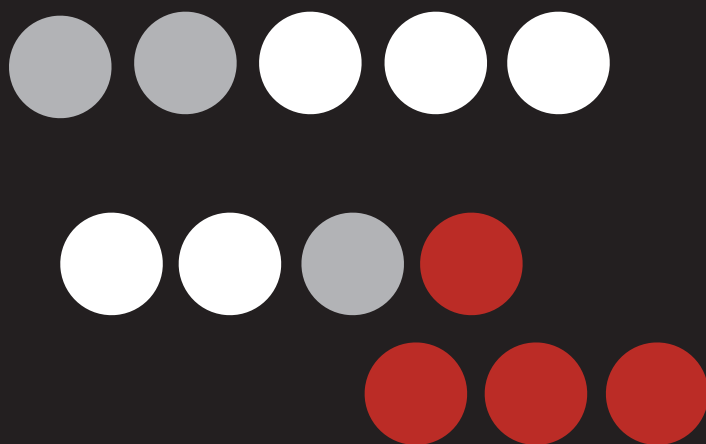


POVERTY AND INEQUALITY IN MIDDLE INCOME COUNTRIES  
BRAATHEN ET AL.

EDITED BY  
BRAATHEN, MAY, ULRIKSEN & WRIGHT

# POVERTY AND INEQUALITY IN MIDDLE INCOME COUNTRIES

Policy Achievements, Political  
Obstacles



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For more information contact:

CROP Secretariat

PO Box 7800, 5020 Bergen, NORWAY

Phone: +47 55 58 97 44

Email: [crop@uib.no](mailto:crop@uib.no)

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POLICY ACHIEVEMENTS, POLITICAL  
OBSTACLES

*edited by Einar Braathen, Julian May, Marianne S. Ulriksen  
and Gemma Wright*



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# INTRODUCTION: POVERTY AND POLITICS IN MIDDLE INCOME COUNTRIES

*Einar Braathen, Julian May, Marianne S. Ulriksen  
and Gemma Wright*

## **Declining global poverty?**

According to recent World Bank estimates, there 'has been marked progress on reducing poverty over the past decades. The world attained the first Millennium Development Goal target – to cut the 1990 poverty rate in half by 2015 – five years ahead of schedule, in 2010.'<sup>1</sup> Thus, the World Bank estimates that while 1.9 billion people lived on less than \$1.25 a day in 1990, in 2011 this number had dropped to just over one billion. In relative terms, there has been a drop from 43 per cent of people in the developing world living at or below \$1.25 in 1990 to 17 per cent in 2011.

World Bank poverty estimates have been criticized on a number of fronts. Pogge and Sengupta argue that the decline in poverty conceals the fact that the threshold for being poor has been defined ever more narrowly and that, in any case, to define poverty in terms of daily expenditure levels of \$1.25 is 'absurdly low' (Pogge and Sengupta 2015: 578). Edward and Sumner (2014) also caution against too much optimism. There may have been some progress in addressing extreme poverty, but if poverty is instead measured as living on less than \$10 a day (which is still a highly insecure position to be in) they suggest that as many as 70 per cent of the global population are income poor. The World Bank concedes that 'progress has been slower at higher poverty lines'. Sticking to a still very low income level of \$2 a day, the Bank reports that 'In all, 2.2 billion people lived on less than US\$2 a day in 2011, [which] is only a slight decline from 2.59 billion in 1981.'<sup>2</sup>

Moreover, there is a growing consensus that income poverty is not a sufficient reflection of being poor. Instead, multidimensional definitions of poverty are more appropriate as they reflect other aspects important to well-being such as nutrition, housing, adequate sanitation and clean water, education, health and empowerment (Sen 1999). As

Lang and Lingnau argue, even if extreme income poverty has decreased somewhat, this ‘is unlikely to mean the end of the many overlapping deprivations faced by poor people like malnutrition, poor sanitation, lack of electricity or ramshackle schools’ (2015: 406).

There has also been a shift in global poverty. Today, most of the world’s extreme poor, measured by both income and multidimensional poverty measures, live in Middle Income Countries (MICs) (Sumner 2013). When taking into account the persistence of global deprivation and the changing geopolitics of poverty, the policy challenges of our time are formidable – not least in MICs that harbour the majority of poor people. This book therefore provides a timely contribution to the analysis of poverty in MICs.

### **MICs: the changing geopolitics of poverty**

The nature of global poverty has changed dramatically in its distribution across countries and within countries. Today, two-thirds of the poor are living in MICs, while in 2005 most poor people lived in Low Income Countries (LICs), with only a quarter living in MICs. The explanation for this huge change in the geopolitics of poverty is at a first sight quite intuitive. Over the past decade, twenty-six poor countries with a large poor population (including giants like India, China, Nigeria and Indonesia) have graduated into the MIC category owing to changes in their economic classification as measured by international agencies (Kanbur and Sumner 2012). However, changes in global poverty also reflect the fact that ‘income poverty, today more than ever, is a problem of income distribution’ (Lang and Lingnau 2015: 404). Income inequality has increased in almost every region of the world and three-quarters of the world’s population live in countries where inequality has increased. Rises in inequality have been particularly severe in the parts of the world where the poor live (*ibid.*).

It is characteristic of MICs that the major, and a rapidly growing, share of the population is residing in urban areas. Poverty trends reflect a move among those who are poor from rural to urban areas, as well as a widening gap between urban and rural communities. More than half of the global population lives in cities, which is expected to rise to two-thirds of the population by 2050. Over half of urban dwellers are expected to live on less than PPP (purchasing power parity) \$2 per day (Ferré et al. 2012). In this context, it seems likely that the living conditions and amenities will significantly differ from a situation

in which poverty is concentrated in marginalized rural communities. Several chapters in this book analyse the distinctiveness of MIC poverty in urban and rural settings (see Chapters 7, 8, 9, 10 and 11).

### **The changing nature of poverty**

Two forms of poverty – absolute versus relative poverty – are a constant theme in this book, reflecting a debate that started three decades ago between Peter Townsend (e.g. 1987, 1993) and Amartya Sen (e.g. 1982, 1999), among others, and has continued since. As is recalled by Gordon and Nandy in this volume, the choice of definition matters since it implies both an explanation of poverty and options for policy that reduces poverty.

Absolute poverty (being below a certain threshold of basic needs) has received most attention in the context of developing countries. Absolute poverty is commonly understood to be morally unacceptable and unjust in that it reflects a situation where severe deprivation perseveres in a world otherwise characterized by abundance. It is also possible to demonstrate that absolute poverty is economically inefficient and costly. People who are poor may have economically viable projects and be highly rational decision-makers. However, if the resources they command are insufficient to translate these projects into sustainable activities that can survive stochastic and covariate shocks, economic opportunities can be squandered and their resources degraded (Carter and Barratt 2006). An asset-based poverty line is thus conceivable, and attempts to estimate this suggest that such a line is also above most of the international poverty lines.

Although absolute poverty measures give some indication of the extent of deprivation, we suggest that relative poverty is a more useful concept in the context of MIC poverty. In the first chapter, Gordon and Nandy draw on Townsend (1979) and remind us that relative poverty refers to lacking ‘the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged or approved, in the society to which they belong’. They argue that whereas absolute poverty measures have dominated traditional thinking on poverty reduction in LICs, the concept of relative poverty is more elucidatory of the poverty situation in MICs, where poverty coexists with extreme wealth and where there are increasing disparities in well-being across the population. Relative poverty, where the number of poor people

is calculated in relation to the well-being of the non-poor in a given country (Lister 2004), is closely related to inequality. While a certain level of inequality is acceptable and can encourage entrepreneurship, high levels of inequality have high social costs (Wilkinson and Pickett 2010). Even the conservative International Monetary Fund (IMF) in a recent publication acknowledges that inequality hampers growth and poverty reduction and that '[e]quality, like fairness, is an important value in most societies' (Dabla-Norris et al. 2015: 5) and suggests that redistributive spending by governments can contribute to greater equality. Given that the large majority of poor people live in MICs, there is room for (some) domestic redistribution from the relatively better off to those living in poverty.

High Income Countries (HICs) commonly use the OECD approach to measure relative poverty, which defines the poor as those with an income that is half or less of the median per capita income. Another option is to use the type of poverty lines adopted by South Africa, which uses the cost of a minimum energy food basket and adds a non-food component (see Chapter 7 by Braathen et al. in this volume). Finally, Gordon and Nandy discuss the consensual approach as a third approach to establishing the extent of relative poverty (see Chapter 1).

Whichever approach is used, the underlying issue is that relative poverty is much harder to eradicate than absolute poverty. What is deemed an acceptable lifestyle is continuously evolving; for example, the recent digital revolution has seen the purchase of airtime prioritized over food (Carmody 2012). In addition, even if absolute poverty is reduced and potentially eradicated, development itself brings about dynamics that will undermine the sustainability of this reduction in poverty. As incomes rise, so will the demand for water, sanitation and energy, the consumption of animal proteins and so forth. Poverty reduction thus deals with a political problem in which there is no finite set of solutions, in which solutions are impermanent and create more problems. However, if we do not take account of relative poverty, then we will be unable to grasp, maybe even misunderstand, the changes that are taking place in MICs and their implications for policies aimed at addressing poverty.

### **Addressing poverty in MICs (i): politics**

The fact that the majority of poor people do not live in the poorest countries but in countries with the means to address poverty has been described by Andy Sumner as the 'poverty paradox'. Consequently,

according to Sumner, poverty reduction on a global level has less to do with the transfer of international aid and is instead an issue of domestic distribution, and hence domestic politics (Sumner 2013). We would maintain that poverty in LICs continues to be a significant problem and that international transfers and domestic redistribution are only part of the solutions to tackling poverty. Nevertheless, the traditional thoughts, strategies and actions on poverty have mainly concentrated on the circumstances and realities of poor people living in LICs in which there is little to redistribute and in which government resources and capacity are limited. In MICs, on the other hand, poverty reflects domestic inequalities, which suggests that poverty can be addressed through domestic policy solutions. Thus, we need to (re)think the nature of poverty, poverty measurement, anti-poverty strategies and redistributive policies – as well as the role of politics in shaping (re)distributive policies. This book contributes to advancing our knowledge on these issues.

What is common to all the chapters is a strong focus on the role of politics in causing and addressing poverty in MICs. Political actors have specific interests and pursuits, and they negotiate, bargain and interact with each other in shaping public policies and well-being. We do not confine politics to what takes place in the (formal) political system centring on political parties. Instead, any actor operating within specific power relations that structure public policy-making is a ‘political’ actor, and our key focus in terms of politics is the distributive outcomes of policy-making – ‘who gets what, when and how’ (Lasswell 1950 [1936]). The ‘disadvantaged, ‘poor’ or ‘subaltern’ groups may in this book appear as mere recipients – whether as ‘beneficiaries’ or ‘maleficiaries’ – of public policies. However, they equally play an important role as political actors.

Thus, although highly technocratic and depoliticized approaches usually dominate public debates on poverty reduction, Karriem reminds us in this volume, by quoting Green and Hulme (2005: 876), that ‘[Inequality and] poverty reduction do [...] not simply require “good” policy: it requires creating the capacity of poorer people to influence, and hold accountable, those who make policies.’ Karriem points out that state policies or ‘politics from above’ is not enough to create sustainable poverty reduction. Instead ‘social movement “politics from below” can pressure the state to implement policies [...] when it lacks the political will do to so’ (see Chapter 9).

Political force is critical in the process of reducing poverty. Nevertheless, many MICs are imperfect democracies and social, cultural and political norms entail that many poor groups fail to gain firm political representation (Hickey and Bracking 2005). Political elites are thus a particularly powerful group that in many contexts steer policy developments in directions advantageous to them, as pointed out by Oloruntoba (see Chapter 6). In countries with high levels of inequality, it may be particularly difficult to pursue substantial redistribution. As Ulriksen suggests in Chapter 5: ‘The wealthiest constitutes a small but powerful group with little incentives to reduce their earnings for purposes of redistribution, while constituencies supportive of redistribution and more equal earnings generally are weaker and less well organized.’ The interplay of different domestic political actors is thus an important factor in understanding poverty in MICs.

### **Addressing poverty in MICs (ii): redistributive policies**

It is a central thesis in this volume that, as MICs have some institutional capacity and domestic wealth, and as poverty is also a reflection of national inequality, domestic public policies are central in addressing poverty and deprivation. Public policies include an array of different areas (housing, land, infrastructure, health, education, water, taxation, social protection, etc.) and need not be redistributive; in fact, public policies may as well be regressive or merely support the status quo.

One specific, and largely redistributive, public policy in MICs, which has received a lot of scholarly attention in the past decade, is social protection: the provision of cash or in-kind transfers to the poor and vulnerable (e.g. Barrientos 2013; Bender et al. 2013). Although we recognize the central role of social protection in addressing the needs of the poor in MICs, we wish instead to pay greater attention to the wider range of public policy options available to governments in MICs as well as the compounding impact of concurrent public policies and overall development plans. Consequently, the chapters cover specific policy areas such as health, housing, land, urban upgrading and food programmes as well as broader developmental models and public policy frameworks. The overall picture that the chapters provide is rather mixed. Some policy interventions are able to address poverty and inequality, but more often than not policies do not have their intended



impact and/or coexist with policy frameworks (and contextual realities) that are counterproductive. As argued throughout the chapters, this is largely because of strong political interests and struggles at both national and local levels.

### **Overview of the volume**

The persistence of pervasive poverty in MICs is thus the central theme of this volume and is tackled from different perspectives. The chapters focus on how politics through public policy affects poverty and inequality and they show how the ‘politics of poverty reduction’ (or lack thereof) plays out at the global, national and local levels.

The chapters span three continents (Latin America, Africa and Asia), various scales (global, national and local) as well as the urban and the rural. Hence, as mentioned, Chapter 1 deals with the methodological issues of measuring poverty. Chapters 2, 3 and 4 centre on the larger global discourses on poverty from the perspectives of different MICs. Chapters 5 and 6 analyse the context of poverty and inequality within specific MIC nation-states, whereas Chapters 7 to 11 take a closer look at specific challenges at either urban or rural levels.

The majority of the chapters have been developed on the basis of papers presented at an international workshop, ‘Poverty and Politics in Middle Income Countries’, held in Cape Town from 22 to 24 November 2012. It was organized by the Comparative Research Programme on Poverty (CROP) and the Institute for Social Development, University of the Western Cape, South Africa. The workshop established an agreement between the participants that the MICs see a reduction in extreme poverty but increased inequality, and that politics and public policies need to be brought into the analysis to explain these developments. Moreover, the workshop raised questions which the chapters address to varying extents or in different ways: Is poverty reduction in MICs distinctive? What has been the overall policy framework for reducing poverty and inequality in such countries? Which political actors, or realignments, have been most active in influencing policy choices?

David Gordon and Shailen Nandy (Chapter 1) show how definitions of poverty based on the concept of relative deprivation can be operationalized to produce policy-relevant and comparable measures of poverty in Low, Middle and High Income Countries. It is important to have a globally consistent measure of poverty as the experience of poverty can then be compared across countries at

different economic levels as well as within a group of countries, such as MICs. The authors discuss the theoretical and conceptual background for the use of ‘consensual’ approaches to measuring poverty, and show how the views of populations can be included in poverty definition and measurement. Using household survey data from Benin (an LIC), Mexico (an upper-MIC) and the UK (an HIC), they show how poverty estimates can be made using measures which reflect internationally agreed definitions of poverty. They also show how, in each country selected, there is a high degree of consensus about the necessities of life, and that such consensus identifies and establishes social norms which apply to everyone, from which no one should be excluded owing to a lack of resources.

Understanding what it means to be poor and finding ways to measure poverty are the critical starting points of any analysis of poverty in MICs – whether at the global, national or local level. The next three chapters deal with ‘global’ issues from the perspective of a major country in Latin America, Africa and Asia, respectively.

Camilo Pérez-Bustillo (Chapter 2) explores issues related to the intertwined legacies of poverty and racism. He presents Mexico as a key MIC case, where conflicting discourses regarding the future development model play out in violent ways, and where counter-hegemonic approaches to issues of human rights and social justice emerged. He discusses the regional and global implications of these struggles, and shows the leading role of the Mexican political rulers in establishing several new ‘free trade’ blocs and keeping alive the neoliberal model of globalization, which is counterproductive to sustainable poverty reduction. The classification of a country as an ‘MIC’ potentially has ideological implications, because it highlights visions of becoming ‘middle-class’ consumer societies despite the fact that severe deprivation, inequalities and human rights abuses continue to exist. It furthermore makes certain policies ostensible models for the implementation of policies capable of exerting broader influence on a regional and global scale. The chapter emphasizes the need for a critical reassessment of efforts to achieve fundamental social transformations in such contexts.

Tor Halvorsen (Chapter 3) continues Pérez-Bustillo’s discussion of the choices MICs have to make regarding their development model. Halvorsen departs from the fact that South Africa has become an associate member of the OECD, the Organisation for Economic

Co-operation and Development, where the USA and the EU countries have played the leading roles. Concurrently, South Africa became the 'S' in BRICS (also including Brazil, Russia, India, China). Whether South Africa will become a full member of OECD or rather will direct its international energies towards BRICS will depend on its internal political struggles. Central to these struggles are a number of development plans, containing a broad debate about South Africa as a potential 'democratic developmental state', securing poverty reduction, work for all, and environmental-friendly and inclusive growth. Halvorsen argues that South Africa seems to follow a dual strategy of using development models from both the OECD and BRICS. However, if South Africa wants to become a democratic developmental state, none of the development models contained in the BRICS cooperation or the OECD (or even a combination of these) will be the solution. Rather, South Africa needs to elaborate an alternative that emphasizes democracy and welfare for all rather than 'development'.

Amrit K. Virk (Chapter 4) brings the welfare state discussion to the MICs, thereby emphasizing the role of public policies in shaping well-being. As universal health coverage (UHC) has become a prominent policy concern for MICs, many of them have established innovative health programmes in order to expand coverage and improve healthcare access. Contributing to the emerging global discourse on universal health coverage, this chapter explores the recent drive for UHC in emerging economies and the feasibility and effectiveness of current approaches. In particular, Virk looks at recent policy developments in India related to universal health coverage and its national health insurance programme for low-paid workers, the *Rashtriya Swasthya Bima Yojana* (RSBY). By identifying the underlying political and economic basis of recent healthcare reforms in the country, the chapter focuses on the role of politics in shaping health policy, and it provides added insights into the drivers and determinants of expanding and universalizing health coverage in other MIC contexts.

Although the above three chapters focus on global discourses of poverty, they also emphasize the role of domestic politics within specific MICs. The next two chapters take this issue farther by exploring how domestic political actors, particular political and economic elites, can enable as well as obstruct efforts to address poverty and inequality.

Marianne S. Ulriksen (Chapter 5) holds that extreme inequality is undesirable as it is related to many social and economic ills. Moreover,

owing partly to high inequality levels, many MICs struggle with pervasive problems of poverty. This chapter centres on public policies that may address inequality – employment creation, wage-setting, taxes and transfers – and discusses why some policies are politically more attractive than others. Comparing the highly unequal MICs of Botswana and South Africa, it becomes evident that redistributive policies of taxes and transfer have some income-levelling impacts, although their ability to address extreme wage inequality is limited. Some policies, such as social transfers and minimum wage-setting, can create political responsiveness, particularly when lower-income groups are mobilized. However, other policies that could also address inequality – the difficult task of creating employment and the sensitive issue of addressing extremely high wages at the elite level – tend to receive only sporadic, incoherent political attention. Thus, Ulriksen shows how politics can disrupt attempts to address substantial redistribution in MICs.

Samuel O. Oloruntoba (Chapter 6) contends that political will is central to achieving poverty reduction at a substantial level. Although MICs have recorded high rates of economic growth, such growth was and still is anchored on the logic of the market, which advocates the retreat of the state and the discounting of social provisioning in education, health, pensions and welfare. For example, despite high economic growth in Nigeria, poverty and inequality are still very high, which Oloruntoba argues is due essentially to the ‘politics of disempowerment’, with various poverty reduction programmes having been merely tokenistic, serving as avenues for personal enrichment of the political class and their cronies. Following a brief comparison with Venezuela (another MIC with an economy reliant on oil revenue), he suggests that MICs must have the capacity to formulate policies which can enhance the ability of the poor to have title to their land, stimulate job creation and enact social welfare programmes that build human capability and preserve dignity.

Moving from the national to local urban and rural contexts across Latin America, Africa and Asia, the last five chapters provide different perspectives on the challenges of developing and implementing adequate public policies to address the needs of specific poor and vulnerable groups. As is the general theme of this volume, they also highlight how different political actors and interests affect these policy processes.

Einar Braathen, David Jordhus-Lier, Berit Aasen and Catherine Sutherland (Chapter 7) argue that large cities in MICs can play a significant role in poverty reduction and social development. A growing majority of the world population, including the poorest segments, lives in cities. Large cities have become dominant in national landscapes as engines of economic development, and as spaces for struggle over social development and environmental change. The authors contend that housing precariousness, or the lack of adequate housing, is a good vehicle for understanding urban poverty and inequality. Housing precariousness is manifested in its most extreme form in urban substandard settlements ('slums'). After providing an overview of urban poverty and inequality in Brazil and South Africa, as well as in the three cities that form the focus, the chapter reviews the shifts in urban and housing policies in each country and city. While a similar emphasis on informal settlements upgrading is identified, the processes behind the policy shifts are different, with old policies bouncing back and new policies implemented unevenly. Local politics is a strong factor in shaping these policy processes.

Martín Boy (Chapter 8) depicts how the urban landscape of Buenos Aires has changed since the 1990s and the deep economic and social crisis in 2001/02. In the daytime, the city centre is busy with people working in the area. At night, the 'Adults who Live on the Streets' (ALS) find a secure zone in the parts of the city centre where shelter and some social services are offered. In that context, public policies were created to attend to the needs of the ALS. However, Boy also shows how the state (city government) and the private sector (real estate market) have negatively influenced the position of poor, vulnerable and excluded groups, such as the homeless. Impoverishment and exclusion in the city were originally forged through private and public initiatives that forced poorer and low-income groups out of the city. Furthermore, although subsequently a number of social policies have been put in place, these policies often create temporary solutions and segmentation rather than addressing the structural problems of homelessness. This chapter thus provides a powerful picture of specific challenges in MIC urban areas.

Abdulrazak Karriem (Chapter 9) considers the Brazilian Landless Movement's (MST) struggles for land and rural development. Karriem illustrates that through occupying unproductive land, the MST pressured successive governments into redistributing 7 million

hectares of agricultural land and providing infrastructural support, which have contributed to improving the livelihoods of small farmers. Many analysts focus their research either on MST struggles *for* land or struggles to build livelihoods *on* the land to comprehend progress in MST members' livelihoods and access to land; however, Karriem argues that to better understand access to land and improvements in members' livelihoods, we need to understand struggles *for* land and *on* the land as interconnected. He further argues that the MST's grassroots politics encourage an organizational praxis that helps members develop a critical consciousness of the structural causes of their poverty and thus to act collectively to challenge their landlessness and marginalization in the development process. This chapter therefore provides insights into the political struggles in rural areas that directly affect the well-being and livelihoods of groups that are often particularly vulnerable in many MICs.

Sony Pellissery (Chapter 10) takes the land issue from Brazil to India. Pellissery argues that widespread poverty in India can be directly attributed to the contradiction of equality in the spaces of formal democracy and inequality in the social sphere. An examination of the sources of inequality reveals how Hindu social philosophy legitimized land alienation of the socially disadvantaged sections of India, namely lower castes and the indigenous population. Half-hearted land reform in independent India as well as economic planning that was biased towards the population on the higher rungs of the social hierarchy were consistent with the Hindu ideology of graded inequality. In recent times, India's climb to middle-income status and its aspiration to emerge as an economic superpower has led to a fast depletion of natural resources through extraction-based development models. Such models deny the opportunity to depend on land for livelihood purposes. Thus, in the context of huge land inequality and a feudal mode of production, equality and liberty are far from realized for the socially disadvantaged groups, which are instead caught in a vicious cycle of asset deprivation, socio-economic marginalization through discrimination and limited political resources.

Rajakishor Mahana's chapter (Chapter 11) is an important contribution to understanding why development interventions (e.g. public policy) sometimes fail owing to local political processes. Building on the insights of James Ferguson's 'anti-politics machine', and Joel Migdal's 'state-in-society approach', the chapter portrays

how development interventions do not work as intended by exploring the politics of hunger deaths in Kashipur, Odisha (India). Mahana shows how the failure of development interventions to address hunger deaths in Kashipur was not because of drought in the area or because institutional support mechanisms were inadequate. Rather, local politics obstructed the interventions, because of the power play between local elites who controlled the food as well as apathy of the state in addressing the root causes of hunger deaths. The government merely defined and recorded the deaths as ‘food poison deaths’ rather than ‘hunger deaths’. The author further argues that development interventions, one after another, continue to sustain the production of ‘underdevelopment’ of various kinds. Thus, as highlighted by several of the preceding chapters too, although public policies may have good intentions they often fail to address deeper-set structural problems.

### **Concluding remarks**

In LICs, national governments – largely encouraged by their resourceful international partners – have often focused on developing national plans, poverty reduction strategies and setting developmental goals in the effort to address poverty. International donors have tended to see these documents as ‘consensual’ strategies that bypass domestic politics (Faust 2010). Although policy-making and the distribution of resources remain highly political also in LICs, the role of external actors is much less profound in MICs. Instead, powerful and well-off domestic political elites tend to have strong impacts on policy-making and development, although their influence at times is counterweighted by social movements and local political interests.

Thus, this volume highlights how the interplay between different domestic political actors is an important factor in understanding poverty reduction efforts in MICs. The contributions also emphasize how poverty is best understood in relative terms and as connected to domestic inequality. Given that MICs have some level of capacity and economic wealth, domestic public policies are important tools in addressing poverty and inequality, and the chapters explore how different types of public policy are developed to address the needs of poor and vulnerable groups. Although some policy interventions do address poverty and inequality, many policies do not have their intended impact and/or coexist with other policy frameworks and political realities that are counterproductive to these efforts. More

profoundly, it is often difficult to address deeper structural problems and to create the kind of transformation that may reduce social, economic and political inequalities across and within nations.

## Notes

<sup>1</sup> [www.worldbank.org/en/topic/poverty/overview](http://www.worldbank.org/en/topic/poverty/overview), accessed 2 October 2015.

<sup>2</sup> Ibid.

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# 1 | POLICY-RELEVANT MEASUREMENT OF POVERTY IN LOW, MIDDLE AND HIGH INCOME COUNTRIES<sup>1</sup>

*David Gordon and Shailen Nandy*

## **Introduction**

The governments of all countries in the world have repeatedly made commitments to eradicate poverty during the twenty-first century. For example, at the 1995 World Social Summit, the leaders of 117 countries agreed on *The Copenhagen Declaration and Programme of Action*, which emphasized that the eradication of poverty ‘was an ethical, social, political and economic imperative of humankind’ (UN 1995). Countries subsequently committed themselves to implementing both national and international policies to substantially reduce overall poverty and eradicate absolute poverty during the twenty-first century (UN DESA 2005).

In September 2000, the governments of 189 countries adopted the United Nations Millennium Declaration resolving to ‘spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty’ (UN 2000). In December 2007, the United Nations General Assembly proclaimed the Second United Nations Decade for the Eradication of Poverty (2008–2017) and reiterated ‘that eradicating poverty is the greatest global challenge facing the world today’ (UN 2008).

Thus, poverty reduction is a key concern across countries. An essential task in achieving this goal is first to understand the extent of poverty – that is, to define and measure it. Accurate and precise measurement is needed in all countries (Low, Middle and High Income) to determine whether or not anti-poverty policies are effectively and efficiently eradicating poverty and deprivation. It will be very difficult, impossible even, to determine whether poverty has been eradicated globally if different definitions and measures of poverty are used in different countries. This chapter discusses some potential methods for the robust and rigorous measurement of poverty in all countries irrespective of their level of economic development.

It is not possible to produce valid and reliable measures of anything (for example, speed, mass, evolution or poverty) without a theory and a definition. The next section provides a conceptual framework for measuring poverty in all countries, irrespective of their level of development. This is followed by examples of how similar methods can be used to meaningfully assess poverty in Low, Middle and High Income Countries.

*Conceptual framework* It is still fashionable among some economists to repeat the old claim that: ‘For deciding who is poor, prayers are more relevant than calculation, because poverty, like beauty, lies in the eye of the beholder. [...] Poverty is a value judgement; it is not something that one can verify or demonstrate’ (Orshansky 1969: 37).

Orshansky defended the choices she made when developing the US poverty line by arguing, somewhat illogically, that ‘if it is not possible to state unequivocally “how much is enough”, it should be possible to assert with confidence how much, on average, is too little’ (Orshansky 1965: 17). However, poverty is a social fact and all cultures have a concept of poverty (Gordon and Spicker 1999), which is a difficult finding to explain if poverty is solely in the ‘eye of the beholder’. In Low Income Countries (LICs), poverty is often a murderous social fact which results in the deaths of millions of children (Black et al. 2003, 2010). As the World Health Organization points out, ‘The world’s biggest killer and greatest cause of ill health and suffering across the globe is listed almost at the end of the International Classification of Diseases. It is given code Z59.5 – extreme poverty’ (WHO 1995: 1).

Poverty does not kill children as frequently in Middle and High Income Countries, although, as mentioned in the Introduction, Middle Income Countries (MICs) still harbour a large number of extremely poor people. Even in High Income Countries (HICs) with functioning social security systems and welfare states, poverty still results in premature death.

Table 1.1 illustrates how life expectancy, even in an HIC like the UK, can vary to the extent that some people are worse off than the average person in some MICs. The table shows that life expectancy at birth for men in the Carlton area of Glasgow (in the UK) is only 54 years, which is lower than the average life expectancy for men in MICs like India, the Philippines and Mexico. However, only a few kilometres walk north-east of Carlton, in the wealthier area of Lenzie,

TABLE 1.1 Male life expectancy in Glasgow and selected countries

Place	Life expectancy at birth
<i>Glasgow (Carlton), Scotland, UK</i>	54
India	62
Philippines	64
Poland	71
Mexico	72
United States	75
Cuba	75
United Kingdom	77
Japan	79
Iceland	79
<i>Glasgow (Lenzie North), Scotland, UK</i>	82

Source: Adapted from Commission on Social Determinants of Health (2008)

life expectancy for men is 82 years – higher than the average male life expectancy in any country in the world. In a short walk across a city in one of the richest countries in the world, one travels from one area to another where boys have a twenty-eight-year difference in life expectancy. The underlying cause of this difference is poverty, not differences in health-related behaviours (Galobardes et al. 2004, 2008; Davey Smith 2007; Commission on Social Determinants of Health 2008; Spencer 2008; Thomas et al. 2010). These deaths are cruel and measurable social facts; they are not in the ‘eye of the beholder’ and neither is their underlying cause – poverty.

Fortunately, since the work of Orshansky in the 1960s, significant theoretical advances have been made in poverty research. In particular, the research of Peter Townsend resulted in a paradigm shift in poverty measurement methodology (Walker et al. 2010). The first paragraph in his seminal work *Poverty in the United Kingdom* is arguably one of the most important ever written about poverty. It is now so well known that many researchers and students of social policy can recite it from memory:

Poverty can be defined objectively and applied consistently only in terms of the concept of relative deprivation [...] The term

is understood objectively rather than subjectively. Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged or approved, in the society to which they belong. (Townsend 1979: 31)

Townsend argued that absolute poverty did not exist as a meaningful concept distinct from relative poverty. Poverty in all countries and cultures was the same phenomenon and what was termed ‘absolute’ poverty was in reality just more severe/extreme/deeper poverty. The difference between being ‘relatively’ poor and ‘absolutely’ poor was simply the difference between the ‘poor’ and the ‘poorest’.

Townsend’s relative deprivation approach is a sociological theory, which emphasizes the importance of both social participation and the dynamic nature of poverty, i.e.:

poverty is a dynamic, not a static concept ... Our general theory, then, should be that individuals and families whose resources over time fall seriously short of the resources commanded by the average individual or family in the community in which they live ... are in poverty. (Townsend 1962: 219)

According to Townsend, poverty can be defined as having an ‘insufficient command of resources over time’ and the consequence of a lack of ‘resources’ is that a ‘poor’ person/household will eventually become deprived. Thus, poverty is the lack of resources and deprivation is the consequence/outcome of poverty.

Townsend (1979) defined resources as cash income (e.g. wages, self-employment profits, etc.), capital assets (e.g. imputed rent, stocks and shares, etc.), value of employment benefits (e.g. subsidized meals, travel, computers, etc.), value of public services (free health, education, housing subsidies, etc.) and private income in-kind (e.g. home production of food, etc.). He showed that, in the United Kingdom, cash income as conventionally measured represented less than 60 per cent of household resources and was therefore not a highly reliable measure of command of resources over time (*ibid.*).

Even in ‘rich’ countries, with monetized economies and high-quality survey data, the use of income as a measure of resources is

problematic. In LICs/MICs, where there is a considerable amount of home production of food and some barter of goods and services, conventional measures of income from cross-sectional (i.e. one point in time) social surveys are likely to be inadequate proxy measures of ‘command over resources’. Expenditure data from social surveys is often of lower quality than income data (owing to short expenditure diary-keeping periods and non-response among some household members) and attempts to measure ‘consumption’ are even less reliable. Also, there is no agreed international definition or method for measuring ‘consumption’, and even the seemingly simple task of converting food expenditure data into measures of food consumption and dietary adequacy is fraught with difficulty and requires literally thousands of ‘heroic’ assumptions (Deeming 2010, 2011).

Townsend also argued that deprivation, like poverty, is a relative concept:

Deprivation may be defined as a state of observable and demonstrable disadvantage relative to the local community or the wider society or nation to which an individual, family or group belongs. The idea has come to be applied to conditions (that is, physical, emotional or social states or circumstances) rather than resources and to specific and not only general circumstances, and therefore can be distinguished from the concept of poverty. (Townsend 1987: 5)

The two concepts, of poverty and deprivation, are therefore tightly linked. The concept of deprivation covers the various conditions, independent of income, experienced by people who are poor, while the concept of poverty refers to the lack of income and other resources which makes those conditions inescapable or at least highly likely (ibid.).

In order to measure poverty and deprivation consistently and comparatively across all countries and cultures, it is necessary to measure exclusion from the normal social activities and lack of common possessions in each society resulting from inadequate command of sufficient resources over time. The accuracy and policy relevance of poverty measures can be greatly enhanced if the views of the population (and particularly the ‘poor’) can be incorporated into the measure of poverty. There are several methods for achieving this,

such as the use of focus group methods, incorporating nationally or internationally agreed standards into the measure (such as minimum standards of education, water quality, housing quality, etc. found in the constitutions of some countries – such as South Africa) and/or using the ‘consensual’ or ‘perceived deprivation’ approach to measuring poverty by investigating the public’s perceptions of minimum needs. The 1983 Breadline Britain study pioneered this method:

This study tackles the question ‘how poor is too poor?’ by identifying the minimum acceptable way of life for Britain in the 1980s. Those who have no choice but to fall below this minimum level can be said to be ‘in poverty’. This concept is developed in terms of those who have an enforced lack of socially perceived necessities. This means that the ‘necessities’ of life are identified by public opinion and not by, on the one hand, the views of experts or, on the other hand, the norms of behaviour per se. (Mack and Lansley 1985)

Mack and Lansley defined ‘necessities’ as possessions and ‘activities’ as items that every family (or person) should be able to afford and that nobody should have to live without. An item regarded as necessary by at least 50 per cent of respondents was seen as a ‘socially perceived necessity’. Since the 1980s, this methodology has been successfully used to measure poverty in Europe and across the world in Low, Middle and High Income Countries – for example, Bangladesh (Mahbub Uddin Ahmed 2007), Vietnam (Davies and Smith 1998), Tanzania (Kaijage and Tibaijuka 1996), Zimbabwe (Mtapuri 2011) and South Africa (Noble et al. 2004; Wright 2008; Barnes 2009a, 2009b; Barnes and Wright 2012).

The consensual method for measuring poverty involves three steps. First, what the public perceives as social necessities must be established; secondly, those who suffer an enforced lack of the socially perceived necessities should be identified; and, thirdly, the levels of household income at which people run a greater risk of not being able to afford the socially defined necessities in a given national context should be determined, so identifying the poverty line or band (Gordon and Pantazis 1997; Gordon 2006).

This approach contrasts with that of many other poverty measures, including the most commonly used one, the World Bank’s International

Poverty Line (IPL), set roughly at a ‘dollar a day’, adjusted for purchasing power parity (World Bank 1990; Ravallion et al. 1991; World Bank 2000; Ravallion et al. 2008). It is the indicator being used to reflect progress towards Target 1.A of the first Millennium Development Goal (MDG), to ‘halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day’,<sup>2</sup> and garners far more attention than the two other targets of MDG1, namely ‘Target 1.B: Achieve full and productive employment and decent work for all, including women and young people’ and ‘Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger’.

Sustained criticism of the ‘\$1/day’ measure has highlighted serious problems of validity and reliability. However, a number of reports have been published in recent years using this indicator, which purport to show that the world is on track to meet MDG1 and that this is true even for sub-Saharan Africa.

As also discussed in the Introduction, the \$1/day measure has long been contested on theoretical, methodological and even moral grounds (Townsend 1993; Townsend and Gordon 2002; Vandemoortele 2002; Pogge 2004, 2005; Townsend et al. 2006), not least because it does not fully reflect the Bank’s own definition of poverty, set out in 1990, as ‘the inability to attain a minimal standard of living’ (World Bank 1990: 26). Concerns about methodological shortcomings are harder to ignore. Pogge and Reddy have made detailed assessments of the World Bank’s poverty measure (Reddy and Pogge 2002; Pogge 2010), noting recently that the Bank’s revised ‘updated’ poverty line (\$1.25 in 2005 PPP) resulted in significant revisions to its own estimates, by nearly 50 per cent (Chen and Ravallion 2008), while still remaining at too low a level to cover the cost of purchasing basic necessities (Reddy and Pogge 2008). Reliance on purchasing power parities (PPPs), which require adjustments over time (and place), also renders the Bank’s measure problematic, and a key reason for the revision of the Bank’s global poverty estimates was that the costs of living in many countries had been underestimated, and thus the previous estimates had significantly underestimated the extent of world poverty.

Revisions to the international poverty line have been made possible by the greater availability of high-quality household survey data from more countries and by more accurate estimates of cost of living standards around the world. The 2008 update made estimates of the proportion and number of people living below a range of different



poverty lines (i.e. \$1/day, \$1.25/day, \$1.45/day, \$2/day, \$2.50/day). While there were significant reductions in the proportion and number of people living under the lower thresholds, there were increases when estimates used the \$2/day and \$2.5/day thresholds. The selection of lower thresholds downplays the true extent of extreme poverty and the conditions it entails and also facilitates claims of progress towards the first MDG. Chen and Ravallion's update noted that, with the IPL set at \$1/day or \$1.25, the world was well ahead (185 and 131 per cent, respectively) of schedule to meet the first MDG by 2015. Much less impressive achievement was noted if slightly higher IPLs were used, of \$2/day and \$2.50/day. In these instances, the world was 32 per cent behind schedule or regressing by 12 per cent, respectively (Pogge 2008). Pogge also noted that, if the Bank's international poverty line were applied to the USA, a person with a daily income of \$1.37 (~\$500/year) would be rendered as non-poor (Pogge 2010) – evidence (if it was needed) of the measure's lack of face-validity in MICs and HICs.

The differences in the extent and depth of poverty in rich and poor countries are not just the result of households in rich countries having more money. People in HICs and, to some extent, in MICs also have access to an extensive range of capital goods, e.g. schools, hospitals, roads, electricity distribution, water supply infrastructure, sewerage systems, etc. In LICs, millions do not have access to schools, hospitals, safe water, etc., because these capital goods simply do not exist close to where they live. This is important because, by understating the monetary cost of capital goods in developing countries, the PPP conversion, an integral part of the \$1/day poverty methodology, obscures the costs of providing adults and children with the services they need to escape from poverty.

Therefore, in order to adequately assess the extent and depth of poverty in Low, Middle and High Income Countries using a comparable measure, it is necessary to examine both the lack of income and also the amount of deprivation in each society (i.e. the lack of possessions, goods and services). A key assumption when comparing poverty across diverse societies is that there are certain universal human needs, i.e. the need for food, shelter, healthcare and social activities/obligations – such as giving presents, marking important life events such as deaths, birth, coming of age, and the ability to care for friends and relatives. We now show how this can be done for countries at any level of development.

Our examples are Benin (low income), Mexico (middle income) and the UK (high income).

### **Benin (LIC)**

The 2006 Demographic & Health Survey (DHS) for Benin included a special poverty module, which aimed to ascertain respondents' opinions about what items/activities they considered to be necessary for an adequate standard of living (INSAE 2007; Nandy and Pomati 2014). Respondents were asked for their perceptions of necessities and also the degree to which they felt these needs were met. Questions were asked about food, clothing, housing, health/hygiene, transportation, education and leisure, work and relationships.

The module was administered to adult members of households, with one representative per household; the unweighted sample size was 17,511. The population of Benin in 2005 was around 7.6 million, with 44 per cent under fifteen years of age (UN DESA 2012). Given respondents were aged sixteen-plus, this suggests a remarkably good sampling fraction of around one in every 243 Beninese. The sample reflected the 40:60 urban–rural split and was representative at subnational level. Full details of the sample are available from the national DHS report.<sup>3</sup> No details are available on how the list of items/activities was derived (e.g. through focus group discussions, etc.) but those selected appear to have some degree of face validity, covering key domains for food, shelter, clothing, etc.

