the first half of the social policy shown in Figure 5.1 concerns the general population: it is to strengthen those institutions that aim to promote social rights for all. As we have seen in the beginning of this chapter, the results are far from satisfactory in terms of the large proportion of the population not enjoying these social rights. As for the second half, targeted actions, to which I will devote more attention, the emphasis is on focused programs to alleviate extreme poverty.

I will focus on the area specified as "Targeted Actions" which involve human capital development, income opportunities, and physical capital development. Since 1994, the federal government considered the FGT index plus an index of unsatisfied basic needs, as the main criteria for generating targeted social policies to alleviate poverty. Those regions and communities with a higher FGT index ($\alpha=2$) would be selected, within communities an income survey and the index of unsatisfied basic needs would be used to select those families to be targeted.

The respective programs to be targeted were PROGRESA, income opportunities and special funds for physical development.

5.4.1 Foster, Green Thorbecke poverty measure to select the targeted groups.

The FGTI, as mentioned in Chapter 3, is used to measure poverty intensity, and to evaluate the effect transfers of income have within different groups of the poor. As the FGT index is sensitive to poverty intensity, the way income is measured becomes very important. The government takes into account total household monetary income earned by members over fifteen years old and compares this total with the price of an average food basket, per capita, multiplied by a factor of 1.34 to account for cooking costs.

As the index gives increasing priority to those furthest below the selected threshold, it solves the problem of attributing the same poverty characteristics to all of those who were below a poverty line. The index leaves wide open the normative question about where to draw the poverty line. To assess income as a way of distinguishing who is poor and who is not, we would have to consider not only what income can provide in the form of commodities but also the level of opportunities denied to the least advantaged. For instance a better income without a better health service and good schools will not necessarily improve conditions nor generate opportunities. Someone who receives less income but has fair (rather than formal) educational opportunities would be better off.

5.4.1.2 Unsatisfied basic needs index as a way to select the poor

The second index taken into consideration by the government is one based on unsatisfied basic needs. The government's correct assumption is that by considering income and unsatisfied basic needs variables the complex picture of poverty would be easier to assess and the available resources would be distributed more efficiently to the worst off. The Unsatisfied Basic Needs index takes into consideration four variables:

- * Percentage of illiterate people older than fifteen years old.
- * Percentage of inhabitants in houses without sewage.
- * Percentage of inhabitants in houses without electricity.
- * Percentage of population in towns with less than 5 000 inhabitants.

These variables are normalized by a statistical process to produce a re-scaled index of deprivation of basic needs (Sedesol, 1996). Combining indices to measure income poverty and accumulative deficiencies seems to serve two objectives. The first is to reduce the targeted group, as only those areas with severe lack of services would be taken into account when distributing direct resources. The second is to rank publicly different regions of the country by their poverty levels.

The first objective proves problematic, as it discriminates against the poor living in areas with services, such as people living in shantytowns in big cities, who are not included in the program. The second objective might function as a control against the common usage of national programs in favour of the party in government. For the first time in Mexico there is a clear criterion for distributing resources to those regions that lag behind others.

Let us consider those programs that use a combination of the indices.

5.4.2 Targeted programs

President Zedillo's government (1994-2000) used the UBN and the FGT index and publicly available data to target regions and families with three main programs: the Program of Temporal Employment to offer direct income opportunities to men; PROGRESA offering a package of help to the family, concentrating on women and children; and Branch 26 which provides a special fund for local infrastructure in the targeted regions. I will provide a brief description of PET and Branch 26, but will concentrate on *PROGRESA*

The Program for Temporal Employment (PET) provided seasonal work to people living in targeted regions who do not possess other income sources. The *PET* program managed by the Communications and Transport Ministry, used temporary workers to refurbish and provide maintenance to rural roads, which otherwise would have remained in disrepair. Wages provided through *PET* were very low, and only those in dire need would accept this type of low-waged job. Salaries are purposely set very low to act as a disincentive to people with other possible income generating activities from taking them. This is clearly based in the Levy's ideas for incentive to work.

In terms of Branch 26, this program provided special funds for basic infrastructure in the targeted areas. The funds that under *PRONASOL* were centrally administered, were in this program instead administered by local councils, with the only caveat that these were tagged funds that could only be used for specific works. The infrastructure deficit in those regions should have made the program a large well resourced one. But this did not happen during the six year period of the government as we can observe in Table 5.6 below.

The other poverty alleviation program implemented by the government was *PROGRESA*, which was inspired by Santiago Levy's poverty analysis and policy proposal (Levy, S., 1991). This program is similar to other conventional poverty alleviation programs implemented in Latin America, and is directed at helping extremely poor mothers and their children¹⁰. Before entering into the program's details, it is important to recall that the program distributes an income supplement set at the cost of half average food basket for a family of 4.9 persons as well as providing children's school grants and free primary medical care. *PROGRESA* is singular in its broad spectrum and high expectations. It aims to provide a national safety net for extremely poor families. *PROGRESA* is also emblematic of the way the Mexican liberal

¹⁰In Chile, specifically the PNAC (National Program of Complementary Nutrition) targets infants in pre-primary schooling and requires their mothers to attend the health center in order to receive benefits. See I. Vial et al, 1991. In Venezuela the Maternal Nutritional Program (PAMI), also eliminates subsidies to food and targets extremely poor people, especially infants and pregnant women. See II. Garcia et al, 1991.

government has redesigned social policy. By the end of 2000 PROGRESA reached 2.5 million families living under extreme poverty. If we consider an average of 4.8 members in each of these families, then the program has reached approximately 12 million people. As a matter of contrast with the estimated total number of poor people in the country, consider Table 5.4.

Table 5.4 Extreme and Moderate poverty according to different income poverty lines. Mexico, 2000.

Poverty Line	Extreme Poverty	Moderate Poverty	Percentage of poor population
	(Million)	(Million)	(%)
World Bank ¹	6.5	14.8	21.8
CEPAL-INEGI ²	24.2	27.2	52.6
Coplamar ³	48.9	33.8	84.7

Source: My own calculations from the Income and Expenditure Household Survey of 2000 (INEGI, 2001). I used micro data to calculate total household per capita gross income.

¹ The World Bank poverty lines are 1 US Dollar per capita per day for extreme poverty and the double for moderate poverty.

² The CEPAL-INEGI extreme poverty line is based in the cost of a per capita food basket (339 monthly pesos of 1996 inflated to pesos of April of 2001); moderate poverty is the double. Approximately these lines are 2.2 US Dollars per capita and 4.4 US Dollars respectively.

³ The COPLAMAR extreme poverty line reflects a sub minimal per capita basket of goods (641 monthly pesos of 1996 inflated to pesos of April of 2001). Moderate poverty reflects a minimal basket of goods (1664 monthly pesos of 1996). Approximately these lines are 4 US Dollars per day per capita and 10.8 US Dollars, respectively.

Note: CEPAL-INEGI and Coplamar poverty lines were taken from Hernandez Laos, 2001.

Set aside for a moment the wide disparity in the poverty estimates caused by different poverty lines.¹¹ If we only consider the government's poverty line (CEPAL-INEGI) which amounts approximately to two minimum salaries, we have an estimate of 24.2 million people in extreme poverty, exactly double of the number PROGRESA was helping in 2000. If we take into account that PROGRESA has been increasing the number of families in the program by up to 800 000 families a year, two characteristics of the program become relevant. First, the distributive criteria used by the program, and second its financial stability.

Governmental officials have used the FGT index to select those areas that are to be benefited first. Once an area is selected, individual families are chosen through a further selection process, which includes periodic

¹¹ See Chapter 6 for a discussion of different poverty lines.

questionnaires about income and basic needs. The program began by targeting the worst off areas and has continued to expand in the less worse off areas. That is, it has chosen those areas with a higher P_α to start distributing and gone on to distribute in those areas with a lower P_α . This strategy presents some problems of justice from the perspective of progressive sufficiency as I pointed out in Chapter 3. The most evident problem is that those closest to the threshold, who need less to leave extreme poverty (remember that it is described in terms of not having enough to eat) will be the last to receive help. It is also clear that giving the same income supplements to all of the extremely poor, will not solve the problems of those at the bottom and will give those closer to the threshold more than what they in theory would require. This last point brings us to the financial part of the program.

The general governmental strategy for financing PROGRESA was to re-focus existing direct programs and reroute resources from food subsidies to this program. Although new funding sources originating in other programs and subsidies are added to the main sum, the management of funding sources is in keeping with the general institutional liberal economic policy of maintaining a low fiscal deficit and opening the economy. This targeting strategy, along with the fiscal equilibrium objective, required an increase in resources through overall taxation and receipts in order to increase the budget for priority programs and at least maintain other types of wide actions for the rest of the population. To partially assess whether there was a constant increase in funds for extreme poverty alleviation, consider Table 5.5 illustrating the expenditure on social development between 1995 and 2000.

Table 5.5 Expenditure in Social Development and Poverty alleviation programmes by Percentage of National Gross Product, Mexico 1995-2000.

	1995	1996	1997	1998	1999	2000	95-2000 % Change
Total in Social Development as % of GNP	8.44	8.29	8.57	9.04	9.37	9.60	13.7
-Education	3.60	3.67	3.70	3.86	3.80	3.93	9.16
-Health	2.22	2.07	2.24	2.29	2.38	2.18	-1.8
-Social Security	1.35	1.33	1.48	1.65	2.06	2.19	62.2
-Labour	0.07	0.07	0.06	0.05	0.05	0.05	-28.5
-Regional Dev.	0.74	0.75	0.81	0.94	0.87	1.01	36.5
-Social Assistance	0.35	0.41	0.28	0.25	0.22	0.23	-34.3
From total in Social Development Expenditure in Poverty Alleviation as % of GNP	0.98	0.95	0.88	0.90	0.93	1.03	5.1
1. Human capital	0.48	0.49	0.43	0.44	0.44	0.50	4.1
-Progresa	-	-	0.01	0.09	0.15	0.18	
2. Income Opportunities	0.13	0.13	0.14	0.15	0.16	0.17	30.7
-PET	0.05	0.05	0.07	0.07	0.07	0.08	
3. Branch 26	0.37	0.33	0.30	0.31	0.33	0.35	-5.4

Note: My own calculations from the Sexto Informe Presidencial, 2000.

Table 5.5 shows that expenditure on social policy increased by 13.7% from 1995 to 2000, while the increase in resources for the extremely poor was only 4%. During these six years the GNP grew on average 12%. As we can see, the expenditure on poverty alleviation only refocused existing funds in new programs or maintained the same budget. This data provides some grounds for doubting the priority given to the extremely poor by governmental programs. As PROGRESA is the only program that considerably increased its budget, and will continue to do so¹², it is wise to examine it in detail.

5.4.2.1 PROGRESA

PROGRESA'S three main related components are:

1. An income transfer giving the person in charge of preparing meals for the family funds to support the food supply. This income supplement is

¹² The government of 2000-2006 announced in 2002 that PROGRESA will be extended.

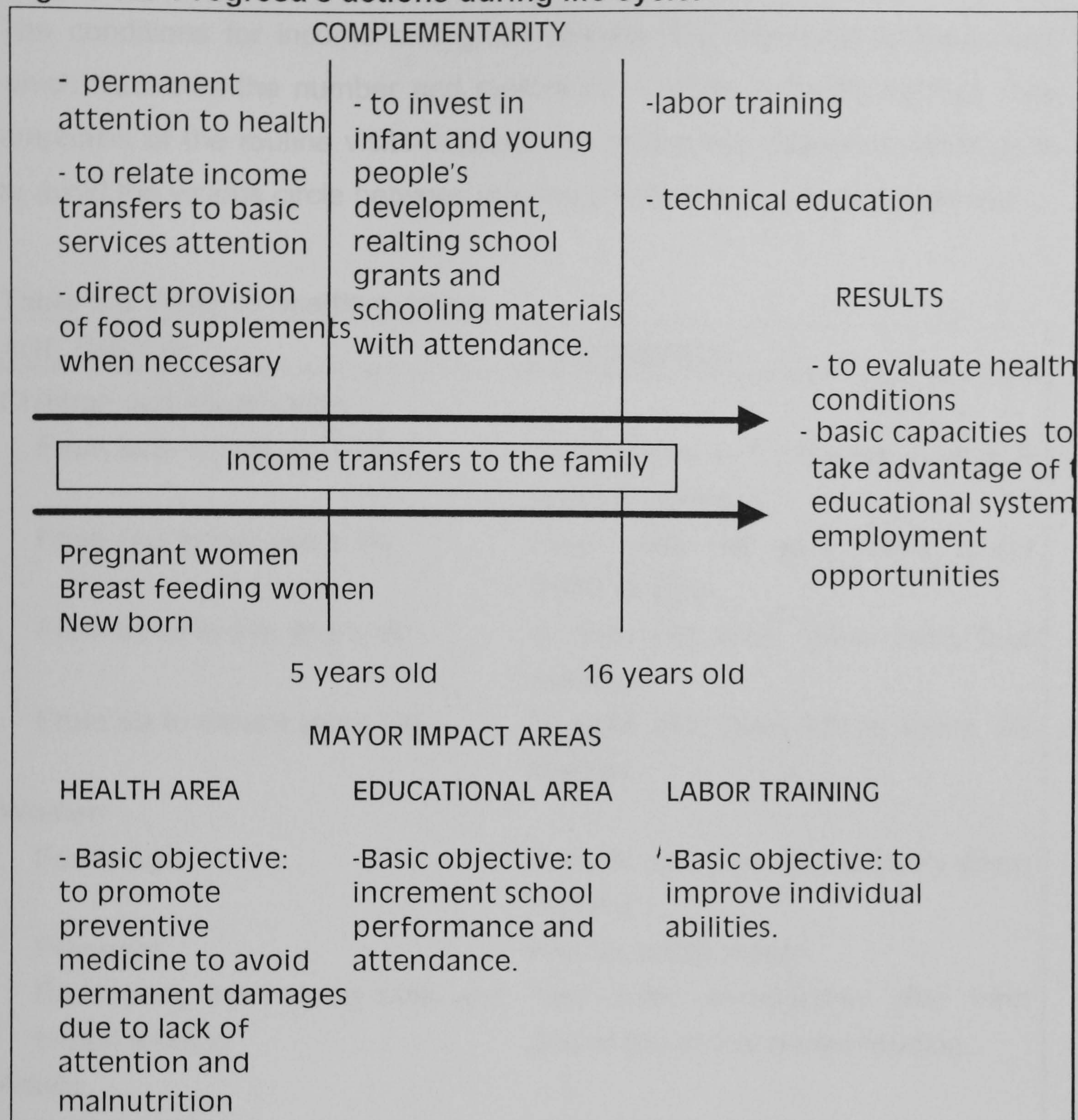
equivalent to half the monthly average price of a standardised food basket for a family of 4.9 members.