Table 1.2 shows what proportion of respondents considered an item to be 'essential', 'necessary' or 'not essential'. A majority of respondents believed most items on the list to be 'essential', i.e. that people should not have to go without because of cost. The list included an assortment of items, which reflect both material and social needs, and also demonstrated the aspirations of respondents to a 'good' standard of living. While around 30 per cent of households in the sample reported having electricity as their source of lighting, more than twice this proportion (77 per cent) believed that having access to electricity was essential. Similarly, for drinking water, despite 84 per cent of respondents thinking that access to drinking water was essential, only around one third of households had piped water into their dwellings/yards/plots. There was a high degree of consensus across demographic groups (e.g. age, sex, ethnicity, religion and place of residence) as to which items were essential and that everyone should be able to afford.

TABLE 1.2 Perception of essential items in Benin, 2006 – ‘Do you regard as essential, necessary or not that the following items are part of the minimal/basic needs in order to have adequate life condition?’

	Essential (%)	More or less necessary (%)	No (%)	Total (%)
Access to drinking water	84	15	0	100
Care when sick	84	16	0	100
Steady work	82	18	1	100
Send children to school	79	20	1	100
Electricity	77	22	2	100
Three meals per day	74	24	2	100
House	71	24	5	100
Radio	71	28	1	100
Transportation	68	30	2	100
Self-care (soap, barber, etc.)	67	32	1	100
A good meal on Sundays and holidays	64	33	4	100
Personal care products	62	36	2	100
Tables and beds	62	36	2	100
Several sets of clothing	61	36	2	100
A spacious house	59	37	4	100
Television	59	38	4	100
Several sets of shoes	58	38	4	100
Meat or fish every day	57	36	7	100
Taxi ride when needed	56	42	2	100
Birth control	55	37	8	100
Cereals or food made from roots or tubers every day	51	37	12	100
Vacation	51	43	6	100
Bus ride when needed	45	46	9	100
Ability to buy presents when needed	44	51	5	100
Vegetables every day	43	40	17	100
Need to work day and night	17	24	60	100

Note: Response categories were: 1 Yes, essential, 2 Yes, rather necessary, 3 No; n = 17,511

Source: Weighted data, DHS, Benin, DHS

Table 1.3 shows the proportion of respondents who were ‘not at all’ satisfied with the degree to which their households’ basic needs were met owing to a lack of money. Responding that their needs were not met at all suggests a degree of enforced lack of access to the socially prescribed needs identified in Table 1.2. So, for example, while 77 per cent of respondents thought having access to electricity was essential (Table 1.2), nearly half (46 per cent) of respondents were not at all satisfied with their households’ access to electricity (Table 1.3).

These nineteen items can be used to construct a deprivation of socially prescribed needs index, to reflect poverty and deprivation in Benin. There is clear face validity for the index, given that the items

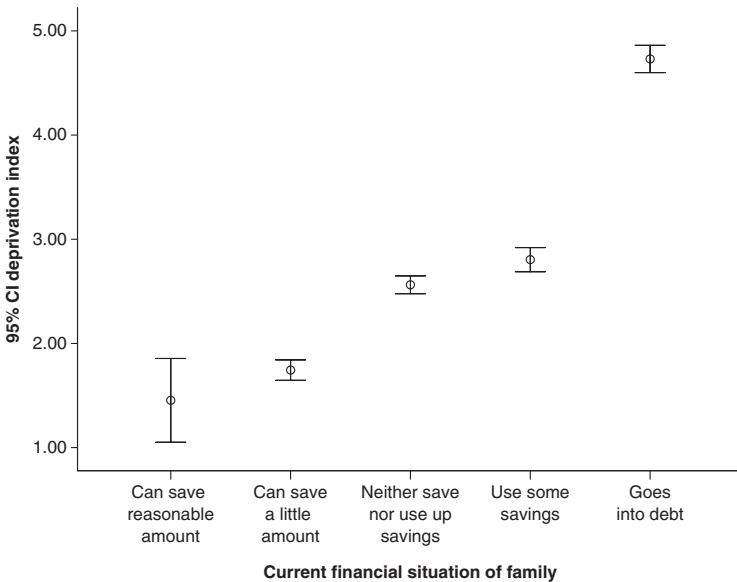
TABLE 1.3 Respondents’ needs satisfaction – ‘Are you satisfied with how the minimal needs of your household are met in the following domains?’

	% responding ‘Not at all’
Electricity	46
Furniture in the house	36
Transport	31
Availability of drinking water	26
Availability of leisure	22
Care in case of sickness	19
Help to parents in need	17
Housing	16
Self-care products in the house	15
Education for children	13
Cleanliness/personal hygiene	11
Shoes	10
Clothing	10
Meat or fish every day	10
A good meal on Sundays and holidays	7
Number of meals a day	7
Consumption of cereals and tubers every day	5
Consumption of vegetables every day	5
Relations with family and friends	5

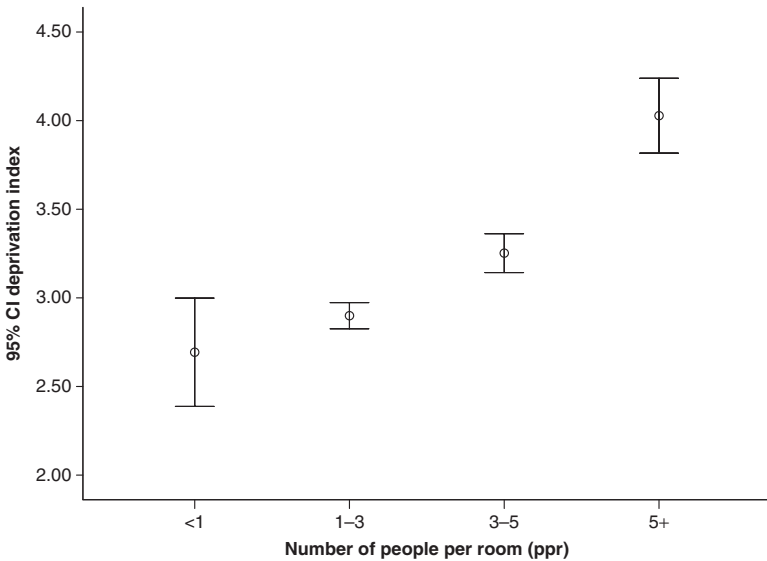
Note: Response categories were: 1 Very satisfied, 2 Satisfied, 3 No, not really, 4 No, not at all

cover living conditions, clothing, food and social activities such as helping parents in need and relations with family and friends. Scale reliability is also high, with a Chronbachs Alpha of 0.894 (Nunnally 1981), which can be interpreted as the average correlation between the set of questions asked (i.e. items in the deprivation index) and all other sets of deprivation questions of equal length (Pantazis et al. 2006).

A deprivation index can be considered valid if it exhibits statistically significant associations with a set of independent variables known to be correlated with poverty. For example, it would be expected, from Townsend's theory of relative deprivation and Mack and Lansley's concept of 'consensual poverty', that someone who is 'deprived' would also be more likely to consider her/himself to be subjectively poor (Bradshaw and Finch 2003). Figure 1.1 shows that those whose families go into debt or have to resort to using savings have a much higher deprivation score, as would be expected. Figure 1.2 shows that overcrowded households with five or more people per room (Nandy and Gordon 2009) also have high deprivation scores, and those not living in overcrowded conditions have low deprivation index scores. Both these figures show clear construct validity of the index.



**1.1** Mean deprivation score and 95 per cent confidence intervals by families' financial situation, Benin, 2006



**1.2** Mean deprivation score and 95 per cent confidence intervals by number of people per room (overcrowding), Benin, 2006

These results show that such methods can be used to great effect in measuring poverty in LICs like Benin. The results demonstrate that any poverty measure needs to include the costs of social participation as well as the costs of meeting material needs. Most people in Benin (Table 1.2) considered it essential as part of their minimum basic needs to be cared for when sick, to have a ‘good’ meal on Sundays/holidays and to have a range of goods to protect themselves from shame, e.g. personal care products, several sets of clothing and shoes. Significant majorities also considered it essential to have transportation and consumer durables which provide information/entertainment, such as a radio or TV. These findings highlight again the inadequacy of the World Bank’s ‘dollar-a-day’ poverty line, which does not include any allowance for the social and participatory needs of the ‘poor’.

### **Mexico (MIC)**

On 20 January 2004, the General Law of Social Development (LGDS) was ratified unanimously by the Mexican Chamber of Deputies and Senators. Its aim was to: ‘guarantee the full exercise of the social rights consecrated under the Political Constitution of the

United States of Mexico, by ensuring that all citizens are provided with access to social development’.

Article 36 requires that poverty in Mexico must be measured multidimensionally and that the measure must include (at least) the following eight dimensions:

1. Per capita current income
2. Average gap between compulsory education and actual education at the household level (educational gap)
3. Access to health services
4. Access to social security
5. Dwelling characteristics, space and quality
6. Access to basic dwelling-related services (water, sewerage, electricity, etc.)
7. Access to food
8. Level of social cohesion

Thus, Mexican law requires a multidimensional poverty indicator, which measures access (or lack of it) to constitutionally mandated social rights, e.g. access to free compulsory education. The Mexican Constitution was the first in the world to include a range of social rights, and these provisions have influenced the constitutions of many countries (including MICs such as India and South Africa).

The Mexican poverty measure follows in the Latin American tradition of combining income-based measurement of poverty with unmet basic needs (Becaria and Minujin 1988; Feres and Mancero 2000; Gordon 2006), within a human rights framework, such that: ‘A person is considered to be multidimensional poor when the exercise of at least one of her social rights is not guaranteed and if she also has an income that is insufficient to buy the goods and services required to fully satisfy her needs’ (CONEVAL 2010: 28).

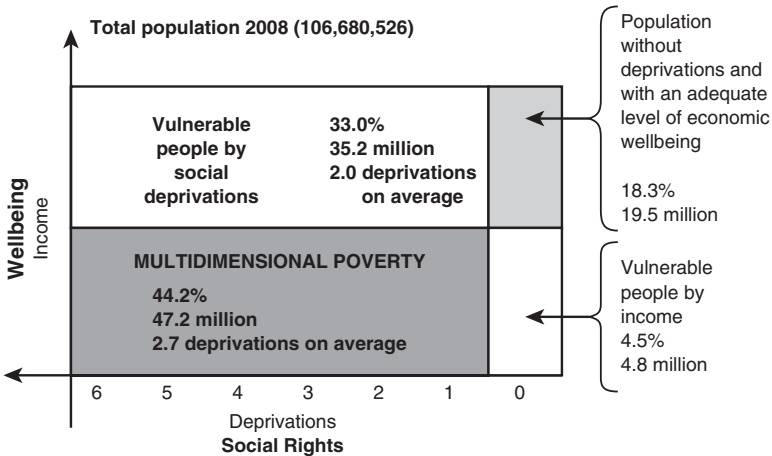
The threshold values used to identify whether a person was suffering from a deprivation of their social rights was set using the following criteria:

1. Apply legal norms, if they exist.
2. Apply specific criteria defined by experts of specialized public institutions working on the field of each deprivation indicator.
3. Apply criteria based on statistical analysis.

- The Executive Committee of CONEVAL shall determine the threshold, after taking into consideration the opinion of experts.

Figure 1.3 shows how this method can be applied to Mexico’s 107 million people. The X-axis represents the non-fulfilment of people’s social and economic rights, through the use of a deprivation index, with scores running right to left, from 0 upwards. The Y-axis shows people’s level of economic well-being, with level of income used as a proxy indicator. The population can then be divided according to predetermined thresholds for both axes. In this instance, 44 per cent of the population (37 million people) were identified as living in multidimensional poverty, with deprivation scores above 1 and an income below the set threshold or poverty line. In contrast, around 18 per cent of the population was neither income poor nor affected by any social deprivations. The figure also identifies those people vulnerable to poverty owing to high deprivation scores (but having incomes above the poverty line), and those whose incomes are below the poverty line, but who do not (yet) have deprivation index scores above 1.

The Mexican methodology can be considered to be a variation on the ‘consensual’ method for measuring poverty as advocated in this chapter. Both methods identify the ‘poor’ as those who suffer from



**1.3** Multidimensional poverty measure in Mexico. The ‘poor’ are those with both a low income and deprivation of one or more social rights (source: CONEVAL slides: World Bank presentation)



deprivation owing to a lack of income/resources. Similarly, both methods try to incorporate the views of the population in the measurement of poverty. In the case of the ‘socially perceived necessities’ methodology, this is done by measuring the opinions of a representative sample of the population, whereas, in the case of the Mexican method, this is done using constitutional and legal norms which are considered to be an expression of the will of the Mexican people (Boltvinik et al. 2010; CONEVAL 2010).

## UK (HIC)

The UK has a long history of anti-poverty policies and poverty measurement, with detailed legislation stretching back over four hundred years (since the Poor Law Acts of 1597 and 1601). Some historians have even argued that the Industrial Revolution was particularly successful in England and Wales owing to the existence of an effective poor relief system, which prevented starvation and thus facilitated the growth of a large urban workforce (Solar 1995; Szreter 2005). The modern UK welfare state has continued to have an intensive policy focus on poverty. For example, in 1999 the UK government committed itself to eradicating child poverty forever by 2020, and this policy commitment was written into law in the 2010 Child Poverty Act, which had broad cross-party support. The Act established four child poverty targets which need to be met by 2020/21 (UK Government 2010).

1. **Relative poverty:** Fewer than 10 per cent of children living in relative low-income poverty by 2020. The purpose of this target is to measure whether the poorest families are keeping pace with the growth of incomes in the economy as a whole. Relative poverty is defined as living in a household with a net equivalized income (before housing costs) of below 60 per cent of the national median.
2. **Material deprivation and low income:** Fewer than 5 per cent of children living in combined material deprivation and low income. The purpose of this target is to provide a wider measure of children’s living standards. For this measure, low income is defined as less than 70 per cent of median equivalized net household income. Children are materially deprived if they live in households that cannot afford a range of basic activities, such as school trips, or celebrations on

special occasions, or if they cannot afford basic material goods, such as fuel to keep their home warm, etc.

3. **Absolute low income:** Reduce the proportion of children who live in absolute low income to less than 5 per cent. The purpose of this target is to measure whether the poorest families are seeing their incomes rise in real terms. Absolute low income is defined as less than 60 per cent of median equivalized net household income in the base year (2010/11) after allowing for inflation (RPI).
4. **Persistent poverty:** Percentage of children living in relative poverty for three out of four years (target level to be set by the end of 2014 as data are currently unavailable). Relative poverty is defined as living in a household with a net equivalized income (before housing costs) of below 60 per cent of the national median.

In addition, a severe child poverty measure has been defined as 'living in a household with an equivalised income below 50 per cent of median Before Housing Costs which also experience material deprivation' (DWP 2011).

Twenty-one questions are used to measure material deprivation in the UK as part of the low income and material deprivation target. These questions are derived from the 1999 Poverty and Social Exclusion Survey and all of them are socially perceived necessities, i.e. more than half of a representative sample of the UK population believes that they are 'necessities of life' which everyone should be able to afford and no one should have to do without (Gordon et al. 2000; Pantazis et al. 2006). The deprivations are prevalence weighted and summed to produce a deprivation index.

### *Adult questions*

1. A holiday away from home for at least one week a year, while not staying with relatives at their home
2. Have friends or family around for a drink or meal at least once a month
3. Two pairs of all-weather shoes for each adult
4. Able to keep accommodation warm enough in winter
5. Enough money to keep your home in a decent state of decoration
6. Household contents insurance
7. Regular savings of £10 a month or more for rainy days or retirement

8. Replace any worn-out furniture
9. Replace or repair major electrical goods such as a refrigerator or a washing machine, when broken
10. A small amount of money to spend each week on yourself, not on your family
11. Adult has a hobby or leisure activity

### *Child questions*

1. A family holiday away from home for at least one week a year
2. Enough bedrooms for every child of ten or over to share their bedroom only with siblings of the same sex
3. Leisure equipment such as sports equipment or a bicycle
4. Celebrations on special occasions such as birthdays, Christmas or other religious festivals
5. Swimming at least once a month
6. Friends around for tea or a snack once a fortnight
7. Child has a hobby or leisure activity
8. Toddler group/nursery/playgroup at least once a week
9. Go on school trips once a term for school-aged children
10. Outdoor space or facilities near by in which to play safely

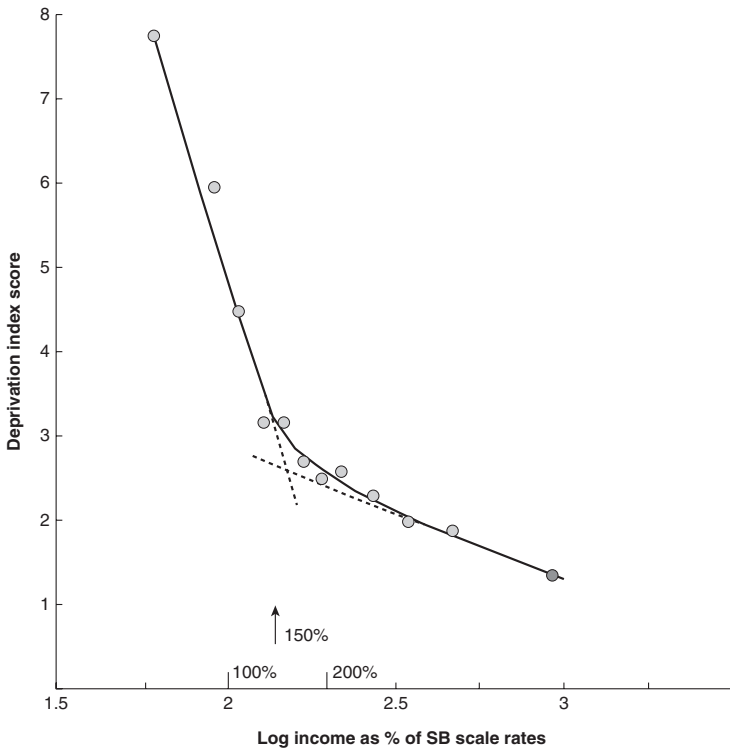
These measures of deprivation are consistent with Townsend's relative deprivation definition of poverty as exclusion from the normal activities and possessions of the society to which the child belongs. They are relative indicators of poverty that relate specifically to UK norms and lifestyles at the beginning of the twenty-first century.

### **Comparable measures of poverty across different societies**

The key question this chapter seeks to address is how poverty can be measured comparably across different societies with different social norms and levels of development. There have been many attempts to measure income and expenditure in comparable ways across societies and this chapter has discussed how income in national currencies can be compared using exchange rates and/or purchasing power parity deflators. Although converting national currencies onto a comparable scale is a non-trivial problem, the main issue is determining comparable income poverty thresholds in each country. If an 'absolute' income threshold is applied, such as the World Bank's dollar-a-day measure,

then this produces essentially meaningless results about the amount of poverty in all HICs and many MICs. By contrast, if a ‘relative’ income threshold is used, such as 60 or 50 per cent of the equalized national household median, then this produces unrealistic results in most LICs and MICs.

Townsend argued that an objective poverty line could be defined using the ‘deprivation standard (a standard of income below which people experience deprivation disproportionately to income)’ (Townsend 1979: 270). He argued that, if the income/resources of a household decline, then their levels of deprivation will increase. There will come a point where a small decrease in resources will result in a disproportionately large increase in deprivation, and this point (or kink) can be used to define the ‘poverty line’. Figure 1.4 shows Townsend’s original analyses to illustrate the deprivation standard poverty line.



**1.4** Modal deprivation by logarithm of income as a percentage of supplementary benefit scale rates (*source*: Townsend (1979: 261))

However, even though the deprivation standard method might be used to identify an income/resources poverty threshold in different countries, a key issue still remains. How can deprivation indices be compared in different countries when they often consist of different deprivation questions added together to produce scales of different lengths and sometimes using different weighting methods?

One possible solution is to use Item Response Theory (IRT) models to align deprivation scales in different countries. IRT, also known as Latent Trait Analysis, is a set of statistical models, which describe the relationship between a person's response to questionnaire items and an unobserved latent trait such as knowledge of biology, level of happiness or amount of material deprivation. This is generally shown with item characteristic curves, which are modelled by the main parameters (severity and discrimination). IRT is often used for developing tests, scales and indices in educational assessment and for psychological testing. It has also been used for developing measures of poverty (e.g. Martini and Vanin 2013; Raileanu Szeles and Fusco 2013; Fusco and Dickes 2008; Jenkins and Cappellari 2007).

The IRT model assumes that 'deprivation' is an unobservable latent trait, which cannot be measured directly, like, say, height or weight, as it is a concept rather than a physical entity. However, it is assumed that this concept of 'deprivation' can be measured indirectly using social survey questions about respondents' ability to afford certain consumer durables and to participate in social activities.

The 'severity' of a deprivation item in an IRT model is defined by the likelihood that the person/household will lack/not be able to afford that item, thus it is desirable that a deprivation indicator should include items with a range of different 'severity' scores, i.e. some low-severity items, some medium-severity items and some high-severity items. In IRT models, the 'discrimination' of a deprivation item measures how well this item differentiates between the deprived and the not-deprived, thus high 'discrimination' scores are desirable. The purpose of a deprivation index/scale is to measure how much of the latent trait 'deprivation' a person/household suffers from.

We have applied a two-parameter IRT test to each of the deprivation items in the 2009 European Survey on Income and Living Conditions (EU-SILC) that were not excluded on the basis of the validity and reliability (Cronbach's Alpha) tests, including some of the 'borderline' housing items.

Table 1.4 shows the two-parameter IRT results for eighteen deprivation items for combined data from the twenty-seven countries of the European Union (Guio et al., 2012). The column marked ‘severity’ can be interpreted as the likely severity of deprivation suffered by a person who lacks this item because he/she cannot afford it (‘enforced lack’). The severity scores in this table are measured in units of standard deviation from the average. The table shows that respondents who

TABLE 1.4 IRT results for eighteen deprivation items, European Union, 2009

Deprivation item	Severity	Discrimination	Correlation with MD (standardized loadings)
One week annual holiday away from home	0.3	1.6	0.83
Unexpected financial expenses	0.5	1.4	0.79
Replace worn-out furniture	0.6	1.4	0.79
Leisure activities	1.1	2.0	0.87
Spend a small amount of money each week on oneself	1.1	1.8	0.86
Drink/meal monthly	1.2	1.9	0.88
Some new clothes (not second-hand)	1.3	2.1	0.89
Overcrowding	1.5	0.6	0.47
Meat, chicken, fish (or vegetarian equivalent) every second day	1.6	1.4	0.79
Keep home adequately warm	1.7	1.1	0.72
A personal car	1.8	1.1	0.72
Avoiding arrears	1.8	0.9	0.62
Computer and internet access deprivation	2.1	1.2	0.74
A mobile phone	2.2	1.3	0.78
Two pairs of shoes	2.2	1.6	0.84
Leaky roof, damp, etc.	2.4	0.4	0.39
Shortage of space	2.7	0.4	0.36
Dwelling suffers from darkness	4.2	0.4	0.34

Source: EU-SILC 2009 cross-sectional data, users' database, August 2011 (Guio et al. 2012)

cannot afford an annual holiday or cannot face unexpected expenses have the lowest deprivation severity score, while those who consider their dwelling too dark are likely to be much more severely deprived.

These kinds of models and results are often used in the field of education. For example, there is a more or less an infinite number of exam questions which could be asked to measure a person's knowledge of mathematics, French, biology, etc. Different questions have to be used each year in exams (so that students cannot simply learn the answers to the previous year's questions), so there is a problem of how to align the threshold scores for each exam grade so that the same standards are used to award an 'A' grade, etc., each year.

One solution to this problem is to use IRT models. As long as the deprivation measures in each country are reliable, valid and equivalent measures of the latent trait 'deprivation', then the 'severity' of the deprivation item can be compared in each country by aligning the different deprivation scales. The deprivation questions asked in LICs are likely to be measures of more severe deprivation than the questions asked in MICs or HICs; e.g., in Benin, respondents were asked whether they had 'electricity' whereas in the UK respondents are asked if they have enough money to keep their 'home in a decent state of decoration'. However, as long as there are a set of items that are common to both the UK and Benin deprivation indices (e.g. shoes, a vacation/holiday, etc.) then these could be used as anchors with which to align the two indices. Therefore, deprivation indices with a different number or severity of items could be linked/aligned using responses to a common set of anchor items.

This idea is not new, as it was first attempted by researchers at the World Health Organization (WHO) who were working on trying to align asset/wealth indices across countries which participated in the World Health Surveys (WHS) (Ferguson et al. 2003; Murray et al. 2003). Unfortunately, a change in the director general of WHO resulted in the disbandment of this project team before they could finish their work.<sup>4</sup> Recently their work has been revived to produce experimental comparative wealth indexes (CWIs) for DHS surveys using a linear regression approach (Rutstein and Staveteig 2014). However, IRT models have the potential to allow the severity of deprivation to be compared in a more consistent and theory-based manner across societies and cultures. Where high-quality survey data are available for different countries which measure both income and deprivation

then the potential exists to produce valid, reliable and meaningful comparisons of poverty in Low, Middle and High Income Countries.

## Conclusion

Poverty measures which incorporate the views of the population and which are comparable across countries are highly policy relevant as they can be used to compare and assess the effectiveness and efficiency of anti-poverty policies. While the goal of eradicating poverty during the twenty-first century is shared by all governments, the means to achieve this goal are highly contested. Policy-makers require high-quality evidence to help determine the best set of anti-poverty policies, and valid, reliable and comparable measurement of poverty can help to provide this evidence.

## Notes

1 We acknowledge the help and advice of Dr Marco Pomati and Dr Eldin Fahmy with IRT analyses and the financial support of CROP, the University of Bristol and the UK Economic and Social Research Council (Grant RES-060-25-0052; 'Poverty and Social Exclusion in the United Kingdom').

2 [mdgs.un.org/unsd/mdg/Host.aspx?Content=Indicators/OfficialList.htm](http://mdgs.un.org/unsd/mdg/Host.aspx?Content=Indicators/OfficialList.htm), accessed 16 November 2012.

3 Available at [measuredhs.com/publications/publication-FR197-DHS-Final-Reports.cfm](http://measuredhs.com/publications/publication-FR197-DHS-Final-Reports.cfm), accessed 16 November 2012.

4 WHO manager, personal communication.

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## **2 | POVERTY, INEQUALITY, RACISM AND HUMAN RIGHTS IN MEXICO AND LATIN AMERICA**

*Camilo Pérez-Bustillo*

As traditional communities disappear and ancient cultures are overwhelmed, billions of human beings are losing the sense of place and sense of self that give life meaning. The fundamental political conflict in the opening decades of the new century, we believe, will not be between nations or even between trading blocs but between the forces of globalization and the territorially based forces of local survival seeking to preserve and to redefine community. (Barnet and Cavanagh 1994: 22)

### **Introduction**

Latin America, like the contemporary Arab world, and like South Africa in the immediate aftermath of apartheid, has been designated by many throughout the world as a reference point for widely shared hopes that fundamental social transformations in the direction of global justice are still possible. These hopes continue to broaden the horizons of the political imagination throughout the world despite the deepening multidimensional financial, economic, environmental and civilizational crises on a planetary scale which pose persistent threats to humanity's overall survival. This chapter seeks to contribute to a critical reassessment and reconfiguration of such assumptions about the global system, 'from the perspective of the victims' (Dussel 2013; Sousa Santos 2010). It will explore potential bases for comparative analysis of issues related to the intertwined legacies of poverty and racism in Mexico, their relationship to the emergence of counter-hegemonic approaches to issues of human rights elsewhere, and their global implications.

Mexico and South Africa are both classified by the World Bank as middle-income economies. This classification potentially has ideological implications because it highlights certain states as ostensible

models for the implementation of policies capable of exerting broader influence on a regional and global scale. This is reflected, for example, in Mexico's selection as a poster child worthy of hosting the global launch of the 2013 UNDP *Human Development Report*, amid widespread insistence among analysts affiliated with institutions in the USA such as *Foreign Affairs* (the journal of the Council on Foreign Relations) and the Woodrow Wilson Center, which play a key role in generating and reproducing hegemonic discourses and policies which seek to shape trends in the global South, concerning its ostensible success in attaining 'middle-class' status (see, e.g., O'Neil 2013; De la Calle and Rubio 2012). Similar approaches are echoed by analysts at the Center for American Progress and in coverage of Mexico during late 2012 and early 2013 in the *Wall Street Journal*, *The Economist* and the *Financial Times*; all of these coincide with an intensive public relations campaign by Mexican president Enrique Peña Nieto (who took office in December 2012) to reposition the country's image in key circles of international public opinion.

This reflects not only the unwelcome baggage of his predecessor's record, but the fact that his election marks the return to the presidency of the party that headed an authoritarian regime which ruled Mexico as a one-party state for over sixty years, and which, though it lost the presidency in 2000, in fact has never left power, in a manner arguably analogous to the status of key financial elites in South Africa pre- and post-apartheid, and their equivalents in most of post-colonial Africa. Serious human rights violations targeting Mexico's poorest indigenous communities have intensified meanwhile (Human Rights Watch 2014; New York Times 2014), and sparked intensified protest movements within Mexico and concerns about the country's deteriorating human rights landscape from key sectors within the international community, highlighting the possibility that Peña Nieto might be forced to resign, in a scenario similar to that in Tunisia and Egypt during the 'Arab Spring'.

Duelling examples in ideological terms in the Latin American context include Venezuela, Ecuador, Brazil and Argentina from the left and centre-left (more distant from orthodox neoliberal policies and alignment with the USA). From the right we find Mexico, Colombia, Chile and Peru (more faithful to neoliberal recipes and with closer strategic ties to the USA). Cases such as Venezuela, Ecuador, Brazil and Argentina (together with Nicaragua, El Salvador, Uruguay, Honduras

– prior to a military coup in 2009 – and Paraguay), to varying degrees, reflect what Enrique Dussel has described (2013) as a Latin American ‘political spring’, reflecting a shift away from neoliberal authoritarianism towards more democratic or ‘populist’ options. In his view this overall thaw in the region’s politics includes both grassroots movements such as Mexico’s Zapatistas and other indigenous movements elsewhere in Latin America, and the Landless Workers’ Movement (MST) in Brazil, whose emphasis is on building autonomous initiatives from below (regardless of which sector is in power at the national level), as well as those which have come to power through leaders such as Hugo Chávez (Venezuela), Lula (Brazil), Evo Morales (Bolivia), Rafael Correa (Ecuador) or the Kirchners (Argentina), and their successors. Dussel’s conceptualization of such a trend in Latin America thus pre-dates, but converges with, the widely reiterated characterization of democratic revolutions with varying degrees of success in Tunisia, Egypt, Libya, Bahrain, Syria and Yemen, which have been described as the Arab Spring, and which have served as referents in other contexts elsewhere.

In both sets of cases it is their relative economic strength as middle-income economies compared to that of poorer states in their regions which provides the material basis for the ideological influence of key regional cases (such as Mexico and Brazil in Latin America or South Africa in the African context, or Egypt in that of the Arab world). But the internal polarizations of wealth reflected in high levels of inequality in cases such as Brazil, Mexico, Colombia, Chile and South Africa undermine their potential as policy models, as explored in further detail below.

There are inherent tensions between state-centred and non-state-centred processes of social transformation which cut across the examples cited above in Latin America, the Arab world and Africa. The emphasis on building social movements from below that are independent of state control in contexts such as the anti- or alter-globalization movements which emerged during the protests at the WTO Summit in Seattle in 1999 has gradually become associated with what have been characterized in broader, more affirmative terms as movements for global justice (Tabb 2001; Fisher and Ponniah 2003), and their contemporary heirs among the *indignados* of Spain and Greece, Occupy Wall Street, etc., in the wake of the 2008 global financial and economic crisis and its continuing effects. Mexico’s Zapatistas have



been recognized as key precursors of such movements because of their pioneering critique of the anti-democratic implications of neoliberal globalization and free trade, and their emphasis on the intertwined effects of such policies in terms of racism, poverty and inequality.

### **Epistemological and conceptual frameworks**

This chapter will explore these issues from a perspective grounded in what Boaventura Sousa Santos (2008) has described as the ‘epistemologies of the South’, and in what Mexican/Argentine philosopher Enrique Dussel has described as the essence of the Ethics of Liberation (2013). This includes a principled emphasis on creating and maintaining the economic, political, social and cultural conditions and structures necessary for the production, preservation and reproduction of human life, which legitimizes struggles and acts of resistance by the victims of systems and structures of domination and exploitation that make a dignified life impossible. It also seeks to provide a basis for these victims to become protagonists in struggles for their liberation from such effects, and thus from poverty and inequality itself (Dussel 2008). As Sousa Santos and César Rodríguez Garavito have argued (2010), Dussel’s approach demands ‘a shift of perspective from which global processes are analyzed and evaluated’:

Post-colonial scholars have variously theorized this move as a shift to a view from the experience of the victims, in the terms proposed by Dussel (2013); a new perspective from the exterior of Western modernity, in the terms of Mignolo [...]; or a view from the reality of the colonality of power, in Quijano’s (2000). In our own terms, we conceive this change of perspective as one that shifts from the North to the South, where the South expresses not only a geographical location but also reflects all the forms of subordination (economic exploitation, gender, racial and ethnic oppression, and so on) associated with neoliberal globalization. The South, in short, denotes the forms of suffering caused by global capitalism. In this sense, the South is unevenly spread throughout the world, including the North and the West [...]. In inquiring into globalization from the point of view of the lived experiences of the South, therefore, subaltern cosmopolitanism takes the perspective of what Dussel (2013) has aptly called ‘the community of the victims’.

This chapter thus explores the extent to which counter-hegemonic approaches to the relationship between poverty eradication, racism and human rights in Latin America contribute to the development of alternative processes of social transformation, from below, in the global South. My emphasis here is on describing key elements of a conceptual approach to these issues which draws on cases such as Mexico and the Zapatistas for illustrative purposes, as part of a broader, ongoing project which seeks to explore convergences and contrasts between such issues in the Latin American and African contexts, from a comparative perspective.

As Leonard Gentle (2011: 366–7) argues in his contribution regarding the relationship between poverty and social movements in a recent detailed overview (Maharaj et al. 2011) of issues regarding the political economy of poverty in South Africa:

Social movements rarely emerge around poverty per se, and social movements of the chronically poor, in a self-declared sense, are even rarer. Cleaver [...] argues in large measure that the chronically poor are so asset-deprived that engaging in organisation, mobilisation or political action would demand time, social networks and material resources that they do not have, and incur risks they are unlikely to tolerate. Social movements do, however, emerge in response to social relationships and dynamics of capital accumulation that are implicated in the creation and reproduction of poverty.

What kinds of social movements am I referring to in the Latin American context? I rely here on Gentle's synthesis, drawn in turn from Bebbington (2006: 2), noting that 'many of the classic types of social movement in Latin America are of this nature':

Indigenous movements, women's movements, Afro-Latino movements, and landless people's movements were all motivated and sustained by aspirations that derive from shared identities, and are directed against social relationships and structures that have adverse consequences for these identity groups: in these examples, relationships of racism, ethnic prejudice, patriarchy and land ownership.

As Gentle suggests (2011: 368–9), there is an implicit relationship between experiences of this kind in Latin America and Africa, and the global justice movement. Gentle also argues that such movements can fall along a varied continuum in terms of their ultimate political demands and impacts. I seek to apply this framework here to contemporary social movements in Mexico.

*Racism, poverty and inequality* The inspiration for this chapter comes from Howard Winant's book *The World Is a Ghetto* (2001 – a title itself drawn from the song of the same name by the rhythm and blues group War), which argued in essence that race and racism continue to be central to the configuration of the globalized systems of domination and processes of resistance characteristic of the late twentieth and early twenty-first centuries (ibid.: 311–12). From his perspective race and racism also continue to be key, often decisive factors in the production and distribution of contemporary world patterns of poverty, inequality and injustice (ibid.: 311–12). As Winant argued (ibid.: 312):

Although often seen in terms of global social stratification, in terms of environmental destruction, and in terms of gender inequalities (sweatshops and maquilas, for example, tend to exploit women at high levels), these injustices are rarely characterized as racial. Yet is it not clear that they flow continuously from patterns established in the now-departed colonial epoch?

Winant (ibid.: 289) notes elsewhere in the same book that '[t]he concept of race has given rise to the fundamental social structures we take for granted, just as our ancestors do'. In Latin America such structural vestiges have been described by Peruvian sociologist Aníbal Quijano (cited above) as representative expressions of the persistent material, social and cultural 'coloniality' which afflicts our region, which pose deeply ingrained obstacles to its full liberation from the domination of transnational interests centred in the USA and their local allies, who continue to reap immense profits derived from our subordination and impoverishment.

The relative advances represented by centre-left regimes in Latin America analogous to those of the ANC in South Africa, which have emerged during the same historical period (since the 1990s), are also widely criticized for falling short of their original impetus and

expectations, and for contributing to the consolidation in the region of a ‘neo-extractivist’ or ‘neo-developmental’ (Zibeche 2012) model, from the left, which Zibeche argues actually represents a retreat from deeper aspirations and possibilities of more fundamental transformations, from the bottom. Issues involving the demands of sectors in Latin America which are generally marginalized and excluded in part upon the basis of their racial, ethnic and/or cultural identity (e.g. indigenous peoples and those of African descent), and among whom structures and patterns of poverty and inequality are most heavily concentrated, tend to be highly correlated with those most affected by this model.

From Zibeche’s perspective (*ibid.*), which reflects a much more widely articulated concern, both among many of the region’s most critical analysts and key social actors, all of this includes the emergence of a ‘dual’ or ‘neocolonial’ democracy which operates along two parallel tracks: the expansion of democratic rights for those sectors which align themselves with and benefit from this model, and their negation among the most excluded rural and urban sectors, through the imposition of national security policies and mega-development projects resulting in the continuing dispossession of indigenous territories and resources, and the commoditization and militarization of marginalized urban spaces (such as Brazil’s favelas). Much of this echoes the same kind of critique of the limits of the post-apartheid regime in South Africa reflected in the declaration adopted by the Durban Social Forum in the township of Mpumalanga on 28 August 2001 (Desai 2002), and by continuing struggles along these lines throughout the country in the decade since, including the 2012 Marikana massacre. Peter Alexander (2012) has analysed the Marikana incident and summarized current trends in service-delivery protests in the context of the South African national Police Ministry’s assessment of the increase in ‘crowd-management incidents’ between April 2009 and March 2012:

The main conclusion we draw from the latest police statistics is that the number of service delivery protests continues unabated. Government attempts to improve service delivery have not been sufficient to assuage the frustration and anger of poor people in South Africa. From press reports and our own research it is clear that while service delivery demands provide the principal focus for unrest incidents, many other issues are being raised, notably lack of jobs. As many commentators and activists now accept, service

delivery protests are part of a broader Rebellion of the Poor. This rebellion is massive. [...] There is no basis for assuming that the rebellion will subside unless the government is far more effective in channelling resources towards the poor.

Zibeche and Alexander are definitely reflecting along convergent tracks, which suggest that grassroots social movements of the poor, on the one hand, and public security experts, on the other, in settings such as South Africa, Brazil, Ecuador, Peru, Colombia and elsewhere in both Africa and Latin America, are confronting related challenges having a globalized character, which is also evident in contexts such as China and India (which rival South Africa in the density, extent and depth of their protest movements).

*Globalization, dispossession and resistance* Much of this echoes Winant's insistence on both the importance and the structural limitations of anti-racist advances on a global scale since the Second World War, which spurred a shift from what he describes as the 'old world racial system' (Winant 2001: 290) founded on Western colonialism, to new configurations in the context of neoliberal globalization, free trade and the kind of neocolonialism driven by the Washington Consensus and its successors through the IMF, the World Bank and the WTO. In the Latin American context this includes increasingly sharp, direct confrontations between multiple forms of what David Harvey has described as 'accumulation through dispossession' (Harvey 2003, 2006), primarily through the mining and exploitation of natural resources, and widespread resistance movements among indigenous peoples insistent upon the defence of their territories and of the environmental, social and cultural rights of their communities. Harvey has directly applied (2006) his concept of 'accumulation through dispossession' to the context of Mexico.

### **Pervasive state violence in Mexico**

The Mexican landscape, the principal case which I seek to explore in this chapter, is meanwhile characterized by the continuing militarization of Chiapas (site of the 1994 Zapatista rebellion discussed in greater detail below) and every other region in the country characterized by indigenous unrest, and the unleashing of a US-backed counter-insurgency process which has included reliance

upon paramilitary forces responsible for massacres such as that in Acteal (forty-five dead, thirty-six of them women and children, all indigenous peoples with origins in Tzotzil Mayan communities most affected by state-promoted counter-insurgency and paramilitarism) in December 1997, which was reminiscent of similar instances of state savagery in Guatemala, Peru and Colombia; and a further massacre of seventy-two migrants in transit from Honduras, El Salvador, Guatemala, Ecuador and Brazil in August 2010 in the municipality of San Fernando in the northern border state of Tamaulipas, which has completed the circle of such tendencies, now reinforced in the context of the so-called drug war.

It was thus only relatively speaking a small step from this precipice to Mexico's current free fall as the latest example of generalized state terror (or 'Colombianization') in the region, in the name of the 'war against drugs', with the encouragement of persistent mechanisms of US domination such as the Security and Prosperity Accord of North America (the national security complement to NAFTA), the Mérida Initiative (Mexico's version of Plan Colombia, explicitly modelled after its predecessor) and Mexico's leading role with its Central American neighbours to the south in the Meso-American Project (formerly Plan Puebla Panamá). All of this has produced over 100,000 dead and disappeared, mostly civilians, within the last six years, more than in, for example, Iraq, Afghanistan or Syria during the same period. Much of this violence has specifically included the criminalization of indigenous and other protest movements, including a series of targeted killings between 2009 and 2014 of activists involved in resistance movements to mega-development projects (mostly mining or hydroelectric, which together involve over 50 per cent of the country's territory, mostly franchised to foreign investors) or in defence of forests and environmental rights in regions such as Chiapas, Guerrero, Michoacán, Oaxaca, Chihuahua, Jalisco and Colima, among others.

*Similar trends in Latin America* The intensification of such struggles throughout the region reflects what Jerry Mander and Victoria Tauli-Corpuz have described (2006) as a framework of 'paradigm wars' in terms of the meaning and impact of Western notions of development, within the crucible of intensifying conflicts between indigenous people's movements and processes of neoliberal capitalist globalization. Uruguayan analyst Raúl Zibechi (2012) has described such processes in

terms of the imposition of a 'neo-developmental' or 'neo-extractivist' model of domination and exploitation.

According to Zibechi the interests of these underlying forces have driven a reconfiguration of regional hegemonies in a new political project which combines a fundamental accommodation to the demands of transnational capital and its local allies in a post-neoliberal mode (Dávalos, cited by Zibechi 2012). Dávalos has described such governments as examples of the emergence of a new 'disciplinary' form of mass democracy in the region. Key characteristics of this model include: relatively progressive social policies within a statist framework legitimized by revolutionary discourses, and focused on a critical stance towards US domination in the region and on alliance-building within a South–South framework in terms of foreign policy, and internally an emphasis on the reduction of poverty and inequality.

These overall tendencies are generally reflected in governments such as those of Venezuela, Bolivia, Ecuador and Nicaragua (and Cuba, with its distinct particularities), which belong to the regional alliance known as the Bolivarian Alternative for the Americas (whose Spanish initials are ALBA, which means 'dawn'). ALBA was established in honour of Simón Bolívar (1783–1830), the key leader of Latin American independence from Spain during the period between 1815 and 1830, who was born in what is now Venezuela and served as the first president of the states currently known as Colombia, Venezuela, Ecuador, Bolivia, Peru and Panama; Bolívar is best known for his insistence on the need for Latin American unity to resist US hegemony in the region. ALBA's ideological framework has been described as '21st century socialism' by governments such as those of Venezuela, Bolivia, Ecuador and Nicaragua (and those of Cuba and several small English-speaking former British colonies in the Caribbean such as St Vincent and the Grenadines, St Lucia, Antigua and Barbuda, and Dominica, which are also members of ALBA, and whose benefits include low-cost access to Venezuelan oil; Haiti is an associate member). Bolívar plays an equivalent role in the regional pantheon in this context to that of key exponents of pan-Africanism and/or pan-Arabism such as Nkrumah, Nyerere, Nasser or Ben Bella; this parallel is reinforced by the extent to which Bolívar inspired other key leaders later, such as Cuba's José Martí (the single most influential thinker in shaping the Cuban revolution) and Argentine/Cuban revolutionary Ernesto Che Guevara.

### **Mexico and the Zapatistas as representative cases**

Mexico is especially relevant, along with Colombia, Chile, Peru and Guatemala, as among the major exceptions to this overall post-neoliberal trend. All these countries are closely aligned with the USA and its regional and global interests (including all of the paraphernalia of the so-called wars against terrorism and drugs). They participate in US-promoted regional frameworks (OAS, Summit of the Americas), free trade pacts (NAFTA, CAFTA, FTAA, Alliance of the Pacific), security agreements, etc.

*The Mexican state in new international alignments* Mexico provides a relevant frame of reference here because of its size, complexity and racial/ethnic diversity, and because it is broadly representative of MICs within the global South more generally, including in its combination of supposed success in applying market-friendly policies together with persistent poverty and inequality, and purported anti-poverty initiatives which have been widely replicated elsewhere, such as conditional cash transfer programmes (Fiszbein and Schady 2009). A key guiding thread in Mexico and similar cases is the extent to which poverty and inequality in Latin America continue to be highly concentrated among, and correlated with discrimination against, racial/ethnic groups such as indigenous peoples and communities of African descent (World Bank 2012; Winant 2001).

My emphasis here on the racial/ethnic stratification of poverty and inequality in Latin America in turn forms the basis for suggesting elements of a comparative approach connecting such experiences with equivalent patterns of stratification and differentiation in Africa and their roots in the continent's place in the global economy, within the context of its evolving relationship with dominant economic and geopolitical interests centred in the USA, western Europe and China. This includes the marked degree in both Latin America and Africa (and more concretely in Mexico and the Mesoamerican region on the one hand, and South Africa and southern Africa on the other) to which processes of forced migration and displacement are driven by structurally imposed conditions of poverty and inequality which make a dignified life impossible in communities and countries of origin, which in turn produces increasing dependency on income derived from remittances (Ferreira et al. 2012).



Mexico and South Africa's respective roles within their regions as leading middle-income economies include analogous roles as subordinated middlemen (brokers) or intermediaries between globalized processes of domination anchored in the transnational geo-economic and geopolitical interests of the USA or its equivalents in western Europe, and their less prosperous neighbours. In both cases the roles of Mexico and South Africa in NAFTA (North American Free Trade Agreement) and SADC (Southern African Development Community) respectively are also related to broader regional configurations which include both overall regionalized mechanisms of integration such as the OAS and African Union (formerly OAU), and subregional processes such as ECOWAS (Economic Community of Western African States) and the EAC (East African Community) in Africa and Mercosur, ALBA, CAFTA (the Central American Free Trade Agreement, which includes all of the countries of that region except Nicaragua – which is a member of ALBA – plus the Dominican Republic, a Spanish-speaking nation in the Caribbean which shares the island of Hispaniola with Haiti) and Caricom (Caribbean Community, primarily made up of English-speaking states).

NAFTA and CAFTA in the Latin American context are intertwined as complementary expressions of US aspirations for a restructured version of its traditional hegemonic pretensions in the region, which include long-standing but recently frustrated intentions to combine NAFTA and CAFTA and extend it into a Free Trade Area of the Americas (FTAA, extending from Alaska to Argentina, as first articulated by Reagan in the early 1980s, which has been echoed in one form or another by every US president since then from Bush Sr to Obama, and which continues to be promoted through the so-called Summit of the Americas, whose sixth session was held most recently in Cartagena, Colombia, in April 2012). NAFTA and CAFTA are further complemented by bilateral free trade agreements between the USA and Chile, Colombia, Peru and Panama, as well as by the recently formed Pacific Alliance or Alliance of the Pacific, which includes the USA and Pacific Basin countries in Latin America such as Mexico, Colombia, Peru and Chile (and soon probably Panama).

It is not coincidental of course that all of these countries are those which are most closely aligned to the USA in terms of their political leanings and levels of security cooperation (and intervention) in the context of anti-drug and anti-terrorism policies of militarization and

paramilitarism. These policies often end up being implemented in the context of counter-insurgency against armed groups opposed to US policies; many of these in settings such as Mexico and Colombia target the poorest, most marginalized regions, often precisely those most heavily populated by excluded sectors such as indigenous peoples and communities of African descent, thus fully closing a series of concentric circles of domination and resistance.

Analogies can also be drawn between Mexico's geopolitical and geo-economic role in Latin America, and that of South Africa in Africa, as regional policy models. In the Latin American context this includes implicit and sometimes explicit rivalries between Mexico and Brazil as regional leaders (in settings such as the UN, for example, competing for roles on the Security Council, and within the OAS, including its human rights system; both have among the most active diplomatic strategies in the region), and as convergent pioneers in the promotion of focalized anti-poverty programmes such as *Oportunidades*, *Progresá* and the *Seguro Popular* in Mexico and *Bolsa Família* and *Fome Zero* in Brazil, all heavily promoted by the World Bank as regional and global models worthy of emulation. Both Mexico and Brazil (together with Colombia) are especially notable recently, as well, for the militarization of their anti-drug policies and public security paradigms in alignment with US priorities, incentives and financing.

*The Zapatista rebellion* This implicit comparative framework can then be further 'seasoned' by the key role played by racial/ethnic inequities in the Mexican, Brazilian and South African landscapes, which are embedded in their convergent colonial legacies. There are also potential historical analogies which could be explored between Mexico and South Africa as to their respective, and still incomplete, processes of transition to democracy. The key year for both countries in this context is 1994 – most spectacularly for South Africa with its first free, non-racial elections in April and Mandela becoming president – which began with Mexico's Zapatista rebellion. The multidimensional impact of the Zapatistas reflected their triple emphasis on: 1) a critique of neoliberalism expressed in NAFTA; 2) a critique of the Mexican version of (anti-indigenous) racism, as reflected in the widespread poverty and inequality characteristic of the country's indigenous peoples; and 3) the need to construct an authentic, multiracial and multicultural (or intercultural) democracy

including respect for indigenous linguistic and cultural rights and rights of autonomy and self-determination.

Twenty years later, both Mexico and South Africa have fallen far short of the expectations awakened by the widespread, deeply rooted mobilizations which made 1994 possible in both contexts. It is widely acknowledged that Mexico's Zapatista rebellion was the decisive spark which deeply shook the nation's consciousness (in a way arguably similar to that of the Sharpesville and Soweto massacres in 1960 and 1976) and thereby set in motion the incipient process of democratization which finally culminated in the election for the first time of an opposition presidential candidate (ironically from the centre-right of the political spectrum) in the July 2000 elections.

But Mexico has never had a national truth commission, no trials for the crimes of the PRI regime; no real, enforceable recognition of indigenous rights; and its democracy is essentially an empty vessel (a 'low-intensity democracy', as Sousa Santos has described such cases). The Zapatista rebellion continues peacefully today in the Highlands and jungles of Chiapas through the construction of community-based models of indigenous autonomy (including alternative systems of education, healthcare and justice independent of governmental funding and control), despite persistent harassment by government troops and paramilitary forces indoctrinated in US and Colombian counter-insurgency, 'national security' and the anti-drug and anti-terrorist doctrine of 'low-intensity' warfare (pioneered first in El Salvador, Guatemala and Honduras in the 1980s and later exported to Iraq and Afghanistan (see Grandin 2007)). The emphasis of the Zapatista movement, EZLN, on building indigenous autonomy since 2001 illustrates its key role as a forerunner of similar processes in varying contexts that include, elsewhere in Mexico, the *Policia Comunitaria* (autonomous community police in thirty indigenous municipalities in the country's poorest region of Guerrero, Cherán and Atenco), and the APPO (Popular Assembly of the Peoples of Oaxaca), the *Minga* and *Guardia Indígena* (Indigenous Guard) in Colombia, the Mapuches (indigenous peoples) in Chile, broad coalitions organizing against mining mega-projects in Peru, etc.

*New ambitions of the Mexican state* Mexico's cycle of a deeply flawed, incomplete transition to democracy was formally initiated in 2000 but has recently come full circle as the party which was in power

from 1929 to 2000, the so-called Institutional Revolutionary Party (PRI), reclaimed the presidency in December 2012 after a vigorously disputed election plagued by widespread allegations of irregularities and inequities, including the role of media monopolies such as Televisa and Azteca, which heavily promoted the PRI candidate, Enrique Peña Nieto. Peña Nieto is well known for his repressive tactics of small-town counter-insurgency in his role as governor of the state surrounding the country's capital. In May 2006 he led the operations against the Zapatista-supported communal landholders in San Salvador Atenco, who were resisting a planned airport mega-project.

My emphasis here is on Mexico as a case characterized by the convergent experiences of indigenous peoples and migrants as key referents within an overall framework centred on issues involving the rights of the poor within a single yet multidimensional landscape. Mexico is an ideal example from this perspective because issues related to both indigenous peoples and migration in the context of poverty are absolutely central to the country's characteristics and identity, and because the Mexican state is one of the key promoters of UN initiatives regarding both indigenous rights and migrant rights (including its leadership in terms of all the key instruments focused on the rights of these sectors), but is at the same time one of the worst, most recurrent, generalized violators of their rights internally. In the case of migrants, the Mexican state is not only responsible for its actions or omissions in violation of the rights of its own citizens (over thirty million of Mexican origin living in the USA) driven to forced migration by its subordination to neoliberal imperatives imposed by the USA through free trade, supposed anti-terrorism and the so-called drug war. It is also responsible for systematic policies of state terror which implement US anti-immigrant and xenophobic policies on Mexican territory against migrants in transit from the rest of Latin America and the world headed north towards the USA.

Mexico's complexities include pronounced patterns of both increased wealth and increased poverty, combined with deepening inequalities correlated with racial/ethnic stratification plus social, political and cultural exclusion, discrimination and massive forced migration and displacement stemming from the current drug war imposed by US, policy which has cost the lives of over 100,000 civilians over the last six years. But Mexico at the same time was the most recent host of the G20's summit at Los Cabos in June 2012, and the head of the

intensively globalizing OECD is former Mexican foreign affairs and finance minister José Angel Gurría, closely linked to the most corrupt and technocratic faction of the former ruling party which has just returned to power.

Mexico's supposed advances in reducing poverty and inequality have led analysts such as De la Calle and Rubio (2012) to highlight its purported transformation into a 'middle-class' society and country, promoting this view through highly influential channels in the USA such as the Woodrow Wilson Center for Scholars based in Washington, DC. This approach includes their strenuous efforts to diminish the relative weight, depth and importance of the persistent impoverishment of a majority of the country's people, and is reflected in the deliberately provocative (yet awkwardly translated) subtitle of their book ('Poor no more, developed not yet'). Meanwhile the costs of achieving Mexico's supposed transition to 'middle-class' status (in addition to whitewashing its persistently high levels of poverty and inequality) include the European Union's suspension of development financing to the country in 2014 (La Jornada 2012).

*Empirical counter-evidence* Data from October 2012 released by the Mexican government through the World Bank (2013) tell a different story. This includes an increase in overall household poverty rates from 42.7 to 51.3 per cent (a higher level than in 2004, for example, comprising some 52 million people) between 2006 and 2010, and from 13.8 to 18.8 per cent in food insecurity (which is in Mexico equated to extreme poverty) (ibid.). A constant pattern throughout this period, despite ebbs and flows related to other factors, is that by 2010 85 per cent of the country's indigenous peoples (between 10 and 15 per cent of its total population according to varying estimates) continued to live in poverty, mostly in the rural areas, with a majority living in extreme poverty (ibid.; UNDP 2010). Mexico thus exemplifies a broader pattern in Latin America characterized by the spatial concentration of poverty among groups such as indigenous peoples and those of African descent, which continue to be marginalized because of their racial and/or ethnic identities. In this way the Mexican case also highlights the extent to which Latin America's persistent inequities reflect historical patterns which are reproduced as the result of the imposition of neoliberal free trade policies, with especially devastating effects among the region's children.

Meanwhile Mexico was in 2006, and continues in 2015, to be the country in Latin America with the highest number of undernourished children in Latin America (despite the fact that Brazil has a significantly larger total population) (México Social 2012: 47), while another recent study undertaken at Mexico's Salvador Zubirán National Institute of Nutrition projects at least 10,000 deaths of Mexican children (La Jornada 2012), up from 8,450 in 2010 (México Social 2012: 4) from causes attributable to chronic malnutrition, or approximately twenty-five children dead each day (ibid.: 52); a total which includes one out of every three deaths being associated with malnutrition, birth or contagious diseases registered in the 100 municipalities with the highest levels of marginalization (ibid.: 24); the accumulated toll of such avoidable deaths over the last three decades is estimated by the same study to reach some 1.3 million among children under the age of five; throughout the period referred to and all the way up to the present, the infant mortality rate among indigenous children has vastly exceeded that among non-indigenous children, particularly among those aged five or less; this includes a 16.2 infant mortality rate in the heavily indigenous state of Oaxaca, which is almost three times the national average of 5.5 (ibid.: 4). Overall 14.7 per cent of all children who were medically assessed by the country's social security (IMSS) system in 2010 were diagnosed with some degree of malnutrition. All of this has led the Peña Nieto government to launch a new flagship programme to eradicate hunger in the country.

Another recent study regarding the 'territorial dynamics' of poverty and inequality in Latin America, issued in 2011 by the Latin American Centre for Rural Development (RIMISP), the International Development Research Centre (IDRC) and the UN's International Fund for Agricultural Development (IFAD), also stresses recent increases in both rural poverty and inequality in Mexico (RIMISP, IDRC and IFAD 2011). The report emphasizes the persistence in Mexico of 'spatially-differentiated' patterns of economic development (ibid.: 14), and how only Chile, among all of the members of the OECD, exceeds Mexico's rate of income inequality. It also highlights how gaps 'among Mexico's municipalities and towns', driven by differential rates of incorporation into the dominant modes of stratified globalization driven by NAFTA, 'are comparable to the ones observed between the world's richest and poorest nations' (ibid.). This includes, for example, the fact that 67 per cent of the

population in Mexico's poorest 125 municipalities is of indigenous origin (La Jornada 2012).

The RIMISP/IDRC/IFAD report also highlights the extent to which focalized income transfer and subsidy programmes linked to Mexico's so-called 'Second Agrarian Reform' process (initiated in 1992), such as *Oportunidades*, *Progresa* and *Procampo*, have contributed to overall increases in poverty and inequality precisely because of their targeted approach and failure to account for pre-existing inequities embedded in Mexico's territorial and regional configurations, which primarily affect the country's indigenous peoples (RIMISP, IDRC and IFAD 2011: 9–13). As a result rural poverty, and its most extreme forms, continue to be most heavily concentrated among the country's indigenous peoples, in regions such as Chiapas, Oaxaca and Guerrero, where the concentration of their population is highest. According to a 2010 UNDP report, this means in practice that all 257 of the municipalities in the country with an indigenous population of over 55 per cent were classified as municipalities with concentrated rates of poverty affecting the vast majority of their populations; this includes several municipalities in the heavily indigenous Highlands (Montaña) region of Guerrero, which are not only the municipalities with the highest rates of poverty and lowest HDI in the country, but also the poorest in all of Latin America (UNDP 2010). The highest state rate of extreme poverty – 32.8 per cent – is meanwhile in the heavily indigenous state of Chiapas, followed by Guerrero at 28 per cent and Oaxaca with 26.6; together these three states are those with the highest concentration of the country's indigenous population (México Social 2012: 4).

Concrete expressions of these overall structural patterns can be extracted from studies which disaggregate the United Nations Development Programme's (UNDP's) Human Development Indicators in terms of specific sectors (women, indigenous peoples, children, etc.) and regions, which lay the basis for comparing trends across regions. In Mexico – classified overall as a country of medium wealth with medium levels of HDI – correlations and convergences are detected between markedly lower HDIs in regions where indigenous peoples are concentrated, such as Chiapas, Oaxaca and Guerrero, where racism and ethnic/cultural discrimination emerge as key causal factors that reflect the genocidal implications of convergent modes of state and market violence.

Indicators of this kind also make it possible to discern implicit correlations at deeper levels of analysis, reflected, for example, in the fact that the municipalities with the lowest levels of HDI in the Mexican state of Guerrero (the site of long-standing tourist destinations such as Acapulco and Ixtapa-Zihuatanejo) – and in all of Latin America – happen to have populations overwhelmingly of indigenous origin. They have the commensurately highest rates of infant and maternal mortality, low birth weight, stunted growth, hunger, fatal but eminently preventable childhood disease, etc. They are primarily located in the region known as La Montaña (The Highlands), which includes eight of the fifty municipalities in the country with the lowest levels of HDI, and have HDIs roughly equivalent to those of Gambia or Rwanda (which at 0.390 and 0.385 respectively rank 154 and 155 out of 172, among the eighteen lowest-ranking countries in Africa, slightly above Sudan and Afghanistan). These are also the same communities of origin that expel the largest numbers and proportions of their residents into increasingly intertwined circuits of internal and external (international) migration – overwhelmingly to the northern, more prosperous regions of Mexico itself, and to the USA.

## Conclusion

The counter-hegemonic paradigms of human rights which have emerged in Latin America throughout the last twenty years, like those of South Africa, imply a challenge ‘from below’ aligned with popular movements and struggles for liberation – both North and South – against contemporary forms of domination. These movements challenge capitalist and liberal hegemonic notions of rights which assume them to be necessarily embedded in exploitative market economies, traditional capitalist and liberal versions of the nation-state (expressed in what has been described as the Westphalian paradigm) and its constrained dimensions of democracy, participation and membership, which are enshrined in hegemonic versions of international law. Popular social movements such as the Zapatistas and those reflected in ‘service delivery protests’ in South Africa reflect and build upon counter-hegemonic notions of human rights centred on peoples, communities and persons. They help drive the imagining and construction of alternatives to state-centred formulations which are focused upon nation-states as the most privileged subjects. These movements also tend to be characterized by an insistence upon the equality, integrality, interrelatedness



and interdependence of all rights (civil, political, economic, social, environmental, etc.). All of this is also present in South Africa's rich, complex experiences of constitutional and legal transformation since 1994, with all of their combined limits and potential. We have much to learn from each other and to reimagine together.

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### 3 | SOUTH AFRICA, THE OECD AND BRICS

*Tor Halvorsen*

#### **Introduction**

The year 2008 saw the emergence of three events relevant for South Africa (SA) and its future as a democratic developmental state. The first event, not unique to SA, of course, was the economic crisis. The second event is SA's signing of an agreement with the Organisation for Economic Co-operation and Development (OECD) to be an 'enhanced engagement country'. The third is the formation of the BRIC alliance. When preparing for its constitution in 2009, SA was invited to participate. BRIC became BRICS from 2010, consisting of Brazil, Russia, India, China and South Africa.<sup>1</sup>

How SA relates to the OECD and/or BRICS will influence how SA becomes what many see as a goal and an ideal: a 'democratic developmental state'. The Human Science Research Council (HSRC) of SA hosted an international policy dialogue conference on 'The potential for and challenges of constructing a democratic developmental State in South Africa' in 2008 (4–6 June) (Edigheji 2010). Parallel to this, a national mobilization for common goals was launched, and on 1 January 2009 the National Planning Commission started working, delivering its report eighteen months later. The report focuses on national unity, active citizens, more employment and reduced inequality, all these in relation to how the possible 'democratic developmental state' is expected to promote inclusive growth and help fight poverty.

#### **The OECD and BRICS: old and new post-national economic actors**

While the contact with the OECD is with an organization well known to SA (Marais 2011), BRICS is a turn towards regimes less familiar and less concerned about the democratic dimension. In competition with the OECD countries, BRICS, however, represents a South–South alternative, legitimized by the position of the 'developing world' – developing MICs that are in opposition to the rich world. They are

seen to be driven by growth models different from the neoliberal one which is dominating within the OECD region – a neoliberalism that now, owing to the crisis, is questioned and under revision, but not challenged. The world is still dominated by Anglo-American neoliberal economic traditions, and candidates from these traditions inhabit the multilateral organizations, ranging from the World Bank (WB) via the International Monetary Fund to the OECD (Fourcade 2009).

Such a domination by one economic paradigm may, however, be threatened by the partial success of BRICS in demanding better representation for countries from the global South in the governance of these economic multilaterals. The establishment of the BRICS Development Bank is also an implicit criticism of how these multilaterals work (particularly the WB). The BRICS think tank network is seen as an alternative both to knowledge from the West and the Western institutions (such as the Trade Related Intellectual Property Rights agreements, TRIPS, of the World Trade Organization) that control the market for knowledge services. So far most university networks, student mobility programmes, research topics and systems of quality evaluation and excellence have been within the OECD world and with links to universities in these countries (which also try, as the OECD encourages, to recruit ‘the best brains’ from BRICS countries). This may be challenged by the BRICS network of education and research exchanges, which after the meetings in Durban in March 2013 is growing both as a networking initiative and in its ability to set the research agenda. New strategies for combating poverty may emerge out of the contradictions within the BRICS countries, contradictions to which the OECD growth model does not have any solutions (Adler and Webster 2000). For SA, BRICS may be an alternative in terms of economic policy, knowledge and the formation of identities (from North–South to South–South). As we shall see, the OECD feels threatened by such an alternative and seeks to co-opt BRICS countries.

### **An alternative model and its vulnerability**

This, however, puts SA in a potential mediating position, as the country now is courted by both these competing blocs. If the OECD promotes the neoliberal model, and BRICS is a more traditional authoritarian developmental state model, the democratic developmental state – as known within the Nordic community of small countries – may emerge as an SA alternative to both. Neoliberalism

bypasses democracies for the sake of the market; BRICS promotes the authoritarian type of state capitalism.

The question, then, is whether SA can contribute to an alternative. Many SA academics (but not only them) think so, and are emphasizing that it will contribute to the building of such a state, even making the Nordic countries' experiences a 'model' (Edigheji 2010). Emphasis is now less on the previously so much admired, but far less democratic, Asian Tigers, which are the reference countries for much of the BRICS 'developmental state' talk. With the help of the political economy that underpins the democratic developmental state of the Nordic model – known for growth with equity, democracy and redistribution, a strong state and at the same time a vibrant civil society – the expectations are that poverty in SA will be combated, economic growth secured, social equality promoted. The hope is that a growing democratic influence from an alliance between working classes and middle classes will lead to a distribution of power in society, securing the weak and vulnerable their right and survival. However, the way SA is governed with influence from the post-national actors, such as the OECD and BRICS, is not reflected upon.

This reference to the Nordic model is an indication that SA needs to agree on a model different from both the statist BRICS and the technocratic OECD. What that model could be like – based on the arguments put forth after the HSRC conference in 2008 – will be discussed in the final section of this chapter as the utopian alternative.

*The embedded economy* The kernel argument of political economy is that capitalism is shaped by how politics and economics are interrelated, and are over time developing preconditions for one another. The formal and institutional differentiation between politics and economics, characterizing modernity, is penetrated by numerous inter-institutional arrangements. The idea of the democratic developmental state presupposes the embedded economy approach: that the differentiation between politics and economics (so important to avoid corruption, for example) at the same time creates productive links in terms of mutual types of interpenetration, ideally promoting trust between the actors within both the state and the economy (Vale and Prinsloo 2014).

A democratic developmental state regime seeks cooperation between state and economy for the purpose of reducing social inequality in line with democratic demands and democratic mobilization. A democratic

developmental state thus presupposes a regime shaped by a balance of class powers that can justify a strong role for the state as an agent of development in relation to, and within, the economy. This balance of class powers will again rely on and reproduce the democratic legitimacy of politics, usually secured by influential labour unions, an open and active press, vibrant civil society and social justice (Rueschemeyer et al. 1992).

In modern societies the main institutions involved in the power game are the state, the economy and democracy. These institutions need to be interrelated in a balanced way; therefore we need to emphasize the weak link, according to Evans (2005). In studies of power, formal democracy includes freedom of expression and human rights, political parties, voting rights and representation. But formal democracy does not guarantee a process of constant redistribution of power within society (Chipkin 2007). Building social relations strong enough to fight for greater influence on power, and an ability to use power to promote suppressed interests, presupposes a civil society and class alliances capable of confronting both the state (when being misused) and economic actors working through the silent powers of the market. Even constitutional democracies with a radical constitution such as that in SA may find that if democracy is not cherished daily it will not be able to resist the attacks from the other sources of power – e.g. from state-centred politics, the strategies of national and international capital (whether industrial or financial) or other anti-democratic social forces.

The level of trust in a society is, however, usually seen as an indication of an interaction between state and economy under the scrutiny of democracy, and with a ‘state–economy–civil society interaction’ that leads to an enhanced democratic effect. Most important is a growth of trust in political institutions, which by most social scientists is seen as a precondition for a democratic developmental state (Streeck 2011, 2013).

*The question of external forces* My question is how the model proposed by Evans (2005), ideally seeing development as a result of a positive spiral between state, economy and democracy, is influenced by external forces, a fourth variable not analysed by Evans or reflected on in the SA debate. External not in the conventional foreign policy sense, denoting a foreign power, but external in the sense of forces

which extend beyond the reach of the nation-state as a legal/spatial entity; forces which nevertheless are present in the social and political relations of the actors of the polity. Most policy areas have links to normative centres outside the nation-state environment, or have delegated parts of their sovereignty to multinational organizations. Thus both the OECD and BRICS get involved in the interaction between democracy, state and economy. OECD is formally advocating democracy as a value which must underpin this interaction, but, owing to its neoliberal and therefore anti-planning profile, the OECD is seen less as a promoter of the developmental state. BRICS countries may be models for developmental state idealists, but most of these countries seem to worry little about democracy and human rights.

In practice, however, the OECD's interactions with particular countries may undermine the democratic institutions. As the OECD is not only an organization that gives advice, but also an organization which influences the balance of social forces within a society, it can, despite its formal support of democracy, bypass the democratic process of decision-making within the nation-states, as is happening in SA. This takes place through external expert advice to internal bureaucrats or state representatives, leaving no room for deliberation. Again it is technocracy and not voice that counts, legitimized by the logic of the market, a logic controlled by actors who do not tolerate deliberations (Offe 1998). Some class interests find more support in OECD advice than others, and the type of knowledge valued by OECD may legitimize some interests and organizations at the expense of others. This is done by reference to so-called evidence-based advice, statistical standards, quality comparisons of sectors of society, the use of blaming and shaming to promote best practices and winners, thus at the same time creating losers. These are some of the soft methods of governance which an organization like OECD must rely on in addition to its appeal to trust in their experts and statistics. BRICS is now developing alternative tools for influence of the same kind.

### **The old and new OECD**

The OECD can be seen as an organization with a particular mandate to regulate the relation between politics and economics within capitalism. The OECD, as a continuation of the organization that administered the Marshall Plan after the Second World War, grew out of a period with beliefs that the link between democracy and

economics could first of all be strengthened by the growth of capitalism. There should be a mutual affinity between democracy and capitalism, and to secure this the advice and knowledge production of the OECD was helpful, even necessary. The OECD therefore soon developed an interest in a number of areas important for the ‘embedded economy’, such as education and research, environmental policies and health issues, in addition to the regulation of the economy as governance.

If the market dictates how capitalism can work, this dictate has to be softened by political means that reproduce the democratic foundation of societies. Even the OECD seemed to carry within its collective consciousness a memory of how the first democracies of Germany (the Weimar Republic), as well as democracy in a number of Latin American countries, were all destroyed by authoritarian forces. Also, the threat of the so-called socialist ‘alternative’ that had evolved in Europe as well as Latin America loomed over democratic capitalism’s road to development. Lately, how neoliberalism works against democracy has, however, become a burning issue (Streeck 2013: 148), also leading to new reflections on the future of capitalism within the OECD.

During the early 1980s, the OECD, along with its member countries, moved towards the neoliberal ideologies. The OECD ceased to be concerned about democracy and the institutional base for capitalist development. Instead it became an expert on implementing the dictates of the market. It became an organization dedicated to the spread of neoliberal economic reasoning to the public services and the public at large. It helped to erode the institutional basis for a differentiation between politics and capitalism. It buried the fear of how internal contradictions within capitalism might threaten its support within societies.

The OECD seems to be an organization which is increasing its autonomy by emphasizing its think tank image, its role as evidence-based expert adviser and its ability to generate policy-oriented advice. Thus, the OECD, despite being formally a forum for national experts, gives these experts an aura of bureaucratic autonomy. The OECD reaches out to experts either in other think tanks, at universities or centres of applied research. About 1,500 full-time researchers have over the years been helped by about 40,000 academics chosen to participate in one or the other of the OECD’s publications (Gayon 2012). And they do so willingly, as the status of authoring an OECD report is growing. In addition, more than 1,200 of its employees support the mainly



economically trained and hard-working researchers, whose activities cover many fields. In the end, however, it is the ‘chief economist’ who holds the upper hand and gives the direction for the work of the other divisions.

The OECD is a membership organization where countries, through their state bureaucracies, become closely involved in the work of the OECD as producers of policies. Much of the data that the OECD uses is provided by the civil servants and its research units. And as indicated above, numerous academics are used as guest writers. It is this cooperation with the members that gives the OECD work its high legitimacy and value (Mirowski and Plehwe 2009; Carroll and Carroll 2011) and its base for independent authoritative policy formulation. The nation-state representatives and those who do the work for the OECD locally find themselves coopted by this process and limited in their space for criticism of the final outcome. This outcome typically takes the shape of country reports at macro level or sector comparisons across nation-states to promote OECD-defined best practices or definitions of good quality. It is in this movement to and from and among the nation-states that the OECD bureaucracy and its collection of experts, more or less temporarily employed, with the help of their networks of co-thinkers, develop its organizational identity. It is this identity, or combination of values and interests, that makes up the degree of autonomy of this organization (Trondal et al. 2010). In an historical-institutional approach, changes within such an organization must be seen in relation to the broader transformation of political powers and class structures – for example, the breakthrough of neoliberalism in the 1980s, the fall of the Berlin Wall, the re-emergence of developmental state ideas, etc.

*Towards the neoliberalism light?* The OECD has, with the help of its allies such as the World Bank and the World Trade Organization, become the lead organization for spreading the ‘innovation gospel’ (Foucault 1979; Mirowski and Plehwe 2009; Plehwe, in Halvorsen and Nyhagen 2011). Knowledge stands out as the key factor, together with access to financial capital. Knowledge, relevant for both human capital and the competition state, which measures its success through degrees of innovation, becomes the key fuel for the accumulation processes of the capitalism of the emerging economies.

The economic crisis beginning in 2008 challenged the OECD’s kind of neoliberalism. This was a challenge from within owing to

criticism of the neoliberal economic hegemony as the crisis evolved. But there was also a challenge from outside, from BRICS and other countries less hit by the Western economic downturn. The growth of the new economies that could not have – nor wanted – full OECD membership became an external challenge owing to the alternative they represented as more successful growth economies. These are economies SA needed to link up with if it was to improve its situation. If the OECD model for development is to expand, it also has to expand its membership base towards the emerging economies. It can no longer be taken for granted that the OECD growth model is the dominating model for development. The democratic legitimization of capitalism again had to be put on the agenda and now questioned, both as a value for development and as a criteria for membership in OECD.

The OECD answer to this situation was, first, to attempt to transform its identity from being an organization for developed democratic capitalist countries into being a ‘global player’; i.e. to generalize for all countries its developmental model. Secondly, as a consequence of this new-sought identity, the OECD felt compelled to start rethinking its political economy.

*The OECD recruiting SA and other BRICS countries?* In 2008, South Africa signed an agreement with an OECD now in search of a new and more global identity. SA became an associate member. The signing was part of a process whereby OECD approached what were then the BRIC countries (Brazil, India, Russia, China) to establish a ‘waiting room’ for future cooperation, perhaps leading to membership. As already indicated, the OECD needed to broaden its mission globally and recruit countries that might adjust to its development model: democratic capitalism. So far Mexico and most recently Chile have become full members, thus opening up a new region (Latin America). As far as I can see, this recruitment is compromising criteria earlier used – about democratic governance, corruption, etc. – for sanctioning new membership. Chile and Mexico are the model cases of neoliberal reformed countries, as analysed in the cross-national comparison by Fourcade-Gourinchas and Babb (2002). If the economic development of the BRICS countries continues, some of them will be the next candidates, at least if they live up to some of the criteria of democratic capitalism. SA would be the gateway to Africa not only for BRICS but

also for the OECD, and it is probably a country that will maintain a democratic regime, making it eligible without too much ado.

Woodward (2009) argues that the OECD is characterized by its ability to complement other organizations concerned with economic development. When the head of the OECD, Secretary General Angel Gurría, launched the accession initiative, he engineered a 'handshake between the dominant countries of the twentieth century and those perched to dominate the twenty first' (ibid.: 127). The associate member, SA, is officially called an Enhanced Engagement Country and is given the opportunity to make use of the qualified bureaucracy and expertise of the OECD. This is a way of influencing a country to fit the criteria stated by the OECD as necessary to become a full member. This arrangement, 'enhanced engagement', may be a way of keeping contact with the MICs that are too important to be turned away simply for lack of popular/democratic influence within the polity. The other countries enjoying such a status with the OECD are Brazil, China, India and Indonesia. Extreme cleavages between rich and poor in these countries, suppression of citizens, slave-like working relations and the degree of corruption show that democracy make a difference. The special agreement with these countries, despite the character of the polity of the regimes, allows consideration of full membership at a non-specified future time. SA, with its emphasis on the 'democratic developmental state', is probably closer to such membership, if it wishes, than other countries in the waiting room.

However, it is now also a question of whether the much more politically problematic but economically rewarding BRICS network has become more important, even an alternative. The BRICS countries are overlapping with the enhanced engagement group (apart from Russia, which has been negotiating full membership without success, and Indonesia, which is not a BRICS country). They have one important trait in common: the growth of wealth among the few, and the growth of poverty among the many. Prospects for democracy, including where formal democratic institutions are in place, such as Brazil, presuppose a certain degree of equality between citizens and a degree of dispersion of powers, particularly among economic elites. SA is a typical BRICS country when it comes to cleavages, despite otherwise being the most different case. In this respect it is a country where *democratic* capitalism has meagre opportunities to develop. SA is, however, atypical in terms of the strength of the formal democratic structures owing to the

pre-1994 liberation processes and constitutional radicalism. As such, South Africa is a test case of how real democracy, defined as a process of redistribution of power in society, may or may not develop with the support of a democratic constitution.

*OECD: becoming the global player?* The hand the OECD has reached out to the emerging economies since 2007 is part of an overall attempt to change identity: from rich countries' club (and secretariat for G20, in which the BRICS countries also have a voice) to a global influence on the global economy.

In his report to ministers in 2012, pictures of the OECD secretary general, Angel Gurría, are on almost every page, together with those of other political and economic male leaders. This symbolizes his leadership authority, with which in particular he directs the two reorientations mentioned above: the renewal of internal OECD political-economic thinking and the external orientation towards MICs, or 'emerging economies', to seek their cooperation within the new 'globality'.

With reference to the *50th Anniversary Vision Statement* (OECD 2011a), which outlines the need to make the OECD a global player, Gurría proposes to 'intensify our work with our key partner countries and the next generation of emerging-market economies' (p. 16). This intensification, must however, take the shape of integration:

We need to continue integrating key partners in our policy debate and work. This could be achieved on the basis of 'Frameworks for Co-operation' with individual partners, by further identifying priorities for collaboration, by strengthening data exchange and by including the partner countries in our databases, by having contact points in capitals, and at their embassies in Paris, and by developing secondment programmes, among other initiatives. (Ibid.: 17)

As for the reorientation of the economic thinking, an all-inclusive OECD working group called NAEC (New Approach to Economic Challenge) was established, to develop 'A strategic OECD policy agenda for inclusive growth'. The economy, according to Gurría, has failed not only in preventing the economic crisis but also in reducing social cleavages. This kind of critique can no longer be of BRICS only, as cleavages are growing in all OECD countries where 'a creative and

inclusive economy is lacking [...] given the sharp increase in social inequality in most of our member countries' (ibid.: 8). The political economy of the OECD world needs to be revised, to better connect politics with the economic analysis and thus to improve the policy advice of the OECD to its member states. But, despite the growing public critique of neoliberalism, the intention is not to build a new economic theory.

In this rethinking even the new 'partner countries' need to be involved. The BRICS/MICs are invited to shape the new direction of the OECD, as they are to be given influence from the start in the newly revised Development Strategy (ibid.: 17).

SA, then, to make our case explicit, is invited to discuss the future development policies of the OECD. So far NAEC has launched its framework for reflection, asking for support and active participation from country ministerial representatives. NAEC's terms of reference are the key ideas coming out of the celebration of OECD's fifty years of existence. The main areas of focus are governance of the political economy, innovation and human capital development, all of this with an eye to green growth, i.e. the expectation that there can be a delinking between growth, on the one hand, and the use of energy that undermines the global environment, on the other.

### **SA choosing both the OECD and BRICS?**

In a typical statement arguing for the importance of BRICS it is said:

South Africa, of course, has promoted itself as an integral link to the African continent. It is our status as self-acclaimed gateway to the continent that has afforded us membership into BRICS and an opportunity to explore lucrative markets for our goods and services, and to implement the Industrial Policy Action Plan and the New Growth Path framework. There certainly is a wide scope for co-operation in various projects within the BRICS structures – membership in BRICS will promote trade and investment, enhance industrialisation and promote job creation. There is little doubt that South Africa benefits, and will continue to benefit, from clubbing together with the likes of the BRIC countries, but what is being contested is the potential of the South African economy and its political underpinnings to actually take advantage of these possibilities.<sup>2</sup>

While much of the work in SA with BRICS is personalized through the minister of trade and industry, Rob Davies, the previous and long-standing minister of finance, Trevor A. Manuel, has been the mediator and implementer of OECD/SA relations. The annex of this statement lists activities linking SA and OECD which can be made much longer, as also described in the publication *Active with Africa* (OECD 2011b).

Trevor A. Manuel has moved on to become minister of planning, but the Ministry of Finance continues as the nodal point of the OECD/SA link. Yet Rob Davies was central in arranging the fifth meeting for the BRICS. In a letter posted on the BRICS website, he launches what he considers important elements in the BRICS rethinking of the development model (given the failures exposed by the economic crises).<sup>3</sup> Both the OECD and BRICS are thus launching alternatives to the ongoing neoliberal orthodoxy. In this context it is interesting to note that Trevor S. Manuel, who has a reputation from his time as minister of finance of endorsing the ‘trickle-down effect’, may also be seen as a champion of more neoliberal policies generally (Dykes 2004). His social policy, ideas of austerity and limited use of the state as a developmental state indicate that he saw the state as a potential drain on the economy rather than a force within the economic growth machinery (Green 2008).