2. Basic health attention - routine preventive check ups tailored to the health requirements in the area.

3. School grants to improve school attendance -The amount of the grant rises each year, rising from the fourth grade up to sixteen years old in order to encourage families to send their children to school. Grants given to girls are higher than those given to boys.

The interrelated components of PROGRESA take into consideration the individual life cycle from conception to old age, giving greater emphasis to those actions that have a major impact in the development of a person according to his age. The action plan of PROGRESA is schematically represented in Figure 5.2.

Figure 5.2 Progresa's actions during life cycle.



Source: SHCP, 1997.

The program has been designed with the apparent objective of providing a long-term safety net, especially for women and children, who suffer most in conditions of severe deprivation. In the case of children, the idea is to provide protection from the womb, through infancy, to schooling and training for labour. In the case of women, the objective is to disseminate information on health matters and conduct health checks during pregnancy and through the life cycle. Men also receive health checks. The person in charge of preparing the meals, usually a woman, will receive an income supplement, which requires the provision of proof that their children attend school and that all members of the family have kept their medical appointments.

The conditions for income and grant benefits are described in Table 5.6, which illustrates the number and periodicity of visits to health centres. The emphasis of the routine visits is paediatric preventive medicine, which aims to avoid the vicious circle between poverty and illness and malnourishment.

Table 5.6 Visits to health centres.

AGE GROUP	FREQUENCY
Children and adolescents	
From birth to one year old	Seven visits at 7, 28 days, 2, 4, 6, 9 and 12 months.
From one to two years old	Four visits per year. Once every three months.
From three to five years old	3 visits per year. Once every four months.
From six to eleven years old.	2 visits per year. Once every six months.
Women	
Fertile age	4 visits per year. Once every three months.
Pregnant	Five prenatal checks.
Recovering from giving birth and breast feeding	Two visits. Immediately after birth and at the end of breast-feeding.
Adults	
Young adults	Once every year.
Old age people	Once every year.

Source: SHCP, 1997.

Under PROGRESA these visits to the health centre are the responsibility of the woman receiving the transfer. Moreover, as women are the ones who will receive the monetary help for food, the assumption is that they should be the most interested in complying with this requirement. The idea is to generate a positive discrimination towards women because they will be the ones to receive additional income and medical attention. In addition they will receive special food formulas when pregnant, breast-feeding and child rearing. Additional responsibilities will be placed on them to prevent nutritional

problems in children. As mentioned before, women are the main targets of PROGRESA and the men will only receive additional income through PET.

Although there are no studies available to evaluate sex-biased malnutrition in children, 50% more boys die than girls (Secretaría de Salud, 1999).¹³ Another inequality to be addressed is the marked difference in the education of men and women. Girls generally stop attending school earlier than boys. (2000 Census) PROGRESA takes into consideration these differences, providing an extra grant/incentives for female education. These grant/incentives are provided to parents as an income transfer for leaving their children in school. This transfer has been calculated to replace the earning ability of children at work. Consequently, another means of conditionality consists in women providing proof that their children are attending school. By conditioning the provision of benefits in this way, PROGRESA supplies the income generated by child work.

The grants and incentives provided by PROGRESA are supposed to cover two types of costs. One is the potential income of children when they are not working and the other covers the cost of school materials. During the first two years in school, the government will also provide a school breakfast (which will help learning performance). The government will also provide grants to all targeted children who attend primary and secondary school (6-16 years of age). The school grants will be limited to a maximum of three children.

One of the indirect objectives of the program is stated in the following quote.

Reaching higher levels of schooling will allow women a more responsible exercise of their reproductive capacity. In consequence, the grants will have greater social impact than the ones assigned to men." (Sedesol, 1996)

The effect would be to reduce family sizes and increase the well-being of family members.

¹³ For every 150 boys dying in preeschool age, 100 girls die.

The incentive structure proposed by the program does not confront the problems of information that most poverty alleviation programs do, because in the case of PROGRESA information is available for each selected family. This availability of private information could present some problems for women, especially because benefits are conditioned in a way that may conflict with personal preferences. For example, some women accept that they need the money, but are still not willing to let their daughters go to a nearby town to secondary schooling, as it is simply very dangerous.¹⁴

5.4.2.2 PROGRESA'S conditionality.

The government rationale for conditioning benefits for the extremely poor is also in line with the liberal idea of making people partially responsible of their situation.

An important characteristic of this Program is that benefits granted in each of these three components require in various aspects the compromise and the co-responsibility of those who will be benefited, giving to families, in this way, an active role in the solution of their own poverty condition. (SHCP, 1997)

This "co-responsibility" to be created between the government and the beneficiaries means that those selected for PROGRESA would have to invest some effort in order to receive direct benefits. The aim pursued by the government is related to the change in health habits of the worst off. This makes sense as long as people consider the benefits provided by the program worthwhile. However, if some consider the program too intrusive in relation to their customs, they would not be able to reject the conditions imposed without losing their benefits.

The design of this incentive structure is similar to the one used with PET and suggested by Santiago Levy (1991) in his poverty analysis. The idea behind this incentive structure is simple; as long as people consider the offered benefits as worthwhile they will accept the proposed conditions. We have to

¹⁴ Personal communication with a researcher in rural towns.

note, that while this type of incentive will improve targeting as it is in a way self selective, it might fail to reach people who do not consider to need the benefit or who simply are not adequately informed. We must also note that benefits which are conditional in nature are subject to a change of conditions at any time.

This could create a possible civil rights problem because the government might be tempted to manage the confidential information provided to PROGRESA and use it for other purposes. One of the potential problem areas is birth control. Reproductive education has been one of the most important issues addressed by the health services in Mexico since the 1970's, mainly due to the high birth rate during that decade (Total fecundity rate= 6.3 children/woman) (Figueroa, 1990, p.107). Here, it is important to mention, that according to Art. 4 of the Constitution, women have a right to "decide freely and responsibly" about the number and timing of pregnancies. However, serious questions have been asked about the high rate of female sterilization in the country.

Figueroa (1990) points out that "...a doubt or concern exists about how far [sterilization] is an informed preference of the population or an institutionalised policy which influences the preferences of the health workers." According to Figueroa's estimates, 1 out of 4 women in Mexico using birth-control methods have opted for this type of surgery. Moreover, there is a tendency for younger women to be sterilized. One indication of this is that 1 out of 5 women sterilized is younger than 25 years of age (J. Figueroa, 1994, p. 107-9). Women have to give a written consent for this surgery to be undertaken. However, the requirement of legal authorization does not eliminate the pressure on health workers to reduce birth rates. Figueroa, quoting reproductive surveys, points out that women with low education levels have very high birth rates and are usually very poor. At the same time, a large percentage of these women decide to be sterilized, and later demonstrate profound discontent with the resulting infertility (J. Figueroa, 1990).

As PROGRESA requires poor fertile women to attend health clinics, this aspect has to be clearly defined in order to raise awareness in health workers about the ethical problems involved in recommending sterilization.

5.5 CONCLUSION

It is clear that in Mexico social institutions have not been able to provide basic social rights and economic opportunities for a large group of the population. Since 1988, successive governments have changed the past emphasis from closing the gap between the achievement levels of individuals to one of giving priority only to the worst off or the poor. To this end the government created special poverty alleviation programs, following the example of Social Funds advanced by the World Bank and the IMF. The aim of these programs was to create a safety net for the extremely poor, who are conceived of as people unable to profit from the economic growth that would ensue from the economic liberal reforms.

The creation of poverty alleviation programs reflects a prioritarian approach with an extremely low level of benefits justified by resource scarcity and, crucially, by incentive considerations. The liberal government 1994-2000 considered that, apart from increasing the level of well being of the targeted population, a "better efficiency, efficacy and social benefits of the public expenditure"¹⁵ would be attained with PROGRESA.

PROGRESA represents an improvement on PRONASOL, the preceding poverty alleviation program, not only because it eliminates the partisan political link in a federal programs, but also because it makes public the criteria for the selection of benefited areas and families. This has allowed a better analysis of the problem of justice in the distribution of resources, among the poor as well as among the entire population.

¹⁵ SEDESOL, Aspectos...1996.

In relation to the distributive rule used by the government to apply its social policy, we could ask whether it is fair to use a very basic sufficientarian approach towards direct benefits. The government is assuming in the design of its main programs that responsibility can be attached to people with malformed preferences. This assumption is particularly important to set the amount of transfers to the very poor, as the help is described in terms of help for nutrition, meaning that full help will not be available. In terms of a sufficientarian approach the help is not enough for people to reach a threshold, thus the policy serves only the function of an income transfer, eluding the explicit aim of improving social justice. In terms of a progressive sufficientarian approach the social policy described does not attribute enough priority to the worse off to be considered just. In order to be fair the policy should target resources to solve the problem.

In relation to the currency of the distribution we can argue that Progreso mixes, in a confusing way, the capability and welfare approach with a resourcist option with a strong factor of individual responsibility. In one hand the program intends to source people's capabilities by providing income for education and free health services and in the other considers that income is the best vehicle to satisfy food preferences. The program is in fact not reaching the capability area as it does not attempt to provide people with enough resources to function adequately in their community, it is only attempting to source two very basic needs.

Furthermore, in the program malformed preferences are not considered and these are usually present in groups of people with long term problems of poverty. The working assumption that benefits are only supplements to earnings could in fact reduce people's well-being as they could reduce their food expenditure up to the level of their transfers. People in fact can lower their expectations up to a survival level.

Perhaps the most important critique to the social policy is the factor that the level of benefits is set not by resource scarcity, but by incentive considerations. I suggested in Chapter 3 that people under a very low level of

advantage cannot be made entirely responsible for their actual situation. Something that Progresa is doing. Furthermore, as Progresa holds complete information of the economic situation of each family, it is unfair not to attempt to fully contribute to solve the poverty problem.

Chapter 6: Empirical analysis of deprivation and poverty during liberalisation. Results of poverty alleviation programs.

6.1 Introduction

A broad group of political philosophers believe that justice requires equality to be the main distributive rule. In Chapter 1 of this thesis I claimed that egalitarianism could better be served by using a mixed distributive rule. *Progressive sufficiency*, as I call it, aims to maximise the number of persons above different morally relevant thresholds. In particular, I have advanced some ideas as to how this criterion can better express our intuitions about justice under situations of severe scarcity –when resources are not enough to source minimally basic needs for those who need it.

When discussing competing egalitarian conceptions of distributive justice we can distinguish two questions. First, how should resources be distributed between individuals who have equal claims on those resources? Second, which standard of interpersonal comparison should be employed to determine when one individual is better off than another? In this chapter I will comment on some empirical results as to how these questions might be answered.

In this chapter I will analyse some changes in the pattern of distribution of benefits and burdens in Mexico in the 1990s. The 1990s are particularly important in this respect as changes in those years continue to transform the country in economic and political terms. For instance, the economic liberal structural reform of the eighties were consolidated by the signature of a free trade agreement with the USA and Canada in 1994 (NAFTA), de facto making the, until then closed Mexican economy into one of the most open of the world. Asking about shifts in the distribution of benefits and burdens amongst social groups in Mexican society is relevant because one of my objectives is to evaluate whether during the liberalisation of the 1990s the shifts in benefit and burdens in Mexico were fair or unfair according to different distributive criteria.

Most social and economic policies in the 1990's were designed following even more liberal principles than those of the eighties. Mexican liberals considered that these reforms would extend economic opportunities and benefits to the great majority of Mexican citizens. Liberals in the 1990s, as in the 1980s, considered that although some of the economic reforms would potentially harm the worse off, this group could be protected by the creation of a specific national poverty alleviation programme. If the reforms have failed to protect them, one of the questions we would have to answer is whether the liberal design of the structural reforms and poverty alleviation programmes need to be changed in order to make them fairer.

In order to assess the latter, this chapter will be divided into three sections. The first section will provide information about the long term shifts in the aggregate results of deprivation, income poverty, and inequality for the whole of the population. The second section will evaluate different measures of poverty and analyse the robustness of the preliminary results. Also in the second section I will evaluate in detail the data related to the extremely poor. And finally in the third section I will draw all the information together and speculate about the fairness of different distributive criteria when distributing severely scarce resources, by modelling different scenarios.

6.2 DEPRIVATION, INCOME POVERTY AND INCOME INEQUALITY

Most empirical research done on welfare and human development in Mexico draws upon the good record of household surveys on income and expenditure (ENIGH) supplied by the national statistical office (INEGI). Although the databases generated by INEGI have been designed to provide data for monetary purposes (price changes and inflation), they are the only available and reliable datasets that provide detailed information on these issues. The micro-data in the databases of INEGI includes socio-economic information on household members as well as categorical data on dwellings. Since 1950 twelve surveys have been made at regular intervals, and those made since 1984 are strictly comparable between each other. In this chapter

I will concentrate on the 1992, 1994, 1996, 1998, and 2000 surveys.¹ Before providing detailed statistical information about the 1990s, I will look at long-term changes and possible patterns in the distribution of social resources in different social groups since 1950.

6.2.1 Long-term trends in deprivation, poverty and inequality in Mexico 1950-2000

Long-term estimates and data related to deprivation, poverty and inequality in Mexico have to be made with care. This is because there are no strictly comparable historic series of data in a similar format. Nonetheless, the available results of these surveys can be used to evaluate general long-term trends. The evaluation of these trends are relevant for this thesis, because my main objective is to explore how the economic policies, with particular emphasis on social policies of the 1990s, helped change established patterns of social benefit distribution among social groups.

Poverty estimates, like other economic and statistics measurements, do not have a unique methodology; different measures and assumptions affect the results, sometimes significantly. This is important, as poverty estimates can affect our judgement about the failure or success of different social and economic policies, and can also affect our judgement of the adequacy of budget allocations for poverty alleviation by governments.² Likewise, we have to be clear as to what sort of methodology we are using and what are its strengths and limits. Inequality measures do not suffer from the same methodological vagaries as afflict poverty measures, although they are only as good as the data selected. Deprivation measures, by contrast present a general problem of information, as most social indicators used are national aggregates, lacking micro data on households. This disparity of information sources makes it difficult to interrelate some of the aggregate social problems as information comes from different sets of data.

¹ See Appendix I for a description of the Surveys.

² For more into this wide debate see Székely, M: (2000)

6.2.1.1 Preliminary methodological considerations on deprivation, income poverty and inequality

Deprivation³ -not including income - is a multidimensional phenomenon, reflecting the interaction of complicated factors that have an effect on the level of achievement of people. In addition, in some societies there is not much to start from due to a severe scarcity of resources, thus a measure of deprivation might not mean the same from one country to another. The United Nations *Human Development Report (1997)* offers a Human Poverty Index (HPI) that concentrates on deprivation (see Chapter 4). This index deals with three essential elements of human life –longevity (people not expected to survive to age 40), knowledge (percentage of adults who are illiterate) and a decent standard of living. This last element is composed of three variables: the percentage of people without access to safe water, the percentage of people without access to health services, and the percentage of children under five who are moderately or severely underweight.

The HPI assumes absolute measures of well-being and provides a model to follow, giving a similar weight to each of the areas. Since the only surveys that can provide micro data about households are income and expenditure surveys, I have chosen some social indicators close to the ones the UN uses in its human development report to evaluate deprivation. This evaluation can only be descriptive. Later, when evaluating the 1990s micro-data, I will take into consideration additional indicators, also similar to the ones used by the UN.

To make a preliminary assessment of long-term income poverty I will follow Székely's methodology of analysing micro data in income and expenditure surveys, completing his estimates for the 1990's. (Székely, 1998, pp. 10-18) Remarkably, Székely's study offers the only long-term estimate of poverty and inequality available for Mexico. To calculate income poverty, Székely uses among other measures the *head count ratio*, which is the percentage of

³ See Appendix I for a precise conceptualization of deprivation.

the population below a poverty line (see Chapter 4)⁴. Other measures of poverty used by Székely are distribution sensitive because they can attach greater weight, if required, to the lowest incomes. I will mainly use the *head count ratio* for practical reasons. Later on I will manipulate the income and expenditure surveys' income distribution to enquire hypothetically what sort of rule for a just distribution a distributor should use. To measure inequality I will use the Gini Coefficient, which is the most commonly used index.⁵

6.2.1.2 Long-term trends in deprivation

Table 6.1 provides a general long-term view of deprivation in Mexico. This table includes common social indicators related to deprivation used mostly in developing and agricultural countries⁶. The reason for including in Table 6.1 the population working in the primary sector is that in Mexico this group has generally earned much less and had worse living conditions than other groups of the population.

Table 6.1 Social indicators in Mexico, 1950-2000.

	1950	1960	1970	1980	1990	1995	2000	%Change **1950-2000
Life expectancy at birth (years)	46.9	57.5	60.9	66.2	70.8	73.6	75.3	62.2
% of illiterate of 15 years old and over	na	na	25.8	17.3*	12.6	10.7	9.5	-62.4
% of population working in the primary sector	60.9	54.5	41.8	36.7*	23.4	22.6	16.1	-73.5
Dwellings with running water	17.1	23.5	61	71*	80	85.7	87.5	411.2
Dwellings with electricity	na	na	58.9	74.6*	87.5	93.3	95.1	61.4
Dwellings with drainage	na	28.9	41.5	45*	64.8	74.9	78.5	170.2

Sources: INEGI, *Datos sociodemográficos de México*, México, 2000. Na: Data not available.

*UN: *Statistical Yearbook*, 1983-84, New York, 1984.

** Computed by the author.

Observing the social indicators presented in Table 6.1, there has been a clear improvement in the living standards of the entire population in the country since the 1950's. For example, deprivation in services (as a measure

⁴ See appendix I for poverty lines. I will follow Székely's methodology to analyse household surveys. He follows standard practice in poverty analyses by using monthly household total gross income per capita, data which is easily obtained without much manipulation from the original microdata in income and expenditure household surveys.

⁵ I will use monthly household total gross income per capita series to perform inequality calculations. See appendix I for the method used to calculate inequality.

⁶ See Dasgupta, P: 1993, p.77-8

of human development) has steadily dropped, even though the population has doubled. However, something remarkable to note in Table 6.1 is the slow down of improvement between 1995 and 2000, compared to changes between 1990 and 1995 for instance. The most probable cause of this slow down is the financial crisis of 1995. However, it is during the last five years when the change from Pronasol to Progresa was implemented: a move from an umbrella program mainly directed to infrastructure to a nutrition program mainly directed to individuals. It could be that the change of emphasis from a more general idea of community development to an individualistic idea of well-being has something to do with the slow down.

On the other hand, at this rate of improvement, and if social expenditure is maintained, the deprivation profile of the country could improve so that the effort would lie in making available quality services to all. This aggregate picture of improvement has to be contrasted with a detailed view of which groups are still lacking these services. Since from the 1960's onward all of these services have been public, we would expect an even provision of services between all groups. To be able to evaluate deprivation and poverty in the 1990's under economic liberalisation, which is one of the main objectives of this thesis, I will use an income poverty line in constant prices, which includes basic services. I will consider the proportion of the population under this threshold.

6.2.1.3 Long-term trends in income poverty

From 1950 until 1977, income and expenditure surveys in Mexico included data only for household's deciles. These data can be disaggregated to provide information about individual's income poverty;⁷ but, unfortunately we cannot do the same for house's services, as we require micro data for each household. As a *proxy* for the availability of services, we can assume an income threshold that would cover a minimal basket of goods and services in constant prices.

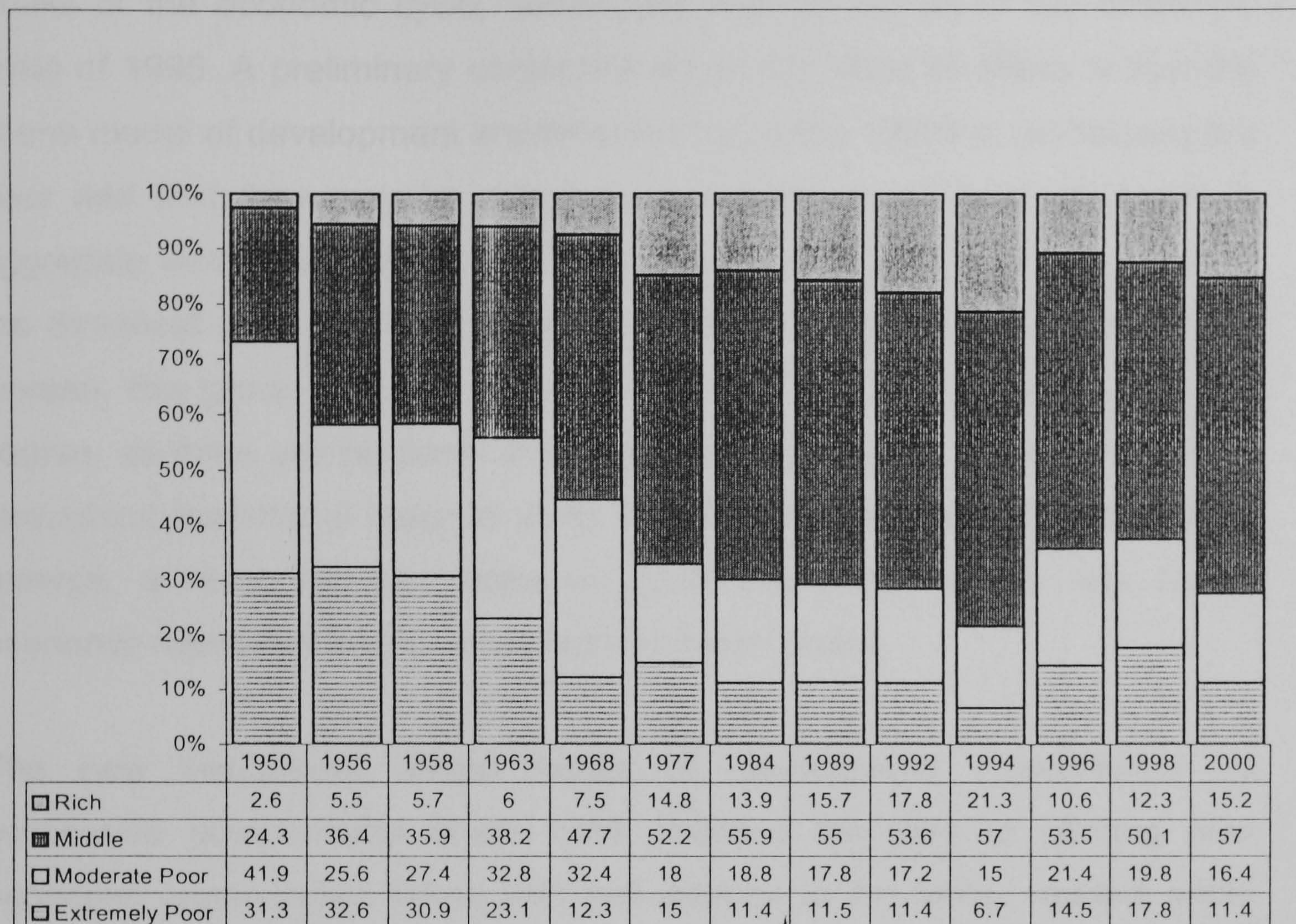
⁷ See Altimir, O: 1982, quoted in Székely, M: 1998.

In Figure 6.1, taken from Székely (1988) the first poverty line is set in constant prices at a survival level, where people below this line would not have sufficient income for a food basket that would meet their nutritional needs. The moderate poverty line is set in constant prices to provide enough income for a basic food basket and a very low standard of housing, as well as very basic access to health and education. The third line is set at 4.5 times the moderate poverty one. Finally Székely describes the rest of the population simply as rich. (Székely,1998, pp.11-13).⁸ To have an idea in these lines in US dollars terms, they are more or less similar to 1 US dollar per capita a day, 2 US dollars per capita a day and 9 US dollars per capita a day.