In his role as minister of planning and member of the committee creating the National Development Plan – Vision for 2030, the main message is the balance between democracy, state and economy, generating trust. We also note that it focuses on the BRICS as the potential partner for the future. And more important still: the OECD is hardly mentioned.

SA’s motivations for the agreement with OECD seem to be bureaucratic learning, information-gathering and policy input. The OECD is seen to be a positive influence both on how the political economy is organized and what it contains, i.e. its substance. The OECD is thus functioning as a tool for development, owing first of all to the knowledge resources and knowledge-based solutions it gives access to.

The OECD influence, however, varies. Its role in bureaucracy enhancement, knowledge mediation and policy formation is more important to some sectors of the polity, and some politicians see their interests better promoted by cooperation with and use of the OECD authority than others. The influence of the OECD must thus be

understood through its interaction within the polity of a nation-state/national economy, as some actors more successfully than others use the OECD to promote internal political change. A likely hypothesis is that, for example, the minister of trade and industry (Dr Davis) will be less enthused by the OECD when formulating his industrial policies than Mr Manuel when formulating his 'Plan for SA' as chairman of the Planning Commission.

Since 2008 the Department of Trade and Industry (DTI) has been publishing its Industrial Polity Action Plan (IPAP). In the latest version of these plans,<sup>4</sup> a policy different from mainstream OECD recommendations is indicated through the different suggestions for action: a strong role for the state; a need to regulate and transform the financial sector to make it industry-driven and also friendly to long-term investments, reflecting a long-term perspective on the economy in general; regulation of private consumption so as to promote internal production (p. 22); a 'regulated' trade policy which makes an import substitution policy both possible and legal despite the commitments to WTO (p. 36). Similarities with the so-called state capitalism of some of the BRICS countries can be seen. Generally, the financialization of the economy which has been so dominant seems to be contradicted by a development policy whereby the state also takes part in the selection and promotion of a growth sectors. As a consequence, the state's industrial policy has to transform the old regime's alliance between mining and the energy sector, to make room for other actors in the market and to initiate a different energy policy supportive of this broader competition, leading in addition – intentionally – to a greening of the economy. A much more systematic use of state/private economy relations – for example, through procurements and in particular in the skill formation area – is also considered. The area of vocational education and training seems to need the leadership of a strong state to make sufficient public investments in education and skill formation, and to make these investments supportive of the needs of the labour market. Human capital does not grow out of market demands and individual choices, but needs to be developed through collective efforts with the help of the state. Justification for these policies is found in the practice of the other BRICS countries, their policies prior to the economic crisis, as well as during the crisis and after (to the degree the crisis is over). There are no references to the OECD in the document, nor is the organization mentioned in the minister's introduction in the

DTI *Annual Report* (DTI 2012). Again it is BRICS cooperation that is emphasized.

In addition to the Ministry of Finance and the Department of Trade and Industry, SA has an Economic Development Department (EDD) – a puzzling observation in itself. With its document *The New Growth Path: Framework* (EDD 2011) this department has produced what seems to be the closest a country in social crisis can come to the New Deal of the USA or the crisis economic programmes of the Nordic countries during the trying years of the 1930s. There is a mutual affinity between the DTI strategies and those presented by the EDD, the latter, moreover, with a stronger emphasis on the constructive role of labour unions and their engagement in policies. The emphasis is on leadership and governance; on an active state and a strategy for creating more and better jobs. Contrary to much of the internal OECD rhetoric, the market is not necessarily an efficient way of organizing society. Rather, ‘The government has a critically important role to play in accelerating social and economic development including through effective regulation of markets’ (ibid.: 12).

Even for the National Planning Commission (2011), unemployment is a burning issue, as well as the high number of people who live on or below the poverty line. More than the previous policy documents, its *National Development Plan* highlights democracy and participation. Inequality of the kind SA exhibits cannot foster democracy. The new approach the planning document proposes for the coming years (until 2030) is to revive the active citizen as opposed to the receiving citizen. The consequence of this is not only an active citizenry that is champion of its own future, but also a more inclusive society, where the weak and vulnerable are taken care of by the state. A democracy fostering citizens whose activities produce solidarity and a different and better integrated public space seems to be the main idea.

The question, however, is how the relation between democracy and the economy and economic growth (seen as a precondition for poverty alleviation) should be organized. The National Planning Commission (ibid.: 59) argues that it has drawn heavily on developmental theory (e.g. Evans 2010), emphasizing capabilities that enable people to lead their lives. National capabilities have the role of preparing for the competitiveness we all are part of by promoting human capital, in other words supporting institutions that make individuals capable of entering the competition society. Most readers will detect the influence of the



philosopher of law John Rawls and the economist Amartya Sen, as well as a number of more or less liberal economists who have promoted human capital theories as a guide for social development.

Still, the *National Development Plan* gives its support to the *New Growth Path: Framework* strategies for job creation and economic growth. All these national policy documents have in common the emphasis on the need for stronger national unity. Hope is expressed for growing trust both in public institutions and between citizens..

To sum up, at the multilateral/multinational level we see a cleavage between the strategies of the OECD and BRICS along the same lines as that we find in the SA debate about development, both in terms of economic policies and in the understanding of democratic capitalism.

### **The utopian alternative**

The OECD wants to revise economic thinking. BRICS may represent an alternative to the neoliberal revisions. None of them, however, is in my view anchored in democratic processes. A poverty-oriented policy, based on a democratic developmental state, needs a revision of both. A democratic developmental state presupposes democracy governing the economy, not the other way round, as now is the case in Europe (Streeck 2013). The many plans for SA indicate political support for democratic governance, as a priority before statist industrialism as well as neoliberal human capital mobilization, but so far this agreement has not led to a thorough debate about either BRICS or OECD influences. A human capital society is always on the move, with individuals advancing by improving their human capital through all forms of formal and informal learning processes. Making human capital advancements possible becomes, for neoliberal supporters, and for OECD economics, an alternative to costly and non-flexible welfare state solutions (see OECD 2009). The alternative is a society where people do not necessarily have to migrate in physical and social space to be valued, and where human voices count more than the voiceless individualized human capital. Collective solutions may be promoted by stable social relations and qualifications. Particularly if it is organized on the basis of universal rights, welfare will create solidarity and belonging, thus a feeling of being valued. This is a society which also nourishes trust, and reduces corruption, as the experiences with the Nordic model show.

Until the crisis of 2008, it was argued with force and conviction by the dominant economists (at the G20, for example) that the innovation paradigm was a paradigm for social change. Human capital was the key means. According to the orthodoxy by which a new ‘utopia’ now may emerge, the development of human capital improves the standing of the individual in the market. Individuals learn to use the market, at the same time as the working environment makes use of the qualifications it has demanded (Halvorsen and Vale 2012). In the labour market there is an incentive to constantly improve qualifications in accordance with the needs of the user. The so-called ‘monopolies of the labour unions’ (one of the main enemies of the neoliberals) destroy prices and prevent human capital from developing or people from entering the labour market to improve their human capital. But when given an opportunity to work, the market will increase rewards, secure innovative competences, and in the long run offer work for all according to the degree of human capital. The role of knowledge institutions is to contribute to the individual’s choices of education to improve his or her market position.

To a large degree, the OECD has made this kind of reasoning its trademark; thus it is the political consequences of this theory that are now under scrutiny. The OECD does not seem to be able to see an alternative, or participate in the building of an alternative world view or utopia. A human capital strategy, however, builds on fear and spreads individualism, particularly as it is also seen as an alternative to the costly social security of welfare policies and an active public welfare mobilization. Solidarity is undermined, trust dwindles.

Again, to quote Offe (1998: 46):

The threat of marginalization through unemployment dominates these societies, and the resulting insecurities and anxieties generate a rational preference for social advancement and social security through individual rather than collective means. These feelings and perceptions in turn inculcate a life boat logic into social life, that reckons with the absence or unreliability of communal or state-provided safety nets.

The social structure of the BRICS countries shows that this is an impossible strategy if poverty is to be alleviated, growth to be environmentally friendly and work accessible for all. If we look back

at the different programmes for development from the different ministries and planning commissions of SA, and take into account both the enthusiasm in the country for BRICS and the many points of interaction with the OECD, SA stands out as the most interesting *experimental case* when a new potentially democratic developmental state is to be organized. The question is how democratic this state will be, if we use as measures of democracy greater equality, redistribution and poverty eradication. The different plans for development in SA, discussed in this chapter, are more or less influenced by the OECD, while BRICS ideas only recently seem to be emerging.

The debate in SA is thus on the move, and the links to the OECD and/or BRICS provide directions. The internal social struggles over power decide, however, which international connections will be nurtured, and to what degree SA will choose its own route in line with its ideals and goals. Perhaps, as argued among researchers on the democratic developmental state, the choice should be in line with the Nordic model rather than either the neoliberal or the state capitalist model?

## Notes

1 'In 2011, the BRICS represented 40 percent of the world's population and nearly a quarter of the world's economic output' (Younis et al. 2013: 7).

2 Letter from Rob Davies with the title

'BRICS – championing a new paradigm for economic cooperation', posted 7 February 2013 on [www.brics5.co.za](http://www.brics5.co.za).

3 Ibid.

4 DTI (2010); see in particular p. 20.

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## 4 | UNIVERSALIZING HEALTH COVERAGE IN EMERGING ECONOMIES

*Amrit Kaur Virk*

### **Introduction**

*Imperatives for healthcare reform and universal health coverage (UHC)* There is now a growing consensus within the global health community and donor institutions more generally about universalizing health coverage in developing countries as health is increasingly seen not as a ‘drain on resources ... [but] a driver of socioeconomic progress’ (Chan 2012). While health is historically recognized as a fundamental human right and hence important for all of a country’s residents and citizens (WHO 1948), additional factors drive the current policy attention on UHC. For one, growing awareness that poor health is rarely confined to individuals or regions but has wider repercussions for other groups and countries gives global society a stake in ensuring good health for everybody (Sachs 2012). A second influential factor, and perhaps of particular interest to developing countries, is the now well-recognized positive association between health improvements and economic advancement (Bloom and Canning 2000; Wagstaff 2002). Whereas earlier, the positive effect of high economic growth on health and development outcomes was emphasized in global policy documents, they now increasingly promote good health and human development as prerequisites for nations advancing economically (DfID 2000; GTZ-ILO-WHO 2005).

The need for global intervention in health is further established in the context of growing evidence on the vast health inequities that exist between rich and poor nations and among populations within these countries. To cite just a few examples: a shocking 99 per cent of all maternal deaths are reported to occur in developing countries (WHO 2012a); well over 80 per cent of all children dying before their fifth birthday are likely to come from sub-Saharan Africa or South Asia (UNICEF 2012). Furthermore, about one billion people globally are

estimated to lack access to healthcare and 100 million are apparently pushed below the poverty line each year by paying directly for medical services (PMA Conference 2012). There are also numerous statistics that reveal striking disparities within regions, underlining the fact that the poorest in all countries are often the worst affected in terms of their access to services and physical and mental well-being (Reid 2011; Waldron 2007). The data shows, for instance, that globally the wealthiest 20 per cent of women are up to twenty times more likely than the bottom quintile to have skilled birth attendance. Moreover, belonging to the poorest 20 per cent of the population doubles the risk of a child dying before the age of five as compared to one from among the richest households (WHO 2012a). Well-known problems such as their lack of resources, limited knowledge and distance from health facilities are often core contributing factors which prevent the poorest groups from accessing healthcare when they need it most (Bhattacharyya et al. 2010).

*Why focus on the poor?* In the context of universalizing health coverage, global advocates urge developing countries to focus on their most deprived populations, which are generally in worse health and with poorer access to healthcare services as compared to other groups. Studies show that indigent people usually have worse health outcomes than better-off groups and have significantly higher rates of malnutrition, child morbidity and infant and maternal mortality (Gwatkin et al. 2007; Wagstaff 2002). They generally suffer inferior health because of poor diets and substandard work and living conditions. However, their situation is often made worse by their absolute lack of resources, which prevents them getting the medical attention they need (DfID 2000). This harms them not only physically but also financially because of their inability to work. In developing countries, poor people tend to be more severely affected as subsidized state-run services are low-quality and inadequate and the absence of formal financial protection means these groups have to pay for healthcare at point of use (Van Doorslaer et al. 2005). This situation could have especially brutal consequences for impoverished families, which may either cut back on other basic spending on food and clothing or else become indebted by borrowing money or selling personal assets (Peters et al. 2002; Van Doorslaer et al. 2005). In other words, poor people may become poorer as a result of getting medical treatment.

These problems are not unknown to policy-makers in developing countries, who may indeed wish to improve services for the poor. However, there are evidently numerous economic and political challenges they face in effecting healthcare reforms. Arguably, a central factor is the limited fiscal capacity of governments in developing countries (World Bank 2012). Furthermore, across all contexts, there are often formidable vested interests standing in the way of redistributive reform which is perceived to harm their personal interests (Hacker 2004; Wilsford 1994). By reconfiguring existing distributions of who funds (public or individual), who runs (state or markets) and who delivers healthcare (public or private providers), reforms often intend altering the position of more powerful groups in society. Hence, for example, middle-class taxpayers may be unwilling to contribute more taxes or subsidize services for the poor. They may also fear having their own benefits reduced, as occurred in Thailand where formal workers who were part of the Social Security Scheme (SSS) fought against its expansion to other groups (Hanvoravongchai 2013). In addition, there may be further opposition from commercial interests – a strong health insurance lobby which sees its income sources diminish as a result of restrictions on private insurance or private clinicians who fear losing out on earnings from informal sources if payment systems become more transparent (Carrin 2002).

Under the circumstances, it is hardly surprising that many times health reform efforts have failed or been significantly scaled down as a result. In the past, powerful lobbies of health providers and professionals have successfully gained significant concessions on reforms, such as in the British NHS, where general surgeries were allowed to run as private businesses (National Archives 2013). Elsewhere, these groups negated reforms entirely, as happened with President Clinton's plan of 1993, which aimed to provide universal healthcare to all Americans (Morone 1995). More recently, pharmaceutical reforms in South Korea in 2000 that intended to separate drug prescribing from drug dispensing faced strong opposition from doctors, who stood to lose an important source of revenue from the sale of medicines (Kwon 2003). Extensive lobbying and pressure tactics including strikes by doctors ensured significant changes in the reform and a large hike in medical charges for treatments.

Reforming healthcare is clearly, therefore, a formidable task for policy-makers in developing countries. Despite this, or perhaps as



a result, a number of different and innovative methods of providing services to poorer populations are now being tried out in such regions.

Defined as all individuals having access to good-quality healthcare without impoverishing medical costs (WHO 2005), UHC has both pragmatic and moral appeal for developing countries, given its positive association with economic progress and productivity. However, given stark resource limitations and huge numbers of impoverished people, a central question for governments in the global South is how to cost-efficiently and effectively extend healthcare to historically underserved populations. As a relatively new area of research, individual country experiences of universalizing health coverage offer important insights into the evolution, political opportunities and challenges for extending healthcare to poor populations in emerging economies. Accordingly, this chapter focuses on policy developments in India, where an innovative health insurance programme for below-poverty-line families (*Rashtriya Swasthya Bima Yojana*, RSBY) was introduced in 2008 to supplement an underfunded and overstretched national health service. This analysis contributes to the emerging global discourse on UHC, exploring the drivers and determinants of particular policy approaches and an assessment of their workability and effectiveness in an MIC context.

Beginning with an overview of healthcare systems in emerging economies, the following section examines their current preference for social health insurance (SHI) programmes, before moving on to assess the feasibility and effectiveness of the SHI approach. Turning to the case of India, the second section traces recent health policy developments in the country. In particular, it explores the political and economic underpinnings of healthcare reform in the country, thus shedding light on possible drivers, enabling factors and political barriers for scaling up and universalizing health coverage in emerging country contexts.

### **Healthcare systems in emerging economies**

A central problem for many developing health systems is the low levels of funds they receive despite having much larger populations and bearing a higher share of the global disease burden as compared to richer countries. For example, World Health Organization (WHO) statistics show that thirty-four OECD countries with less than a fifth of the world's population accounted for over 80 per cent of global spending on health (WHO 2012b). Governments in low-income

countries spent an average of \$23 per capita on healthcare in 2009 (WHO 2012c), which is significantly below the \$54 figure proposed by a recent WHO task force in order for low-income nations to provide a basic package of healthcare for all (Stenberg et al. 2010). Moreover, government health spending as a proportion of total health spending in low-income countries was about 38 per cent against the 62 per cent average for wealthier nations (WHO 2012c). Such disparities in health expenditure may be partly to do with the overall scarcity of resources in low-income countries, with yearly per capita incomes of less than \$1,005 compared to more affluent regions like the UK or the United States with averages of about \$36,000 and \$50,000 respectively (World Bank 2012). Moreover, raising more resources locally through, for example, income taxes is often not easily accomplished in developing countries given their enormous informal and low-wage-earning sector (Gottret and Schieber 2006).

Further, limited public funds for healthcare are also spent in inefficient and inequitable ways in many such nations. For example, developing countries usually spend more on paying staff salaries than on infrastructure and supplies in public hospitals. A recent study in South Africa also finds that provinces with the greatest disease burden often received far fewer public funds as compared to better-resourced areas with higher spending capacities (Stuckler et al. 2011). There is also evidence showing that governments in developing countries often prioritize expensive tertiary services even though there is a greater need for low-cost primary or preventive care (Gottret and Schieber 2006).

Besides limited finances, health systems in developing countries also face huge scarcities of human resources and physical infrastructure (World Bank 2009; WHO 2006). The WHO estimates that there is one doctor per 5,000 people in low-income regions, which is in sharp contrast to wealthier nations, where a doctor serves about three hundred people (WHO 2012c). Whereas a hospital bed in Japan will normally service about seventy-seven people, in poorer countries like Ghana and Myanmar an average hospital bed caters to over a thousand patients.

From patients' perspective, under-resourced and overburdened public healthcare facilities often mean long waits to get treated or not getting needed drugs and essential services. Absenteeism among health workers, disrespectful and unresponsive attitudes towards patients, and demands for informal payments are well-documented problems within public sector services in developing and transitional countries (Ensor

2004; Lewis 2007). Grave shortcomings within public services typically induce patients to spend huge amounts of personal funds at relatively costlier private facilities. This also makes for a highly inequitable system where poorer populations cannot afford to pay for treatments and, when they do, the effects may be catastrophic, causing financial ruin and worsened poverty. For example, each year, 100,000 households in Kenya and about 290,000 people in South Africa are estimated to fall below the poverty line owing to out-of-pocket payments on healthcare (WHO 2010).

### **Current trends in developing countries towards UHC**

Against this background, a variety of government-sponsored health and health insurance programmes for the poor have emerged across large parts of the developing world. In fact, some MICs such as Brazil, Mexico and Thailand have achieved or are close to reaching near-total population coverage through various state-led initiatives (Joint Learning Network 2013; Lagomarsino et al. 2012). Some analysts, however, argue that the labelling of many such schemes under the rubric of social health insurance (SHI) can be misleading since, unlike traditional insurance, these programmes for the poor are largely funded through public taxation (Kutzin 2012; McIntyre et al. 2010). Most developing countries are indeed experimenting with novel ways of financing and delivering health services alongside more common and conventional methods, such as funding through general taxation, user fees and insurance contributions or delivering services through traditional state-run public providers. For example, in conjunction with general revenue transfers and payroll taxes, 75 per cent of funding for Ghana's National Health Insurance Scheme (NHIS) comes from a new VAT levy it introduced for the purpose (P4H 2013). Similarly, Gabon generated \$25 million in 2009 to fund healthcare for its non-insured population through a levy on mobile phone companies (Stenberg et al. 2010). Nations are also experimenting with decentralized institutional arrangements to manage new programmes, moving away from the traditional reliance on national health ministries to run all health initiatives. For example, some governments, such as those in Kenya and Cambodia, have set up independent funds managed by public primary health facilities and non-governmental organizations (NGOs) to run healthcare programmes for their poorest and most vulnerable individuals (World Bank 2013). Countries are also trying out new

methods of demand-side financing of health services, essentially directing funds to healthcare providers based on the individual preferences of patients rather than through traditional budgeted transfers to public facilities. Common to many such initiatives is their inventive use of mixed sources of financing (general state revenues and payroll taxes) (ibid.). Individual country programmes hence present a rich array of different approaches and programme design to inform policy in other contexts like their own.

### **Policy debates on SHI for developing countries**

A growing literature on the merits and demerits of SHI and its feasibility in poor settings accompanies the huge interest it generates among policy-makers in developing countries. Yet, so far, there is mixed evidence on the effects of SHI systems in increasing the use of medical services or in reducing catastrophic spending by the insured. For example, a recent systematic review of social and community health insurance schemes in Africa and Asia finds little evidence linking SHI to improved service quality or social inclusion (Spaan et al. 2012). More positively, it reports that SHI may encourage greater healthcare use among members and protect them financially from high medical costs. In contrast, another review of state-led insurance schemes in China, Mexico, Colombia, Vietnam and the Philippines finds the evidence inconclusive on whether SHI improves utilization and reduces out-of-pocket spending by patients (Acharya et al. 2013). Both sets of research, however, attribute ambiguous results on the impact of SHI to variable methodologies used by the studies they looked at.

*More funds for healthcare through SHI?* An attractive argument for economies facing severe resource shortages alongside a growing demand for healthcare is that SHI in developing countries can help raise more funds for existing healthcare systems. The fact that people may be more willing to contribute to SHI since they get a clearly defined health benefit in return is thought to help elevate fund collections under SHI systems. Moreover, unlike tax-based financing, contributions under SHI regimes are explicitly secured for health, making health budgets less vulnerable to politically driven cuts (GTZ 2005).

However, real-world scenarios in developing countries may end up reversing the positive effects above. Two of these are particularly important in the context of optimism about more resources for

healthcare through SHI. The first challenge relates to the structure of the labour market in developing countries. The fact that large proportions of workers in LICs and MICs are in informal employment<sup>1</sup> makes it pertinent to consider how people without an identifiable employer or workplace will be accessed. Equally, as a large number of informal workers in developing countries are often unsalaried, low-income earners, they are perhaps unlikely to be able to contribute significantly into an SHI system. This was apparently the case with India's Universal Health Insurance Scheme for poor households, in which, despite the considerable state subsidy on premiums, enrolments remained low (Ministry of Finance 2006). Secondly, arguments about SHI generating more resources for healthcare may hold no water if policy-makers are tempted to cut back their own health spending, expecting SHI contributions to compensate (Wagstaff 2010). This occurred in Kazakhstan, where government health budgets were trimmed down following the establishment of SHI. Hence, SHI systems may be as vulnerable as general tax-based systems to unpredictable reductions in the overall resources for health services.

*Effectiveness and quality of service delivery in SHI* In many developing countries, national health services and the public bureaucracies running them are perceived to be inefficient and wasteful (Mills 1997). Moreover, fixed budgets and assured salaries are often thought to encourage complacent attitudes among staff and give them little incentive to be efficient. In contrast, the fact that trained, quasi-independent professionals manage funds under SHI is arguably a point in its favour.

SHI structures are also considered more conducive to the introduction of market mechanisms and competition in healthcare delivery, thereby setting the right financial incentives for providers to be more effective (GTZ 2005). However, for this to work, first and foremost, there needs to be a sufficient supply of qualified medical professionals and facilities that are willing to be part of the SHI (Bhat and Saha 2004). Secondly, ensuring that reimbursement rates and methods of claiming payments are attractive to medical providers is likely to be particularly challenging in contexts where they are accustomed to few regulatory checks on how they price and charge patients for their services. Hence, under a regulated system of SHI, doctors may fear monetary losses by losing their private sources of revenue. For example, in

the initial years of Vietnam's SHI, providers were hostile and reluctant to treat patients because they found that under the new regime users were no longer willing to pay them informal fees that normally supplemented their low salaries (Carrin 2002). In another scenario, doctors may worry about being overworked and underpaid by a system that encourages excessive demand from patients. A case in point is the Hospital Association of South Africa, which is strongly opposed to the proposed National Health Insurance on precisely such grounds. It argues that the system is unlikely to improve access or quality of care since there is presently a limited supply of doctors who will inevitably be induced to ration services through 'waiting lists' and 'bidding wars' (Hospital Association of South Africa 2010: 134).

The second argument about SHI contributing to better-quality services is based on the logic that monetary contributions by members give them a stake in the system and stimulate patients to keep up pressure for good services. However, this theory may be undermined by the existence of separate insurance programmes for different population groups and when health services inequitably benefit relatively wealthier groups who pay higher contributions. For example, despite near-universal coverage in Colombia, there are vast inequities between the range and quality of services available to more affluent individuals covered by private insurance and those for indigent groups under the state-subsidized insurance regime (Tsai 2010). A similar situation exists in Thailand, where the health insurance scheme for civil servants offers far more generous benefits than the schemes for workers and poorer individuals (Hanvoravongchai 2013). Essentially, not only does this lead to a segmented and less efficient health system, but also '[b]enefits meant exclusively for the poor often end up being poor benefits' (Sen 1992: 15). Hence, an effective SHI may require better coordination and integration with existing risk-pooling methods in a country (Hsiao and Shaw 2007).

*Costs and sustainability of SHI systems in developing countries* Ordinarily, insurance-based systems tend to have higher costs as compared to those funded from general taxes (Saltman et al. 2004). Costs may be higher mainly because SHI systems are complex and often need sophisticated methods and qualified technical staff to run them. Routine SHI activities such as enrolling members, collecting contributions, processing contracts and settling claims with medical providers all

involve considerable expenditure (Nicolle and Mathauer 2010). SHI often needs strong institutional structures, including functional banking and communication networks, healthcare facilities and legal services. A fundamental issue for developing countries is whether governments have enough resources to invest in such systems. Furthermore, it is debatable whether they have the administrative structures to effectively collect, pool and redistribute funds or whether they have the requisite capacity to develop risk-adjustment mechanisms compensating local insurers for different levels of ‘bad risks’. Moreover, even when countries have the requisite information systems and organizational capacity, such as the USA, health insurance schemes nevertheless involve significant administrative costs (Enthoven and Fuchs 2006).

In order to keep costs under check, insurance-based systems will also require effective regulatory and monitoring mechanisms for insurers and medical professionals. In their absence, pluralistic providers may be left free to drive up the price of premiums and medical services. The current evidence from developing countries indicates that considerable efforts may be needed by them in this direction. For example, poor enforcement of laws, weak capacity to effect contracts and few checks on medical practices are commonly reported problems in many LICs and MICs (Bloom and Standing 2001; Peters and Muraleedharan 2008).

The cost-effectiveness of SHI also depends on its design and implementation structure. For example, costs may be significantly higher in an insurance-based system with multiple competing insurers. Such systems arguably lack the monopsony power of a national health service, where the state as the solitary purchaser of services is often in a stronger position to negotiate with providers and drive down treatment prices.

Furthermore, there may be specific cost implications for governments in developing countries given their large numbers of indigent people who will be unable to afford contributions. In effect, if services are to be equitable, formal workers may need to contribute more for the uninsured, as they do in Germany, paying 16 per cent payroll contributions (Wagstaff 2010). A more feasible and favoured alternative being tried out in countries including Vietnam, Ghana and the Philippines is for the state to partially or fully fund payments for the uninsured (Lagomarsino et al. 2012). State administrations will now have to consider the affordability of subsidizing contributions for the

huge number of people in the informal sector in developing countries (ILO 2012), especially when government tax revenues for funding are relatively small (Bird et al. 2008).

Moreover, given the vast unmet need for medical treatment in many LICs, health insurance may lead to increased healthcare utilization. In turn, huge claims on insurance funds are likely to raise insurance premiums or user co-payments, which may be unaffordable and difficult to sustain. For example, in the context of rising insurance costs, questions are already being asked about whether the Indonesian government will continue to fully sponsor poor beneficiaries under its Jamkesmas health insurance scheme (Joint Learning Network 2013).

Hence, while there are many positive attributes of SHI, ultimately it is the design of programmes that determines their effect on health outcomes in particular settings.

### **The drive for universal health coverage in India (2000–13): achievements, opportunities and obstacles**

The past decade has seen heightened political interest in India in the health sector and in extending health coverage to impoverished populations, especially those below the poverty line, who even according to official figures were estimated in 2010 to be a third of the entire population or 350 million people (Planning Commission 2013). This was undeniably a pressing need given the sorry state of the country's healthcare system, with scarce infrastructure, poor quality, corruption and high levels of out-of-pocket spending by patients. In fact, personal spending on healthcare in India amounts to over three-quarters of total health expenditure, in contrast to developed countries like the UK, where it is less than 15 per cent (WHO 2012b).

In 2003, the National Democratic Alliance (NDA), led by the centre-right Bharatiya Janta Party (BJP), launched a state-subsidized contributory Universal Health Insurance Scheme (UHS) for impoverished Indians, intending to 'correct' the lack of good healthcare for them by offering them financial protection and greater choice (Ministry of Finance 2003). Initially targeting 7 million people, the UHS was a standard insurance policy in which members paid a graduated premium with an additional subsidy if they were below-the-poverty-line (BPL). Subsequently, in 2004, the NDA also unveiled an ambitious Unorganized Sector Workers' Social Security Scheme (USWSSS) targeting 370 million informal workers following on



from the recommendations of the National Commission for Labour, a state-appointed body charged with developing basic social security legislation for unorganized workers (MoLE 2002). At first pilot-tested in fifty districts in India, the programme was to be scaled up nationally if it did well. Like the UHIS, the USWSSS reimbursed the worker for hospital expenses of up to about \$500. However, both the UHIS and the USWSSS had few potential recipients sign up: a key reason, according to a subsequent Health Ministry appraisal, was their lack of coverage for important services like maternity care, which target groups desired (NRHM 2005).

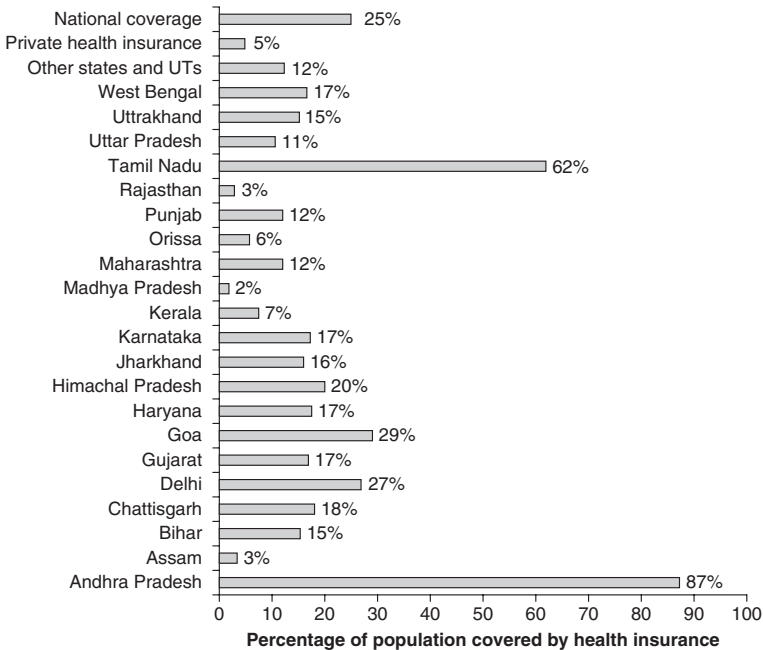
Since 2004, when an unexpected electoral victory brought the centre-left United Progressive Alliance (UPA) into government, a tranche of healthcare reforms and state-run programmes have been introduced. Steered by its 'welfarist' proclamations, the UPA pushed forward an agenda of improved health services and welfare legislation for informal labour. High-level committees and working groups were established to look into universal and comprehensive health services (PHFI 2011) and better provision for low-income populations such as its working poor (NCEUS 2006). The UPA was also quick to launch two new programmes in 2005: the National Rural Health Mission (NRHM) to strengthen public primary healthcare facilities in rural areas and the *Janani Suraksha Yojana* (JSY), a conditional cash transfer scheme for improving pregnant Indian women's access to hospitals.

Correspondingly, in 2008, the UPA sponsored an ambitious national health insurance programme, *Rashtriya Swasthya Bima Yojana* (RSBY), targeting 60 million impoverished households. Drafted as part of the UPA's social security legislation for low-paid informal workers (GoI 2008), the RSBY aims to prevent catastrophic health spending by enabling access to hospital-based secondary care for recipient families (MoLE 2014). At this point, it is important to recognize that the demonstrated political interest in health insurance over the last few years occurred against a backdrop of increasing labour informalization and insecurity in India following large-scale economic reforms over the 1990s. Official documents champion labour as 'human capital' and underscore the need for social security to help workers retain their efficiency and the country's 'international competitiveness' (MoLE 2002: 6). Hence, programmes were specifically designed with a view to improving general productivity (by preventing further impoverishment) and targeted informal workers and ostensibly more expensive hospitalization expenses.

In its two terms in office, the previous UPA government had invested more funds in the RSBY, also extending it to new regions and population groups. Significantly, it also had for the first time a clear policy statement on universalizing healthcare for all Indians (PMO 2012). While the centre-left UPA was instrumental in pressing ahead with health reforms in India, other factors too have contributed to the emergence of a national agenda on universal health coverage. As part of the BRICS<sup>2</sup> group of emerging economies and an increasingly influential actor in international debates, India also seems to want to match up to developments in other countries aiming to universalize healthcare. Illustrating this ambition, a recent state-commissioned report on UHC declares that the country is now motivated ‘not only to act in conformity with a globally progressive commitment to health equity but also to become a leader of the movement by creating the best contemporary model of UHC’ (HLEG 2011: 2).

A striking development since the RSBY’s launch has been the subsequent and rapid growth in various state-led regional health insurance programmes for impoverished groups. Recently, schemes have been (re)launched in three southern states of Andhra Pradesh (AHCT 2007), Tamil Nadu (TNHSP 2009) and Karnataka (SAST 2009). Some states, such as Himachal Pradesh and Delhi, have devised additional schemes to top up RSBY services with tertiary care benefits for members (La Forgia and Nagpal 2012). The role of these government-sponsored health insurance programmes in expanding health coverage in India has been quite remarkable. Since 2007 and the introduction of various state-sponsored programmes, total health insurance coverage in the country has leapt from less than 10 per cent to 25 per cent of all Indians now believed to be part of a public or voluntary health insurance plan (PHFI 2011). States like Andhra Pradesh and Tamil Nadu with large-scale health insurance programmes of their own have in fact much higher proportions of their populations insured as compared to other states only implementing the RSBY (Figure 4.1).

However, while improving general access to health insurance and hospitals (MoLE 2014), the RSBY is proving less successful in offering financial risk protection to patients (Devadasan et al. 2013; Selvaraj and Karan 2012). Such outcomes point back to fundamental shortcomings in the RSBY design: partial and selective coverage only for the ‘poorest’ (below-poverty-line) among the working



**4.1** State and nationwide coverage of health insurance in India (source: PHFI (2011: 25))

poor, and offering only hospital-based services to users rather than a comprehensive package including outpatient care as well. As a costlier form of care, hospital-based services are presumed to be more likely to cause catastrophic financial consequences for patients. However, this is clearly at odds with the evidence: most of the 60 million Indians who become impoverished paying for healthcare do so paying for outpatient services – doctors’ consultation fee and medicines – and a smaller percentage because of costlier hospital-based care (Shahrawat and Rao 2011).

While clearly not born out of a desire to universalize health coverage, the RSBY has gradually become an important part of UHC dialogues in the country (PHFI 2011; La Forgia and Nagpal 2012). Recent policy documents, however, view UHC as a long-term goal, which may take more than a decade to accomplish (Planning Commission 2013). While retaining the policy commitment to UHC, the newly elected, right-centred BJP government is reportedly interested in

universalizing health insurance in India and plans to extend the reach of the RSBY by offering it to non-poor populations in return for a premium paid by them (Dey 2014). For now, however, the RSBY is to continue reaching out to the entire BPL population in the country, offering them health insurance and health benefits, albeit partial and inadequate.

There is currently a lot of uncertainty about the future course of the RSBY and that of universalizing health coverage in India. What is clear, however, is that in its existing form and as stand-alone programme, the RSBY can at best be a stopgap measure to address specific groups of poor people and particular forms of health risks among them. Moving in the direction of a comprehensive and integrated policy may help sustain the programme. More importantly, it is likely to improve the RSBY's effectiveness in providing healthcare to a majority of India's citizens.

## **Conclusion**

Universalizing health coverage is high on the priority list of international health organizations and governments in developing countries. Increased political interest in expanding health coverage is translating into policy action as many new state-led health programmes are introduced across diverse countries including China, India, Indonesia and Ghana. Realistically, given limited budgets and swelling demand for healthcare, some level of rationing of services is inevitable. However, in prioritizing resources, policy decisions on funding primary-, secondary- or tertiary-level healthcare must be based on existing evidence on healthcare needs and spending behaviours within a population. At the same time, what is also important is for policy-makers not to lose sight of the larger goal of universal health coverage – comprehensive services for all citizens. Current government-initiated programmes for those in extreme poverty are important and laudable efforts. Yet, ensuring that 'programmes for the poor' do not end up as 'poor programmes', there is a need for integrated and inclusive policies that reach out to various others besides those in absolute poverty. Eventually, the policy choices made in opting for cost-effectiveness versus responding to human needs will determine the future course of UHC in a country.

## Notes

1 In the past, SHI expansions were linked to economic growth and increases in the number of formal workers able to make contributions to the system. In contrast, recent global patterns indicate greater informalization of labour occurring

worldwide and across many emerging nations (Chang 2001; Srivastava 2012).

2 An association of emerging and newly industrializing economies including Brazil, Russia, India, China and South Africa.

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## 5 | THE POLITICS OF INEQUALITY IN BOTSWANA AND SOUTH AFRICA

*Marianne S. Ulriksen*

### **Introduction**

It is tempting to say that there are two quite different paths to greater equality, one using taxes and benefits to redistribute income from the rich to the poor, and the other achieving narrower differences in gross market incomes before any redistribution. But the two strategies are not mutually exclusive or inconsistent with each other. In the pursuit of greater equality we should use both strategies: to rely on one without the other would be to fight inequality with one arm tied behind your back. (Wilkinson and Pickett 2010: 247)

Botswana and South Africa are two MICs with persistent and extreme levels of income inequality. Measured in terms of the Gini coefficient, inequality sits at 61.0 in Botswana and 57.8 in South Africa, and neither country has been able to decrease inequality substantially (ILO 2010: 188). Even though inequality is not the same as poverty, both countries also struggle with deprivation among large parts of the population.<sup>1</sup>

Extreme inequality is now recognized as being undesirable (Oxfam 2013). High levels of inequality tend to go with a variety of socio-economic ills: worse health indicators, poor educational performance, limited social mobility, deficiency in social cohesion, corruption, crime, conflict and poverty (Nel 2008; Wilkinson and Pickett 2010; Bangura 2011). Even so, unlike poverty, inequality has been treated marginally in international development policy (Bangura 2011; Wade 2011).

Consequently, there is a real need to concentrate on specific policies that promote greater equity in society. This chapter focuses on public policies that affect gross market incomes (employment and wages) as well as redistribute incomes (taxes and transfers). How such policies affect income inequality is addressed both theoretically and empirically through analyses of Botswana and South Africa. While a range of

possible policy solutions may be available, it is emblematic that some policies receive much more political responsiveness than others. Hence, as policy-making is fundamentally political in nature, this chapter also includes a political analysis of the varieties of policy outcomes and the consequent impacts on income inequality.

Across MICs, and as evident throughout this book, inequality is a concern because, despite raising economic wealth, resources are not distributed equitably and poverty is a persistent problem (Sumner 2012). In this chapter, I consider public policies that can address such inequalities, but I also recognize why some policy solutions are either largely ignored or promoted in ways that are inequitable. If the domestic political interests that steer policy-making can be appreciated, finding workable and sustainable ways of addressing extreme income inequality may be one step closer.

### **Politics, policies and inequality: setting the scene of the enquiry**

There are multiple causes of high inequality levels and hence also multiple possible ways to address this issue. Public policies can target the deep roots of inequality – for instance, through interventions that aim at broadening asset ownership or addressing human capital through the provision of equitable and good-quality education and healthcare. However, such interventions are long-term processes in which the impact will become visible only in decades to follow (Goni et al. 2011: 1559). In this chapter, the focus is rather on more *immediate* public policies and their impact on income inequality. Specifically one can divide these into a pre-tax/-transfer income scenario, where the extent of wage inequality may be addressed through employment creation and wage-levelling policies, and a post-tax/-transfer scenario, where policies of taxation and transfer may redistribute incomes (Wilkinson and Pickett 2010: 184).

Starting with the latter, it is increasingly recognized that redistribution through taxes and transfers is a legitimate option for reducing inequality and that MICs should be able to raise sufficient domestic revenue to carry out such redistribution (ODI 2004; Sumner 2012). In a study comparing the high-inequality continent of Latin America to the more equal countries of Europe, Goni and colleagues (2011) find that substantial redistribution through taxes and transfers in Europe addresses market-related income inequality, whereas in Latin America the countries remain highly unequal because of inability to

promote progressive taxation and comprehensive social transfers (with data from the early 2000s). An additional important finding is that redistribution is mainly achieved through transfers rather than taxes; a point also supported by other scholars who argue that while particularly proportional income taxation draws government revenue from top and middle income earners, income levels at the bottom largely depend on how this revenue is spent (Steinmo 1993; Barrientos 2008). In fact, sufficient revenue to ensure substantial social spending has larger redistributive effects than steeply progressive taxes (Steinmo 1993).