In Figure 6.1 Székely (1988) used micro data from the ENIGs until 1992 to obtain total household monthly per capita income. He used these data to calculate the head count poverty measure for each group. I followed the same methodology to measure the head count poverty measure for each group, from my own databases, obtained from micro data from the same household surveys series, from 1992 onwards. I obtained the same poverty results as Székely's for 1992. This is important as most poverty researchers in Mexico use the same data and sometimes the same methodology but obtain different results.

⁸ See Appendix 2 for poverty lines.

Figure 6.1 Distribution of population by socio economic group in Mexico 1950-2000



Source: Székely, M: 1998, p.13 for 1950-1989. For years 1992-2000, own calculations from household surveys, INEGI, 2000, INEGI 2001. Note: Calculations take into account total household per capita income. For poverty lines see Appendix 2.

Observing the percentage component bar chart in Figure 6.1, and considering that public services were not extended, we can speculate that in the 1950's, only a small group of people in the country could afford minimal services. Figure 6.1 shows that during the 1960's and 1970s the income distribution changed dramatically, extending the middle classes and allowing a larger portion of the population to afford minimal goods and services. This pattern of improvement did not continue from 1984 onwards, suggesting that liberalisation did not produce the expected results. The general trend, however, shows an inconclusive picture of the relation between services and income, something that can only be analysed with household micro data.

From 1950 to 1984 there was a constant expansion in size of the middle classes, and a steady drop in the proportion of the population who were extremely poor. The main long-term trend in Figure 6.1, however, shows that

since 1984 the portion of the population in each socio-economic group has been almost the same, rising and diminishing with the economic crises and peaks of the economic cycle, sometimes dramatically as in the economic crisis of 1995. A preliminary conjecture about this state of affairs is that the liberal model of development implemented since the 1980s is not helping the poor and that they may be caught in a poverty cycle. It would seem in aggregate terms that if the economic outlook is good, the very poor close to the threshold become moderately poor, but once the economic conditions worsen, this group becomes very poor again. This is highly speculative of course, as there are no panel data, following the lives of the same families throughout the time in order to verify it. However a recognizable trend does emerge, a trend that can make us doubt the effects of the new liberal economic measures and its weak sufficientarian policy.

The new institutional liberal model of development implemented by successive governments since 1984 stressed the idea of offering new economic opportunities linked with self-reliance in the labour market, while eliminating subsidies, price controls and lowering the real value of the minimum salary. It would seem that in this environment most programmes designed explicitly to alleviate poverty were not enough to lift the poor even from extreme poverty.

In order to further describe this trend, let us consider the share of total income held by five equal groups of the populations

6.2.1.4 Long-term trends in income inequality

In Table 6.2, modified from Székely's (1998, p.13), I consider the share of total quarterly household income accruing to each quintile of the population in descending order from the richest 20% to the poorer. Data from 1950 to 1977 has been corrected by Altimir (1982) to account for underreporting; from 1994 onwards the percentages were taken directly from the ENIGH (INEGI, 2000, 2001).

Table 6.2 Income distribution in Mexico, 1950-2000.

(%) of Total Quarterly Household Income by Quintiles													
Quintile	1950	1956	1958	1963	1968	1977	1984	1989	1992	1994	1996	1998	2000
V (High)	59.6	55.8	58.5	62.9	59.9	53.7	49.5	53.5	54.2	54.5	52.5	54	56.9
IV	15.7	21.9	19.9	16.2	16.4	21.6	21.8	20.4	20.3	20.1	20.5	20.4	19.5
III	10.2	10.5	9.6	9.9	11.5	13.2	14.2	13.2	12.8	12.9	13.3	13	12.3
II	8.5	6.9	7	6.7	7.6	8	9.5	8.5	8.4	8.5	8.9	8.3	7.9
I (Low)	5.9	4.3	4.9	4.3	4.5	3.5	4.8	4.4	4.3	4.3	4.8	4.2	4.0
Gini % Coeff.	52	52	53	57	54	49	44	48	47	48	45	48	48

Sources: *Modified from Székely, 1988, p.13.

Remarkably, Table 6.2 shows, in broad terms, rather small variations in the income accumulation by quintiles, despite the economic growth during the last fifty years. In particular, Table 6.2 shows three different trends in the past fifty years. The first trend is observed from 1950 to 1963, similar to the second trend observed from 1984 to 2000. During these years there is a constant growth in the concentration of income in the top quintiles widening the gap between the groups and making the society more unequal in income terms. In the third trend (1963-1984) income inequality measured by the Gini Index drops from 57 percent to 44 percent and there is a decline in the bottom quintile.

These three periods align perfectly with two different liberal groups in power in Mexican history, *developmental liberals* and *institutional liberals*. The first group governed from 1968 to 1982, increasing the State's control of the economy; and intervening through social policies to close the income gap among families, at least in the middle quintiles. The second group governed in the other two periods, 1950-1967, 1983-2000, sustaining anti-interventionist economic policies, and were not strictly concerned about the widening of the gap, but were more concerned with increasing total wealth. The fact that during the first period of institutional liberalism (1950-1967) there was a substantial advance in the provisions of services and the increase of income purchasing power makes us consider why in the second

period of institutional liberalism from 1984 to 2000 there has not been a similar process.

Part of the problem can be found in several economic and financial crises that have plagued the Mexican economy. The first crisis took place in 1976, the second in 1982 and the third in 1995. These crises usually hit the poor hardest. In 1995 when the economy decreased in real terms by 6% of GNP, and the number of very poor more than doubled (Figure 6.1), it was the only year when the bottom 20% increased its share of total income (see Table 6.2) After 1996, when the economy started to recover, the lower quintile immediately decreased its share of total income; however, a reduction in the number of the poor in absolute terms did not happen at the same pace (See Figure 6.1). This fact suggests that economic growth during recovery was not benefiting the extremely poor in absolute terms. On the contrary, only middle classes and better off groups were experiencing economic recovery. After 1996, it would seem that poverty alleviation programmes (such as PROGRESA) stopped the poor from getting poorer, but did not help in their economic progress. It seems then that the changes implemented by the liberalised economy model, over 1984 -2000, have had a significant effect over the distribution of economic benefits and burdens, but have not benefited the economic condition of the lower 40% of the population. On the contrary, the relative income share of the bottom 20% dropped from 4.8% in 1984 to 4% in 2000.

However, we need a more detailed analysis of specific changes in the distribution of income and services to be able to better appreciate whether there has been an unjust distribution of benefits and burdens. One hypothesis could be that while income inequality has increased, the living standard of the poor has also improved because they have gained better access to public services. This might be an acceptable situation, provided we can find a clear pattern in the distribution of benefits and burdens suggesting an improvement in the condition of the severely poor.

6.2.2 Deprivation, poverty and inequality, 1992-2000

When public services like health, education and social security do not reach all the population, those who are left without them, suffer different types of deprivation. We are unable to measure directly the costs of sickness, ignorance and insecurity. However, evaluating some of the *proxies* for the lack of these services, as well as income, can provide us with a very clear picture of how unfair the Mexican society of the 1990s really was.

In assessing the fairness of particular distributions we can say that much rides on how we select the worst off group from the whole population. We have to decide how to describe deprivation in a specific culture and how to understand different levels of human development. For instance, the UN poverty index intends an international standard of comparison, taking account of the highest standards and the lowest to create the index. The result measures the ranking of a particular country or region between the lowest and the highest mark. In this sense, the index would not help much if we want to evaluate a particular country, as average standards in the country could be far away from higher international standards. However if we keep in mind that there are some essential areas in human development, as well as levels of achievement in these same areas, we can describe precisely what we mean by deprivation and human development. In the current poverty debate much also rides on the selected poverty line, and it has become a standard practice to measure poverty according to different poverty thresholds, not only to assess the robustness of the poverty measure, but also to assess general development

6.2.2.1 Methodology

As we are interested in observing shifts in human development throughout time, census data could provide us with comparable information at different times. Mexican national surveys of income and expenditure (ENIGH), for

instance, provide information about household deprivation separately from precise information about income and expenditure. However they lack some important data, especially related to health matters. Nonetheless, ENIGHs provide large micro databases (up to 11000 cases) that allow us to collate variables and create new ones. I selected specific variables and created others to form a database for each year, 1992, 1994, 1996, 1998 and 2000, with socio-demographic information and income and expenditure information for each household.⁹

In order to analyse changes in deprivation I have selected similar variables to the UN definition of deprivation, close to those used by the Mexican government to select very deprived areas and incorporate them in PROGRESA.¹⁰ The Mexican government uses the following variables to select those areas with high level of deprivation: Percentage of illiterate persons over 15 years old, percentage of dwellings without running water, percentage of dwellings without drainage, percentage of dwellings without electricity, percentage of dwellings with soil flooring and percentage of people working in the primary sector. Once the deprived area has been selected, extremely poor households are selected according to the monthly monetary income of members over 15 years old. The households to be included in PROGRESA and targeted for other programmes are those whose income is below the cost of a basic food basket multiplied by a factor of 1.34 to cover further cooking costs and their social indicators show that they are deprived.

As I am interested in the starkest of conditions, I will consider the *deprived group* as the population with the following characteristics: having dwellings without running water, without drainage of any kind and soil flooring and with one or more illiterate household members over 12 years old. I will not consider income when selecting the deprived group, as the first threshold of basic capabilities does not depend on income, (see Chapter 3). After the first threshold, income poverty is considered.

⁹ See Appendix II.

¹⁰ See the agreement to establish the rules of ProgresA (poverty alleviation program), in www.progresA.gob.mx.

In relation to income I will consider seven income poverty lines to observe the disparity of results depending on the poverty line used. An extreme and moderate poverty line used by Coplamar (1983), including a minimal basket of goods and services (moderate poverty), set at 2940 pesos as of April 2001, and a sub-minimal one (extreme poverty) with some goods and services, set at 1132 pesos. I will also include a lower moderate and extreme poverty lines, calculated by Székely (1998), that are close to the World Bank lines of one and two dollars per capita a day. These last two lines take only food and some other goods from the minimal baskets of Coplamar. They are set at 392 pesos and 707 pesos respectively. The above four lines consider monthly total household income.

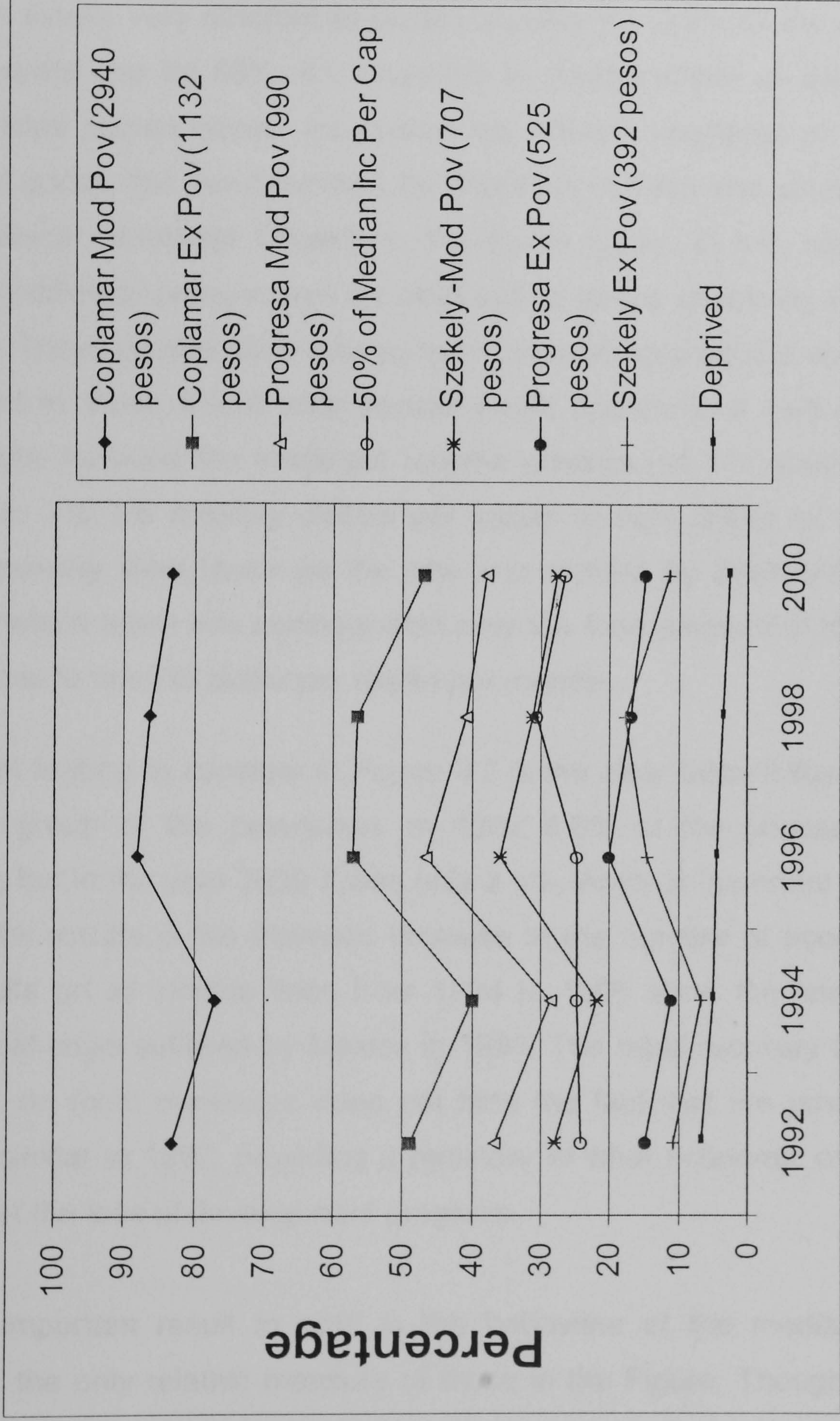
A fifth poverty line will be close to the one used by the government to make preliminary selection of those households which should receive direct benefits from poverty alleviation programmes like PROGRESA. This poverty line takes into account the monthly gross household monetary income earned by household members over 12 years old and considers extremely poor those households with income below the price of a food basket multiplied by 1.34. This line is set at 525 pesos per month in April 2001 per household member over 12 years of age. The sixth line considers moderate poverty in terms of monthly gross household monetary income earned by household members over 12 years of age and is set at 990 pesos of April 2001 per members over 12 years old. The seventh is a relative measure of poverty, set at half the median monthly household total income per capita, per survey year.¹¹

To evaluate inequality I will look in detail at the distribution of income by percentiles, considering the differences between those households in the top 5%, the median 5% and the lowest 5%, in order to speculate about the possible reasons for the great difference in shares of income.