In terms of market-related income discrepancies (the pre-tax/-transfer scenario), research on inequality in developing countries points out that the ‘differential between skilled and non-skilled labour is a crucial determinant of income inequality’ (Nel 2008: 23). Economic transformation in many developing countries puts a premium on skilled labour while the countries fail to increase the skills levels among the population. Consequently the ratio of unskilled workers to skilled labour is high, such that oversupply of unskilled labour pushes their wages down while high demand for skilled labour puts a premium on their market value (*ibid.*: 23, 48). In a study of Latin American countries, it is argued that, besides more progressive social spending in recent years, a determining factor in reducing inequality levels was that the supply of educated workers caught up with the demand, thereby levelling wage levels (Birdsall et al. 2011).

Recent decades of globalization and free market policies have arguably exacerbated gross income inequality. The combined forces of increased economic openness and market liberalization tend to put low-income groups in weaker positions (owing to threats that jobs can be moved elsewhere) while allowing more freedom and opportunities to high-income groups with capital to spare (Nel 2008; Wade 2011; Stiglitz 2012). Whether market liberalization reforms have been necessary for developing countries or not is disputed and will not be discussed here. However, it is clear that since the 1980s – a period dominated by neoliberal economic models and increasing global market interactions – informality and precariousness of employment have intensified, wage inequalities have been rising, the share of national income going to wages rather than to profits has dropped, and inequality has increased in the majority of countries around the world (UNRISD 2010; Bangura 2011; Lee and Sobek 2012; World Bank 2012).

Employment and wage differentials may be addressed in numerous

ways. However, ‘while some macroeconomic indicators get enormous attention, others, such as the level of employment, the level of wages, and disparities in pay, are virtually ignored’ (Stiglitz 2002: 24). This is a puzzling oversight if one is concerned with promoting equality. As Nobel Prize winner Joseph Stiglitz argues (though focusing on the USA), ‘much of the inequality that exists today is a result of government policy, both what the government does and what it does not’ (Stiglitz 2012: 28).

I concentrate in this chapter on government policy and its possible impact on inequality. Such policies include taxation and transfers, but also, perhaps more controversially, labour market policies that address employment and wage regulation, such as minimum wages and wage compression. Policy-making is inherently political and in order to understand why some potentially inequality-reducing policies are promoted in Botswana and South Africa – and others not – we need to pay attention to the politics of policy-making, something that has been largely ignored in the study of inequality in developing countries (Nel 2008: 15).

The power resource approach is commonly seen as a useful framework in political studies for understanding how and why certain policies are promoted (Korpi 1983). Principally, the organization and mobilization of special interests – typically trade unions on the one side and the capital sector on the other – and their bargaining relationship determine the extent of certain benefits. Thus, if trade unions are strong they are likely to push for increases in salaries as well as social benefits, whereas the capital sector will push for a reduction in such costs and be successful if trade unions are weak (Bangura 2011; Stiglitz 2012).

Hence, the promotion of policies depends on the organization of ‘special interests’ and their collective action (Olson 1971). Policies are more likely to develop when catering for a clearly defined group of beneficiaries that has incentives to act as the benefits to be gained exceed the costs of mobilizing (ibid.; Garay 2007). It is also possible that the introduction of new policies subsequently generates constituencies of support and promotes collective action; for instance, social grants may help beneficiaries to construct collective identities and help them organize, particularly if their benefits are likely to be cut (Pierson 1994; Garay 2007).

The concept of collective action also helps us to understand why

certain policy areas receive more attention than others, because ‘[o]nly when groups are small, or when they are fortunate enough to have an independent source of selective incentives, will they organise or act to achieve their objectives’ (Olson 1971: 167). Thus, large and latent groups often exert no political pressure even if they hold some vital common interests. For such large groups there are only marginal benefits to mobilizing compared to the potential costs, and so they are unlikely to organize themselves. For instance, consumers would like lower prices and taxpayers lower taxes, but both groups are so large and diffuse that they seldom form a consistent organized representation (*ibid.*). Another group that is typically poorly organized and therefore unable to assert political pressure, despite obvious common interests, is ‘labour-market outsiders’ – informal workers and the unemployed (Garay 2007).

With the above discussion in mind, hypotheses that explain how politics affect the policies central to this chapter can be generated. With respect to the pre-tax/-transfer scenario we would expect minimum wages to be pushed upwards only if there are strong trade unions that can put pressure on the capitalist sector and the government. Wages at the top end, however, are likely to increase regardless as high income earners are powerful groups (and often in high demand in skills-constrained contexts) while those bearing the costs – the consumers and taxpayers – are poorly organized. Employment creation, though critical for the reduction of inequality (Stiglitz 2012: xii), is unfortunately the type of policy area likely to receive erratic political attention: the potential beneficiaries, labour market outsiders, are generally unable to exert much political pressure, capital interests are likely to increase employment only if they have an incentive to do so, and governments, even if willing, lack straightforward tools to tackle this difficult and persistent problem.

In the post-tax/-transfer scenario, social transfers are likely to be promoted if there are strong low-income groups pushing for this. Although the poor rarely constitute a mobilized group of special interests, they may exert an indirect influence if perceived to be of electoral importance for politicians. Once social policies are in place, the direct beneficiaries of such policies may form collective identities and mobilize if the need arises. The expansion of taxation may occur as taxpayers, even if loath to pay, are unlikely to mobilize, particularly if new initiatives are less obvious, such as slight reforms or introduction

of indirect taxes like VAT. However, it is also possible that taxpayers will organize if they constitute a smaller group that pays clearly defined and obvious taxes.

In the following, Botswana and South Africa are compared with respect to key public policy areas impacting on inequality – employment and wage levelling, taxation, and social transfers – and it will be discussed how these may explain the high inequality levels in our two cases. In the penultimate section, I elucidate how politics as hypothesized above has impacted on policy development in the two countries, while I draw on the comparative analysis in the conclusion to provide lessons for other MICs.

### **Labour market policies: employment and wage levelling?**

In an African context, Botswana and South Africa are both wealthy nations with status as MICs. There are notable differences between the two economies. South Africa is the largest and most diversified economy in Africa and has – unusual for a continent where the private sector is normally characterized by informality – a large segment of formal wage employment in the private sector (46 per cent of total employment) (Stampini et al. 2011). Yet South Africa also has tremendous structural challenges, particularly how to draw former disadvantaged and isolated areas into the formal economy.

Botswana, on the other hand, can best be described as a resource-dependent economy that has failed to diversify beyond exports of minerals and beef. Basically, despite long-ranging and persistent attempts by the government to encourage economic diversification, most economic sectors, such as, for instance, manufacturing, remain underdeveloped and are unable to absorb sufficient employment. The often noted success of Botswana lies in a consistent, but labour-extensive, economic growth and ability to not squander resource wealth but instead promote some extent of social development (Conteh 2010; Hillbom 2012; Taylor 2012).

Despite these differences, there are also some interesting similarities that can partly account for the high levels of inequality. Both countries report extremely high levels of unemployment for developing countries (Klasen and Woolard 2008: 3). Employment creation is a concern for both governments and is clearly a critical political issue, with large numbers of particularly young people being outside formal employment. Yet over recent decades both Botswana and South Africa

have followed an economic philosophy that focuses on economic growth and macroeconomic stability, with governments playing a facilitating and supporting role for the private sector. The main government policy to directly address employment has been public works programmes. These economic growth paths have not stimulated (unskilled) labour-intensive production, as will be elaborated upon in the following (Gelb 2004; Hillbom 2012).

Job creation has been disappointing. Not only are official unemployment rates high (Table 5.1); both countries also have large segments of the population that are inactive. According to the *World Development Report 2013*, almost a third of the working-age population in both countries are not participating in the labour force – that is, they are not working or officially unemployed (World Bank 2012: 340–41). It can be difficult to calculate the productive activities of citizens, particularly when one tries to also include those working in the informal sector. Following the work by Stampini and colleagues (2011) one can distinguish between those in formal and permanent employment in both the public and private sectors and those that are in temporary and/or informal wage employment or engaged in non-wage activities (self-employment or unpaid family work). From this it can be seen (in Table 5.1) that half the employed working-age population in Botswana is in the latter group, whereas the same group accounts for 38 per cent in South Africa.

It is important to make a distinction between those in formal and secure employment and those in informal, temporary and precarious employment situations. Those in the latter group do not get any social benefits from their productive activities. Furthermore, their salary levels are generally low and a far cry from the wages that top officials employed in private and public sectors take home (even when excluding various bonuses and benefits). Thus both countries have extreme wage inequality. As shown in Table 5.1, labour earnings at the 90th percentile of the wage distribution as a proportion of the labour earnings at the 10th percentile stand at 28.3 per cent in Botswana and 14 per cent in South Africa; this is very high in comparison to other MICs.<sup>2</sup> The level of wage inequality in South Africa is more favourable than that of Botswana, but that may partly be due to the probable fact that calculations are based on official rates of minimum wages, and South Africa has much higher minimum wages than Botswana (Table 5.1) – this is an interesting difference to which I shall return later.



TABLE 5.1 Employment and wage indicators in Botswana and South Africa

Indicators	Botswana	South Africa
Unemployment rate <sup>a</sup>	17.6%	24.7%
Participation rate <sup>b</sup>	68.5%	68.2%
Inactive working-age population <sup>c</sup>	31.5%	31.8%
Formal, permanent public and private wage employment <sup>d</sup>	49.5%	61.6%
Informal/temporary private wage employment and non-wage activities <sup>e</sup>	50.5%	38.4%
Wage inequality <sup>f</sup>	28.3	14
Minimum wage <sup>g</sup>	1.164	5.556

Notes: <sup>a</sup> Share of labour force that is unemployed (World Bank 2012: 340–41, 347);

<sup>b</sup> Percentage of working-age population that is in the labour force (ibid.); <sup>c</sup> Working-age population minus participation rate, as percentage (ibid.); <sup>d</sup> As a percentage of employed working-age population (Stampini et al. 2011: 20); <sup>e</sup> As a percentage of employed working-age population (ibid.); <sup>f</sup> Labour earnings at the 90th percentile of the wage distribution as a percentage of labour earnings at the 10th percentile (World Bank

2012: 364–5); <sup>g</sup> In US\$ at 2005 prices, per year (ibid.: 368–9)

To elaborate on Botswana: the government has engaged in human capital development and encouraged economic diversification (though with limited success) without meddling too much with private sector interests. Minimum wages have been kept low in an attempt to encourage low-skill and employment-intensive production while no attempts have been made to constrain wages at the top level. Such wage differentials must clearly account for the large income differences – particularly as there is limited redistribution through taxes and transfers, as will be discussed later. If one divides households in Botswana into four expenditure classes (lowest group with expenditures below 1,500 pula (P), and highest group with expenditures above P8,000), then the average income of households in the first group is P666, whereas it is P12,928 in the latter group – almost twenty times higher.<sup>3</sup> It is clearly a challenge for Botswana to create labour-intensive production that caters for the large groups of unskilled or low-skilled labourers. At the same time, Botswana also faces the challenge of skills constraint, whereby companies requiring highly skilled staff are unable to identify sufficient employees; this situation then pushes up wages at the high end. Skills constraints are also evident in South Africa, though to a lesser extent than in Botswana (World Bank 2012).

South Africa has, compared to Botswana (and MICs<sup>4</sup>), a relatively high minimum wage, which is largely due to pressure from much better organized trade unions, which have been able to push up minimum wages (Natrass and Seekings 2012). It is possible that the higher minimum wage accounts for the lower wage inequality in South Africa compared to Botswana. However, this figure may conceal a more dim reality. Recent research shows that many in South Africa do not comply with the minimum wage regulations, with 44 per cent of covered workers not being paid the wages they are due (Bhorat et al. 2012). This situation is exacerbated by the fact that attempts to enforce minimum wages in industries producing labour-intensive goods (such as the clothing industry) have forced many companies to close down (as they cannot keep up with competition from cheaper products produced in Asia). Hence, many jobs catering for the unskilled are lost (Natrass and Seekings 2012).

Consequently, despite relatively high minimum wages, South Africa still has a large share of its workforce either in a situation of unemployment or working in low-wage employment, and the economic growth path in South Africa excludes many unskilled, unemployed and/or informally employed workers. The difference between working in the formal and informal sectors is stark, with the median monthly earnings of informal sector employees being only 43 per cent of the median monthly earnings of formal sector employees (Statssa 2010: xv). Furthermore, the monthly earnings of the top 5 per cent working in the formal sector (19,000 rand (R)) is forty-two times more than the monthly earnings of the bottom 5 per cent in the informal sector (R450) (ibid.). This illustrates the trend of market-related inequalities, where incomes in the bottom deciles have fallen markedly in real terms compared to those in the higher deciles (Leibbrandt et al. 2010).

Despite considerable differences between the Botswanan and South African economies, the similar challenges of employment creation and wage inequality are striking. There is clearly a need for more un- and low-skilled jobs in both countries, while at the same time skills constraints are evident in high-skilled industries, which pushes up wages. Neither country appears to regulate wages at the top end. Botswana keeps a low minimum wage while South Africa has a relatively high minimum wage. In both cases, however, low pay and huge salary differences are evident.

## Taxation: proportional, but progressive?

Taxation can be an important tool in reducing inequality if it aims at reducing the incomes of top earners. However, the redistributive impacts also depend on how revenue from taxation is spent and whether sufficient funds for social spending are extrapolated. At the same time, taxation may also be regressive if taxes target high- and low-income groups alike, as is the case with indirect taxes. Each country has a range of taxation policies that require citizens to pay for certain goods, incomes and profits; policies that are further complicated by a variety of tax exemption rules. In order to get a general picture of the possible redistributive effects of taxation I concentrate here on tax indicators mainly related to personal income taxation and VAT.

At first sight, the taxation systems in Botswana and South Africa appear quite progressive. Both systems have proportional income tax rates and exempt the poorer population from paying (Table 5.2). Thus, income earners at the low end pay no income tax, while the income tax rate increases with rising incomes. Whereas a maximum income tax rate of 25 per cent in Botswana is quite low, an income tax rate of 40 per cent in South Africa is relatively high in an international context (KPMG 2012). However, it should also be noted that in both

TABLE 5.2 Taxation indicators in Botswana and South Africa

Indicators	Botswana	South Africa
Proportional tax rates <sup>a</sup>	0–25%	0–40%
Exemption <sup>b</sup>	P36,000	R60,000
Income tax payers <sup>c</sup>	–	44%
Income tax/total revenue <sup>d</sup>	less than 16%	34%
Indirect tax/total revenue <sup>e</sup>	14%	26%

*Notes:* <sup>a</sup> Range of income tax rates; Botswana: Botswana Unified Revenue Service (BURS) website, [www.burs.org.bw](http://www.burs.org.bw) (tax calculator); South Africa: SARS (2009: 30); <sup>b</sup> Annual income under which one is exempt from paying income tax; Botswana: [www.burs.org.bw](http://www.burs.org.bw) (tax calculator); South Africa: SARS (2009: 32); <sup>c</sup> Botswana: See Ulriksen (forthcoming); South Africa: Share of economically active population paying income tax (13.7 million of 31.2 million), SARS (2012: 28); <sup>d</sup> Botswana: Non-mineral income tax, BoB (2012: Table 7.2); South Africa: Revenue from personal income tax as a percentage of total government tax revenue, SARS (2012: 18); <sup>e</sup> Revenue from indirect tax (VAT) as a percentage of total revenue; VAT 12 per cent in Botswana and 14 per cent in South Africa; Botswana: BoB (2012: Table 7.2); South Africa: SARS (2012: 18)

systems the taxpayer is taxed at 25 and 40 per cent respectively only on parts of their earned income; hence, in both countries, even if you earn a million a year in the local currency, you still do not pay a full 25 or 40 per cent of your income in tax.<sup>5</sup> Of course, high income earners are also taxed for capital and investment profits, but this should be counterweighted by tax exemptions on medical aid schemes, pensions and other savings that are disproportionately utilized by high to middle income earners.

Despite these similarities there are also some critical differences between the two countries. In Botswana income taxation plays a minimal role – both as a mechanism to lower incomes for high income earners and as a means to generate government revenue. Thus, income taxes (on both companies and individuals) constitute only around 16 per cent of total government revenue as reported in the government statistics. This means that revenue from personal income taxes is even less. This is partly explained by the low income tax rates, as already discussed, and also the low number of taxpayers. It is difficult to find exact figures for income tax payers in Botswana, but based on information from the most recent Household Income and Expenditure Survey tax payments are basically non-existent for about three-quarters of households (Ulriksen forthcoming). VAT constitutes the most important indirect tax in Botswana and generates about 14 per cent of total government revenue (Table 5.2). The main tax revenue sources for the government are mineral extraction (45 per cent of total tax revenue) and payment from the Southern African Customs Union (24 per cent) (BoB 2012).

Taxation of citizens is more extensive in South Africa. Personal income tax constitutes about 34 per cent of total government tax revenue (Table 5.2), which excludes corporate income tax (another 21 per cent of government revenue) (SARS 2012: 18). At the same time, there has been a remarkable growth in the number of taxpayers over recent years: from 5.9 million taxpayers in 2009/10 to 13.7 million in 2011/12 (*ibid.*: 28). Thus, about 44 per cent of the economically active population (age fifteen to sixty-four) in South Africa are income tax payers. In addition, about a quarter of total government tax revenue is derived from VAT, which is paid by all income groups.

To sum up, while Botswana and South Africa have similar personal income tax systems, the extent of taxation is considerably more substantial in South Africa, and it appears that taxation does have

some marginal redistributive effects in this country (ODI 2004: 7). Nevertheless, while taxation may cut incomes of high income earners, the incomes of low-income groups are more likely affected by the extent of social transfers, which is discussed in the next section.

### Social transfers: pro-poor, but redistributive?

Social transfers may be considered to include both social security schemes (insurance) and social assistance (grants). Social security is usually provided through contributions by employer and employee and covers the employee in situations of inability to work, such as sickness, old age, maternity and injury. Social security is therefore an important mechanism in situations of income insecurity. Nevertheless, the redistributive impacts are less straightforward, particularly in contexts of high informality of employment, where only those in formal and better-paid employment are able to benefit from social security schemes. As indicated in Table 5.3, while South Africa has provided legally for most social security provisions, unlike Botswana, the actual coverage is relatively low in both countries as compared to other MICs.<sup>6</sup>

Social assistance policies that provide direct cash grants to the poor and vulnerable have clear income redistributive potentials as grants can

TABLE 5.3 Social transfer indicators in Botswana and South Africa

Indicators	Botswana	South Africa
Social security statutory provision <sup>a</sup>	very limited	semi-comprehensive
Social security coverage <sup>b</sup>	9%	6.7%
Social assistance expenditure <sup>c</sup>	1.8%	15.7%
Social assistance coverage <sup>d</sup>	less than 7%	about 32%
Going without cash <sup>e</sup>	39%	22%

*Notes:* <sup>a</sup> Existence of social security statutory programmes (for sickness, maternity, old age, invalidity, survivors, family allowance, employment injury, unemployment), lowest score: very limited, highest score: comprehensive; ILO (2010: Table 15); <sup>b</sup> Share of labour force actively contributing to old-age pension scheme; World Bank (2012: 370–71); <sup>c</sup> Social assistance spending as a percentage of total government expenditure; Botswana, spending on food and social welfare, BoB (2012: Table 7.3); South Africa, spending on grants and welfare, National Treasury (2012); <sup>d</sup> Cash grant recipients as a percentage of population; Botswana: number of beneficiaries of destitute programme (40,865) and pension (91,446) out of a population of 2 million, in per cent, Mupedziswa and Ntseane (2013: 92–3); South Africa: about 16 million grant recipients of a population of 50 million, SASSA (2012); <sup>e</sup> Share of survey population saying they go without cash many times or always in a year; Dulani et al. (2013)

raise the incomes at the bottom end. Our two cases differ considerably with respect to their social assistance frameworks. Botswana has a range of feeding schemes for children, pregnant women and other vulnerable groups, but only the universal old-age pension and the means-tested destitute programme can be considered direct cash grants (the destitute programme only partly so as it includes a food parcel). Social assistance is clearly not a priority of the government of Botswana with low coverage and very low levels of expenditure (Table 5.3). It is noteworthy that 39 per cent of the Botswanan population go without cash many times or always in a year – close to double the proportion in South Africa.

In South Africa, on the other hand, social assistance is prioritized. There are a range of means-tested social grants, of which the child support grant (in terms of numbers of grant recipients) and the old-age pension (in terms of costs) are the most important. Almost 16 per cent of government expenditure goes to social assistance programmes, covering about a third of the population (Table 5.3). There is clear evidence that social grants have been central to reducing poverty in many households, particularly households including older people or children; however, at the bottom of the income distribution remain those without access to income from the labour market or from grant income (Leibbrandt et al. 2010).

Thus, South Africa has been able to address poverty reduction directly through social grants to a much larger extent than has Botswana. Nevertheless, combined with the substantial income increases for high income earners as discussed earlier, the impact of social transfers on aggregate inequality levels in South Africa has been limited (ibid.; Bhorat and Van der Westhuizen 2010).

### **Political pressure and collective action: explaining differences in policy outcomes**

Botswana and South Africa have been unable to significantly confront high levels of income inequality. In terms of labour market and redistributive policies the countries reveal some interesting differences, including more extensive taxation and transfer coverage as well as higher minimum wages in South Africa compared to Botswana. Nevertheless, the countries also display critical similarities that point to potentially equality-promoting policies, which fail to get sufficient political attention or adequate direction. Such areas include inabilities

to address unemployment and wage compression (including wage constraint for high income earners). By drawing on the political science frameworks of the power resource approach and collective action it is possible to understand such varieties of policy outcomes.

A big difference in the political landscapes of Botswana and South Africa relates to the mobilization and organization of trade unions. Union membership in Botswana is much lower than in South Africa, and even if formal membership of unions has decreased slightly in South Africa (World Bank 2012: 368–9), it is commonly recognized that the unions are well organized and have substantial political clout. It is therefore unsurprising that minimum wages are much higher in South Africa than in Botswana.

By all accounts, South Africa has a more lively civil society than Botswana. The Botswanan government is generally seen as elitist and under limited pressure from low-income groups (Ulriksen forthcoming). Characteristically, the government ‘does not encourage dependency’ (RoB 2012: 9) and sees little need to expand social transfers beyond a bare minimum. In South Africa, on the other hand, social grants are given as a right and it is possible that grant beneficiaries become an important political pressure group as coverage expands.

Taxation policies are harder to explain. According to the theory of collective action, taxpayers usually do not form a strong and mobilized group and therefore governments may be able to expand taxation relatively easy. In Botswana, personal taxation is limited, probably because mineral wealth incomes have not forced the government to expand income taxation. In South Africa personal income tax constitutes an important part of government revenue, and the government has been able to expand its pool of taxpayers. However, it is also clear in South Africa that taxpayers can mobilize – particularly when it concerns a clearly targeted tax policy such as the toll roads tax in Gauteng province, which has been hugely contested.

The impact of taxation and transfers on inequality levels has overall been limited. This is not so surprising in Botswana, where these potentially redistributive policies have received limited attention. In South Africa, there is some indication of the income-reducing effects of taxation for high income earners and positive impacts of social grants for poor and vulnerable groups. Thus, it has been reported that social grants reduce inequality from a Gini coefficient of 0.8 to 0.73, and

taxation further reduces the inequality level to 0.71 (Tregenna and Tsela 2012).<sup>7</sup> It is also possible that the effect of taxation and transfers in South Africa has not yet been fully appreciated as these policies have expanded considerably in recent years. Nonetheless, such policies have not helped labour market outsiders, those unemployed or informally employed who, in both countries, suffer from limited incomes. In fact, while taxes and transfers may have some redistributive impact, the high levels of income inequality are largely attributed to access to wage income (Van der Berg 2014).

Labour market outsiders constitute huge and dispersed groups that in both countries are unable to exert substantial – or, rather, purposeful – political pressure. Frustrated youth in South Africa may protest against poor service delivery (which is then a direct, clearly defined issue) and voice frustration with unemployment. But given the difficulty of employment creation (around which, compared to minimum wages, there is an array of possible policy solutions on which there is little agreement), it is clear why political pressure for employment creation in general is difficult to sustain. Unemployment and informal work are acknowledged as gigantic challenges by both governments, but so far these challenges remain and large parts of the working-age population live on minimal incomes.

Unlike labour market outsiders, high income earners are much more resourceful and powerful. It is therefore no surprise that incomes for the top percentiles have been increasing rapidly without receiving much attention in both countries. The rising incomes at the top can be attributed to skills constraint that pushes demand and thus wages for certain skills groups. However, top earners have arguably also been able to raise their incomes because those bearing the costs, the consumers and taxpayers, are large and latent groups. Without disputing the importance of free market mechanisms, it could be questioned whether skyrocketing incomes at the top are reasonable and whether wage-compressing policies have a role to play.

## **Conclusion**

Taxes and transfers have redistributive potential, and in contexts where low-income groups are able to mobilize political pressure, such redistributive policies may be promoted. Still, formal policies of taxation and transfers are largely unable to reach the labour market outsiders who are unemployed, work for low pay and/or make a



living in the informal economy. Furthermore, the question is whether expanding transfers and taxation will be sufficient in situations where the differentials of pre-tax/-transfer incomes are extreme.

Expansion of formal jobs – also for the lower skilled – may over time smooth wage differentials. However, we have seen that this has not yet been achieved in Botswana and South Africa – far from it. What is more, the trends across developing countries are disheartening. Not only are wage inequalities rising (Lee and Sobek 2012), the informality of jobs is also increasing across the globe (World Bank 2012), thereby exacerbating the risks of low pay and no formal social protection.

Hence, lack of employment opportunities and low pay seem to be clear obstacles to income inequality levelling. It has been argued that low minimum wages are an important mechanism to encourage the private sector to pursue employment-intensive production. However, this has not been enough to ensure employment and reduced inequality in Botswana. One may instead argue that raising minimum wages ensures decent pay. Nonetheless, in South Africa it appears that minimum wages benefit a formally employed working class while many work informally and/or for poor pay well below these averages. At the same time, it is probable that jobs have been lost owing to high wages. Thus, too high a minimum wage may be counterproductive, particularly in a situation where collective bargaining does not include the lowest paid and poorly organized (informal) workers.

Political force is critical in the process of reducing inequality. However, by its very nature, deep inequality does not create an environment conducive to substantial and sustained public pressure for wage compression and redistribution. The wealthiest constitute a small but powerful group with little incentive to reduce their earnings for purposes of redistribution, while constituencies supportive of redistribution and more equal earnings generally are weaker and less well organized. In a context of increasing informality, the potential organization of the working-age poor is even more difficult. A way forward could be to find strategies to formally recognize the many productive economic activities that take place informally and, concurrently, to identify innovative approaches that move social protection for the working-age population beyond the formal sectors.

## Notes

1 Population below nationally defined poverty line: Botswana 20.7 per cent (CSO 2011); South Africa 26.3 per cent (Statssa 2012).

2 Wage inequality: Argentina (5.5 per cent), Brazil (6 per cent), Mauritius (6.7 per cent), Thailand (9.6 per cent) and India (10.7 per cent) (World Bank 2012: 364–5).

3 Data derived from LABORSTA Labour Statistics Database, ILO, www.laborsta.ilo.org.

4 Minimum wages in 2005, US\$ per year: Argentina: 4.824, Brazil: 3.000, India: 264, Mauritius: 1.692, Thailand: 852 (World Bank 2012: 368–9).

5 Author's calculation based on Botswana Unified Revenue Service's

(BURS) tax calculator (www.burs.org.bw) and South African Revenue Service's (SARS) annual report (SARS 2009: 30).

6 Social security coverage as percentage of labour force: Argentina: 47.0 per cent, Brazil: 59.3 per cent, India: 10.3 per cent, Mauritius: 53.4 per cent, Thailand: 22.8 per cent (World Bank 2012: 370–71).

7 The reported Gini coefficient here is different to the one reported above, which is due to differences in measurements and calculations (Tregenna and Tsela 2012). The main point, however, is not undermined: taxes and more so transfers have some income-distributing effects, although inequality in South Africa remains high.

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## 6 | DEMOCRATIZATION, DISEMPOWERMENT AND POVERTY IN NIGERIA

*Samuel Ojo Oloruntoba*

### **Introduction**

One of the distinctive characteristics of the neoliberal international economic order that has existed since the end of the Second World War is the promotion of liberal democracy. Liberal democracy has been held aloft as a philosophical touchstone for the promotion of economic growth and development. The central argument is that this form of democracy guarantees order and stability and that these are correlates of economic prosperity.

As the argument goes, the developed economies of North America and Europe are developed because democracy has taken root in these countries. Scholars such as Friedman (1962) believe that there is a strong connection between political stability and economic freedom. He argues that these two freedoms are mutually reinforcing and that an expansion of political rights through the adoption of democratic principles in governance will foster a higher rate of economic growth. Although there are variations to this generalization in terms of the form of democracy – for example, the case of Singapore, South Korea (under General Park) and China, which recorded impressive growth under authoritarian regimes – advocates of the positive correlation between democracy and economic growth prefer to adduce other factors for the economic growth of these countries. Such factors, it is claimed, are ‘helpful politics which include openness to competition, the use of international markets, a high level of literacy and school education, successful land reform and public provision of incentives for investment, exporting and industrialization’ (Sen 2001: 150).

Given the high debt burden of Third World countries and the associated macroeconomic problems in the 1980s, democracy was made part of the conditionalities for accessing aids and grants. Thus started the democratization process in many of the countries previously under authoritarian rule in what Samuel Huntington called a third

wave of democracy (Huntington 1992). Nigeria joined this trend and returned to democratic governance in 1999 after about thirteen years of unbroken military rule. Over this period, various poverty reduction programmes have been embarked upon both at the national and subnational levels. However, evidence and empirical results show that, rather than abating, the prevalence of poverty in the country has continued to rise (NBS 2011). Contrary to the theoretical formulation that characterized liberal democracy as a prerequisite for economic growth, liberal democracy in Nigeria has perpetuated disempowerment of the masses even as the elite live in opulence from wealth acquired through primitive accumulation. Rather than helping to build human capability, the various poverty reduction programmes have been at best tokenistic, serving only as avenues for personal enrichment of the political class and their cronies. This chapter contends that politics matter for poverty reduction, and that indeed the nature of the state and the structure and type of politics that is practised can affect the outcome of poverty reduction strategies in MICs.

Until the global economic crisis that followed the financial crises of 2007–09, earnings from fuel and commodity exports skyrocketed owing to high demand in the international markets for fuel, minerals and metals and other commodities. The result of this was that the gross domestic product (GDP) of Nigeria grew at an average of 6 per cent per annum between 2004 and 2010. This culminated in Nigeria being classified as a Medium Income Country by the World Bank in 2008 (Sumner 2011). Despite this otherwise impressive growth, levels of poverty remain high, with about 61.5 per cent of the population living on than \$2 per day (NBS 2011). The type of growth that is being experienced in the country is a jobless growth as the unemployment rate hovers above 23 per cent (*ibid.*).

Disempowerment in relation to democracy relates to the contradictions inherent in the practice of democracy whereby the electorate with whom sovereignty resides get poorer with a democratic government. Democratization of disempowerment was used by the late African political economist Claude Ake to express the systematic and conscious strategy of political elites in Africa to court the masses of people in the period leading up to an election but leaving them to continue their lives of daily struggle for survival and penury until the next election (Ake 1994). Under this condition, the electorates are disempowered because, as proposed by Sen (2001), they lack capability

in terms of political, social and economic freedom. They are poor, lack access to education, health and social security. In order to appear that they show some modicum of concern, the political elites in Nigeria design various cosmetic and ill-thought-out intervention programmes, such as allocating money and clothing materials to party members, as was done under the National Poverty Eradication Programme during the Olusegun Obasanjo administration from 1999 to 2007. As I shall show later, the national poverty eradication programme was national only in name as the few beneficiaries were members of the ruling People's Democratic Party or members of the families of the political elites.

The MIC examined in this chapter is Nigeria, although I will draw comparisons with Venezuela. While Nigeria is located in West Africa with an estimated population of 167 million, Venezuela is located in Latin America with a population of about 29 million. The two countries are oil-producing nations and were previously under military dictatorship but are now practising democracy. However, the results of the democratic experience in terms of a reduction in poverty and inequality have been markedly different. Venezuela has practised a leftist form of democracy that allows the state to intervene in the economy, thereby helping to reduce poverty and inequality. Nigeria's version of democracy is liberal in form, with preference for the market as the agent for allocation of resources. Also, while the political leadership in Venezuela is guided by the ideology of providing maximum welfare for its citizens, the political leadership in Nigeria appears preoccupied with the idea of acquiring power, preservation of class interest and using access to power as a means of primitive accumulation. While Nigeria became an MIC in 2008 with a GDP per capita of US\$1,376, Venezuela as a MIC has a GDP per capita income of \$11,223 (World Bank 2011). The rate of external aid as a percentage of GDP also varies between the two countries, with Nigeria having a higher level. Both countries are oil dependent. However, while the management of Nigeria's oil industry is riddled with gross inefficiency and massive corruption, Venezuela has successfully exerted effective control over the oil industry, thereby enhancing a positive multiplier effect on the economy. Development indicators such as life expectancy at birth, school enrolment, Gini coefficient, access to health facilities, payment of social security and so on also show that Venezuela is far ahead of Nigeria.

The following section examines the prevailing theory that established a causal relationship between democracy and economic growth as well as the underlying philosophy of the primacy of economics upon which the international development agencies based their assumptions. Section three examines the peculiarity of Nigeria democracy, the political economy of the country, especially the centrality of oil, the contrast between Nigeria and Venezuela, and the lessons that can be learnt. Section four concludes with recommendations.

### **Theory of democracy and economic growth**

There has been a long debate over the link between democracy and economic growth. The argument that there is a positive correlation between democracy and economic growth follows the neoclassical growth model that sees less function for the government in economic affairs. Under this model the role of the state is limited to provision of incentives and maintenance of law and order geared towards security of property rights and protection of investment. In the place of the government the market is preferred as the effective agent for allocation of resources (Barro 1996). As Barro (*ibid.*: 2) argues, ‘if the government improves the climate for business activity – say, by reducing the burden, from regulation, corruption and taxation or by enhancing property rights – the growth rate increases for a while’. The importance of this submission is that government has a limited role to play in business.

Dahl (1997: 35) contends that ‘the close empirical link between twentieth century democracy and the presence of an advanced market economy is beyond dispute’. His justification for this submission is the presence of many features that are conducive to economic growth, which democracy provides. These include: (i) a stable legal system, (ii) considerable decentralization of economic decisions, (iii) wide use of information, (iv) persuasion, (v) inducement, (vi) rewards rather than open coercion to influence the behaviour of economic actors, (vii) the creation of middle classes, (viii) access to fairly reliable information, and so on (*ibid.*: 35).

However, despite this submission, Dahl adopts a cautious tone in noting that ‘there is no reason to suppose that, as a by-product of socio-economic modernization, a democratic political culture will somehow emerge automatically as a kind of political *deus ex machina*’ (*ibid.*: 25).

There is another school of thought which believes that even if



democracy fosters economic growth, the liberal form of democracy does not foster development. This view was well captured in Ake's *Democracy and Development in Africa*. He contends that liberal democracy is a correlate of the market that diverges from the classical idea of democracy (Ake 1994). Inasmuch as liberal democracy cares only for the interests of the propertied class, it cannot foster development for the masses of the people. Consequently, given the central position that acquisition of power occupies as a means of accumulation in post-colonial Nigeria, what liberal democracy has been able to bring is nothing but democratization of disempowerment (ibid.).

One theory that has been widely used to describe the political economy of Nigeria's democracy and governance is the public choice theory. Scholars like Krueger (1974) and Nelson (1990) argue that the involvement of the state in the economy constitutes an impediment to the development of a country's economy. According to Olukoshi (2004: 47), the consensus among this new school of public choice scholars was that 'the post-colonial African state and its intervention in the economy were the fulcrum around which various rent-generating niches were created and tapped by the state-based or state-dependent elite to the detriment of rational policy-making and efficient resource allocation'. As the argument goes, rent-seeking pervades the public sphere through 'neo-patrimonial patron-client relationships, which linked different layers of officials and other elites to one another and to the rest of the society' (ibid.: 47). However, both Olukoshi (ibid.) and Mkandawire (2015) have criticized this theory as being too simplistic and overtly general in addressing the challenges of development in Africa. They made a distinction between rent-seeking that is developmental and rent-seeking that is anti-developmental, noting that the former can actually be fed into a strategy of capital accumulation, while the latter will only feed into elite consumption. Be that as it may, it would appear that the manner in which the political elites abuse their positions for primitive accumulation in Nigeria feeds into the main argument of the public choice theory. Rather than use rent from oil to advance the common good, it has been largely used in the pursuit of personal and class interests. Although political representations tend to follow ethnic and kinship ties, it is only those who are really very close to political office holders who share part of the spoils of that office. The majority of the citizens are left to struggle for survival and hope in perpetuity for change in their existential conditions.

## Democracy, politics and poverty reduction in Nigeria

Nigeria is a federation that has thirty-six state structures, a Federal Capital Territory, 774 local government areas and a central government. It operates a bicameral legislature with a total number of 469 representatives in lower and upper chambers. It is a rentier state whose existence is predicated on extraction and exploitation of both human and material resources, first by colonialists and later by indigenous political elites. The country depends on oil for 95 per cent of its foreign exchange and 85 per cent of its exports. Revenue from oil is shared among the three tiers of government, with the federal government taking the lion's share of about 62 per cent. Although the country operates a federal system, the constitution bequeathed by the departing military both in 1979 and 1999 ensured a centralized system of administration, which continues to make fiscal federalism an issue of constant intergovernmental and inter-ethnic conflict in the country (Suberu 2001).

Since 1973, oil has taken centre stage in the political economy of the country to the extent that other sectors such as agriculture and manufacturing have been grossly neglected. As Obi (2002) argues, in Nigeria oil is politics and politics is oil. Petrodollars serve to lubricate the 'politics of the belly' (Bayart 1993), affording politicians the resources to live an expensive lifestyle, which is usually at the expense of the majority of the people, who live in abject poverty.

When the country returned to democracy on 29 May 1999, there were hopes that with the election of then President Olusegun Obasanjo the country would witness economic growth and the high level of poverty and inequality in the country would be drastically reduced. As a political actor, the president assembled a team of technocrats as his economic advisers. This team, which had the then vice-president Atiku Abubakar as its chair, embarked on a programme of massive privatization of moribund state-owned enterprises. From 2003, the economic team formulated an economic blueprint named the National Economic Empowerment and Development Strategy (NEEDS). The reforms that the government embarked upon, especially on macroeconomic issues, led to impressive growth of about 7 per cent in gross domestic product (Okonjo-Iweala 2012). However, this high level of growth did not translate into a reduction in inequality or poverty. One of the main reasons for such a disconnect between economic growth and a corresponding reduction in poverty and inequality is that most of the reforms reflected full doses of neoliberal economic

policy prescriptions, which advocate cuts in social provisioning such as subsidies on health, education and petroleum products (Amuwo 2008). As Seguino (2005: 2) argues, ‘liberalization policies, more generally, seem unable to generate social development in terms of steady increases in GDP or in terms of improved standards of health, education, and human security’.

Another reason is the high cost of governance and lack of accountability in the country. Nigeria’s brand of democracy is the most costly in the world. It is a presidential system that is modelled on the United States of America. The huge cost of governance in the country manifests from the period of selecting candidates for political offices at the party level through to the cost of maintaining political officials. To start with, politics is seen as an investment rather than a call to service. Consequently, aspirants to political office at all levels of government spend a fortune to get selected or elected. Those who cannot afford the money from personal accounts rely on godfathers who have accumulated ill-gotten wealth through previous political appointments or by acting as phony contractors to the government. These godfathers always sit back and expect their godsons to pay them back from the amount they also earn or steal from government treasuries (Ayoade 2006; Gambo 2006).

Payments and allowances to the 469 members of the national assembly, which comprises the Senate (upper chamber) and the House of Representatives (lower chamber), are centrally determined and paid by the Revenue Allocation and Fiscal Mobilization Commission. In 2010, the governor of the Central Bank of Nigeria revealed that the national assembly alone absorbs about 25 per cent of the national budget overhead (Sanusi 2010). The executive is no better in terms of the regime of fiscal mismanagement and financial recklessness that characterizes Nigeria’s brand of democracy. From the president to the chairman of the local government, there is an undisclosed and unaccounted-for amount of money called the ‘security vote’ which they spend as they wish, mostly on personal issues. This runs into millions of dollars per annum.

The implications of the above for the trajectory of democracy, politics and governance and poverty reduction efforts in Nigeria are twofold. First, liberal democracy and its penchant for the primacy of economics over politics has failed dismally to ensure the conditions for an improved standard of living for the people. It engenders greed and

promotes primitive accumulation, especially among the political elites, who are preoccupied with class survival and dominance, rather than service to the people. As Hobson (2012: 447) argues, ‘neo-liberalism strongly emphasizes individual liberty, competition, and the self-correcting nature of the market and prioritizes the economic realm over and above the political sphere’. This ‘low intensity democracy’ (Gills et al. 1993, cited in *ibid.*) foisted on the MICs rendered the state nearly incapacitated. The weakness of the state and its institutions makes it impossible to put an adequate check on the opulence and corruption of the political elites in Nigeria.

Secondly, the democratic experience in Nigeria has accelerated disempowerment of the citizens rather than building capabilities. In this regard, the right of the citizens to criticize and protest, though guaranteed by the Constitution, has been largely circumscribed. As has happened several times, whether in the oil-rich Niger Delta or in Lagos, citizens’ protests have been brutally suppressed through the apparatus of the state. Political leaders react with scorn and indignation to the few citizens who have the means and ‘audacity’ to criticize the anti-people policies of the government.

### **Poverty reduction in Nigeria**

Since the return to democracy in 1999, the Nigerian government has adopted various poverty reduction strategies. Some of these are described below and evaluated in the light of the current situation. The first in the series was the establishment of the Poverty Alleviation Programme (PAP) in 2000. The National Poverty Eradication Programme (NAPEP) quickly followed this in 2001.

Under the Poverty Alleviation Programme, the president, at that time Chief Olusegun Obasanjo, set aside the sum of 10 billion naira (N) for the creation of 200,000 jobs. Participants on this programme were paid a stipend of N3,500 to engage in labour-intensive activities such as unblocking and cleaning drains, sweeping roads, filling and sealing cracks and potholes, installation and restoration of road signs, rehabilitation and maintenance of public buildings such as markets and hospital, and so forth (Ajakaiye 2002). Even though a few individuals derived benefits from the programme, it did not lead to a significant reduction in poverty. The programme was also riddled with corruption, nepotism and lack of transparency (*ibid.*: 15). The failure of the programme was also a reflection of the nature of politics and policy-

making in Nigeria, in which end users of policies are neither consulted nor incorporated before policies are elaborated.

The National Poverty Eradication Programme (NAP) that replaced the Poverty Alleviation Programme had four schemes: (i) the youth empowerment scheme (YES), (ii) the development of rural infrastructure scheme (RIDS), (iii) the social welfare services scheme (SOWESS) and (iv) the natural resource and conservation scheme. With regard to the objective of poverty reduction with respect to building human capability, the social welfare services scheme was the most relevant. This is because, as Ajakaiye (*ibid.*) submits, the programme deals with special education, primary healthcare services, establishment and maintenance of recreational centres, public awareness facilities, food security provision and so on.

At the subnational level, state governments in the northern part of Nigeria also buy tricycles and motorcycles for many of the unemployed youths. The political elites see these gestures and tokens as political capital that they can leverage to secure votes during elections. While such gestures can address economic deprivation, as the beneficiaries derive daily income, they fall short of other dimensions of poverty reduction such as building human capability and access to justice and political rights. Despite the various poverty reduction programmes in the country, and the remarkable growth in the economy over the years, the following data shows that rather than abating, poverty has been increasing in the country. According to the National Bureau of Statistics, the major component used in the computation of the relative poverty measurement is household expenditure. This is shown in Table 6.1, which illustrates the steady increase in the numbers that are poor.

TABLE 6.1 Relative poverty headcount from 1980 to 2010

Year	Poverty incidence (millions)	Estimated population (millions)	Population in poverty (millions)
1980	27.2	65	17.1
1985	46.3	75	34.7
1992	42.7	91.5	39.2
1996	65.6	102.3	67.1
2004	54.4	126.3	68.7
2010	69.0	163	112.47

Source: NBS (2011)

There is a progressive increase in the incidence of poverty in the country from 1980, when it was just 27.2 per cent, to 2010, when it reached 69.0 per cent. According to the National Bureau of Statistics, the number of people in the country in absolute poverty is 99.248 million (NBS 2011). Also, the director general of the National Bureau of Statistics, Dr Yemi Kale, was reported as saying that ‘In 2004, Nigeria’s relative poverty measurement stood at 54.4 per cent but increased to 69 per cent or 112.518 million in 2010’ (Punch Newspapers 2012). The unemployment rate is currently at 24 per cent in the country. Unemployment is even more prevalent among the youth (NBS 2011).

Table 6.2 shows the geographical structure of poverty in Nigeria.

TABLE 6.2 Geographical structure of poverty in Nigeria (percentage of population)

Zone	Food poverty	Absolute poverty	Relative poverty	Under 1\$ per day
North Central	38.9	59.5	67.5	59.7
North-East	51.5	69.0	76.3	69.1
North-West	51.8	70.0	77.7	70.4
South-East	41.0	58.7	67.0	59.2
South-South	35.5	55.9	63.8	56.1
South-West	25.4	49.8	59.1	50.1

Source: NBS (2011)

Table 6.2 is important in that it shows both the various dimensions of poverty, their rates and the geographical spread. It shows that the number of people living in relative poverty is higher in all the regions than the number of people who are trapped in food or absolute poverty. It also shows that the incidence of poverty is highest in the North-West, with 51.8, 70.0 and 77.7 per cent of the population trapped in food, absolute and relative poverty. The number of people living on less than \$1 dollar per day is also highest at 70.1 per cent. The incidence of poverty is lowest in the South-West at 25.4, 49.8 and 59.1 per cent, for food, absolute and relative poverty respectively. The number of people living on less than \$1 per day is also lowest at 50.1 per cent.

In line with the tradition of the IMF of taking economic growth as the measure of the health of a country’s economy, this organization and the World Bank have consistently rated Nigeria as one of the fastest-growing economies in the world (IMF 2011; World Bank 2011).

However, despite this, the reality on the ground suggests that poverty has indeed increased in the country.

The Goodluck Jonathan administration that came into power in 2011 focused government policy on what he called a ‘Transformation Agenda’. Although job creation is one of the main planks of this agenda, lack of functional infrastructure such as adequate power supplies, good transportation networks and provision of cheap funds has made it difficult for industries to thrive in the country. The federal government has initiated huge financial intervention programmes in the textile, cotton, garments, ‘Nollywood’, cocoa, banking and other sectors as a means of creating jobs. Grants are also made available to young entrepreneurs under the ‘You Win’ programme of the federal government. These intervention programmes are particularly targeted at poor people, especially the urban poor and rural farmers. Yet the rate of unemployment is still very high as these programmes have little or no effect on the people, especially the poor.

An interesting fact about the politics of poverty reduction in Nigeria is that opposition parties control some states in the country, especially the Action Congress of Nigeria, which controls six out of the thirty-six states in the country. To an extent, the states controlled by the opposition parties have exhibited some tendencies to develop policies that are geared towards a reduction in poverty and inequality. Many of these states have also embarked on programmes that help to create employment, especially for the youth. In Ekiti State in the south-western part of the country, the governor has approved payment of N10,000, which is about \$64, monthly in the form of social security to senior citizens of sixty-five years of age who have no one taking care of them. The government of Ondo State, also in the south-western part of the country (which is also controlled by an opposition party, the Labour Party), has, through payment of conditional cash transfers and improvement in health facilities, reduced household poverty and inequality at the state level.

Although there have been reports about the growth of the middle class in Nigeria and other MICs, it is worth noting that the failure of the state to provide any form of social provisioning such as social security means that the income of an average member of the middle class in Nigeria is hardly ever sufficient to meet his or her basic needs. This is so for several reasons. First, the year-on-year inflation rate in the country is typically above 12 per cent. As the naira is extremely weak

against the dollar at an official rate of US\$1 to N198.00, the purchasing power of the naira is very low. Secondly, interest rates are prohibitively high at an average of 19 per cent. Contrary to what obtained in other MICs such as South Africa, consumer credit opportunities in Nigeria are very limited. Bank lending to the manufacturing sector and at the household level is very thin, with the latter at less than 10 per cent of total household expenditure. Thirdly, an average middle-class citizen in Nigeria has at least three dependants, either parents, uncles, cousins or friends, who look to him for survival. The failure of the state to design an effective programme for poverty alleviation in the country has forced many citizens to seek succour from community associations and religious organizations.

### **Poverty reduction in Venezuela**

Venezuela provides a useful contrast to the situation in Nigeria. Venezuela was formally under military rule with one of the highest poverty and inequality rates in Latin America. However, over the past thirteen years, especially under the radical democratic regime of Hugo Chávez from 1999, the country has witnessed remarkable improvement in all indices of development. Hugo Chávez came into office with three main promises: to facilitate completion of the democratic project and end corruption and poverty. To an extent he kept these promises. A poverty rate at a record high of 60 per cent in 1998 has been reduced to 27.6 per cent. In the same period, extreme poverty has been reduced to 7 from 25 per cent. This feat was achieved through a series of strategies encapsulated under ‘missions’, which promoted the organization of community councils and nationalization of companies, paving the way for employment opportunities. The government of Hugo Chávez also introduced various social programmes in education, healthcare, job training and food subsidies. Education is free from primary to postgraduate level, and access to healthcare was made universal. In order to sustain these and more social programmes, such as access to food in subsidized supermarkets (known as Mercal, PDVAL and the Bicentennial Markets), the government of Venezuela invests 60 per cent of its annual budget in social programmes.

In its assessment of the Chávez administration after ten years in office, the Center for Economic and Policy Research found that, over the entire decade, the percentage of households in poverty had been reduced by 39 per cent, and extreme poverty by more than half.



Inequality has also fallen substantially. The Gini coefficient fell to 41.0 in 2008, from 48.1 in 2003 and 47.0 in 1999. The report also notes that from 1998 to 2006, infant mortality fell by more than one third, with a twelvefold increase in the number of care physicians in the public sector, with millions of Venezuelans having access to healthcare. A significant aspect of the social intervention programmes of the Chávez administration was the massive increase in the number of the citizens benefiting from social security. Although the country is oil dependent, the growth in GDP, estimated at about 13.5 per cent annually, was essentially in the non-oil sector. This contrasts sharply with Nigeria, where oil remains dominant in the political economy with the resultant systematic neglect of other sectors, especially agriculture.

The political leadership of the country has followed a leftist path, which diverges from the dominant neoliberal paradigm of many developing countries. According to Levingston (2014: 2),

Venezuela's political economic development under the leadership of Presidents Hugo Chavez and Nicolas Maduro has been marked by progressive radicalisation of the government and its support base. The socialisation of private industry, [a] comprehensive ban on capital flight, expanded price controls and a move toward endogenous production and self-sufficiency in national food production (i.e. food sovereignty) have gathered pace over the past decade.

As expected, neoliberal forces have fought back by withholding investment through what Levingston calls reification and commodity fetishism. Global capital and its agencies, particularly the International Monetary Fund, have constantly expressed concern about the sustainability of the pro-people leftist reforms in Venezuela. The current oil crisis has negatively impacted on the growth trajectories of Venezuela. However, despite the resistance to this unorthodox approach that Venezuela's political leadership has taken, there is a distinct possibility that this path accelerates development without following the neoliberal path of market democracy and uncontrollable capital.

Although Nigeria has some similarities with Venezuela in terms of being democratic and oil dependent, the political leadership of the two countries has behaved differently over the past decade of democratic

governance. While Venezuela has adopted a non-conventional approach to governance and economic management, such as nationalizing state-owned enterprises, and thereby helping to create massive employment opportunities for the people, Nigeria has adopted liberal democracy and neoliberal economic policies (such as privatization, deregulation and a host of other market-oriented policies) which have worsened the poverty and inequality problems in the country. Although there are opposition parties in both countries, the Venezuelan government under Chávez remained focused on helping to improve the living conditions of the people.

### **Policy implications of politics for poverty reduction in MICs**

Contrary to the prevailing orientation in the international community that getting the economics right will enhance poverty reduction, this chapter contends that politics is central to pro-poor growth strategies and income redistribution in MICs. In particular, the state must have the capacity to formulate policies that enhance the ability of the poor to have title to their land, stimulate job creation and enact social welfare programmes that build human capability and preserve dignity. Poverty-reducing politics must not be anchored on ‘market democracy’, which cares only for the interests of the transnational capitalist class (TCC), the indigenous ruling classes and their cronies. Such politics must go beyond what I call ‘poverty reduction as tokenism’, in which, for example, the government purchases motor bicycles or tricycles for able-bodied men (including university graduates) to carry passengers as a means of survival under the National Poverty Eradication Programme (NAPEP), as in the case of Nigeria. What is needed is a form of social democracy that appreciates the equality of all citizens, that seeks to establish institutions for accountable governance, redistributes income through taxation, improves spending on education, health and pensions, and formulates economic policies that favour job creation through industrialization, manufacturing and a service-oriented economy.

In both the cases that have been examined in this chapter, the role of politics in either aggravating or reducing the poverty situation of the citizens has been spelt out. For instance, it has been shown that in Nigeria poverty reduction strategies have been largely ineffective owing to the politics of disempowerment that the politicians in the country are engrossed in. Apart from the fact that poverty reduction strategies in the country have been dictated by the logic of the market, the

various strategies that have been adopted are either not well thought out or rendered ineffective owing to the pervasiveness of corruption among the political elites. However, Venezuela has, through visionary political leadership, adopted various poverty reduction strategies that have helped in lifting millions of its citizens out of poverty. In essence, then, this is the justification of the central argument of this chapter that politics matters for development and especially for a reduction in poverty and inequality.

The policy import of the analyses above will be considered from both domestic and international dimensions. At the domestic level, there is a need for a new approach to politics. As against the dominance of liberal democracy, which the international development agencies and developed countries have been promoting, there is a need for social democracy. The need for this change is necessitated by the failure of liberal democracy to facilitate a reduction in poverty and inequality. As various scholars have argued, liberal democracy is by nature unsuitable for the task of fostering poverty reduction and inequality, especially in developing countries (Ake 2001). This is because it is based on 'the neo-liberal principle of individual liberty, competition and the self-correcting nature of the market, and prioritizes the economic realm over and above the political sphere' (Hobson 2012: 447). The promotion of democracy by the United States of America and the European Union in newly democratizing countries has not taken cognizance of the local peculiarities of those countries. Rather, the economic interests of these promoters of democracy in terms of liberalization of trade, finance and the investment regime, weak labour unions and a minimal state have been their overriding objectives (*ibid.*). The liberal democracy that these countries promote 'has served to reinforce economic inequalities and social hierarchies [in MICs] as the underlying socio-economic order is placed beyond the scope of democratic decision-making' (Robinson 1996).

Consequently, social democracy could be a way out of the twin problems of poverty and inequality in MICs. As scholars have argued, 'the consolidation of democracy in Europe was due to the protection of economic and social rights through the welfare state' (Berman 2011: 447). Although it may be expensive to maintain, the fact that many of the MICs such as Nigeria are rich in terms of resources makes the case for a social democracy more compelling. Although availability of natural resources has usually been a source of conflict in most countries, especially in Africa (Collier 2008), this should be managed

to ensure income redistribution. Social democracy focuses on income redistribution and building the capabilities of individuals and citizens. It is even more salient when one considers the positive correlation between the communitarian nature of social democracy and the culture of the people of the MICs.

Also, as social democracy subordinates economics to politics, it will be easier to allocate resources to redistributive activities, such as we have seen in the case of Venezuela, than under liberal democracy, where economics is the central focus. In a country like Nigeria, where the majority of citizens hardly feel the impact of the state in their daily living, they have more often than not resorted to seeking help from community associations and religious organizations. Consequently, it is our contention that social democracy will help in fostering poverty- and inequality-reducing politics, if adopted. Hobson (2012: 449) further argues, ‘a social democracy model places greater emphasis on the political sphere and community cohesion’. In view of the glaring failure of liberal democracy on these important scores, the adoption of social democracy should be an agenda for civil society organizations as well as national and international non-governmental organizations that are urging a reduction in poverty and inequality across the world. Although the change may not come easily, as the current status quo benefits the political elites and the transnational capitalist class, the pressure must be persistent in order to bring about what I call the third liberation, not of countries but of peoples.

The international dimension to this issue concerns the manner of classification of countries into income groups and poverty level by international development agencies, as well as the strategies that such classifications evoke in addressing poverty and inequality. The World Bank uses various socio-economic indicators to categorize countries as low, middle or high -income. However, empirical research shows that the MICs are home to about 2.5 billion poor people, as against the previous classification, whereby the majority of the world’s poor lived in the Least Developed Countries. As Sumner (2011) argues, ‘there is a “new bottom billion” of 960 million poor people or seventy-two per cent of the world’s poor who live not in poor countries but in middle income countries’. Sumner’s study questions the continued relevance of the findings of John Collier’s popular study *The Bottom Billion*, in which he states that about one billion poor people live in Least Developed Countries, mostly in Africa (Collier 2008).

The changes in the composition of the ‘geography of poverty’ from Least Developed Countries to MICs definitely warrant new strategies from the international community. These changes ‘raise questions not only about the definitions of country categories, the future of poverty reductions in heterogeneous contexts, the role of inequality and structural societal change and about aid and development policy’ (Sumner 2011: 2). They will also require that the international development community diversifies its portfolio of activities from just focusing on the Least Developed Countries to becoming more involved in MICs. Also, against the backdrop of the failure of foreign aid to lift as many people as expected out of poverty (Moyo 2009), and in particular owing to the fact that some MICs such as Nigeria have enough money to fight poverty but are constrained by lack of political will and corruption, the international community should redirect resources and assistance towards building state capacity and strengthening civil societies, such that the state will have the ability to redistribute income and pursue accountability and transparency in governance.

Making politics serve the aims of development in Nigeria will necessitate cutting the number of political offices as well as having a unicameral and possibly part-time legislature. As national expenditures currently consume about 72 per cent of the national budget, the over-bloated and inefficient bureaucracy should be streamlined. Conditional Cash Transfers (CCTs) tied to primary and secondary school enrolment as well as health services should be introduced in Nigeria and other countries. For the poor youth and adults that are illiterate, technical and vocational schools should be established to train them and make them employable. As the case of Venezuela has shown, scholarships and bursaries should be provided for bright but indigent students. Income redistribution will also involve making the rich pay more tax, especially on their numerous assets. It will also mean having a social security system that ensures a monthly payment of unemployment benefits to both the young and the old. Checks and balances should be put in place to ensure that pension funds are promptly paid to retirees.

Citizens’ action is imperative for poverty reduction because those who benefit from the current power structure may not have any incentive to change until they are made to see the need for such. As Green (2008) argues, ‘to break the cycle of poverty and inequality, and to give poor people power over their own destinies, a radical redistribution of

power, opportunities and assets is required. The two driving forces behind such a transformation is: active citizens and effective states.’ Citizens in MICs should strive to exercise their political and civil rights as well as keeping to their obligations, such as paying taxes and obeying the laws. As (Houtzager 2009) contends, payment of taxes by Brazilian citizens and subjecting the budgetary process to the participation of the citizens have helped them to hold the government accountable and responsive to their needs. Indeed, payment of taxes is an intrinsic part of the social contract. Governments that enhance human development create incentives for people to pay taxes willingly, while those that fail to perform in this regard create disincentives. Active citizenship will also ensure that it is only political parties that lift the standard of living for the people that secure votes in elections while any party in government that fails to do so loses votes.

## Conclusion

This chapter has examined the inextricable link between poverty reduction and politics in Nigeria with comparative notes from Venezuela. It argues that contrary to the prevailing orientation in the international community – that getting the economics right will enhance poverty reduction – politics is central to pro-poor growth strategies and income redistribution in MICs. In particular, it contends that the state must have the capacity to formulate policies that enhance the ability of the poor to have title to their land, stimulate job creation and enact social welfare programmes that build human capability and preserve dignity. Poverty-reducing politics must not be anchored on ‘market democracy’, which cares only for the interests of the TCC, the indigenous ruling classes and their cronies. Rather, social and participatory democracy that ensures equitable distribution of resources should be introduced in MICs. Building strong institutions that can facilitate accountability and punishment for deviations from established rules should follow this.

In view of the changes in the global geography of poverty, whereby two-thirds of the world’s poor population now live in the MICs, the chapter recommends a change in the strategies of the international community in tackling the scourge of poverty and inequality. An interesting dimension to the politics of poverty reduction in a federal state like Nigeria is that subunits of the federation that are controlled by opposition parties are recording a higher level of success in the

reduction of poverty and inequality. These subnational governance authorities seem to have incentives to contradict the urban coalition theory, as the impact of their intervention programmes is felt even in the rural areas, where the majority of the poor live. The motivation for their relative success could be an agenda for further research.

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## 7 | URBAN POVERTY AND INEQUALITY IN RIO DE JANEIRO, CAPE TOWN AND DURBAN

*Einar Braathen, David Jordhus-Lier, Berit Aasen  
and Catherine Sutherland*

### **Introduction**

The recent attention given to social inequalities as a driver of persistent poverty in MICs has had little focus on the urban dimension, and the role of large cities in this process. This chapter argues that large cities can play a significant role in poverty reduction and social development. Large cities have become dominant in national landscapes as engines of economic development, and spaces for struggle over social development and environmental change. Cities also constitute intermediate political spaces between the national government and the community level. City governments and their technical departments maintain close linkages with the social reality on the ground and with the unequal distribution of wealth, and they face the day-to-day responsibility for dealing with these challenges. In developing countries, large cities often have greater resources and capacity than smaller cities and towns that enable them to employ different strategies to those adopted at national level in dealing with poverty and inequality. However, their response to these challenges is framed within, and often constrained by, national policy and legislation. This research offers an analysis of the politics and policies that address urban inequality in two MICs: Brazil and South Africa. The chapter examines how ‘housing for the poor’ has been addressed in three large, fast-growing cities in these two countries. The research presented here is based on recent fieldwork in Rio de Janeiro (Braathen et al. 2013), Cape Town (Jordhus-Lier and Aasen 2012) and Durban<sup>1</sup> (Sutherland and Buthelezi 2012) as part of a comparative EU-funded research project (Chance2Sustain).<sup>2</sup>

The chapter explores how urban poverty and inequality are being addressed through the lens of substandard settlement upgrading.

Four assumptions underlie our choice of approach. First, we argue that housing precariousness, or the lack of adequate housing, is a good proxy for understanding urban poverty and inequality.<sup>3</sup> Secondly, housing precariousness is manifested in its most extreme form in urban substandard settlements. Housing policies and programmes, particularly those focused on substandard or informal settlements and their upgrading/relocation, therefore provide a useful way of exploring and analysing policies that purport to address urban poverty and inequality in cities in MICs in the global South.

Thirdly, informal settlements are not just containers of poverty. They are at the same time the material expression of poor people's agency, and their rapid emergence often take places in locations in strategic proximity to job and transport opportunities (Huchzermeyer 2011). This is linked to the fourth assumption – that urban informal settlements are primarily addressed at national government level through housing policies (i.e. a 'politics of housing') but at the local level they are transformed into a struggle over land and access to a bundle of urban resources between different actors in dense and dynamic urban landscapes (i.e. a 'politics of location').

Defining substandard settlement upgrading in comparative urban research is challenging. In the case of Brazil, *favelas* have, to a certain extent, been formalized and legalized and hence do not reflect the same characteristics as the informal settlements in South Africa. Cape Town has experienced significant rural–urban migration since the 1980s, as a result of both the challenge to apartheid policies which excluded blacks from urban spaces and the opening up of cities post-apartheid. Many newcomers construct homes in shack settlements on the Cape Flats. Informal settlements in Durban include both informal and peri-urban<sup>4</sup> housing as a result of the strong spatial relationship between the city of Durban (the urban core) and the homeland of KwaZulu (rural periphery) during the apartheid era (Sutherland et al. 2013). This has resulted in different approaches to upgrading based on differing social and environmental contexts. In comparison, the majority of informal settlements or favelas in Cape Town and Rio de Janeiro tend to be denser than in Durban, with more urban characteristics. In Rio de Janeiro favelas and wealthier neighbourhoods are often located side by side (socio-spatial micro-segregation). According to Misselhorn,<sup>5</sup> the term 'upgrading of sub-standard settlements' is used broadly to describe a wide range of processes

that lead to the improvement of the quality of life of those living in informal or peri-urban settlements, and hence it is important to reflect on both the upgrading context and the approaches adopted. Huchzermeyer (2011) introduces a useful typology, whereby she distinguishes between different forms of upgrading, ranging from authoritative ‘eradication’ (clearance/eviction) campaigns, via intermediate forms of ‘formalization’ and ‘regularization’, which may or may not offer housing opportunities to some of the previous dwellers on site, to genuine *in situ* upgrading projects which include informal settlement dwellers in decision-making, and where improved material, infrastructural and social facilities are provided on site.

In this chapter we trace how housing policies initiated at the national level are interpreted and implemented at the local level. First, there is significant variation with regard to the level of *coercion and participation* that has characterized authorities’ efforts to upgrade and/or eradicate informal settlements, including the use of evictions and forced relocations or, on the other hand, the emergence of more collaborative methods. Secondly, the *scope* of policies varies, ranging from narrowly focused projects that construct houses, to more comprehensive approaches which are based on *in situ* rehabilitation with infrastructural and socio-environmental components. The role of upgrading policies within a macro-level planning framework for the city is the third dimension. This reflects the extent to which upgrading aims at ‘horizontal’ integration – improved access of informal settlers to the modern city (‘the right to the city’) – and reduced socio-spatial segregation. The alternative is ‘vertical integration’ – increased state control and improved access for external businesses to the informal settlements. While informal settlement upgrading must always be understood in relation to the wider urban space, infrastructural systems and natural environments, this chapter will deal less with the macro dimension and focus more specifically on issues of coercion/participation and scope.

The chapter first provides an overview of urban poverty and inequality in Brazil and South Africa, as well as in the three cities that form our focus: Rio de Janeiro, Cape Town and Durban. It then reviews the shifts in urban and housing policies in each country, with particular reference to the selected cities. Finally, it presents some comparative reflections on the policy shifts.

## Urban poverty and inequality

During recent decades, a combination of democratic decentralization and neoliberal growth policies has resulted in the juxtaposition of the pro-poor and pro-growth agendas in Brazil and South Africa. Strategies and programmes for state interventionism against poverty have been tempered by a neoliberal efficiency discourse. Concomitantly, the perceived importance of urban economies has increased as a response to globalization. But flows of investment into these cities have also been accompanied by continued high levels of social inequality and residential segregation.

*Brazil* The proportion of income-poor households in Brazil has been reduced from 23 per cent in 1995 to 12 per cent in 2009 (IBGE 2010). This has been partly linked to the expansion of cash transfer programmes, such as *Bolsa Familia*, from the federal government to the poorest households. However, other dimensions of poverty such as housing precariousness tend to persist, particularly in metropolitan regions such as Rio de Janeiro.

TABLE 7.1 Proportion of households living in poverty, 2009

	Income poverty <sup>a</sup>	Housing precariousness <sup>b</sup>
Brazil	12%	13%
Rio de Janeiro Metropolitan Region	10%	20%

Sources: <sup>a</sup> Calculated on the basis of data from IBGE (2010); <sup>b</sup> Ministry of the Cities/Centro de Estudos de Metropole (CEBRAP 2010)

Being the second-largest metropolitan region in Brazil, Rio de Janeiro has followed the national trend and seen income poverty cut by half from 1995 to 2010.<sup>6</sup> However, housing precariousness has not been reduced substantially in the same period, and 22 per cent of Rio de Janeiro's population live in 'substandard settlements' or slum areas (favelas),<sup>7</sup> totalling 1,393,314 inhabitants.<sup>8</sup> Favelas are located across the entire metropolitan region of Rio de Janeiro, although the largest favela clusters are concentrated in the northern and western parts of the city.

In contrast to most other metropolises in Brazil and Latin America generally, Rio de Janeiro is marked by intense segregation at the micro level *within* the richer southern parts of the city (Marques 2013). Rich and poor neighbourhoods are often located in close proximity to

each other. Historically, slums ('favelas') originated on steep hillsides ('*morros*'), a common aspect of Rio de Janeiro's topography. The cost and difficulties of building formal infrastructure in these areas made them less appealing for the development of real estate projects. The vernacular distinction between '*favela x asfalto*' (slum versus pavement) refers to the fact that most slums did not have paved streets.

Following the consolidation of new middle-class neighbourhoods, favelas became providers of cheap and accessible labour. Many inhabitants are employed in different types of menial jobs in wealthier areas (from housemaids and cooks to doormen, waiters and many others), while conveniently living close to their employers.

*South Africa* In South Africa absolute and relative poverty have decreased since 2000, mostly as a result of the uptake of a range of social grants, with those living below the poverty line decreasing from 38 per cent in 2000 to 22 per cent in 2008 (NPC 2011a). However, the severity of poverty among the very poor has not diminished and inequality has intensified, with South Africa having one of the highest levels of inequality in the world (Leibbrandt et al. 2010).

Post-1994 the urban poor have benefited from the extension of social grants, free and subsidized basic service delivery, including water, sanitation and electricity, and large-scale housing provision. In isolation, these interventions have increased the social wage. However, they have failed to restructure urban space and hence do not offer the wide range of urban resources required to address poverty and inequality in a systemic manner (Turok and Parnell 2009). New approaches to informal settlement upgrading have emerged as state policy has shifted, signalling more integrated approaches to the provision of urban services and facilities. However, owing to large housing backlogs and a lack of transparency at the local level, this has not translated into a socially acceptable housing process for the poor.

**CAPE TOWN** Cape Town is South Africa's third-largest city. It is the main economic centre of the Western Cape Province and home to 66 per cent of the province's population (CoCT 2007). Poverty has a clear spatial representation. The city is home to both the very wealthy and the very poor and reflects the extreme inequality of urban South African post-apartheid. It remains a racially segregated city, with informal settlements, which accommodate 144,000 households, located on the

periphery of the city on the Cape Flats. The informal settlement population consists of migrants from the Eastern Cape and other poor rural areas of the country, as well as Cape Town residents hit by job loss and financial difficulties. Cape Town's informal settlements are mainly located along the national N2 highway, which is a main development axis and spatial determinant of the city.

DURBAN eThekweni Municipality<sup>9</sup> plays a major role in the South African economy and it forms the economic centre of the country's second-most populated province, KwaZulu-Natal. The city is fast growing, with high levels of poverty and unemployment. Almost 42 per cent of the municipality's population live under conditions of poverty and many experience the impacts of the city's housing and services backlogs, with over 400,000 people living in informal settlements (eThekweni Municipality 2012). The informal settlements in the city are predominantly located along the Urban Development Line (UDL) or urban edge, which divides the more dense urban and less dense rural zones of the municipality (Sutherland et al. 2013).

Substandard housing in eThekweni can be differentiated into very dense informal settlements and less dense peri-urban housing. Informal settlements are located on inner-city land or in marginal spaces within existing suburbs, consisting of shacks or *imjondolos* with very narrow access routes within the settlement. These settlements provide challenging conditions for *in situ* upgrading. Moderately dense settlements are located adjacent to existing townships and suburbs, usually found outside the UDL, and consist of shacks or more traditional dwellings. Owing to lower densities, these settlements provide more opportunities for upgrading (KZN Department of Human Settlements 2011).

### **National and local housing policies in Brazil**

Rio de Janeiro has been a key player in national housing policy-making in Brazil. Until 1960 it was the national capital that harboured Brazil's main concentration of favelas. While the vast majority of the favelas of Rio de Janeiro were targets of public removal policies during the period of the military dictatorship, Rio redefined its approach in the 1980s towards a political recognition and urban upgrading of the favelas. This radical shift started with the democratic elections of state governors in 1983, when the left-oriented Lionel Brizola from

the Democratic Labour Party (PDT) became head of the state of Rio de Janeiro. Politicians and social movements from Rio managed to influence the legal and institutional levels, such as with the new 1988 Constitution, the City Statute's approval in 2001,<sup>10</sup> and others. The notion of the 'right to the city', the recognition that all city residents are 'rights holders' in the city, which emerged from social movements' struggle for a national urban reform, was included in the institutional framework (Santos Junior 2009). Although the national policies changed in the same direction, large-scale federal investments in urban housing and infrastructure did not take place until 2003 with a shift of national government.

*Federal initiatives from 2003* The left-oriented Luis Ignácio Lula da Silva from the Workers' Party (PT) won the presidential elections in 2002. The Lula administration (2003–10) created institutions such as the Ministry of Cities and federal and state councils of cities, which stimulated public participation in national, state and local housing and sanitation projects. The main housing programmes implemented by the federal government in Brazil have been the PAC – *Programa de Aceleração do Crescimento* ('Programme to Accelerate Growth') and *Minha Casa Minha Vida* (My House, My Life). While these initiatives have been coordinated by ministries at the federal level and funded by federal public banks, municipal and state governments have been responsible for implementing the projects (CEBRAP 2010).

Aiming at strengthening the economic infrastructure of the country and contributing to high economic growth, PAC integrated a number of development projects into a single programme in 2006. From 2007 to 2010, the programme spent US\$15 billion annually on housing and US\$22.9 billion on sanitation. According to the PAC programme document, 4 million families were to benefit from these investments. US\$12.3 billion of the total investments in 2007–10 went to precarious settlements, supposedly benefiting 1.85 million residents. Among the funds invested, 67 per cent were allocated to housing developments for residents within their community, and only 6 per cent was allocated to the resettlement of households to other areas of the city.

The programme *Minha Casa Minha Vida* added a significant volume of resources for the construction of new housing units. This ambitious programme was launched in 2008 with the aim of constructing 3.4 million houses by 2014, of which 40 per cent were to be allocated

to families with monthly incomes of less than three minimum wages. In Rio de Janeiro, the programme is supposed to build 100,000 housing units, the majority of which are intended for citizens who will be displaced by the preparations for mega sports events. The overall aim of 'My House, My Life' was to reinforce economic activity and support job creation during the financial crisis. The programme implementation was based on private sector contractors presenting projects to the federal government bank (Caixa Econômica Federal), with support from municipal or state governments or civil society, to obtain funding. The local governments are responsible for dealing with the land issue. This type of programme design was intended to ensure a rapid response in terms of proposals and implementation, which would be difficult if state and local governments were given a greater role. The programme proposed to eliminate 14 per cent of the national housing deficit (CEBRAP 2010). The housing programmes of PAC and *Minha Casa Minha Vida* continued at the same level and pace under President Dilma Rousseff (2011–14).

*Rio de Janeiro: recent housing and upgrading programmes* Until the end of 2008 there were political tensions and little collaboration between federal and local governments regarding housing in Rio de Janeiro. However, in 2009 Eduardo Paes from the Brazilian Democratic Movement Party (PMDB) became mayor in Rio. He aligned with President Lula, whose Workers' Party (PT) from then on took part in municipal, state and federal governments.

In 2010, Rio's municipality, represented by the Municipal Board of Housing, announced a new housing and upgrading programme called *Morar Carioca*. The programme had the goal of upgrading and formalizing all the favelas in Rio de Janeiro by 2020. This was part of creating a lasting 'social legacy' of the 2014 football World Cup and the 2016 Olympic Games.<sup>11</sup> *Morar Carioca* offered multi-sector territorial interventions, such as urban upgrading, conservation of public space, control of the growth of favelas, urban legislation and resettlement of residents who were living in hazardous areas. Until 2016, the year of the Olympic Games, 4.75 billion Brazilian reals (BRL) (around US\$3 billion) were to be spent; 156,000 families from 193 favelas were to benefit. From 2017 to 2020 a further 3.75 billion BRL (around US\$2 billion) was planned to benefit 109,000 poor families (Bittar 2011).

One of the innovations of the *Morar Carioca* programme was to



promote a public tender in order to select architecture offices that would propose individual upgrading projects for each favela. In those proposals, the competitors were to present ways to include the participation of local residents in the elaboration and implementation of the projects. During the first round, forty architectural offices were selected to work with a special geographic area. However, only eleven were contracted, and they were not in action until the second half of 2012. In early 2013 the municipality cut its contract with the NGO supposed to supervise the architectural offices and their participation in the communities (Steiker-Ginzberg 2014). At the end of the day the main function of *Morar Carioca* was to provide compensatory housing for people who had been removed because of public works, or because they resided in environmental ‘risk areas’. In order to construct these housing units, the city municipality drew on the federal housing programmes of *Minha Casa Minha Vida* and PAC.

Case studies from Morro da Providência and other favelas, however, show that the preliminary upgrading projects implemented under the *Morar Carioca* programme have repeated previous patterns of governmental interventions in favelas (Braathen et al. 2013), including: 1) lack of transparency of the formalization projects and the low participation of local residents in their implementation; 2) mismatch between the large number of removals and the low number of new houses built to be offered to the former residents of the favelas; 3) new housing units being constructed in the peripheral suburbs and not near the favela where the removed people had resided.<sup>12</sup> Thus, the policy resembled the old eviction and resettlement policies, although the official policy since the 1980s has emphasized *in situ* rehabilitation, in order to enhance social inclusion and ‘integration’ of the favelas into the city. A comprehensive academic assessment of the *Minha Casa Minha Vida* programme concluded that it had increased the socio-spatial segregation of Rio de Janeiro and the other larger cities by building most of the houses for low-income groups in the suburban peripheries (Cardoso 2013). From a ‘right to the city’ perspective these programmes benefited mainly the private entrepreneurs, denied people’s rights to *in situ* rehabilitation and consequently contributed to the development of a ‘city of exception’ (Vainer 2011).

The government of the state of Rio de Janeiro has had an important role in the favela policies in the last decade, but its main focus has been on policing through the public security programme developed

around the new units for ‘community policing’, the UPPs (*Unidades de Polícia Pacificadora*). From December 2008 until the end of 2011 the state government installed UPPs in twenty favelas around the city. The official goal was to bring the police presence closer to the residents of favelas and break the territorial control of ‘drug lords’. However, the programme has prioritized favelas in the central and southern zone – the traditional middle-class and business districts – and in favelas surrounding the main arena for the 2014 football World Cup, the famous Maracanã Stadion (Sørbøe 2013). By the end of 2014, thirty-eight UPP units had been installed, covering approximately two hundred of the nine hundred or so favelas in Rio de Janeiro.<sup>13</sup>

### **National and local housing policies in post-apartheid South Africa**

Post-1994 the ANC government adopted a national housing programme whereby the state would deliver, on a large scale, state-built starter houses, known as RDP<sup>14</sup> houses, using a site-and-service model (Huchzermeyer 2011). Charlton (2009) states that from a national perspective five related objectives are apparent in the post-1994 housing programme: to demonstrate delivery to an expectant post-democracy constituency; to contribute to the economy; to establish housing markets; to contribute to poverty alleviation; and to develop urban citizenship through the creation of a democratic and integrated society (ibid.). Under this housing programme the government claims to have built 2.3 million housing units since 1994. Although large numbers of houses have been transferred to the poor, these housing projects are often of substandard quality, and are located on the periphery of cities, reinforcing the spatial legacy of apartheid. They have not produced integrated and sustainable neighbourhoods which offer a range of social facilities and employment opportunities (ibid.; Pithouse 2009). By prioritizing the construction of formal housing, people’s need to be close to employment opportunities and social networks was also overlooked (Huchzermeyer 2006).

Despite this large-scale housing delivery, informal settlements have continued to grow across South African cities. The eradication of ‘slums’ was, and still is, the dominant discourse of the ANC government, as in the ruling party’s view they represent the failure of the state to address poverty and inequality. By the early 2000s it became evident that the many informal settlements spread out across cities in South Africa were not simply representing a ‘housing backlog’.

Rather, they were expressions of a significant urbanization process based on rural–urban migration and population growth, whereby the urban poor located themselves in spaces in the city to obtain access to land and urban opportunities. As a result of the recognition by the state that the informal housing issue could not be contained or addressed through the large-scale delivery of formal RDP houses, the Breaking New Ground Policy (BNG) was launched in 2004. It resulted in the Upgrading Informal Settlements Programme (UISP), with the terminology of ‘eradicating’ informal settlements being replaced by the terminology of ‘upgrading’ informal settlements.

However, the initial implementation of the BNG policy was not successful, as a result of limited political will and little bureaucratic support for the new innovative policy. What was more worrying was that the policy was accompanied by a discourse of slum eradication (Charlton and Kihato 2006). In KwaZulu-Natal, the Department of Housing’s Strategic Plan for 2004–07 ignored almost all of the innovations in BNG, and listed the aspiration of ‘eradicating slums’ in the province by 2010 as the first of its strategic objectives (Pithouse 2009). This resulted, in 2007, in the passing of KwaZulu-Natal’s Elimination & Prevention of Re-emergence of Slums Act. In 2007 the ANC resolved to extend the Act nationally despite opposition from shack dwellers’ movements and human rights organizations (*ibid.*). ‘Shacks’, which essentially are the self-built housing solutions of the poor, appear in the discourse of ‘slum elimination’ as if they are a threat to society (*ibid.*).

Nevertheless, a consolidation of the BNG approach emerged post-2010 at both the national and local levels, supporting the development of sustainable human settlements as opposed to the previous approach of large-scale delivery of housing units (National Department of Human Settlements 2010). This programme, which is regarded as a national development priority, has a major focus on informal settlement upgrades, via the provision of basic services and secured tenure. This reflects the new national realization that the development of sustainable human settlements is ‘not just about building houses’, but is rather about moving towards integrated settlements, efficiency, inclusion and sustainability, and about ‘promoting improved access to work and social amenities’ (KZN Department of Human Settlements 2011). Since 2010, a National Upgrading Support Programme (NUSP) has been put in place with World Bank and Cities Alliance

support, to strengthen capacities and learning for those involved in the UISP across the country.

*Cape Town* In the Western Cape Province, the Integrated Services Land Project (ISLP) became the key vehicle for housing policies in the late 1990s. A representative involved in the management of ISLP claims that the project was important in developing new approaches to housing: community participation was built into the implementation process and available 'greenfield' land was used for housing purposes. Despite delivering an impressive number of housing opportunities, ISLP was unable to reduce the number of informal settlements. Informal settlement dwellers were offered formal housing, but other people were waiting to inhabit their shacks. The emergence of informal settlements is a result of a high in-migration from rural areas such as the Eastern Cape far outstripping housing construction under the RDP approach.

In 2004, the City of Cape Town (CoCT) launched their Framework for Upgrading Informal Settlements. The first phase was the Emergency Servicing of Informal Settlements (ESIS), launched in early 2004 (Graham 2006). ESIS focused on providing basic water, sanitation and waste removal services to all informal settlements at high speed, supported by the strong involvement of the ANC mayor at the time. While roll-out was achieved, capital investments were made at the expense of the maintenance of existing structures. The long-term sustainability of such an approach was also circumscribed by a lack of political support for upgrading (opposed to formal housing) and a general lack of community support and involvement which threatened roll-out. It therefore became clear that there was a need for politicians not to let a technical-bureaucratic approach remain dominant in the roll-out phase (*ibid.*).