¹¹ See appendix II for explicit poverty lines.

As a first look into deprivation and poverty consider the following figure.

Figure 6.2 Deprivation and Poverty in Mexico, 1992-2000



Source: Own calculations from income and expenditure household surveys' micro data by INEGI, using monthly total household per capita income and pesos of April 2001.

Figure 6.2 shows the head count for each income poverty line set at fixed prices, and the head count of the deprived population. Comparison of these poverty lines show the actual disagreement in Mexico over which poverty line should be used. The problem is reflected in the huge disparity between the percentages of the population below the thresholds, ranging from 2.5% to 83% it is simply very different to create a policy for 2.5% of the population and to create one for 83%. It's important to point out that all fixed income poverty lines shown above are based on different elements of the same basket of goods, the one described by Coplamar in 1983 and reflected in the line *Coplamar Moderate Poverty* in the above figure. In this respect they represent different perspectives on what sort of goods should be considered as basic. These perspectives can go from considering a decent set of goods equivalent to those a non poor person would acquire in a well developed country (for instance the moderate income poverty line of Coplamar would amount to 310 US monthly dollars per capita in April 2001) to the lowest income poverty lines (such as the one represented by Zsékely's *Extreme Poverty*, which takes into consideration only the food element of the basket, and is close to one US dollar per capita per month).

A relevant feature to consider in Figure 6.2 is the clear trend followed by the deprived group of the population. In 1992 6.6% of the population were deprived, but in the year 2000 it was only 2.5%. Another important feature to note in the results is the dramatic increase in the number of poor in 1996. The results on all income lines from 1994 to 1996 show the financial and economical crisis suffered by Mexico in 1995. The rapid recovery from 1997 onwards, on most measures does not hide the fact that the poverty head count is similar to 1992, providing a reminder of what economic crisis mean in terms of the loss of development progress.

Another important result to note is the behaviour of the median income measure, the only relative measure of those in the Figure. Though between 1992 and 1994 results show a reduction in poverty measured against a basket of goods, the median income show almost no change. Though in

1998 all results show again a reduction of poverty, the median shows an increase in relative poverty. The only explanation for this is that the crisis deepened the gap between the poor and the non poor.

It is important to note the behaviour of PROGRESA's poverty line in Figures 6.2 from 1998 onwards (Progresas's lines measure monetary income while the others measure total income). Considering that this poverty alleviation program started to function fully at the beginning of 1997, providing income supplements to extremely poor families, we could expect different results than those for other poverty lines. Both sets of PROGRESA's results in Figure 6.2 (extreme and moderate poverty lines) have kept on falling from 1997 but at almost the same rate as the rest of the results, with the exception of Zsékelys' extreme poverty line in 1998. The fact that the extreme poverty lines of PROGRESA and Zsékely show the same results in 1998 while taking into account different income measures might show that income transfers for the extremely poor are working, maintaining a certain level of income while other income activities recuperate. The slow pace of the recovery of other income generating activities, like self production, for the extremely poor is reflected in the increase of poverty under Székelys's extreme poverty line in 1998, contrary to all the rest of income poverty lines.

Differences in the behaviour of PROGRESA's extreme poverty line compared with Zsékely's extreme poverty line and the median poverty line might suggest an important change in the pattern of poverty in Mexico. A change towards a minimal protection of the monetary purchasing power of households in poverty, with some disregard for other income generating activities and a disregard for equality concerns. This is suggested by how Progresas's lines which measure monetary income did not drop as far as other measures that take into account total income. It is also suggested by the increase of relative poverty.

As one of the changes in 1997 is the introduction of a monetary transfer for the extremely poor, PROGRESA seems to be working insofar as increasing the monetary income even when other sources of income are affected. The

fact that the large drop is not maintained in 2000, comparing it with the closest lower line, might indicate that the extremely poor rely heavily on non-monetary income that includes presents, and self-consumption. Table 6.3 provides some data that suggests that this is the case.

In Table 6.3, the whole population is represented, divided into different groups: the first group is the deprived one, that was selected not taking into account income.¹² The rest of the groups are those not considered deprived, but below different income thresholds. These total income thresholds take into account those poverty lines considered before.

¹² Close to 90% of this group has total household per capita income below 707 pesos.

Table 6. 3 Distribution of Household Monthly Total Per Capita Income and its Constituents by Deprivation and Income Groups. Mexico: 1992-2000**

		Deprived and Income Groups.						
		Portion of National Total Income Held by Group.						
		Between parenthesis portion of total population in each group						
		(Percentages)						
Pesos Million	Years	Total Income	Deprived	D-392	392-707	707-1132	1132-2940	2940 +
117,118.	1992	100	(7)* 2	(7)* 1	(14)* 4	(19)* 8	(33)* 28	(17)* 57
239,633.	1994	100	(5)* 1	(4)* 0	(12)* 3	(17)* 6	(36)* 25	(26)* 65
151,603.	1996	100	(4)* 1	(11)* 2	(20)* 7	(20)* 11	(31)* 33	(12)* 46
166,954.	1998	100	(4)* 1	(16)* 2	(18)* 6	(19)* 10	(29)* 30	(13)* 51
206,954.	2000	100	(2)* 1	(10)* 1	(16)* 4	(19)* 8	(36)* 31	(17)* 55
Constituents of Total Income								
Salary								
	1992	42	36	38	44	51	49	37
	1994	38	25	46	54	52	44	34
	1996	45	35	41	46	48	48	41
	1998	45	35	36	44	48	49	43
	2000	47	37	39	49	53	52	43
Own Business								
	1992	19	23	23	22	17	14	21
	1994	27	37	8	10	13	25	49
	1996	18	11	58	31	21	12	9
	1998	20	22	24	15	14	18	29
	2000	17	13	14	17	16	21	24
Transfers								
	1992	5	4	5	6	5	6	5
	1994	4	8	11	9	8	6	3
	1996	7	9	8	8	7	8	5
	1998	8	8	14	10	10	8	6
	2000	8	11	17	10	9	7	8
Cooperatives, Rent of properties and Other sources of Income								
	1992	2	1	0	0	1	1	3
	1994	2	1	0	0	1	1	2
	1996	2	1	0	0	1	1	3
	1998	2	1	0	1	1	1	3
	2000	2	0	0	0	1	1	3
Non Monetary Income								
	1992	24	32	32	26	24	26	23
	1994	19	28	29	24	23	23	17
	1996	23	31	27	24	24	25	21
	1998	21	31	30	26	24	21	18
	2000	20	31	22	20	20	21	19
Financial Monetary and Non Monetary Income								
	1992	8	4	2	2	3	3	11
	1994	4	3	2	2	2	2	4
	1996	6	3	2	2	3	3	9
	1998	4	2	2	2	2	3	6
	2000	6	3	2	2	2	3	9

Source: Own calculations from Income and Expenditure Household surveys by INEGI, using monthly total household per capita income and pesos of April 2001.

* Numbers between parentheses refer to percentage of group members. In 92, 96 and 98 there is a 1 to 3% of error.

** The population has been divided among income groups and a deprived one. See appendix I for poverty lines.

Table 6.3 contains calculations based on Income and Expenditure Household surveys of INEGI, using monthly total household per capita income and pesos of April 2001. In this table we are able to appreciate that, between 1996 and 2000, the group below 392 pesos increased its income by more than 100% through money transfers. It is important to point out that these transfers come from institutions' donations, presents and donations originating inside the country, income coming from other countries, and others. From these components, transfers from institutions increased by 70% compared with an average of 5% from the rest of the components of the transfers. This increase might suggest that governmental transfers are noticeably increasing monetary income for the poor, though it is clear that this is not enough to place people above the threshold.

Furthermore, Table 6.3 shows that only the very deprived group had steadily decreased by 71% between 1992 and 2000, while the rest had shown an erratic behaviour. This factor confirms the increasing importance of income poverty in the country, but does not necessarily prove that the poor have increased their standard of living. However, when comparing income and service deprivation we are able to observe that the extreme poor have not improved their access to services. Most improvements have been concentrated in the rest of the groups (see Table 6.4)

Table 6.4 Percentage of Individuals in Mexico lacking basic services and relevant social indicators by deprived and income groups, 1992-2000.

Relevant Social Indicators	National Total (%)	DEPRIVED AND INCOME GROUPS* (Percentage)					
		Deprived	Deprived.-392 (pesos)	392-707 (pesos)	707-1132 (pesos)	1132- 2940 (pesos)	2940 + (pesos)
Population							
1992	100	7	6	14	19	33	17
1994	100	5	4	12	17	36	26
1996	100	4	11	19	20	31	12
1998	100	4	14	18	19	29	14
2000	100	2	10	16	19	36	17
Soil Flooring							
1992	15.20	6.60	2.40	2.60	2.00	1.40	0.20
1994	12.50	5.10	1.20	2.20	2.00	1.80	0.20
1996	11.90	4.30	3.30	2.30	1.20	0.70	0.10
1998	9.24	3.50	2.60	1.60	0.80	0.70	0.04
2000	11.33	2.50	4.00	2.70	1.50	0.60	0.03
No Drainage							
1992	31.19	6.57	4.57	7.44	6.11	5.58	0.92
1994	27.96	5.14	2.48	5.66	6.45	6.68	1.56
1996	31.08	4.33	7.51	9.33	5.58	3.91	0.42
1998	26.20	3.50	8.40	6.21	3.85	3.54	0.70
2000	25.24	2.50	7.49	7.03	4.06	3.78	0.39
No Running Water							
1992	18.27	6.57	1.82	3.25	3.29	2.87	0.49
1994	16.71	5.14	1.28	3.45	2.92	3.14	0.79
1996	14.40	4.33	3.25	3.12	2.06	1.53	0.12
1998	10.94	3.50	2.57	2.08	1.29	1.23	0.27
2000	10.14	2.50	2.41	2.43	1.46	1.19	0.15
One or more illiterate member over 12 years old							
1992	27.46	6.57	3.44	5.78	5.48	5.41	0.78
1994	25.53	5.14	2.26	5.37	3.62	7.51	1.63
1996	26.31	4.33	5.56	7.02	5.01	3.88	0.52
1998	22.22	3.50	6.13	4.96	3.41	3.51	0.71
2000	24.05	2.50	5.11	6.84	4.27	4.75	0.59
Heads working in rural activities							
1992	21.29	4.39	4.22	4.90	3.83	3.27	0.69
1994	24.14	4.80	2.50	4.31	5.65	5.20	1.68
1996	19.48	2.73	5.67	5.26	2.93	2.44	0.45
1998	22.71	1.14	5.32	4.87	4.31	5.22	1.86
2000	21.34	2.50	1.90	3.41	3.11	6.90	3.51
Never in school or incomplete primary							
1992	45.82	5.96	5.13	9.39	10.34	12.47	2.53
1994	44.41	3.60	3.23	7.79	9.77	15.09	4.92
1996	38.71	3.70	7.98	8.38	8.80	8.55	1.30
1998	39.95	3.25	9.58	10.90	6.92	7.28	2.03
2000	na	na	na	na	na	na	na
Average Number of Household Members							
1992	5.87	7.0	8.1	7.1	6.3	5.3	4.2
1994	5.75	6.7	7.9	7.2	6.4	5.4	4.4
1996	5.68	7.8	7.8	6.6	5.6	4.8	3.8
1998	5.42	5.7	7.4	6.0	5.5	4.6	3.8
2000	5.17	6.6	7.1	6.0	5.3	4.8	3.8

Source: Own calculations from Income and Expenditure Surveys, INEGI (2000) and INEGI (2001).

* The six groups account for the total population in each year. The national total represent the total of the social indicators in the year and their relative percentages in each column.

I calculated the percentages of individuals within each group using the collated data provided by the Income and Expenditure Surveys, INEGI (2000) and INEGI (2001) The first group of deprived individuals considers people

living in dwellings without running water, without drainage, with soil flooring and with one or more illiterate members in the household. The rest of the groups are income groups using different poverty thresholds. I have used total monthly household income to select groups, using pesos of April 2001 (see Appendix II for methodology).

The results presented in Table 6.4, suggest that while the rest of the groups have reduced the proportion of individuals lacking each service, those below 392 pesos and 707 pesos have increased their proportion of individuals without services. Although the portion of the population without services is getting smaller, making the group of the totally deprived of services lower, most service improvements have been towards those groups with higher income or with the capacity to make use of the new economic opportunities. The general improvement in basic services for higher income thresholds might suggest that although the extremely income poor are increasing their income, on average by almost 5.5% per year, due to direct governmental transfers, they have not received the same direct benefits as higher income groups. Furthermore, we may expect that with a special program the living standards of the extremely poor should have risen faster than the rest of the groups. But we can observe in Table 6.4 that this has not happened.

As we can note a clear relation in Table 6.4 between more income and having more services satisfied, we should further enquire what is the situation of the income poor. Assuming that PROGRESA is mainly directed to the rural areas, (cities with population of less than 2 500 persons), the deprived and the extremely income poor earning up to 392 pesos per capita a month would have to be in a better situation than the urban poor. To appreciate this consider Table 6.5

Table 6.5 Socio-economic indicators by deprived and income groups, Mexico 1992-2000.

Relevant Social Indicators	TOTAL	Deprived and Income groups* (Percentage)					
		Deprived	Depr.-392 (pesos)	392-707 (pesos)	707-1132 (pesos)	1132- 2940 (pesos)	2940 + (pesos)
Percentage of individuals in group living in cities of 100 000 or more							
1992	47.27	0.23	0.41	3.23	8.34	20.95	14.10
1994	51.10	0.19	0.31	2.97	6.90	21.16	19.57
1996	48.05	0.24	1.43	6.80	10.30	20.04	9.24
1998	58.77	0.19	4.68	9.57	11.86	21.40	11.07
2000	47.09	0.05	0.59	3.21	8.25	22.37	12.63
Percentage of individuals in group living in cities of 2 500 to 99 999							
1992	24.38	1.12	1.65	5.23	5.98	7.95	2.44
1994	23.4	0.54	0.87	4.21	4.45	9.03	4.3
1996	23.80	0.36	2.84	5.46	5.84	7.39	1.91
1998	15.50	0.33	2.81	3.67	3.68	3.94	1.08
2000	27.47	0.23	2.02	5.50	6.56	9.57	3.60
Percentage of individuals in group living in cities of less than 2 500							
1992	24.89	5.22	4.36	5.53	4.92	4.06	0.80
1994	25.34	4.41	2.77	5.29	5.34	5.92	1.61
1996	25.59	3.73	6.55	7.23	4.21	3.12	0.75
1998	23.65	3.02	8.00	5.14	3.43	3.22	0.83
2000	25.45	2.21	7.20	7.09	4.17	4.03	0.75
Median Total Income Per Cap.							
1992	1268	453	306	552	908	1741	4789
1994	1543	564	315	563	909	1766	4978
1996	1077	384	296	556	901	1696	4701
1998	1125	386	275	542	893	1731	4769
2000	1358	438	288	552	909	1759	4638
Median Total Exp. Per Cap.							
1992	1239	429	336	574	906	1672	4595
1994	1542	475	344	535	839	1508	4007
1996	1098	406	335	291	925	1683	4640
1998	1134	397	303	569	922	1707	4650
2000	na	na	na	na	na	na	na
Median Total Exp. in Food Per Cap.							
1992	356	132	130	219	315	464	754
1994	336	131	132	186	269	383	684
1996	321	134	142	230	311	450	762
1998	328	137	116	206	297	465	897
2000	na	na	na	na	na	na	na
Median Monetary Income Per members over 12 years old							
1992	1294	399	376	666	1037	1642	4134
1994	1522	544	411	692	1035	1706	4565
1996	1083	351	361	635	935	1546	4127
1998	1143	357	458	758	1049	1525	3118
2000	1307	421	352	634	958	1641	4244

Source: Own calculations from Income and Expenditure Surveys, INEGI (2000) and INEGI (2001).

** The six groups account for the total population in each year. The national total represent the total of the social indicators in the year and their relative percentages in each column. The first group of deprived individuals considers people living in dwellings without running water, without drainage, with soil flooring and with one or more illiterate members in the household. The rest of the groups are income groups using different poverty thresholds. I have used total monthly household income to select groups, using pesos of April 2001.

Table 6.5 also shows a mixed picture of socio-economic conditions in Mexico. On one hand we can observe a direct improvement of social

conditions of those with higher income; on the other hand there is no income security as we can observe how the economic crisis of 1995 placed a large group of the population in lower income groups (Table 6.4). Not until 2000 did head counts become similar to those of 1994. The highs and peaks of income loss cannot be compensated by the slight general improvement in basic services. As the loss of income increases, living conditions deteriorate rapidly, as we can observe, but take a long time to recuperate. We can also observe in Table 6.4 and Table 6.5, at least in descriptive terms, a relation between income and the improvement of social conditions. As individuals become better off in income terms they tend to live in bigger cities, to have smaller families and to be better educated.

Table 6.5 also shows that even when using the median, a measure that controls for groupings in either extreme of our range selection, the results show larger drops in income and expenditure in poor groups. This might suggest that the extremely poor cannot sustain any exogenous economic situations like a crisis or a normal economic downturn cycle, not even, as the results show, with the support of existing poverty alleviation programmes.

The evident inequality in this situation, where people with higher income can have access to better services, sustain economic crisis, and escape bad situations more quickly should be looked in detailed. Consider Table 6.6.

Table 6.6. Income distribution in Mexico by deciles and Gini Coefficients, 1984-2000

Deciles	Income Share (%)							Change in deciles income (%)							
	Years	1984	1989	92	94	96	98	2000	During						
									84-89	89-92	92-94	94-96	96-98	98-00	92-2000
Lower 5%			0.71	0.70	0.24	0.40	0.25				-1.41	65.71	66.67	-62.2	-64.78
	na	na							na	na					1984-2000
I	1.6	1.3	1.6	1.5	0.7	1.0	0.8		-19.4	23.3	-3.1	-55.8	52.9	-75.0	-51.25
II	2.9	2.4	2.4	2.1	1.4	1.7	1.8		-16.6	-2.5	10.2	-33.7	23.6	4.1	-37.71
III	3.8	3.3	3.2	3.1	2.1	2.4	2.7		-12.7	-3.6	-2.2	-31.8	11.8	11.8	-29.89
IV	4.7	4.2	3.9	3.9	2.9	3.3	3.6		-10.6	-8.1	0.0	-25.5	15.6	7.2	-24.15
V	5.9	5.3	5.1	4.9	3.9	4.2	4.8		-11.0	-3.8	-2.4	-21.9	7.8	15.9	-18.44
VI	7.3	6.6	6.5	6.4	5.1	5.6	5.9		-10.3	-1.4	-1.9	-19.3	8.6	5.9	-19.39
VII	9.2	8.3	8.0	7.9	6.8	7.2	7.8		-10.0	-2.9	-2.1	-13.6	5.9	8.6	-15.03
VIII	11.9	10.6	9.8	10.0	9.5	10.0	10.5		-10.6	-8.2	2.1	-5.3	6.4	5.0	-11.76
IX	16.5	15.5	14.3	15.6	15.7	14.2	17.0		-6.1	-7.5	8.4	1.0	-9.4	19.7	3.03
X	36.1	42.5	45.3	44.6	51.9	50.1	45.1		17.6	6.5	-1.5	16.4	-3.5	-10.0	24.93
															92-2000
Top 5%	na	na	32.2	31.8	38.1	37.7	32.0		na	na	-1.2	20.1	-1.2	-15.1	-0.5
Top 1%	na	na	10.7	15.4	17.1	18.8	15.6		na	na	43.2	11.8	9.4	-17.0	45.38
			Value	index											Proportional change (%) 84-00
Gini %	46	51	52	51	50	55	52		11.07	0.51	-0.17	-3.15	10.13	-5.68	12.10

Source: Own calculation from the household income and expenditures surveys by INEGI 2000 and 2001, using total household per capita incomes. Data from 1984, 1989, household income and expenditure surveys using per capita incomes, are from Székely, M., (1998) p.21

Table 6.6, shows that between 1984 and 2000 there was a major increase (of almost 24%) in the proportion of total income held by the tenth decile of the population. This concentration is remarkable when compared to the great loss of income between 1984-2000 (-51.25%) of the lowest decile of the population. In descriptive terms, there is a clear trend showing that throughout the years the groups with less are the ones who lose the most. In short, while individuals were poorer in relative income terms in 1984, they became even worse off in 2000, in relative terms.

If we make yearly comparisons of these worse off groups (see Tables 6.4 and 6.5) we can see that a decline in access to services and rises in income poverty levels coincide. Looking at the data of Tables 6.4 and 6.5 we are also able to note that even though the group of extreme poor is lower it has the highest levels of service deprivation. It is worthwhile mentioning that the

reduction of the extremely poor between 1998 and 2000 might be attributed to PROGRESA (see Figure 6.2).

However, the high proportion of the population in income poverty suggests that during economic crises the poorest sectors are most vulnerable. Considering these results it is possible to assume that liberalisation of the Mexican economy during the 1990's has imposed heavy and increasing burdens on the worse off. Moreover, the major programmes of poverty alleviation, such as PROGRESA have only provided a minimal safety net for the deprived, avoiding the complete impoverishment of the society, and are very far from solving the problem of chronic poverty.

In order to evaluate whether the new economic model has been unfair we need to analyse the potential alternatives to be implemented by the government. To do this I will now evaluate the distribution mechanisms of scarce resources implemented in the main poverty alleviation program between 1994-2000, Progresa.

6.3 Conclusion

Comparing distributive criteria

Since 1990 the Mexican liberal government has followed a standard and not especially sophisticated sufficientarian distributive rule for distributing direct benefits in its social transfers for the whole population. For the very poor it has set the level of benefits in absolute terms with disregard to individual differences. Development institutions in Mexico target limited resources only to very low income and deprived groups of the population. The rest of the population receives indirect benefits. The low-income groups though, have been selected from the rest using clear criteria outlined earlier. From 1990 to 1994, deprived villages (lacking basic services) were selected and resources were targeted on basic infrastructure and local businesses. The selection criteria changed from 1994 onwards. Since then, families have been selected through a mixed criteria of severity of deprivation in services and a poverty

line set in absolute terms related to the average cost of a basic food basket. When priority reasons are used to select the worst off, the same benefits in cash are distributed to every worst off family. Therefore, each family considered among the worst off receives the *same* package of help.

In order to select families for assistance, PROGRESA takes into account household monetary income among members over 15 years old¹³, as a first sign of poverty and includes a weighted measure of deprivation, which is not publicly available.

““PROGRESA has been designed to support those families that live in a condition of extreme poverty, with the aim of enhancing and improving education, health and nutritional status...federal resources for this program are provided in the form of federal subsidies and, because of this, they are subject to criteria of selectivity, equity, objectivity, transparency, temporality and publicity. The beneficiaries of PROGRESA should be clearly identified... “ (Presidential Decree for the 2001 fiscal budget).

Accordingly, Progresa’s designers, despite having extensive information about each family, have chosen to distribute cash for nutritional help equally to each family, not taking into account either the composition of the family or the total income each family earns.

Taking a selected income group of people similar to the one selected by PROGRESA as an example, let’s compare the justice of various distributions. As a reminder, a basic equal treatment would demand that all those selected as the worse off are equalised in their benefits. *Priority* in its maximin form (or Rawls’s maximin) would argue that we should assign more weight to the worst off. *Progressive sufficiency* would seek to maximise the number of people who reach the first threshold, then the second and so on.

¹³ I will use members over 12 years old, as until 1998 this age was considered in household surveys as the age when children could start to work and supplement income.