Metropolitan governments were given greater responsibilities for housing under the new housing code, and CoCT aligned its own policies with the Provincial Housing Department's Sustainable Human Settlements Strategy (*Isidima*) (Smit 2008; Sutherland, Robbins et al. 2010). *Isidima* put an emphasis on delivering housing opportunities through a mixture of tenure types for poor households – thereby creating socio-economically integrated communities with adequate access to social and economic opportunities in well-located and safe urban areas (Sutherland, Robbins et al. 2010). While national and provincial

government were drivers in the housing policy formulation process, the municipalities were 'required to act as developers', depending on capacity.

Cape Town has yet to develop a coherent model of informal settlement upgrading. Rather, CoCT representatives describe their approach as a mixture of pilot projects, which will all provide lessons learned in order to mainstream a more comprehensive approach at a city level. Given the volatile, dynamic and vulnerable nature of informal settlements, it is a fundamental challenge for planners and the relevant municipal departments (which historically shaped the barriers *against* informal settlements) to adopt sufficiently flexible approaches to these settlements. The backbone of their approach, however, is the UISP, which facilitates the introduction and maintenance of basic services in informal settlements. In addition, there are more sophisticated, partnership-based and participatory approaches which are being tried out.

One such initiative is driven by the South African SDI Alliance,<sup>15</sup> and in particular its local partner, the Community Organization Resource Centre (CORC). Since May 2009, CORC has initiated a set of local government partnerships whereby managers and technical staff from CoCT meet with community representatives and NGOs to plan upgrading in selected settlements. At present there are fifteen to twenty partnership projects across the city focusing on reblocking, new building materials, ablution blocks and other facilities. The community input in this model can be characterized as strong, with capacity-building and knowledge generation through local residents and their involvement in enumerations (household surveys) and exchanges (inter-settlement dialogues).<sup>16</sup> The partnership meetings in this model are therefore encounters where different forms of knowledge are brought into contact with each other and where communication flows relatively freely. Still, some of the SDI partnerships have struggled to sustain a meaningful collaborative relationship with city officials as community resistance and limited tangible results have created mutual distrust. Additionally, these pilot projects and other similar initiatives have still not accomplished more than a small dent in the levels of deprivation for the more than 400,000 households located in informal settlements in Cape Town.

Many of the proposed upgrading projects in Cape Town in the last decade also testify to the contested nature of the land on which these

informal settlements are located. The establishment of these informal settlements is often the result of orchestrated, illegal land occupations on road reserves or other municipal land, resulting in long bureaucratic processes in order to upgrade land. In some cases, environmental hazards such as flooding and unstable or polluted soil represent obstacles to upgrading and create tension between bureaucrats and informal settlement dwellers. In other cases, private land has been occupied and poses both economic and legal barriers to interventions. When settlements are established on attractive land, there is a tension between the claims of informal settlement dwellers and the use value of land, which holds a relatively high value in an urban real estate market. Lastly, many of the informal settlements are visible from large highways, which is seen as detrimental to the attractiveness of Cape Town as a tourist destination. Such assessments were influential in motivating the national flagship project N2 Gateway, which included formal housing construction in an informal settlement close to the N2 leading to the city centre in the run-up to the 2010 World Cup, by many accused of being a beautification project rather than a case of informal settlement upgrading.

*Durban* The eThekweni Municipality's Housing Unit has adopted a flexible policy framework for the housing and settlement question so as to enable the city to be innovative in its response to a broad range of housing needs. The response to human settlements in the municipality is shaped by the legislation and policy of the National Department of Human Settlements and to a lesser extent the policy and strategies of the provincial department, the KwaZulu-Natal Department of Human Settlements. At a local level the municipality's Housing Unit and Engineering Services Department have the strongest influence on housing policy and implementation.

The municipality has a successful track record in the delivery of formal houses to the poor. However, the rate of delivery of RDP houses has declined over the past few years. Between 2005 and 2008 there was considerable public protest by informal settlers against the municipality in response to poor living conditions, a lack of access to basic services and unlawful evictions (COHRE 2008). In 2011 the Housing Unit's five-year Sector Plan was approved by Council. However, the delivery targets of housing in the city have not been achieved (eThekweni Municipality 2012). Regulatory obstacles, most notably those triggered

by Environmental Impact Assessments that delay projects, and town planning requirements for township establishment which often require re-zoning, are cited as among the reasons why housing targets are not being met. The lack of availability of well-located land, due to high cost and competition from other uses, is another obstacle to the delivery of housing. Densification is considered to be critical to the future of the city, but this implies that construction costs of top structures will be higher, and also there are negative perceptions around a new form of housing that does not include a single house on a single plot (*ibid.*).

As a result of the slow delivery of formal housing, the municipality's response to informal housing has shifted since 2009, as there is now a much greater focus on upgrading informal settlements. According to a municipal official, 'our focus (since 1997) has always been on upgrading of informal settlements which includes re-location to greenfields development where required [...] [W]hat happened in 2009 was an increased focus on servicing of informal settlements and provision of interim services.'

The municipality has a diverse and well-established informal settlements programme which has developed from the relatively progressive and tolerant approach the city has adopted towards informal settlements since 1997. Since 2009 the municipality has engaged with shack dweller organizations such as *Abahlali baseMjondolo* (AbM), with which it signed an agreement that three informal settlements would be upgraded *in situ* within the inner urban core and that a further fourteen settlements would obtain basic services in line with the principles of the BNG.

One of the innovations that has been developed in eThekweni Municipality is that upgrades are being undertaken prior to land acquisition having been completed. This has been done to address the problems created by the length of time it takes to secure land for informal settlements (KZN Department of Human Settlements 2011).

Many of the informal settlements in Durban have developed in close proximity to work opportunities in an attempt to reduce household costs by reducing transport costs. This issue becomes important when informal settlements are relocated to new sites that are distant from the original location of the settlement and often forms the basis of resistance to a proposed move. Thus, housing demand in the city is also addressed through greenfield development. Greenfield developments require affordable and well-located land which is in short supply in

the city. In upgrading projects, greenfield sites need to be chosen that are in close proximity to the informal settlement to be relocated. The municipality has plans to develop 120,000 sites on 6,000 hectares of land at twenty dwellings per hectare as part of the goals of the 2012/13 IDP (eThekweni Municipality 2012).

One example of a large-scale greenfield housing investment, which is both a mixed-use ‘megaproject’ and a pro-poor response by the state to meeting the housing needs in eThekweni Municipality, is the Cornubia development in the north of the city. This project was identified as a lead project in the BNG’s new approach to housing the ‘poor’, whereby all new large-scale developments had to include 20 per cent of housing for the poor through a public–private partnership. However, this project has proved just how challenging it is to develop pro-poor housing in a large-scale development with a pro-growth agenda. Not only has the number of low-cost housing units decreased over time, but the pressure on this project to meet housing backlog demands from councillors in wards across the municipality raises the issue of who the beneficiaries of this housing project will be.

Recent land invasions in Cato Crest, a low-cost housing and informal settlement area within the urban core, reveal the challenges associated with moving informal settlers into formal housing within an upgrading project. Allocating formal housing through ‘housing lists’ often results in state-provided housing being allocated to someone other than the person displaced by the formalization process, or in tenants laying claim to formal housing once owners have been relocated. In the recent social protests around housing delivery in Durban, intense pressure was placed on the Housing Department to be more transparent about how housing was being allocated in the municipality. The municipality had not been using the housing lists to allocate RDP housing in the city for a few years, and was rather allocating housing according to their settlement priority list. This revealed that the local state had not been transparent about its practice, and that, supported by its councillors, it was determining housing processes in the municipality, which went counter to the national government’s policy of allocating housing via housing lists.

### **Comparative findings: shifting discourses, emerging policies in Rio de Janeiro, Durban and Cape Town**

Cities are important in shifting national policy. The cities discussed in this chapter have paved the way for pro-poor housing policies. Our



research reveals housing policies, as they are formally stated, have shifted from repressive to pro-poor and participatory in Brazil and South Africa: from removals of informal settlements, via construction of low-cost housing units, to *in situ* rehabilitation and upgrading of resettlements. However, the patterns of policy changes have been complex, messy and mixed.

*An end to repressive approaches?* In South Africa, the pro-poor agenda of 1994 quickly turned into a ‘more security-based and sometimes anti-poor’ policy practice (COHRE 2008: vi). This repressive approach to informal settlements, through legislation, policies and programmes, has been characterized as ‘severe, violent and unlawful repression of shack dwellers’ organisations’ (ibid.: 1).

Since the 2000s, urban authorities and national government have recognized that informal settlements require a more incremental, rights-based approach. Still, the challenge exists to secure ‘the right to the city’ for those migrating into both Durban and Cape Town and those that seek additional housing as families expand and age, as both cities have adopted a strong position in relation to the removal and control of any new land invasions or construction of shacks. As local authorities in both Durban and Cape Town have employed units to enforce their policies, and at the same time try to engage with informal settlement communities in order to facilitate upgrading, their authority is contested and not always seen as legitimate by informal residents.

In Brazil, forced evictions and repressive practices ebbed in the 1980s. A rights-based approach to informal settlements was strengthened by constitutional and legislative changes, and by the democratic control over the police forces. However, in Rio de Janeiro and other larger cities the word *remoção* (‘removal’), which was broadly used during the military dictatorship, is again back on the agenda. This is due to a combination of a surge in urban land prices and public efforts to remove residents from so-called environmental risk areas, as well as a sharp increase in public works for the mega sports events – the FIFA World Cup 2014 and Olympics 2016 (Braathen et al. 2014). Besides, the upgrading efforts in many favelas have involved installations of funiculars and other means of public transport, obliging the removal of the houses in certain areas of the favelas. This development has in Rio been accompanied by the introduction of permanent policing, the UPP programme, in the favelas.

*Towards genuine in situ upgrading?* In both countries ‘slum eradication’ through forced removals of informal settlements is no longer the stated policy. The emphasis is on *in situ* informal settlement upgrading in part through a more rule-based surveillance struggling to come to terms with the informal settlers. Brazil has offered *in situ* upgrading since the 1980s, but with a limited delivery rate. South Africa after 1994 emphasized house construction for the poor, but without due national concern for *in situ* upgrading. Since around 2005 the two countries have embarked on a converging policy, attempting to combine house construction with *in situ* upgrading at a larger scale.

Brazil has been innovative in providing legal ‘regularization’ of the favelas, and public funds for social housing are more available for local governments than in South Africa. Rio de Janeiro has seen upgrading programmes being launched in the 1980s, 1990s and 2010s, respectively. However, the recent example shows that what started out as an upgrading programme ends up as a traditional ‘urban development’ and house construction programme.

The new progressive approach has been evident at the city level in both Durban and Cape Town since the early 1990s, but has recently gained new impetus. Durban, and to some extent Cape Town, has started the upgrading process through providing informal (interim) service programmes. Sanitation and electricity have been supplied to alleviate poverty and very poor living conditions. However, so far no clear and coherent city-wide models for informal settlement upgrading have taken shape. In Durban and Cape Town project-based piloting has dominated the scene. Furthermore, the upgrading of settlements is contested, and competition over land use is increasing as multiple actors within cities begin to compete for the limited land available for greenfield developments. A focus on securing a bundle of urban resources and not just on improved housing – i.e. a more integrated human settlements approach – is wanting in all three cities.

*Increased community participation?* In all cases we have observed, participation in upgrading programmes needs to be improved. Participation is not occurring at the scale and depth required to ensure that the development of human settlements can contribute significantly to poverty reduction. In general, there is limited community-level participation and debate about the differentiated service provision model that has emerged in the cities of South Africa and a lack of bottom-up

definitions of appropriate qualities of services (Huchzermeyer 2011; Sutherland and Buthelezi 2012; Sutherland et al. 2013).

At the city level, the technical departments of local government are in constant interaction with communities, through a variety of channels. However, the pressure on the state to respond to these settlements means that a top-down approach is often adopted to roll out solutions so as to avoid delays perceived to be caused by extensive participation. A difficult question is: does community knowledge matter? We find that communities' ability to cooperate and use their own knowledge of their settlement to constructively contribute to an *in situ* development of their own neighbourhoods has been minimal (Jordhus-Lier 2013; Sutherland and Buthelezi 2012; Gewbu 2013). This can be attributed to the expediency and top-down implementation of the projects, among other factors. But it can also be attributed to the nature of *in situ* approaches. Their effective implementation is hampered by the lack of adequate negotiation with the complex local politics that exists within informal communities.

In eThekweni Municipality the relationship between informal settlers and the state is managed by politically elected ward councillors, who use local sub-ward committees as their vehicle for communicating with their constituency. Residents in informal settlements in the city believe that councillors are responsible for making decisions about housing and for delivering houses, as this is the message that is communicated to them by politicians. Nevertheless, many community members feel powerless as they do not believe that the councillors will act in the interests of informal settlement dwellers. Allegations of political patronage, party political interference, corruption and the failure of 'housing lists' to allocate housing fairly are widespread (COHRE 2008; Sutherland and Buthelezi 2012).

In Brazil, there are no ward-based councillors, but there is a network of neighbourhood associations that survived the introduction of multiparty democracy. However, in the favelas of Rio de Janeiro a big problem has been the instrumentalization of the neighbourhood associations by politicians and criminal networks (Braathen et al. 2013). Still, in recent years several neighbourhood associations have been revitalized in struggles to have a say in local upgrading projects, or in struggles against removal of parts of the settlement. In addition they have invented many new spaces of participation and contestation, named social forums and residents' committees. Brazil has a stronger

tradition of participatory local democracy than South Africa. Yet in Rio de Janeiro institutionalized participation is weaker than in many other Brazilian metropolises. For instance, its municipality has never practised participatory budgeting. The pronouncement that *Morar Carioca* would be made a really participatory upgrading project was not fulfilled (Steiker-Ginzberg 2014). Still, our cases show that participation – the right to participation, and the lack of participation – has been a key issue for social mobilization and contestation in Rio. Furthermore, a residents’ committee has the right to bargain with the municipality and, eventually, to present its case to the mediation committee of the municipal housing council, where civil society organizations appoint half of the representatives. There are also many examples of single dwellers backed by a resident committee who win their case in a state court, e.g. for a replacement flat near their favela house and not in the remote periphery.

### **Conclusion: towards less segregated cities?**

The policy shifts thus far have not made the cities less segregated, integrating (former) substandard settlements with other urban spaces and ensuring ‘the right to the city’ for the poor.

In Cape Town and Rio the local government has intervened in informal settlements in preparation for mega events such as the FIFA World Cup. Such prestige projects have led to contestation between the city development strategy of the ruling coalition on the one hand, and the upgrading policy and rights of the informal settlement dwellers, on the other. In the opinion of some civil society leaders in Rio, the ruling coalition wants the integration of the favela territories, but not of the favela residents. In other words, our claim is that authorities in Rio de Janeiro promote the vertical integration of the favelas. Real estate speculation and gentrification have reached the centrally located favelas. Fast increases in land prices and house rents force the poorest residents to move out to more peripheral favelas.

In Durban civil society representatives argue that too much emphasis is placed on housing per se and that the informal settlement challenge is a far broader issue about addressing the ‘right to the city’. Informal settlement upgrading should ensure that the urban poor have access to a bundle of urban resources, which goes beyond the provision of a house with water and sanitation services. It should include access to livelihood opportunities, education and healthcare as well as public

transport. Similar concerns are raised in Cape Town, and there is also a growing impatience with the lack of delivery of *in situ* upgrading in both cities.

Informal housing has many challenges, and provides some opportunities for the poor in fast-growing cities. In the absence of large-scale social restructuring and transformation, informal settlements have become the expression of the poor's creative and strategic responses to poverty and inequality in fast-growing urban areas. Informal settlements offer arenas for the state to increase the social wage through the provision of basic services and by providing security of tenure, and more importantly for the way in which the state engages with its citizens. Greater participation and deliberation around future housing policies for the poor are the cornerstone to ensuring that the housing process becomes part of the state's strategy to address poverty and inequality. Through deepening democracy around the human settlements question, the governments can achieve far more than the delivery of housing units to the poor. They can develop integrated human settlements that provide the poor with opportunities to improve the quality of life in cities.

## Notes

1 The City of Cape Town is the administrative name of the metropolitan municipality of Cape Town and the eThekweni Municipality is the administrative name of the metropolitan municipality of Durban.

2 The research project Urban Chances – City Growth and the Sustainability Challenge ('Chance2sustain'), funded by the EU Commission (FP7), 2010–14. This chapter is based on the work package 'Policies and politics to address urban inequality: poor people networks, CSO networks and campaigns on sub-standard settlements in metropolitan areas'. Project website: [www.chance2sustain.eu](http://www.chance2sustain.eu). Various stages of fieldwork and data collection were carried out from mid-2010 to mid-2013.

3 Getting and building a safe home is a cornerstone in the assets-based approach to poverty reduction

(Satterthwaite 2008). Homelessness and precarious housing are key expressions of extreme poverty and multiple deprivation in the cities (UN-Habitat 2008). In the urban space, there is unequal access to the physical, economic and legal assets which ensure a safe home (Moser 2008). Urban inequality is usually reflected in the spatial concentration of certain social groups in relatively homogeneous areas – socio-spatial segregation (Marques 2013).

4 Peri-urban housing has both rural and urban characteristics.

5 Interview, 26 March 2013.

6 The significant reduction in urban poverty in Brazil since 1995 is evidenced by the biannual national household surveys ('Pesquisa Nacional por Amostra de Domicílios', PNAD) carried out by the Instituto Brasileiro de Geografia e Estatística (IBGE) since 1967. The national

censuses 1990, 2000 and 2010 support this observation (IBGE 2011).

7 However, not all the households in the favelas are poor, and there are many clusters of poor households located outside the favelas.

8 IBGE, national censuses 2000 and 2010, [www.ibge.gov.br/english/estatistica/populacao/censo2010/calendario.shtm](http://www.ibge.gov.br/english/estatistica/populacao/censo2010/calendario.shtm), accessed 20 March 2013.

9 While the name of the city remains Durban, the name of the city municipality is eThekweni.

10 Law 10.257/2001; it regulates Articles 182 and 183 of the Federal Constitution, which refer to urban policies.

11 There are 900 favelas in Rio, and it is not realistic for the programme to reach all of them.

12 A study showed that so far 70 per cent of these apartments are located in the so-called West Zone, 40–50

kilometres away from the city centre (Cardoso 2013).

13 [www.upprj.com/](http://www.upprj.com/), accessed 21 October 2014.

14 These houses became known as RDP houses as a result of the housing programme being based on the national Reconstruction and Development Programme's basic needs approach.

15 Slum Dwellers' International (SDI) is a global NGO with its headquarters in Cape Town. Together with a national NGO, the Community Organization Resource Centre (CORC), they act as support organizations for two movements with their main base in informal settlements: ISN and the Federation of the Urban Poor (FEDUP, previously the Homeless People's Federation).

16 See also SA SDI Alliance website for resources and information: [www.sasdialliance.org.za/map/](http://www.sasdialliance.org.za/map/), accessed 11 May 2011.

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## 8 | ADULTS WHO LIVE ON THE STREETS OF BUENOS AIRES

*Martín Boy*

### Introduction

Studies of the 1990s in Argentina must take into consideration the deepening of an economic model that was implemented from 1976 and had as one of its main pillars the financial sector (Basualdo 2006). Throughout the 1990s, the country experienced a profound deindustrialization process, an increase in unemployment to above 20 per cent in 1995 and poverty and indigence reaching 61.3 per cent of the population of the *partidos* of Gran Buenos Aires (the metropolitan surroundings of the city of Buenos Aires) in 2003, after the social, economic and political crisis of 2001/02. The increase in poverty and indigence as well as unemployment and the impoverishment of the middle class were consequences of the implementation of a new economic model that divided the population into two big groups: those who were part of the system and those who were not (García Delgado 2003). At that moment the urban landscape of the city of Buenos Aires began to change and new groups affected by poverty appeared, among them the Adults Living on the Street (ALS). The local authorities had to offer some answer to this social situation. Because of that, new social policies were created to address the ALS population.

This chapter will approach the issue of homelessness as an urban problem involving the state and the real estate market as main actors. This perspective diverges from those who emphasize certain personal attributes of the ALS population and accuse them of being responsible for their current situation. First, I will outline the recent urban transformations of the city of Buenos Aires responsible for changing the urban landscape, and the appearance of new groups like the ALS affected by poverty and social exclusion in central areas. Secondly, the political implications of these urban transformations will be presented in terms of the design and implementation of new social policies aimed at the ALS. Lastly, I will identify the main characteristics of the adults

living on the street and how they developed different strategies to utilize public spaces for survival.

### **Recent urban transformations of the city of Buenos Aires**

Deindustrialization, a rise in unemployment and the impoverishment of the middle class led to strong urban transformations. From 1976, a new city project was driven by the policy-makers, and it was characterized by expelling the poor people from the central areas to the surrounding ones, without offering solutions to the housing deficit. This process was followed by a strong socio-spatial polarization of the city that showed more clearly the differences between the north and the south. Cravino (2006) says that during the 1990s the city experienced a process of social fragmentation and urbanization that was oriented exclusively to the market, which prioritized the development of the central area. Thus, the city was divided into two kinds of places: the bright zone (profitable) and the dark zone (unprofitable) (*ibid.*: 24). In the bright zone, modern construction projects appeared. In the dark zone, we find overcrowded, precarious housing and other phenomena characteristic of urban poverty. These differences between the zones were accompanied by a residential segregation process that affected directly the relationships between persons who live in this society. Kaztman (2001) argues that when there is a strong segregation between different social groups, a higher tolerance of social inequalities appears:

The aversion to inequality lies in the ability that the more advantaged groups have to sympathize with those who have less. It also generates feelings of moral obligation towards them. These thoughts lose validity if they are not renewed frequently across informal contacts between persons of different socioeconomic levels. The feelings will be stronger if the interaction is more intense and frequent. (*Ibid.*: 185).<sup>1</sup>

In addition, Kaztman (*ibid.*) says that the residential segregation and the segmentation of access to public services prevent the rich and middle classes from feeling sympathy for people who live in poverty. This mutual loss of interest reinforces the breakdown of society that started with the neoliberal transformations, mainly in the 1990s. Those transformations changed two institutions that had cohesive impact on

Argentine society: the labour market and public education (Beccaria 2001; Merklen 2000).

The names of the central area of the city are ‘*microcentro*’ and ‘*macrocentro*’. In this area there are a large number of companies (many of them transnational), and five of the six lines of the city’s subway. Approximately one million people travel through or into this area on a daily basis for work. The *microcentro* area is near the *macrocentro*, and the rich and upper middle classes live there.

According to the fieldwork I carried out during 2006–11, the rubbish produced by companies located in the *microcentro* and the *macrocentro*, and the large number of people who transit through those places, were the two elements that attracted the ‘*cartoneros*’ (persons who collect and sell rubbish to survive) as well as the homeless, who built survival strategies based on the public space.

*The emergence of mass poverty in central city areas* The Government of the City of Buenos Aires (from here on referred to as GCBA) has updated the statistics relating to people who live on the street quite consistently since 1997. Ever since then the number of ALS has fluctuated, and there is no single explanation for these fluctuations. However, the number of ALS is not dependent on economic growth. This means that what happens at the structural level is not necessarily reflected in the street, in one of the crudest forms of poverty.

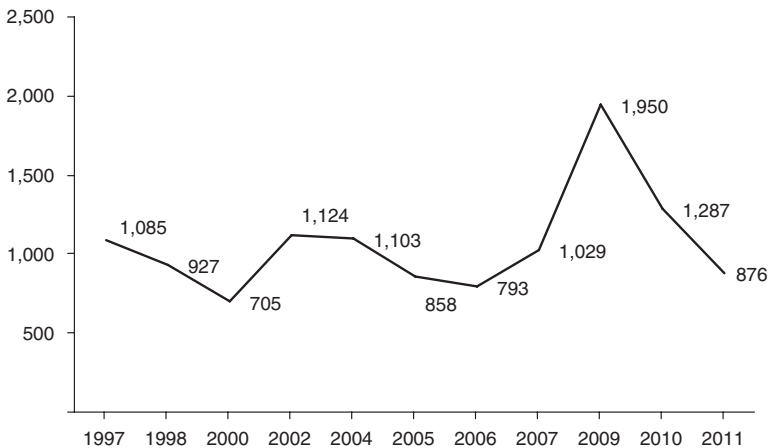
One of the characteristics of the majority of ALS is their lack of secondary education. Thus, they are not skilled enough to be incorporated by a labour market that constantly needs qualified workers. Recent GCBA studies have shown that 66.8 per cent of the adults who lived on the street in 2008 had not finished secondary school (Subsecretaría de Fortalecimiento Familiar y Comunitario 2008). In 1999, GCBA discovered that 77.9 per cent of the ALS had not completed secondary studies (Calcagno 1999). Comparing these two reports, one significant observation can be made: people who are sleeping on the street have a higher education level than in the past. This situation could suggest that the labour market had become more selective. Later we present statistics showing that ALS are evicted from the housing market after losing their jobs, which allowed them to survive. So how many people live on the streets of Buenos Aires?

GCBA defined as *Sin Techo* – without shelter – those individuals who are older than eighteen and do not have a house or similar. This

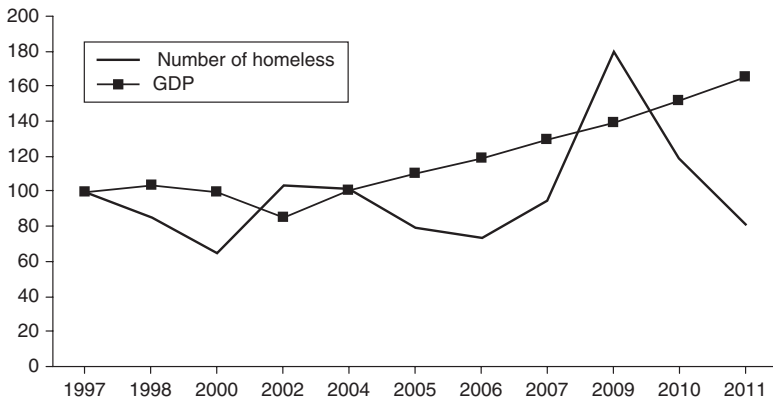
definition excludes children as well as those adults who are sleeping in the *paradores* and *hogares de tránsito*, the two forms of shelters provided by GCBA and NGOs. Figure 8.1 shows that the number of people living on the street was stable at around one thousand people from 1997 to 2007. Nevertheless, in 2009, the number of homeless people had grown strongly, reaching 1,950, 89 per cent more than the year before. After 2009, the number decreased again.

If GCBA had included in their estimates the children as well as the adults who sleep in the shelters, the number of ALS would be 100 per cent higher. Furthermore, the city government does not count the individuals who live in informal settlements and people who are waiting to be evicted by the police and judiciary. Therefore we should consider homelessness as the last step in a long housing trajectory for people. Does a relationship exist between the number of homeless and the way the Argentinian economy works?

In the last twenty-five years, the Argentine economy has experienced booms and suffered crises. The last and most severe crisis occurred in 2001/02. Owing to the recession, GDP declined between 1998 and 2002. The turning point was the devaluation of 2002; a consequence, in part, of the social, political and economic crisis of December 2001. Figure 8.2 shows the evolution of the number of ALS in Buenos Aires



**8.1** Number of people living on the streets of Buenos Aires, 1997–2011 (source: National Institute of Training (Instituto Nacional de Capacitación, INCA), Government of the City of Buenos Aires)



**8.2** Evolution of the number of ALS in Buenos Aires and Argentine GDP. Base 1997 = 100 (source: Buenos Aires Presente (BAP) and the National Institute of Statistics and Censuses (INDEC))

together with Argentinian GDP between 1997 and 2011. It can be observed that in the most critical period (2000–02) the number of ALS increased. Nevertheless, when the economy recovered there were still significant increases, which means the crisis forced people to live on the street given that this group could not be part of the labour market when the economy improved.

Simultaneously, one should not forget that the city government marginalized the poor population through massive evictions and lack of public policies which would guarantee access to housing for this group.

*The new city project* Since the early 1990s, the city of Buenos Aires has experienced a process of growing private real estate investment, mainly concentrated in the areas where the upper middle class live. This situation has extended to less favoured neighbourhoods in the last ten years. Consequently, certain urban areas saw a boom in their real estate value, fostering the expulsion of the working class that used to live there. Between 2008 and 2010, construction firms took action with the support of the local government and some judges. While the government promoted massive evictions, the judges accelerated them through new legal interpretations and rulings. In this way, ‘The State developed a more important role through the implementation of public

policies and new legal resolutions, thus determining who had the right to live in the city' (Mutuberría Lazarini y Rodríguez 2009: 27).

There are no official statistics on how many people or families were affected by evictions, and there is not much information about what happened to those people. A group of politicians who work on the Comisión de la Vivienda (Housing Committee) of the Legislatura de la Ciudad de Buenos Aires (Assembly of the City of Buenos Aires) published a report in which they stated that most of the evictions were large-scale and violent, and that only a few individuals received governmental housing support afterwards.

According to the section for budget and financial coordination of the Secretariat of Social Development of the GCBA, the city government took part in approximately 392 evictions during 2008, which involved 2,958 families. Fifty-five per cent of them occurred in different neighbourhoods in central areas close to the south of the city: Barracas, San Telmo, Monserrat, La Boca, Constitución, Parque Patricios, San Nicolás, Boedo and San Cristóbal. This information reveals the existence of a city project that excludes poor people.

In addition, to promote the expulsion of the poor of the city, the local state carried out urban reforms that deepened the social divide between the north and the south of the city. This took place in a context of a neoliberal ideology that supported the increase in poverty and indigence. In this regard, different manifestations of poverty that appeared in the 1990s in the centre city have changed the urban landscape. This generated a new kind of social policy that needed to address extreme social exigencies. This point will be developed in the next section.

### **General characteristics of social policies**

During the 1990s, a new kind of social policy introduced throughout Latin America was characterized by three elements: targeting the poor population, decentralization and a strong component of social assistance (Vinocur and Halperín 2004). This policy was designed to deal with a new social context characterized by vulnerability, instability and the displacement of institutions that for many years provided social cohesion to Argentine society. The key institutions were the formal labour market and public education. For many decades, the latter was a main factor behind social mobility. The changes affected mainly the poor population (Merklen 2000).

In that context, poverty was incorporated into the public agenda and different social policies were designed to address the poorest groups in society. One of the terms used by policy-makers to refer to the groups was ‘beneficiaries’ (*beneficiarios* in Spanish). The beneficiaries did not take part in the design and implementation of the public policies; they were conceived by policy-makers as *sujetos pasivos*, passive subjects. The urgency of the social problems legitimized the targeting processes and caused the incorporation of new poor groups into the political agenda as beneficiaries and not as citizens with rights.

Since 1997 five social policies have been created by the Secretariat of Social Development of the GCBA to cater to ALS. The first was the *Programa Sin Techo* (the ‘Without Shelter’ programme). It was followed by *Buenos Aires Presente* in 1999. More recently, in 2006, the secretariat created the *Línea de Emergencia Social 108* (‘Social Emergency Line 108’), the *Coordinación de Paradores* (‘Coordination of Shelters’) and, finally, *Atención a Familias en Situación de Calle* (‘Attention to Homeless Families’). Broadly, the city government has been offering shelters that provide temporary accommodation, housing subsidies for individuals and families that were evicted, and some multi-service vans going to places where the ALS need attention.

In 1997, the policy-makers who designed the *Programa Sin Techo* defined the target population according to their housing situation, lack of a home, amount of time living on the street, labour situation and age (the beneficiaries were only people older than eighteen). The policy-makers’ diagnosis was influenced by evidence of a rise in severe urban poverty. Because of that, the social policies created to cater to the ALS characterized this group through material deficiencies. Policy-makers stressed the need for the government to engage with this social problem (sometimes to find a solution and sometimes to deal with the most urgent emergencies). The targeting focus implied that the beneficiaries were labelled and grouped with peers.

This targeting approach contributed to relational impoverishment (Katzman 2001), meaning the ALS were not connected with other groups that were better integrated into society. The social policies were thought to address a homogeneous group characterized by unsatisfied needs and the lack of social safety nets. In my opinion, this perspective fostered the loss of the possibility of generating social safety nets that could have contributed to a solution to the situation faced by the ALS. If the ALS had had the opportunity to socialize with other groups, there

would have been more chances for them to be integrated into society. The targeting approach of public policies conceives of homelessness as an isolated issue and does not consider the relationship between the homeless and the community.

Furthermore, the social policies created to cater to the ALS population had a decentralized character because all of them applied only to the city of Buenos Aires (2.8 million people live there, excluding 9.9 million who live in the rest of the metropolitan area). Moreover, they are not coordinated with national or regional public organizations. Thus, the social policies are confined to the immediate locality, executed only with the budgets of the GCBA. They are not national policies that indicate to local governments what to do to prevent the increase in the number of people living on the street or what to do with them.

Finally, the component of social assistance is a common aspect in the policies which cater to the homeless. Social services created in 1997 had a social assistance perspective that emphasized ‘assistance, prevention and re-socialization’ (Ministerio de Desarrollo Social 1997), and they tried to resolve urgent needs without sustainable solutions.

Social services provide temporary solutions for the needs that the ALS experience. Benefits of that social policy are transient. Structural problems are not addressed. One of the policy-makers at the Secretariat of Social Development who was interviewed argued that it was not its objective to solve the housing problem, but it was involved because the public Institute of Housing (*Instituto de la Vivienda*) was not working on the issue.

The Institute [of Housing] is not working at its full potential. The emergency is always transient. There is a structural problem that is not being addressed. It is not an emergency, it is a structural problem. The Secretariat should not attend the housing issue; it should work with the citizen income [*ingreso ciudadano*], for example. Now, the Secretariat [of Social Development] is working on housing policies because the deficit is there.<sup>2</sup>

The creation of shelters and social policies – as answers to unemployment, decreasing incomes and the broken social safety nets – did not change the structural problem that had been diagnosed. Social services, with the exception of the *Atención a Familias en Situación de Calle* policy, works with people who are already living on the street



and they are not preventing this situation. The population has to continue to endure the social vulnerability and instability engendered by the neoliberal model. Social policies which cater to the ALS act on previous political failures.

Resolving homelessness is one of the most difficult challenges to social policy and it requires a systematic approach with the participation of different institutions. In this regard, solutions should involve coordinated actions between the different public organizations that work on health, employment, housing and social and psychological issues. Otherwise, Grassi (2006) argues, policy-makers lose an integral vision of the issue and the state experiences a fragmentation process that treats the subjects in parts and not as a whole. The ALS should have the opportunity to be treated in a hospital, ask for a housing subsidy at the Secretariat of Social Development, job-search and go to shelters in the afternoon to get a bed. On the one hand, different ministries are not joined up to address homelessness in Buenos Aires. On the other, the fragmentation of functions that social policies displayed in the past has converted the Secretariat of Social Development into an archipelago of institutions that are not able to work together and do not relate to each other sufficiently.

But who are the homeless people? What are the main characteristics of this population, in the past and nowadays?

### **The changing profile of the homeless population**

Big structural reforms characterized Argentina in the 1990s. Such transformations included the privatization of public services, the restructuring of the state, and the creation of new laws that militated against the rights of the workers. Those transformations were accompanied by higher unemployment and an increase in the number of families with unsatisfied basic necessities, as well as more people living in poverty and extreme poverty (Beccaria 2001). In that context, the profile of the homeless changed: who were they before and after the 1990s?

The first reports about people who were sleeping on the street were written in the 1920s, when one can find the first contact between this group and public authorities. Juan Camilo Croto, a politician from the Province of Buenos Aires, proposed that this group should have free access to train travel. After that, people who live on the street were named *crotos*. But who were they?

Back then, those living in public spaces were men who worked in rural areas and travelled around the country by train at harvesting times, staying in the cities temporarily. This situation started to change in the 1970s when technology innovations were incorporated into harvesting and fewer workers were needed. Because of that, the homeless population changed and became a group that lived in a nomadic way and started to alternate between living on the street and in precarious housing conditions in the urban areas. One of the policy-makers interviewed affirmed that

before the 1990s, the profile of the homeless population was characterized as being of *golondrina* workers [temporary and rural], who travelled between provinces to work. After the economic crisis, when these kinds of jobs reduced noticeably, given the new technology and that fewer workers were needed to carry out labour activities, this population started to live permanently in the city ... and the number of homeless started to increase. Before the 1990s, men took some clothes with them and travelled far away.<sup>3</sup>

In the early 2000s, new groups converted the public space into a resource to meet their housing needs. They were the ones affected by social exclusion. Biaggio (2006) affirmed that the population that currently lives on the streets of Buenos Aires is really diverse: you find *cartoneros*, unemployed, individuals who cannot afford the rent on their houses because they have lost their jobs, children who have escaped from their homes or institutions, individuals who were evicted, complete as well as incomplete families, mentally ill adults who were discharged but did not become integrated into society, etc. Many of them are addicted to alcohol and cheaper drugs. However, it is not easy to establish whether those addictions are the cause or the consequence of living on the street.

Different quantitative studies as well as my own qualitative fieldwork have shown that most of the homeless are Argentine migrants that went to Buenos Aires looking for new labour opportunities (Boy 2012; Calcagno 1999; Subsecretaría de Fortalecimiento Familiar y Comunitario 2008). The great majority are men (86 per cent in 2007), as in other capitals and countries of Latin America: in Mexico City 81 per cent of the homeless are men (Instituto de Asistencia e Integración Social 2009) and in Chile 85 per cent (Ministerio de Planificación, Gobierno de Chile 2005: 85). It is really hard to identify why this

trend occurs, but we can mention some elements that could explain it. Generally, Latin American states developed social policies especially targeted towards poor women with children. These kinds of policy act as protection for women, keeping them from living on the street. At the same time, gender studies argue that Western men are concerned with their pride. This keeps them from asking for help from their families or friends who, usually, do not know what their male relative is going through (Fuller 2001).

Government statistics showed that, in 2007, 52 per cent of the homeless in Buenos Aires were between 36 and 55 years old, 27 per cent were young (between 18 and 35 years old) and 21 per cent were 56 years old or more. This means that most of the homeless are part of the economically active population. Once they used to have a house to live in, but they lost it. Why?

According to the study carried out by the city's Subsecretaría de Fortalecimiento Familiar y Comunitario (Sub-secretariat of Community and Family Strengthening) (2008), 58 per cent of the homeless had a house in Buenos Aires city, 21 per cent in the *partidos* of Gran Buenos Aires (the surroundings of the city), 7.7 per cent in the rest of Buenos Aires province and just 7 per cent in other provinces. These figures show very clearly that 80 per cent of homeless had been excluded from the city they were living in, and it is more evidence of the particular neoliberal city project which is sustained by public policies. 'The city' is not for everybody and 'it' expels poor people to the countryside.

Many people believe that most of the homeless individuals are mentally ill and that this explains why they are sleeping in public spaces. In my opinion, we should question this belief and ask what options the city gives to the homeless. If we leave aside the psycho-medical paradigm we will be able to analyse this group as people who do not have rights to the city but, nevertheless, are able to build strategies to survive by using the urban infrastructure and social services as resources to reproduce the daily order.

### **Uses of the urban infrastructure of Buenos Aires**

*Where?* One of my research questions is about how ALS use the infrastructure of the city. Where do they sleep? Since 1997, GCBA has undertaken a count of ALS almost every year to establish who they are (gender and age) as well as where they sleep. Official information

supports the argument that the ALS do not sleep everywhere in the city, that they prefer some areas. The city of Buenos Aires has forty-seven neighbourhoods (see map in Figure 8.3). The GCBA evidence showed that the ALS are mainly found in seven of them. These seven neighbourhoods are localized in the central areas of the city, the so-called ‘microcentro’ and ‘macrocentro’.

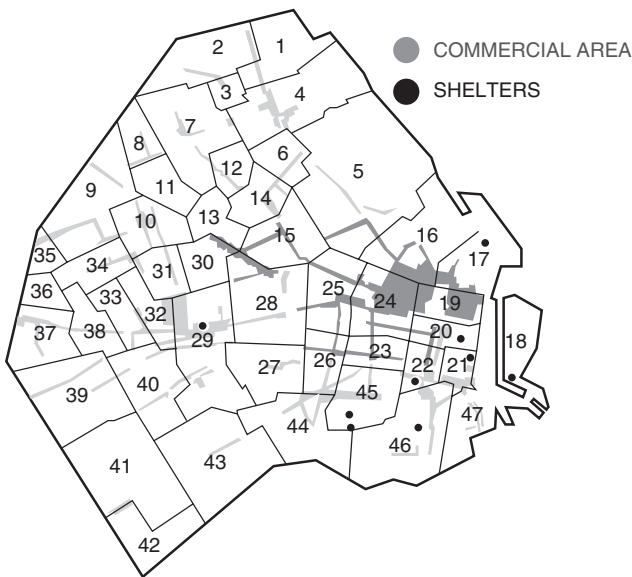
As can be seen in the map, the neighbourhoods chosen for sleep by the ALS are San Nicolás, Monserrat, Constitución, Balvanera, Recoleta, Retiro and San Telmo. As one moves away from the city centre, the number of adults who live on the street drops drastically.