6.3.1 Comparing the justice of three hypothetical distributions with the same resources

In December of 2000 Progresa helped 2,455,783 families with a household monetary income below 525 pesos (pesos of April 2001), for members age 12 and above and satisfying further deprivation criteria (*Progresa*, 2001). Progresa considered them to be extremely poor and deserving of direct and indirect help. In contrast, those between 525 and 990 pesos were considered moderately poor and deserving indirect help only – direct help was in the form of a monthly cash transfer of 140 pesos (the amount given to families for food help in the second semester of 2000, in pesos of April 2001) given to the woman in charge of preparing the food. Additional income supplements and medical help were given to mothers for each child of school age. Congress approved 324,850,189 pesos of April 2001, for food cash transfers in December of 2000. (*Progresa*, 2001) Using the Income and Expenditure Survey for 2000, I have ranked families by their monthly household monetary income for members aged 12 and above, from the lowest income upwards, trying to replicate *Progresa's* list of selected families.

In Table 7.1 I provide results of the calculations distributing 140 pesos for each family in the case of *Progresa*; and distributing what each family requires to reach the threshold taking into account the total amount to be distributed. In the case of *Maximin* the distribution starts from the worst off upwards and in the case of *Progressive sufficiency* from the poverty line downwards. Table 6.7 shows what would be the head count of the population below and above the threshold of 525 pesos after the direct transfer.

Table 6.7 Matrix of options for a distributor

	Extremely Poor Population (%)		Below 525 p. (%)		Above 525 p (%)		Gini Coeff. (%)
Original Distribution	12,292,945	100	12,292,945	100	---	-	23
<i>After a hypothetical distribution.</i>							
Equity/ Progresa			7,753,133	63	4,539,812	37	18
Maximin			7,551,908	61	4,741,037	39	1
Progressive Sufficiency			1,910,941	16	10,382,004	84	14

Source: Own calculations from ENIGH, 2000 and ENIGH 2001.

6.3.1.2 Progresa

Notwithstanding that Progresa has detailed income and deprivation information about each family receiving aid, for equity reasons the government distributed 140 pesos monthly to every poor family. Officials in charge of the program explicitly argued in terms of a just distribution in order to justify for their decision of providing the same amount to each family. Specifically they argued that in order to respect the poor, all of them should be treated equally (Progresa, 2001). They also claimed that this was the simplest way to distribute the assigned resources to people. The first reason can be considered as a simplistic approach to equal treatment. As we have shown equal treatment has to recognize differences among people's ways of transforming resources into well-being. As for the second reason, which is the most likely reason for this distribution, it only solves some administrative problems as the distributor holds precise income and categorical information for each community, which would allow him to diversify his answers to different needs.

A distribution such as Progresa's has two potential effects. Firstly, it leaves a large number of extremely poor people below the poverty threshold (63%) see Table 6.7, while simultaneously placing a relatively small number of people (37%), see Table 6.7 well above the threshold. Secondly, those left below the threshold would have been originally the worst off members of the group. The government option is only working in so far as it selects the poor

and targets direct resources to them. Nonetheless the very poor are left without sufficient help. However, it is obvious that there is an improvement with respect to the original distribution. The original distribution previous to transfer has a Gini Coefficient of 23%, compared to a Gini Coefficient of 18% after transfers. Also Progresas's distribution has the virtue of simplicity, as there are almost no administrative costs once families have been incorporated in the list for benefits.

If Progresas's criterion of distribution is not satisfactory, let us consider, a prioritarian distribution instead.

6.3.1.3 Priority

A distributor contemplating maximin as a criterion would aim to benefit all of those who are considered worse off, giving more weight to those who are in worst condition. Taking into consideration the same list of households, a distributor following maximin would start distributing resources from the family with the lowest income and proceed up the list until resources run out. Implementing the *prioritarian* distribution would leave a large number of people below the threshold (58%) (See Table 6.7) and place 42% within the threshold. The difference between *Progresas* and the *prioritarian* distribution would be that those left below the line in *Progresas* would be the ones reaching the line using *Maximin*. This is reflected in the Gini Coefficient of the *maximin* distribution that would decrease from 23% to 1% (see Table 6.7).

In relation to administrative simplicity, *maximin* would be subject to the important objection that it would be very difficult to implement as it depends on very specific information. A possible solution to this hurdle is to assume that information collected at the start of the year would not change during the year. We could then assign a minimum and maximum average income transfer, according to the original condition of the family. There might also be other ways to solve administrative problems. The point in question is that given that the information is available, there exists a trade off between

providing a little to all knowing that for some it is too little, or providing what is required for those in the bottom of the distribution.

6.3.1.4 Progressive Sufficiency

A third distribution to be considered is *progressive sufficiency*. Here the aim is to maximise the number of people who reach the threshold. In this case we would start distributing, as in *maximin*, what each household requires to reach the threshold. However, in this distribution we are giving increasing priority to graded thresholds, assuming that providing little to many is worse than providing enough to some. To distribute resources in this way we would start from the household closest to the income threshold of 525, and continue distributing downwards until resources run out. According to my calculations, using a progressive sufficientarian distribution would place 85% of the group's members above the threshold, with a Gini Coefficient of 14% (see Table 6.7).

However, *Progressive Sufficiency* has the same problem as *Maximin*, where very specific information is required for each household. The same possible solutions suggested to *maximin* could be implemented. The important point to note in this type of distribution is that with the assigned budget it would have the effect of leaving without any help those who are the worst off members of the group. In deciding about the fairness of these distributions, a distributor should take into consideration not only the number of people who will benefit from the distribution but the options available to those who are left out or below the threshold. For instance those below the threshold under *Maximin* would have an average income of 408 pesos, those below the threshold under *progressive sufficiency* would have an average income of 131 pesos. Both groups are left out from the distribution, the vital difference is that those left out from *Maximin* were the better off members of the group and those left out by *Progressive Sufficiency* were the worse off members.

Perhaps one of the important differences between *maximin* and *progressive sufficiency* is the assumption that in *progressive sufficiency* thresholds can

be negotiated in Congress, as well as the budget. Furthermore, in the case of *maximin* we would always have to consider the interest of the worse off above the rest, leaving a specific distributor without many options to cater for other social goods in the society. By contrast, *Progressive Sufficiency* demands priority to the worse off but not overall priority.

Summary

The empirical analysis of Mexican income and expenditure surveys show clear trends towards the preservation of an unequal status quo. The fact that poverty estimates remain more or less similar throughout the years suggest that poverty responds more to the economic downturns in the country and it is not influenced by resources transfers. Such transfers in the form of poverty alleviation programs serve only the purpose of creating a very low safety net.

In considering different distributive rules we can observe with the available data that even with the limited resources devoted to poverty alleviation there are fairer distributions than the one selected by Progresa. The fact that this is not done, I suggest, is due to the idea that the poor are partially responsible for their situation and a distributor should distribute considering options open to them, thus incentives are created towards the end of promoting work. I suggested earlier (Chapter 3) that there are reasons for us not to consider responsibility at this low threshold of advantage, thus transfers and opportunities should aim instead to reach a threshold where basic functionings are met. After the first threshold is met, choices become important and should be considered. Responsibility I suggest is better handled by a distributive rule that takes into account a general sufficientarian proposal.

Chapter 7: PROGRESSIVE SUFFICIENCY

7. 1 Introduction

The liberal debate on egalitarian distributive justice that has influenced policy decisions around most of the world was originally developed with affluent occidental countries in mind. I asked whether the liberal egalitarian distributive question has a different answer when we consider countries with a different social justice tradition, severe scarcity of resources and institutional weaknesses, such as Mexico. My theoretical answer, I believe better interprets a political conception of social justice for a poor society, and within this general distributive principle provides specific theoretical distributive criteria for the design of poverty alleviation programmes. In this respect, this thesis is an interdisciplinary work drawing on normative political theory and social policy, something not usually done in the literature.

I have considered distributive problems in the general context of developing countries, suggesting an improvement to the sufficientarian answer to the distributive problem, an option not well discussed in the literature. Such a modified answer, I believe is a better option than other distributive answers when severe scarcity of resources do not allow all individuals to reach a relevant threshold. This option presents theoretical problems, mainly problems in the definition of morally relevant thresholds. I built on this normative conception and applied this conception to the poverty debate. I suggest that the poverty debate can be seen naturally as part of the debates in relation to the distributive rule and the currency of distribution.

My case study has been Mexico and its recent poverty alleviation programmes (1992-2000). In terms of developing countries, the Mexican case is interesting because most of its institutions and policies have been inspired by liberal ideas that have succeeded in creating a moderately strong economy, but have failed in the fair distribution of scarce resources. This failure is clearly observable between 1992 and 2000, precisely since the implementation of a wider program of economic and institutional liberalisation

took root. Throughout this period total income in the country increased almost 77% in real terms yet the poor lost almost 65% of their relative income share between 1992 and the year 2000 (Chapter 6 of this thesis). The wider income gap between the poor and the rest of the population is striking, especially in the light of the creation of poverty alleviation programmes throughout this period.

7.2 Distributive rule

I believe that Progressive Sufficiency, as I have called a mix distributive rule, is a better conception of social justice under severe scarcity of resources than Equality, especially because some forms of egalitarianism have understood equality as sharing scarcity, which, I believe, is unfair. In particular I have advanced some ideas as how progressive sufficiency can better express some of our just intuitions in distributive problems under situations of extreme scarcity.

I have argued that relational egalitarianism is implausible under conditions of severe scarcity, and that prioritarianism veers between extremism and practical indeterminacy. A turn to sufficientarianism would solve the practical problems of prioritarianism by setting a clear threshold to be reached. This conclusion is important because many individuals in developing countries live under such conditions.

Advocates of the sufficiency approach often present their approach as an alternative to more egalitarian or prioritarian approaches, and employ only a single decency threshold when defining their favoured principle. So construed, *standard sufficientarianism* implies that if a number of distributions guarantee enough for each individual, then there is no reason to rank those distributions by means of further egalitarian or prioritarian principles. Despite its popularity, it is not obvious that we should accept the standard assumption that sufficientarians should employ single threshold principles, and flatly reject the convictions that make egalitarian and prioritarian principles appealing. Instead, I think we should employ multiple thresholds, and aim to

ensure that as many people as possible reach the first standard, then the next, and so on.

I would further argue that our collective responsibility to satisfy an individual's claim to be benefited diminishes in inverse proportion to the increment of the capacity of the individual to achieve the good. This can be managed arguing that the claims of those under the first threshold have greater moral importance because without reaching such an absolute level of advantage, their individual freedom is curtailed. As freedom to choose different life plans is increased when reaching higher thresholds, the collective responsibility to benefit them diminishes in most cases, until it ceases. In this sense, the approach is prioritarian, but sufficientarian in the sense that when people reach the highest threshold, they should not receive common resources. As we consider inequalities bad for people, we should close the gap between thresholds by preventing people from falling between thresholds and by pushing people up to a threshold in lexical order.

7.3 Currency of the distribution

I have asked which standard of interpersonal comparison should be employed to determine when one individual is better off than another? In evaluating the sufficiency approach establishing the relevant threshold is very important. It would seem however that this view presents a double problem, not only do we have to know what standard of interpersonal comparison should be employed to determine when one individual is better off than another, but also what level of this standard constitutes enough.

Progressive sufficiency presents the problem of where to draw the line of these differently relevant moral thresholds. It also sets constraints as to how to characterize these thresholds, due to its graded progressive nature. The problem of what we should consider morally relevant in the human experience for distributive purposes concerns all forms of distribution, and is directly related with how we specify that a person is worse off than another. Progressive sufficientarians, for instance, would identify the worse off in

those individuals whose claims are morally most urgent and would recommend minimising their number below some low sufficiency threshold. After the last threshold, by contrast with prioritariness further benefits are not considered even if people are worse off in some sense than other people further above.

Progressive sufficiency for instance would recommend thresholds in advantage with the first one described in absolute terms and the second and third described in relative terms. This recommendation sets constraints as to what area of human experience would be appropriate for each threshold. I claimed the first threshold can only be described in terms of basic capabilities in order to capture people's different abilities to transform resources into well-being. This description, I suggest, cannot properly incorporate personal responsibility as the low level of functionings should always make us to respect people's claims. Further thresholds should incorporate personal choices of life plans and consider distributing resources. As further thresholds should be set in relative terms, we could speculate that if resource scarcity is not a problem, welfare should be considered in a graded form, that is accepting claims in some particular areas and up to a certain stage.

I suggest that both analysis either of the distributive rule and the currency of the distribution naturally fit together, as the how question in fact limits our answers to the what question. This is particularly important as this would imply that the debate of personal responsibility should be taken back to the how question instead of the what question.

Furthermore, the egalitarian debate argued from the perspective of a poor country should consider the process towards a just society. In not considering this process, I suggest the egalitarian debate is not giving us adequate political guidance to sort problems of injustice in poor countries.

7.4 Distributive considerations when designing anti-poverty policies.

I have suggested that a just social distribution should consider different answers to what to distribute depending on the different morally relevant thresholds set by a distributive rule, from the lowest one in absolute terms better described by functionings, to the highest one in relative terms better described in terms of income and opportunities.

In order to enquire how unfair a society is in the above terms, and what type of policies should be applied to redress possible unfairness, we should look first into how the worse off, or in our case the poor, are selected. We needed to know, at least whether our normative distributive criterion affects poverty definitions, poverty measures and poverty alleviation program designs.

In relation to poverty definitions, I have suggested in section 4.3.1, that if we accept progressive sufficiency we should consider poverty in a graded form. The first threshold should be defined in absolute terms related to functionings and the rest in terms of resources and opportunities. If we accept this division we should consider lack of capabilities as a greater moral problem than income poverty.

The results in Table 4.2 show the importance of the poverty line in the case of graded welfare. If we accept different thresholds with a diminishing moral value, just as in general weighted prioritarianism would do, that would mean that one Euro for the group under the first threshold has more value than for following thresholds. Within thresholds we would accept that one Euro for those closer to the threshold has increasing moral value.

I suggest that in relation to poverty measures, accepting progressive sufficiency would present an axiomatization problem, as we would need to solve the problem of measuring both linear poverty with the HPI and non-linear poverty with the FGT index. As the HPI index does not include income and FGT index measures income differences, a problem could emerge

where both indexes meet. For instance a person not considered to be poor in income terms could be suffering a handicap which limits his functionings.

Furthermore in section 4.2.3 we considered how different distributions produced similar results in the FGT index when taking into account higher α , even if the proportion of the poor has been reduced to a third. I suggest that the distributors should have a clear alleviation poverty reduction aim when designing programs. Furthermore if we accept the progressive sufficientarian notion that when benefiting the worse off, reaching a threshold for most has a higher moral relevance than benefiting all worse off with little, we should consider an inverse priority in order to maximise the portion of those benefited, maximax within thresholds and weighted prioritarianism between thresholds. This assumption would suggest that the FGT measure should be refined to capture differing priorities between and within thresholds.

In considering poverty alleviation policies, I suggest, that governments should be clear in their aims when referring to the targeted efficiency of the policy in question. It is possible to apply different priorities to different groups of the population. Also, when considering incentives in the design of poverty alleviation programs, personal responsibility should not play a part in the lowest threshold.

7.5 Poverty alleviation programs during liberalisation in Mexico (1988-2000).

Most developing countries during the eighties and nineties facing political, financial and economic crisis, opted for liberal structural reforms as a new model of development. In Mexico, one of the most important reforms involved a reform of the State. The new liberal State changed its conception of social justice, from one aiming for equality of condition to one accepting inequalities as the price to pay for more economic growth and more opportunities.

I have described an incomplete moral distributive option that attempts to solve some of the problems of other distributions under extreme scarcity and

suggested that this option could be an adequate normative political guide to follow in the design, for instance, of poverty alleviation programs.

It is clear that in Mexico social institutions have not been able to provide basic social rights and economic opportunities for a large group of the population. In relation to the distributive rule used by the government to apply its social policy, I asked whether was fair to use a very basic sufficientarian approach towards the very poor including a high factor of individual responsibility in the incentive structure of the program. I suggested this as unfair.

7.6 Empirical analysis of deprivation and poverty during liberalisation. Results of poverty alleviation programs.

Asking about shifts in the distribution of benefits and burdens amongst social groups in Mexican society helped me to evaluate whether during the liberalisation of the 1990s the shifts in benefit and burdens in Mexico were fair or unfair according to different distributive criteria.

Using the Income and Expenditure Survey for 2000, I ranked families by their monthly household monetary income for members aged 12 and above, from the lowest income upwards, trying to replicate *Progresa's* list of selected families.

A distribution such as *Progresa's* has two potential effects. Firstly, it leaves a large number of extremely poor people well below the poverty threshold, while simultaneously placing a relatively small number of people well above the threshold. Secondly, those left below the threshold would have been originally the worst off members of the group. The government option then is only working in so far as it selects the poor and targets direct resources to them. Nonetheless the very poor are left without sufficient help.

A distribution such as the one proposed by *progressive sufficiency* could be considered as a fairer distribution if we assume the high value attached to

those below the first threshold, if this is so it will always be better to place more people in the threshold than less. We would be alleviating poverty with clear further distributive just aims.

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Appendix I Data and definitions

The National Institute for Statistics, Geography and Informatics of Mexico (INEGI) has carried out household surveys at a national level, since 1950. Since 1984, INEGI has made strictly comparable its Surveys of Income and Expenditure (ENIGH) for 1984, 1989, 1992, 1994, 1996, 1998 and 2000. The same questionnaire with minor modifications has been used during these years; the survey has been held in the same periods of each year and has used the same sampling techniques.

The survey's reliability is particularly important when dealing with welfare changes, as incorrect data can lead to poverty being under or overestimated. The usual method to check a survey's reliability, apart from its sampling techniques and information collection, which in this case have not been questioned by any researcher, is to compare it with other data. In the case of income and expenditure surveys, the usual comparison is with National Accounts.

In the Mexican case, National Accounts (NA) are not compatible with ENIGH. According to Hernandez Lagos (Hernandez, 2001), differences between ENIGs and NA are very large. Differences between NA and income surveys are usually due to underreported income by the highest earners. In order to correct for this, it is usual to eliminate the highest earners and the lowest ones to smooth the distribution. In the case of ENIGH this is not explicitly done, although Cortez (2001) claims that it has to happen to explain the enormous difference between NA and ENIGHs.

Lusting and Mitchell (Lusting, 1995, pp. 3-24) have proposed a method to correct this problem, method rejected by Székely (1998, p.253), who argues that since it is impossible to identify the causes of the difference, it would be difficult to obtain robust results with the corrected information. Furthermore Székely argues that even with the usual corrections his results present the same behaviour as before the correction. This is important to note as I follow Székely's methodology not correcting the data with NA.

Surveys of 1992,1994,1996,1998,2000.¹

The surveys provide socio-economic information on households and household members. In relation to social characteristics, each dataset provides information on the number of members, occupation, educational attainment, employment benefits received, age, gender and size of the city where they live. They also provide data about dwelling conditions, including the type of building materials used for walls, floor and roofs, as well as services in the house, type of water connection, drainage, electricity, and telephone availability.

As each data set provides separate lists for expenditure, income, members of household and dwellings, in order to make comparisons between data sets a common list is needed. In order to create this list it is necessary to create some common variables, making certain assumptions. These assumptions can also affect poverty estimates. The first and most important one is what type of household we are talking about. Here I follow the guide in the surveys for the creation of variables and consider all members in the household, with the exception of absent heads of household, domestic servants and guests.

As more than one family can live under one dwelling, I will consider the same dwelling characteristics for each household living under the same roof. This is important for my purposes, as I consider the deprived to be the group lacking certain services in their dwellings. In the data set, dwelling characteristics for the second household under the same roof are not considered, so I will take the same characteristics as the reported first household's dwelling. This will not affect the data for income and expenditure as this is reported for each household as well as data referring to members of the household.

The final data set for each year includes socio-demographic and economic information for each household. This limits the data set, since I cannot make

¹ In the next part I will follow Székelys, pp. 253-254

calculations for education attainability for each household member; to do so would make the list of variables too long. Thus I only consider education and labour data for the head of the household, and social benefits for the head and its partner.

In the economic area, disposable income is divided into monetary and non-monetary incomes. Monetary sources include wages and salaries, entrepreneurial rents, property rents (consisting of payments received from real estate ownership, interests from financial instruments and loans to third parties, interests from stocks, and returns to other assets), incomes from cooperatives, transfers and other monetary sources. Non monetary income includes auto consumption, payments in kind, gifts and imputed rents. Household expenditures are also divided into monetary and non-monetary. By definition, non-monetary expenditures are identical to the non-monetary incomes. With regard to monetary disbursements, they include food, clothing, housing, housing services, appliances, health, transport, vehicles, educations, transfers and others. (Székely, M: 1998, p.254)

Financial income and expenditure are also reported. Financial income is in the form of property rents and expenditure accounting for the acquisition of housing, construction materials, housing repairs and extensions, life insurance, credit card payments, real estate purchases, machinery and equipment acquisitions, loans to third parties, savings and investments, inheritance and gifts to non household members.

Definitions

Matters of definition in relation to poverty are extremely relevant as they can mislead governments as to what are the real causes of poverty and who the poor are, possibly misdirecting policy priorities.

As for the data, three transformations were required following Székely's methodology. The first was to inflate incomes and expenditures to April 2001 pesos using an average of the Consumer's Price Index of the previous six

months to the survey. The second transformation was to convert quarterly data into monthly data. This was done for practical expository reasons as most people in Mexico think of income and expenditure in monthly terms. The third transformation concerns an equivalence scale to the number of persons in the household. Equivalence scales need to take into account economies of scale in consumption to assign a weight to adults and children in the household. In Mexico, as everywhere else in the world, there is no agreement as to which would be the right scale. Thus I assume that income and expenditure is divided equally among members of a household. This assumption of course can affect results, especially in relation to small and large families. For the most part in this thesis, unless is specified, I use total household per capita income.

Deprivation and income poverty.

In this work I will consider the *deprived* as the group of people who have dwellings without running water, drainage of any kind, and with soil flooring and with one or more illiterate member in the household over 12 years. In fact, deprivation is only severe poverty, but for analytical purposes, deprivation will not include income. Poverty will mean income poverty.

In relation to income poverty, in Mexico the most commonly used source concerning basic needs requirements and prices is the study realized by the National Plan for Deprived Zones and Marginal Groups (Coplamar for its initials in Spanish). Coplamar in 1983 estimated two basic baskets of goods and services. The first one (Minimal Basket) includes the minimal costs for food, housing, basic expenses on hygiene and health care, basic cultural and recreational services, transport and communications, clothing and shoes and small expenses on personal care when in public. The monthly cost per capita of this basket in pesos of April 2001 is 2940 pesos. The second basket of goods (sub-minimal) includes the minimal costs for food, housing and some minor expenses in hygiene and health care and expenditure on basic educational materials. The monthly cost per capita of this basket of goods in pesos of April 2001 is 1132 pesos (Hernandez, E., 2001, p.15)

Another set of two poverty lines, extreme and moderate poverty, are the ones which include only the food basket from Coplamar's basket of goods and a very low minimum standard. The price of a food basket, which can be interpreted as an *extreme poverty* line was estimated by Székely for 1992, inflating the cost to pesos of April 2001, would result in 392 pesos. A *moderate poverty* line would include the income to acquire a minimum standard of food, housing, health and education, calculated for 1992 and inflated to prices of April 2001 would cost 707 pesos. (Székely: 1998, p. 255).

A further line is included by Székely, a line that divides the rich from the middle classes. This is placed at 4.5 times the moderate poverty, equal to 3181 pesos of April 2001.

The extreme poverty line used by the government takes into account monetary income earned by household members over fifteen years old and compares this total with the price for an average food basket per capita, multiplied by a factor of 1.34 to account for other costs. The food basket is the same calculated by Székely (1998), from Coplamar, equal to 392 pesos of April 2001. The poverty line is set at 525 pesos of April 2001. To calculate the moderate poverty line in monetary income, a line that it is not explicitly described by the government I use Székely's moderate poverty line, 707 multiplied by a factor 1.34, resulting in 990 pesos of April 2001.

In order to calculate inequality, I have used the program INEQ developed by Professor Frank Cowell at The London School of Economics. This program asks for an income distribution and it calculates different inequality measures.

In order to control my results, and given that I followed Székely's estimates for previous years, I used year 1992, the last of Székely's estimates, as a control year. This is important, as the literature about poverty lacks consistency and each researcher can obtain different estimates from the same sources, using different methods. I followed Székely's methods and the

same data set and I obtained the same results as Székely in 1992, giving some confidence about the comparability between previous years' estimates calculated by Székely and the following years that I calculated.

Appendix II Regions of Mexico

Regions of Mexico by preschool infant mortality rate and adults in productive age mortality rate.

Region A (Low infant and low adult mortality rates).

Quintana Roo, Nuevo Leon, Baja California Sur, Campeche, Durango, Nayarit, Morelos, Sinaloa.

Region B, (low infant and average to high adult mortality rate).

Coahuila, Distrito Federal, Hidalgo, Jalisco, Michoacán, Tamaulipas, Sonora.

Region C, (high infant and low to average adult mortality rate).

Guanajuato, Tlaxcala, Yucatán, Zacatecas, Tabasco.

Region D, (average to high infant mortality rate and average to high adult mortality rate).

Chiapas, Chihuahua, Oaxaca, Puebla, Veracruz, México, Baja California, Guerrero, Querétaro.

Preschool infant mortality rate relates to the number of children between 1 and 4 years old death by 1 000 children. This rate has a rank between .4 and 1.4. I consider low mortality the rates between .4 and .8, average .9 and high more than .9.

The mortality rate of adults in productive age, relate to the number of adults between 15 to 64 years old death by 1 000 adults. This rate has a rank between 2 and 3.5. I consider low mortality rate the rates between 2 and 2.6, average between 2.7 and 2.8 and high more than 2.8.