**8.3** ALS by neighbourhood, 2007. 1. Nuñez 2. Saavedra 3. Coghlan 4. Belgrano 5. Palermo 6. Colegiales 7. Villa Urquiza 8. Villa Pueyrredón 9. Villa Devoto 10. Villa Del Parque 11. Agronomía 12. Villa Ortúzar 13. Paternal 14. Chacarita 15. Villa Crespo 16. Recoleta 17. Retiro 18. Puerto Madero 19. San Nicolás 20. Monserrat 21. San Telmo 22. Constitución 23. San Cristóbal 24. Balvanera 25. Almagro 26. Boedo 27. Parque Chacabuco 28. Caballito 29. Flores 30. Villa General Mitre 31. Villa Santa Rita 32. Floresta 33. Velez Sarsfield 34. Montecastro 35. Villa Real 36. Versalles 37. Liniers 38. Villa Luro 39. Mataderos 40. Parque Avellaneda 41. Villa Lugano 42. Villa Riachuelo 43. Villa Soldati 44. Nueva Pompeya 45. Parque Patricios 46. Barracas 47. La Boca (source: Author, with information from the Ministry of Social Development of the GCBA)

*Why?* The next research question is: why do the ALS sleep in those specific areas? During the investigation, interviews were conducted in three different places: a square (Plaza del Congreso), a shelter of the GCBA (Parador Bepo Ghezzi) and a *comedor popular*.<sup>4</sup> The fieldwork demonstrates that there are two really important aspects involved in the choice of sleeping place. First, the area should be rich in commercial activity (shops). Secondly, it should offer social services provided by the GCBA or by NGOs.

The map in Figure 8.4 shows in grey where the commercial activity is concentrated in Buenos Aires city. The ‘microcentro’ and the



**8.4** Location of government and NGO shelters and commercial use of the space, Buenos Aires, 2010. 1. Nuñez 2. Saavedra 3. Coghlan 4. Belgrano 5. Palermo 6. Colegiales 7. Villa Urquiza 8. Villa Pueyrredón 9. Villa Devoto 10. Villa Del Parque 11. Agronomía 12. Villa Ortuzar 13. Paternal 14. Chacarita 15. Villa Crespo 16. Recoleta 17. Retiro 18. Puerto Madero 19. San Nicolas 20. Montserrat 21. San Telmo 22. Constitucion 23. San Cristobal 24. Balvanera 25. Almagro 26. Boedo 27. Parque Chacabuco 28. Caballito 29. Flores 30. Villa General Mitre 31. Villa Santa Rita 32. Floresta 33. Velez Sarsfield 34. Montecastro 35. Villa Real 36. Versalles 37. Liniers 38. Villa Luro 39. Mataderos 40. Parque Avellaneda 41. Villa Lugano 42. Villa Riachuelo 43. Villa Soldati 44. Nueva Pompeya 45. Parque Patricios 46. Barracas 47. La Boca (*source*: Author, with information from the Ministry of Social Development of the GCBA and Urbeos Cities software)

'*macrocentro*' are the most commercial zones. These comprise mainly the neighbourhoods of San Nicolás and parts of Retiro, Recoleta and Balvanera. The other important commercial areas are: Belgrano (north), Flores (west), Parque Patricios, Constitución and San Telmo (south).

The black dots on the map indicate where government and NGOs shelters are placed. Most of them are near the city's '*microcentro*' and '*macrocentro*' areas. The shelters are not inside the city's commercial area but they are located at walking distance from it.

To sum up, the two maps show that the commercial area is the zone where ALS sleep at night and where the shelters are close by. This indicates the importance of the opportunities that can be generated for ALS individuals in a zone with a large number of shops and companies and the presence of many people (pedestrians and drivers). There, the ALS can earn some money by cleaning car windows, begging, selling things on the street, recycling rubbish ('*cirujear*'), etc. This means that urban infrastructure determines the practices of those who live in public spaces. The urban infrastructure is used by the ALS as a vital resource for surviving.

### Final comments

Throughout this chapter, different research questions were answered. First, I explained the rise in the number of adults who live on the streets of the city of Buenos Aires while Argentina's economy grew between 8 and 9 per cent per year in the period 2003–11.

What can be observed is that when the economic crisis generated a rise in unemployment rates, more people came to live on the street. However, when the economy improved, the number of homeless did not necessarily decrease. So, what factors explain the changes in how many people are living on the street? This research question can be answered if we look at the recent history of Buenos Aires city and ask ourselves what city project the policy-makers were planning.

After 1976, different governments had the intention of expelling poor people from the city through diverse public policies such as, for example, the eradication of slums during the last military dictatorship (1976–83) and the acceleration of evictions during the current city government, in place since 2007. This means that different elements should be taken into account when considering an increase or decrease in the number of people living on the streets of Buenos Aires city. Crises

can disrupt urban poor people's lives because of unemployment, but they are temporary and can be buffered through the implementation of public policies. However, in parallel to the various periods of crisis, the city project to expel poor people was the same during the period 1976–2013. As mentioned earlier, the current local government, in alignment with part of the judiciary, decided to clear illegally occupied property before obtaining an eviction order. This means that there is an intention to accelerate the evictions to the detriment of occupants' rights, without offering new housing solutions. The GCBA produced some statistical reports which showed that 6 per cent of the adults who live on the street were evicted from the last house they lived in. That means that the GCBA was generating new homeless.

Different social policies were formulated to cater to this group. But what characteristics do the policies have? As mentioned earlier, these kinds of social policy intensified social segmentation because they did not try to put different socio-economic groups in contact. The targeting focus implied that the beneficiaries were labelled and grouped with peers, with no idea of integrating the ALS people with other social groups. In my opinion, this perspective fostered the loss of the possibility to generate social safety nets that could have contributed to a solution to the situation faced by the ALS. As I mentioned earlier, the targeting approach contributed to relational impoverishment and it did not promote public spaces of socialization between different groups (Kaztman 2001). About forty years ago, the city of Buenos Aires was distinguished by having several spaces of this type: public health and education systems, as well as neighbourhoods in which people from middle and working classes lived together integrated with the rest of the city. The social safety nets that are created in the shelters do not encourage homeless people to leave the street. So one of the questions that arises is: what social policies could have dealt with homelessness in a more adequate way?

We should base policy on the understanding that the homeless are not guilty of causing the situation they are experiencing. Usually, people believe that those living on the street have mental problems, or that addictions make them lose their families or friends. In this chapter, I have proposed another approach to people who are living in the public space. During my fieldwork, I found that many of the life stories were influenced by Argentina's social, historical and economic context. Usually, the homeless were not mentally ill or drug addicts;

they were individuals who could not pay their housing rents because they had lost their jobs. Moreover, they did not have access to the secondary education system and thus they were not qualified enough to get a job. Finally, men did not know how to ask for the help of their families, who might live in other provinces, far away from Buenos Aires. This means that the starting point should be not to pathologize people who are living on the street. Homelessness is not a problem only for those who experience it. It is a matter for the city, and for all people who live in it. Only the implementation of another kind of policy can solve the problem.

## Notes

- 1 Author's translation.
- 2 Interview conducted in Buenos Aires, May 2011.
- 3 This interviewee participated in the first social policy created to cater to homeless people, designed in 1997: the *Sin Techo* social policy.
- 4 A *comedor popular* is a place where poor people go to have dinner or lunch. Usually, the *comedores populares* are organized by NGOs.

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## 9 | GRASSROOTS POLITICS AND SOCIAL MOVEMENT MOBILIZATIONS FOR DEVELOPMENT IN BRAZIL

*Abdulrazak Karriem*<sup>1</sup>

### **Introduction**

In many parts of the world, rural social movement struggles are placing rural development on the national political agenda. The resurgence of rural social movement activity has been led by, among others, the Brazilian Landless Movement (MST), Mexico's Zapatistas, the Indian Farmers' Movement, and CONAIE of Ecuador (Desmarais 2002; Petras and Veltmeyer 2005). In this chapter, I critically appraise the land and rural development mobilizations of the MST, which is widely acknowledged as one of the most organized, dynamic and influential rural movements in Latin America (Comparato 2003; Borras et al. 2008).

In recent decades, the MST has utilized its strategy of occupying unproductive land to pressure successive Brazilian governments into redistributing 7 million hectares of agricultural land on which one and a half million members farm (Comparato 2003; Rossetto 2005). Furthermore, studies have found that these mobilizations enhanced the livelihoods of land reform settlers, with many experiencing improvements in life expectancies, incomes and educational standards (Medeiros and Leite 2004; Carter and Carvalho 2010). How did the MST succeed in pressuring the government to deliver so much land? And what explains improvements in member livelihoods? Many analysts focus their research either on MST struggles *for* land or their struggles to build livelihoods *on* the land reform settlements. I argue that to better comprehend access to land and improvements in livelihoods, we need to analyse struggles *for* land and *on* the land as interconnected. I further posit that the MST's grassroots politics encourages an organizational praxis (i.e. the merging of theory and practice) that sees the fight for land and livelihoods on land as interrelated.

Investigating the role played by politics and public policy in social development policies and their impact on well-being in MICs, on the one hand, and interrogating the role of public policies in promoting income and asset redistribution, on the other, are clearly burning issues in the field of contemporary development studies. In many countries, however, public policy already exists, but there has often been a lack of political will to implement these policies. As Green and Hulme (2005: 876) aptly note, ‘[Inequality and] poverty reduction does not simply require “good” policy: it requires creating the capacity of poorer people to influence, and hold accountable, those who make policies.’ In other words, while state policies or ‘politics from above’ in Brazil can promote development in rural areas, social movement ‘politics from below’ can pressure the state to implement policies (e.g. redistribute land and reduce poverty and inequality) when it lacks the political will to do so. In this regard, the central task of social movements is to serve as spaces of political socialization and thereby help members, especially the poorest, to develop a critical consciousness of the environment in which they live, and thereby gain an understanding of the structural causes of their poverty and act collectively to challenge their marginalization (Freire 1993; Bebbington 2007; Karriem 2009).

The MST has an expansive vision of politics; it views struggles for land as part of a larger project of social transformation, as MST leader João Paulo Stédile states: ‘Our strategic objective is to contribute to the reorganization of the Brazilian economy and society [so] that all Brazilians have work, education, housing, health, leisure, and cultural activities’ (cited by Pinassi 2000: 55). Whether the MST will achieve this broad transformation is an open question, but I argue that through its politics the MST promotes self-organization, political socialization and the forging of ‘global ambition’. In so doing, it has empowered members to exercise their political agency to challenge the power of rural elites, occupy land, and mobilize for agricultural credit and infrastructure support, thereby illustrating the efficacy of land occupations in facilitating the redistribution of assets, reducing poverty and improving social well-being in rural Brazil.

I commence the chapter by delineating the theoretical considerations underpinning it, specifically highlighting how politics can inform mobilizations geared towards improving the lives of the poor. In the following section, I provide a brief historical overview of the struggle for land in Brazil and, in doing so, I illustrate that contemporary

levels of land inequality and rural poverty are deeply imbricated in agricultural policies that have historically favoured agrarian elites. The next section analyses the origins of the MST and the strategies that drive the movement's struggle *for* land. Drawing on the concept of territorialization, I show how the land occupation has transformed the MST from a small regional into a nationally based social movement, and illustrate the difficulties encountered under the Workers' Party-led Lula and Dilma administrations. In the penultimate section, I appraise movement mobilizations to build livelihoods *on* the land reform settlements and illustrate how this has contributed to improving rural livelihoods. I conclude by summarizing the key arguments of this chapter.

### **Politics, power and grassroots mobilization for development**

Politics play an important role in determining development success and failure. Indeed, as Adrian Leftwich argues, 'the study and explicit promotion of development ... needs to be understood essentially and explicitly as a political process' (cited by Hickey 2008: 249). Notwithstanding the embeddedness of politics in development processes, contemporary neoliberal policy frameworks which seek to address poverty and inequality are increasingly framed within a technocratic discourse that "'cleanse[s]" development studies of considerations of power, class and politics' (Padayachee 2006: 17). For example, the popularity of 'social capital', 'participation' and 'good governance', which entered the lexicon of development during the 1990s, has served to underpin this technocratic turn in addressing poverty.

Fukuyama (2002: 27) defines social capital as the 'shared norms or values that promote social cooperation, instantiated in actual social relationships', and argues that the presence of social capital is a prerequisite for successful development. In line with this reasoning, Narayan, in her study in Tanzania, concludes that 'households living in villages with higher social capital have higher incomes' (cited by Cleaver 2005: 893). However, Cleaver's (*ibid.*) research on social capital in four villages in Tanzania's Usangu district found that the enormous energy and time expended by the chronically poor in sustaining family and social networks and in engaging with institutions generated meagre benefits. These findings strongly caution against viewing social capital as a magic wand in addressing poverty. Building

social capital and enhancing the capacity of the poor to participate are clearly important, but in their technocratic form they gloss over the deep structural constraints and political marginalization that the poor face. This depoliticized approach to development – which Ferguson (1990) calls the ‘anti-politics machine’ – blunts a critical appraisal of the structural causes and dominant power relations that sustain poverty and inequality at local, regional, national and global scales.

In contrast to technocratic approaches to development, social movements offer a more politicized approach that can empower the poor to challenge patron–client relationships, take their demands to state institutions, influence policy formulation and implementation, and hold political elites accountable (Hickey and Bracking 2005). In their mobilizations, social movements contest the policy and institutional arrangements that keep poor people in poverty, thereby challenging hegemonic ideas and the assumptions of the development project. Furthermore, in ‘politicizing discussions of development and society’ (Bebbington 2007: 813), movements bring to the debate terms such as redistributive land reform, equity and exploitation, thus allowing the poor to name the cause/s of their social marginalization and mobilize to change them.

A political economy approach is useful in understanding how power is maintained and how grassroots movements can contest it. To this end, the realms of political education and consciousness-raising emerge as crucial sites of contestation to support alternative conceptions of power and development. However, the ability to act collectively presupposes a certain level of political consciousness and active participation to overcome structural positions of powerlessness. Consciousness-raising can thus play an important role in enabling members of a group to challenge hegemonic ideas of development and become protagonists of their own history, or, as Gramsci (1971: 377) put it, ideas can become the foundation from ‘which men [and women] move, acquire consciousness of their position, struggle’. Marginalized groups do not immediately develop a consciousness of broad social change; rather, they usually start with a specific grievance or demand (e.g. for land) and only later incorporate broader demands. In this regard, Gaventa (1982: 25) writes that:

[T]he development of consciousness of an issue re-enforces the likelihood of attempted action upon it, in turn re-enforcing

consciousness. A single victory helps to alter inaction owing to the anticipation of defeat, leading to more action, and so on. Once patterns of quiescence are broken upon one set of grievances, the accumulating resources of challenge – e.g. organization, momentum, consciousness – may become transferable to other issues and other targets.

Empowering members of a group to believe that they have the ability or power to act against social exclusion is especially important in contexts of highly unequal power relationships such as in rural Brazil. A political economy approach with its multifaceted understanding of power provides a useful framework through which to comprehend how social movements can challenge poverty and inequality.

### **Historical background to the struggle for land in Brazil**

Brazil has one of the world's most unequal landholding structures, which can be traced to the Portuguese Crown's policy of extending *sesmarias* or large land grants to officials who provided military or political service, and those who produced crops for export. The *sesmaria* laws stipulated that land which was not utilized within five years would revert to the Crown. In practice, however, the law was not enforced, resulting in large-scale concentration and underutilization of land (Hall 1990). The promulgation of the Land Law in 1850 essentially reflected the labour needs of the agrarian elites in that '[t]he only way to obtain free labour under these circumstances would be to create obstacles to landownership, so that the free worker, unable to get land, would be forced to work for others' (Da Costa 2000: 82). The 1850 law, in upholding the power of agrarian elites and denying land access to the landless, would be the source of increasing conflicts over access to land that have persisted to this day.

Brazil, unlike other countries in Latin America, has never successfully undertaken an agrarian reform programme. The first president who attempted a limited agrarian reform programme, João Goulart, was deposed in a military coup in 1964 that was strongly supported by rural oligarchs. To defuse rural discontent, the military regime enacted – theoretically at least – the most radical agrarian reform legislation, the Land Statute of 1964. Legally, the statute had far-reaching consequences in that it made provision for the expropriation of land in the 'social interest' (Hall 1990). In practice, however, limited

redistribution took place under the Land Statute. Colonization projects on the Amazon frontier, rather than agrarian reform, were to be the main instrument for redistributing land. In practice, the Land Statute was geared towards modernizing agriculture through mechanization and the use of 'modern' agricultural technologies.

Brazil's agricultural revolution had significant social costs. In a scene reminiscent of the great enclosure movement in nineteenth-century England, almost thirty million small farmers, tenants and sharecroppers were forced off the land between 1960 and 1980 as vast tracts of public land were brought under private control, further concentrating land in fewer hands (Perz 2000: 866). Many of the uprooted streamed into the cities, while others stayed as undercapitalized small farmers and landless workers. Still others migrated to recreate their life on government colonization projects in the Amazon. These migrants confronted numerous difficulties since Amazonian soils were unsuited to agriculture, institutional support was limited or lacking, and exposure to tropical diseases took a heavy social toll. Although the colonization projects were presented as promoting land reform, in reality they created a pool of cheap labour for mining, cattle ranching and logging projects on the Amazon frontier. Colonization was clearly a poor substitute for a thoroughgoing land and agrarian reform programme.

These historical factors led to an increasingly concentrated landholding structure and growing landlessness. The Brazilian countryside has thus been a site of enormous wealth and asset accumulation, but also an arena of extreme land and income inequality, and oppressive rural social relations. One per cent of landowners with farms exceeding 1,000 hectares own 45 per cent of all farmland (Petras and Veltmeyer 2003; Carter and Carvalho 2010). Almost 50 per cent of Brazil's poor reside in rural areas and the incidence of poverty among the rural population is more than double that of urban areas. Poverty is pervasive in the north-east and northern regions; however, even in the more prosperous south, poverty is concentrated in rural areas (World Bank 1999). While there has been a reduction in extreme poverty due to the *Bolsa Família* cash transfer grants since the mid-2000s, poverty and income inequality are still high according to the 2010 Brazilian census (Leahy 2011). Land inequality, however, has remained stubbornly high. This brief historical sketch makes clear that Brazil's contemporary levels of land and income inequality and poverty have been shaped by public policies that have generated what

David Harvey (2003) calls ‘accumulation by dispossession’. These processes of dispossession and social exclusion may generate a political response because ‘[m]ovements might emerge in response to increasing levels of inequality, abuse and coercion that derive from shifts in the structure of social relationships and capital accumulation. In turn, the presence and action of movements might serve to rework these shifts’ (Bebbington 2007: 799). To build livelihoods in the countryside, the landless decided to organize themselves into a movement, as the next section will illustrate.

### **The origin of the MST and the territorialization of struggles for land**

The MST’s genesis can be traced to the agricultural modernization policies that forced millions of peasants into the cities. Some of the peasants who resisted the move to the cities successfully occupied the Macali and Brilhante farms in the southern Brazilian state of Rio Grande do Sul in the late 1970s. The success at Macali and Brilhante – the first under the military dictatorship – provided the impetus for further land occupations in the states of Parana, Santa Catarina, São Paulo and Mato Grosso do Sul (Marcon 1997; Morrisawa 2001; Branford and Rocha 2002). However, prominent members of the Pastoral Land Commission (CPT) of the Catholic Church were concerned at the isolated and fragmented nature of these localized struggles for land and feared that these incipient movements would be crushed by the dictatorship. In this regard, Harvey (1996: 324) has written that while localized ‘militant particularisms’ can acquire ‘global ambition’, they can also more easily be ‘dominated by the power of capital to coordinate accumulation across universal but fragmented space’. In the early 1980s, the CPT sponsored a series of meetings to unite these localized movements or militant particularisms. MST founder member João Stédile recalls CPT adviser Jose de Souza Martins’ advice that a ‘[social movement’s] struggle for land in Brazil will only have a future if it transforms itself into an important *political agent* to change society, if it manages to acquire *a national character*, and if it manages to organize [peasants in the north-east]’ (Stédile and Fernandes 2001: 21, emphasis added).

The CPT endeavour saw a number of localized movements merge to establish the Brazilian Landless Movement (MST) in January 1984. The MST consciously worked on building a movement with a national presence, maintained its autonomy from political parties, developed



its own leadership, and promoted political education (Morrisawa 2001). With the consolidation of the MST in southern Brazil, the movement was faced with what Harvey (1996) calls the dilemma of either organizing in or dominating place at the local-regional scale or commanding space at the broader national scale. The MST decided to territorialize the struggle for land throughout Brazil.

*Territorializing the struggle for land nationally* Fernandes (1996, 2001) uses the concept ‘territorialization’ to explain the growth of the MST into a national movement. Put simply, territorialization means that a successful land occupation leads to the establishment of a land reform settlement which provides the springboard for further land occupations and hence territorialization of the movement. Territorialization, however, not only results in the spatial conquest of territory, it also leads to the diffusion of global ambition, as illustrated by João Calixto: ‘[W]e are the settled families from group I; you know that a great struggle [for land] began here in the region of Sumaré. Group I was one of the first to be settled, [then] came group II, [then] came group III ... then *we began to form* group IV’ (cited by Fernandes 1996: 135, emphasis added). Calixto describes the organizational strategy that drives the territorialization of the movement: upon conquering land reform settlement Sumaré I, Calixto and his comrades recruited other landless families to undertake another occupation, which led to the conquest of Sumaré II. This territorialization process was repeated and eventually led to the establishment of settlements Sumaré III and IV, a strategy that has been territorialized across Brazil (ibid.).

Territorialization does not automatically lead to the establishment of a land reform settlement; instead, after occupying an unproductive farm, MST members are usually violently evicted by the police through a court order obtained by the landlord. At this stage the government’s land reform agency, INCRA, intervenes to resolve the conflict: sometimes INCRA expropriates the occupied property or settles the occupiers on land acquired in another part of the municipality or state (Meszaros 2000); however, in most cases INCRA simply mediates the land conflict without settling the families. Instead of dispersing, the landless set up a land encampment and engage in mass mobilizations until they are settled.

The successful occupations at Sumaré demonstrate how the organizational praxis drives the territorialization of the MST. However,

territorialization does not operate in a linear fashion; rather, as MST member Miguel notes, the quest for land is a deeply contested process:

[T]he development and ... rooting of capitalism in the countryside continuously creates more difficulties for the poor ... [So] we are in this constant political dispute, fighting to redistribute land, to de-concentrate land and, on the other hand, the mechanisms of the [capitalist] model concentrating land. (Interview 23, 7 June 2004)

The land occupation, in tackling the structural causes of landlessness (e.g. land inequality), thus brings to light the class contradictions in the struggle for land and rural development under capitalism.

The MST draws legitimacy for its occupations from Article 184 of the Brazilian Constitution, which states that '[i]t is incumbent upon the Republic to expropriate land for the social interest, for purposes of agrarian reform, rural property, which is not performing its social function'. While the Constitution sanctions the expropriation of unproductive land, successive governments have applied the clause only after grassroots pressure. The land occupation not only forces the legal system into action, it also stimulates a debate between the state and society on Brazil's extreme land inequality and the necessity for expropriating land that does not meet its social function.

Politics or political conscientization is the central medium through which the MST has sought to challenge the marginalization and social exclusion of the landless. The MST does not see the landless as victims who need charity, but as actors who could, through organization and struggle, become protagonists of their own liberation. To ensure the political socialization of its members, the MST employed Paulo Freire's (1993) *Pedagogy of the Oppressed* to create the conditions for its members to study, debate and actively reflect on their social reality and organize to change their state of social marginalization and landlessness. Freire (ibid.) argued that in a context of unequal power relationships, the poor often get trapped in a 'culture of silence' which prevents the development of a critical consciousness that is needed to challenge a state of powerlessness (Gaventa 1982; Gramsci 1971). The MST promotes a consciousness of global ambition which enables members to see the fight for land not in particularistic terms, but as part of a larger political project of social change, as João points out:

I entered into the MST out of necessity [for land] [but] the movement taught us to have a larger vision, to have a vision that it is not enough to struggle for ... a piece of land for yourself. ... I have to have a vision that behind me there are another twenty, thirty, forty, fifty that also need land. ... The movement gives you conditions to understand the whole of society, the way in which it is structured, and who it is that orders in the country today.  
(Interview 58, 24 October 2004)

João and his comrades had participated in various occupations in Rio Grande do Sul before being settled in 1989. From this base they recruited other landless families and embarked on more land occupations, and, in a process of territorialization that was successfully repeated, they had pressured the government to establish fifty-six land reform settlements by 2004. João captures how the MST's organizational praxis promotes political socialization, values of solidarity, territorial expansion, and active participation in the movement. Prior to the land occupation, João and his colleagues underwent a lengthy period of political education to orient them on the politics of land reform and the principles of the MST, and forge organizational cohesion, all key ingredients in ensuring group solidarity and cooperation during and after the occupation.

Like Calixto and João, other members were similarly empowered to exercise their agency and claim land. For example, in the early 1990s, MST members entered the Pontal de Paranapanema region in the state of São Paulo, where they discovered that wealthy landowners had illegally occupied a million hectares of government land. The MST launched numerous occupations to pressure the government to expropriate and redistribute this land, but the occupations generated a violent backlash by landowners. In this volatile situation, the state and federal government – under pressure to act by the Church and human rights groups – were forced to intervene, leading to the settlement of 6,000 families by the end of 1994 (Branford and Rocha 2002: 59; Fernandes 1996). These successes simply served to swell the ranks of the MST and a year later 22,000 families occupied a further fifty-nine farms in the Pontal region (Hammond 1999: 477). As the movement territorialized in the mid-1990s, land occupations increased substantially, forcing the Cardoso administration to settle 400,000 families throughout Brazil between 1995 and 1998 (Comparato

2003). From its modest origins in the south, the MST opened new fronts of struggle in the north-east, the north and centre-west regions, and gradually gained a presence in all five geographic regions of Brazil (Karriem 2009).

*Agrarian reform under the Lula and Dilma administrations* While the MST made important advances under President Cardoso's administration it expected more support for its agrarian reform agenda from the Workers' Party candidate, Lula, who assumed the presidency in 2003. Lula was elected into office on a strong platform of popular support to undo a decade of neoliberal rule. Upon coming to power, however, Lula's government continued and deepened Cardoso's neoliberal agenda by voluntarily increasing the primary budget surplus target of 3.75 per cent of GDP initially agreed with the IMF to 4.25 per cent to appease the markets.<sup>2</sup> To meet the self-imposed target of 4.25 per cent, the Finance Ministry drastically curbed public spending, and actively promoted the expansion of agribusiness to generate foreign exchange. Lula took to heart former president Cardoso's advice that Brazil had to 'export or die' and, in so doing, gave continuity to an exclusionary agro-export model.

Instead of promoting popular mobilizations in support of a transformative agenda, Lula and the Workers' Party (PT) called on popular movements to be patient, arguing that the Brazilian state could not be transformed overnight and that the conservative economic policy was temporary. The PT and the Lula government in effect demobilized popular forces while simultaneously reinforcing the 'liberal ideology of private property and the business class as the principal protagonists of society' (Almeida 2005). The speed with which the PT – the hegemonic force on the Brazilian left for almost two decades – moved to the political centre caught most movements by surprise. After a period of perplexity, the MST was among the first movements to assert its autonomy and challenge the Lula administration's conservative turn and support for agribusiness. In late 2003, the MST and other movements marched on Brasilia to demand the launch of the National Plan for Agrarian Reform (PNRA). The government eventually agreed to settle 400,000 families (instead of the PNRA target of 1 million) by the end of 2006 (Stédile 2007). In 2004, when the agrarian reform budget was cut, the MST embarked on a month-long national campaign of occupying government buildings and 127 unproductive

farms throughout Brazil (the highest number ever for a single month), and carrying out roadblocks.

In May 2005, the MST initiated a campaign to challenge the government's neoliberal policies, which undermined social investments. To this end, the MST mobilized a broad rural–urban coalition comprising 12,000 activists and carried out a seventeen-day, 230-kilometre march from the city of Goiania to the federal capital, Brasilia. The national march document – ‘Proposals of the MST, the Via Campesina, and the social movements to the Lula government’ – strongly critiqued the government's economic policy and demanded that the primary budget surplus be invested in education, healthcare, agrarian reform, housing and sanitation to meet the needs of the Brazilian people, rather than paying bankers.<sup>3</sup> While the march was important in uniting popular movements and politically disputing the neoliberal shift, the Lula government continued to privilege agribusiness and the neoliberal model.

The Lula government did not meet the PNRA target of settling 400,000 families by 2006; instead, 401,827 families were settled over his two terms of office (2003–10) compared to the Cardoso government's 460,269 families between 1994 and 2002 (Lima 2013). The MST and other rural movements argue that the Lula government's settlement figures are inflated as they include land squatter families who have been living on the land for years. The MST was even more disappointed when the Workers' Party's Dilma Rousseff, who succeeded Lula as president in 2011, took an even more overtly pro-agribusiness stance. The MST made few gains under her presidency: between 2011 and 2012, the Dilma administration settled only 44,000 families (Farrah 2013; Scarso 2012). The MST clearly faces an extremely difficult political conjuncture as Dilma's policies have strengthened agribusiness which, in turn, has made her more dependent in Congress on the votes of the agribusiness bloc, or *bancada ruralista*, which resolutely opposes the MST's agrarian reform objectives. MST leader João Paulo Rodrigues acknowledges that the movement faces a politically adverse conjuncture, stating that while the Lula and Dilma governments (compared to previous administrations) have not criminalized the movement, they are not committed to promoting agrarian reform:

Agrarian reform depends on two things: the organization of the people, and a progressive government willing to work with us. In

25 years of hard work, we have made much progress in organizing, but we have not encountered a people's government truly committed to agrarian reform. (Cited by Tilly et al. 2009)

What this suggests is that while the MST and its members can make their history, they do not always make it as they please. While the MST has made few gains in terms of land redistribution, it has pressured the Lula and Dilma administrations to implement public policies supporting family agriculture, as will be pointed out in the next section, where I will also appraise MST efforts to unite struggles *for* land with those *on* the land reform settlements.

### **From struggles for land to building livelihoods on the land**

Conquering land is but the first step in building livelihoods. Land reform beneficiaries are usually settled on land that has little to no infrastructure, and government provision of start-up support takes months to materialize, as land reform settler Francisco dos Santos from the state of Pernambuco notes: 'When I arrived here there was nothing. I had to clear the land by myself, and at the beginning we were starving' (Glass 2013).<sup>4</sup> Indeed, a national study conducted between 1995 and 2001 found that living conditions on land reform settlements were precarious: more than 50 per cent of settlements lacked access to potable water, 55 per cent lacked electricity, roads on the settlements were in a poor state, and there were significant delays in receiving credit, adversely affecting the building of livelihoods on the land (Carter and Carvalho 2010: 295–6).

MST settlers realized that resources take a long time to materialize, so they drew on their land occupation experience to pressure government to provide the resources to make a living on the land. One of my interviewees, Ivanildo, explains how the MST empowers members to see struggles for and on the land as interconnected:

Look, we actually had several mobilizations ... [to] fight for the right, you know, that everyone has ... [S]o summarizing what is written in the Constitution, 'everyone has the right to land' ... but it is not only for land that we carry out the struggle. We also need credit, housing, infrastructure in order to work, agricultural credit to plant. If you do not fight for this, you will not succeed. (Interview 22, 6 August 2004)

Ivanildo exemplifies how the movement empowers members to mobilize for land and ensure social reproduction on the land. While the first year of settlement is the most difficult, families who have been settled for years also confront significant challenges. For example, in the state of Paraná members of the Jardim Alegre land reform settlement met with municipal officials for assistance in storing their maize stocks. When negotiations produced no results, 1,000 Jardim Alegre members occupied the municipal building to demand repairs to impassable roads which lead to grain silos to store their maize. After two days of occupation, the mayor agreed to repair the roads and approached the Ministry of Agrarian Development for emergency assistance in storing the harvested maize. Similarly, in the state of Bahia, 700 MST members occupied the Mucuri municipal building and demanded the construction of a health clinic, the contracting of teachers for schools, and the expropriation of land (*Folha de São Paulo*, 28 February 2007). MST members do not always succeed in realizing their demands, but they are convinced that without mobilizing, state institutions will not meet or will take a long time to meet what they consider to be legitimate demands. José Gregorio, former Secretary of State for Human Rights, acknowledged the efficacy of the MST's grassroots pressure:

On a scale of one to ten, without the MST, the government would work for agrarian reform at a level of 3.5. But with the MST, the government is working at a level of eight. The intensification of government actions and efforts are, without a doubt, a response to pressure from the MST. (Interviewed by Cadji 2000: 32)

MST mobilizations have improved livelihood opportunities for tens of thousands of rural families. A Food and Agricultural Organization (FAO) study on land reform settlements in the early 1990s found improvements in residents' educational standards, life expectancies and incomes (Romeiro et al. 1994). A recent study covering all five regions of Brazil corroborated the FAO findings and found that, despite enormous difficulties in accessing agricultural credit and other public resources, there had been improvements in the living conditions of land reform settlers (Leite 2004; Heredia et al. 2006). While incomes increased, they varied greatly by region: in the state of Ceara in the north-east, for example, the average monthly income was R\$117 (US\$60),<sup>5</sup> while in Santa Catarina, in the south, it was R\$439 (US\$220).

These incomes are low, but if social well-being is measured solely by income, then André, one of my interviewees, would be classified as a ‘failed’ farmer in mainstream development terms. However, once we gain deeper insights into the before-and-after life histories of land reform beneficiaries, we find new or contested meanings of development. Before joining the MST, André worked as a sharecropper and had to give over 50 per cent of his production to the landlord, which left little for his wife and seven children, who often had very little to eat. By exercising his political agency he now has a brick house, chickens and cows which provide milk for his children. He produces most of his food, his children attend the local school, and he continues to participate in MST activities. André still faces many problems, such as getting access to agricultural credit, but the life of his family has improved immeasurably since his days as a sharecropper (Interview 13, 30 May 2004). Social well-being clearly means more than simply income.

In spite of the low incomes, 82 per cent of interviewees in the north-east (the poorest region in Brazil) said that their diet had improved in both quantity and quality relative to their prior landless status or as labourers on the sugar cane and cotton plantations. They now produced staple foods such as beans, maize and cassava, reared chickens and cattle, and sold excess produce in local markets. Moreover, their purchase of agricultural inputs and consumer goods stimulated economic activity in many rural economies, especially where there was an agglomeration of settlements (Carter and Carvalho 2010). Access to land has therefore had a positive role in promoting local economic development and improving the livelihoods of extremely poor families.

While land inequality is still stubbornly high in Brazil, there have been significant reductions in inequality in some regions, where there have been concerted land occupations of the type highlighted by Calixto and João above. Bergamasco and Norder (2010: 340), drawing on agricultural census data, found that in the Mirante do Paranapanema, Sumaré and Promissão municipalities in São Paulo state there had been a decline in land inequality (see Table 9.1). For example, owing to the redistribution of land in the municipality of Promissão between 1985 and 1995, the number of agricultural holdings doubled and the median size of the plots decreased significantly, leading to a reduction in the Gini coefficient for land from 0.769 to 0.685.



TABLE 9.1 Land distribution and land inequality in selected municipalities, 1975–95

Municipality	1975		1985		1995	
	Gini	Median area (in hectares)	Gini	Median area (in hectares)	Gini	Median area (in hectares)
Mirante do Paranapanema	0.813	79.74	0.801	111.36	0.755	65.94
Promissão	0.813	130.40	0.769	93.17	0.685	56.39
Sumaré	0.640	37.92	0.687	34.50	0.527	31.61

Source: Adapted from Bergamasco and Norder (2010: 340)

While MST land occupations have had some success in reducing land inequality, they have also set in motion a change in rural power relations since the landowner is forced to negotiate with the landless. In the settlement phase, movement leaders in turn negotiate with the federal and local governments, thus bypassing local agrarian elites, which have traditionally politically represented and mediated the rural poor's interaction with state institutions. In this regard, the MST's political actions destabilize traditional client–patron relationships, thereby contributing to the democratization of rural social relations and the emergence of new grassroots development actors (Meszaros 2000; Leite 2004).

The MST has mobilized for the implementation of public policies, but it has also joined other movements in demanding that the Brazilian government formulate and implement new legislation to address some of the problems their members face. The storage and marketing of agricultural produce are among the major problems confronted by small-scale farmers. The MST and other rural social movements have mobilized for years to pressure the government to address this problem via state procurement, storage and commercialization policies. This grassroots pressure finally bore fruit in 2003 when the Lula government established the Food Acquisition Programme (PAA), a component of Brazil's Zero Hunger programme. Moreover, persistent mobilization led to a new law in 2009 that stipulated that the National School Meal Programme (PNAE), which serves 45 million students, purchase 30 per cent of all food supplies from small farmers. In the past, PNAE purchased most produce from medium and large-scale farmers (Sa 2012).

The government's National Supply Company (CONAB) purchases agricultural products from small farmers at guaranteed prices, stores and then distributes the produce to entities (e.g. churches) that provide it to food insecure communities. The PAA and PNAE thus exercise an important role in generating a secure source of income for small farmers, as well as addressing the hunger, food and nutrition insecurity of a significant portion of Brazil's population. Chmielewska et al. (2010: 20) found that the PAA allowed farmers to increase the land devoted to production, plant new varieties of fruits and vegetables, and start rearing pigs, cows and chickens, thus leading to greater product diversification. There was also increased utilization of tractors and investment in irrigation systems, and some beneficiaries who had previously sold their labour to other farmers or in local towns now worked full-time on their own farms. In the words of one beneficiary, 'Before we just passed the day doing little, but today we work on our plots to produce for CONAB' (ibid.: 21). A sub-modality of the PAA, the Incentive for the Production and Consumption of Milk or PAA-Milk, incentivizes the production and consumption of milk by families facing food and nutrition insecurity in Brazil's north-east region (where 46 per cent of households confront some degree of food insecurity), with farmers producing between 30 and 100 litres of milk per day prioritized. In 2009, almost 24,000 farmers in nine states produced 174 million litres of milk, which were distributed to 662,000 families or 3.3 million people living in conditions of food and nutritional insecurity (Peraci and Bittencourt 2010). The PAA and PNAE have been well received by social movements and policy analysts, especially for their role in bridging the realms of production (by poor small farmers) and consumption (by food insecure families). However, there have been calls for these programmes to receive greater budgetary and institutional support if they are to meet their promise of building more secure livelihoods for poor small-scale farmers and tackling the challenges faced by the 65 million food and nutritionally insecure residents of Brazil (IBGE 2010).

The MST's struggle for land and rural development programmes has made important strides in gaining assets and building the livelihoods of its members; however, poverty as well as land and income inequality are still high in Brazil. While all its objectives have not been realized, MST mobilizations for and on the land give strength to further struggles for a more egalitarian future.

## Concluding remarks

In this chapter, I analysed the MST's struggles for land and rural development and showed how, through a process of territorialization, the movement grew from a regional into a national movement. Territorialization, however, not only leads to the territorial expansion of the movement, it also leads to the spatialization of an organizational praxis that encourages self-organization, political socialization and global ambition. Furthermore, I point out that the force of the MST lies in merging struggles *for* land with struggles for livelihoods *on* the land. In so doing, the movement brings together into one organization landless families fighting for land and land reform settlers demanding public policies to remain on the land. Landless families join the settled families in pressuring the government to provide agricultural credit and infrastructure support. The settlers, in turn, provide material (food, tents, etc.) and practical support by recruiting and embarking on land occupations with the landless families, as the activism of João and Calixto exemplifies. This active solidarity between the landless and settled families is an important factor in the MST's organizational cohesion, its national growth and improvement in member livelihoods.

I have also tried to argue that the MST's 'politics from below' has played a vital role in pushing the state to implement existing policies (e.g. redistribute land) and has been a driver for the promulgation and implementation of new policies such as the PAA and PNAE. While the MST broadly paints the state and its institutions as representing landowner and elite interests, in practice its mobilizations are both *against* and *with* the state; but it is via adversarial actions that the state is pushed into working with and meeting some of the demands of MST members. In other words, the state is a 'space of struggle through which and against which [to] articulate [movement] aims' (Marston 2003: 231).

Politics have been an important medium through which the MST has empowered members to exercise their political agency, occupy land and provide agricultural credit, thereby improving social well-being in rural Brazil. The MST's grassroots actions show the efficacy of land reform in putting unutilized land to productive use, improving rural livelihoods and promoting regional development. While the MST's mobilizations under the Lula and especially the Dilma administrations have not yielded as many benefits for its members, these mobilizations have revealed that poverty and inequality are intrinsically political

problems and, as such, ‘politics and political change remain the key means by which such poverty [and inequality] can be challenged’ (Hickey and Bracking 2005: 851).

## Notes

1 I would like to thank Rashied Ahmed, Mark Hoskins and the editors for their valuable comments, which made the chapter much stronger.

2 The IMF-imposed primary budget surpluses are generated to service interest payments on Brazil's debt. During Lula's first term of office (2003–06), the government paid \$600 billion reis (R) (almost US\$300 billion) just to service debt (Sicsú 2007).

3 For a detailed account of the 2005 march, see Karriem (2005).

4 Today, Francisco dos Santos is a fairly successful fruit farmer and generates a monthly income of R\$3,000.00 (US\$1,500.00) and employs five workers (Glass 2013).

5 The amounts mentioned are equivalent to US\$60 and US\$220, respectively.

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# 10 | LAND-ALIENATION-INFUSED POVERTY IN INDIA<sup>1</sup>

*Sony Pellissery*

## **Introduction**

India is a hierarchical society. At a religio-philosophical level, graded inequality is legitimized in India. Long spells of Arab invasion and colonialism have not created historical discontinuities strong enough to dislodge the religio-cultural traditions. Thus, despite a Constitution that guarantees equality for all citizens, a feudal mode of production thrived. The impact has not been the same for all citizens. Socially disadvantaged groups at the bottom of the hierarchy – lower castes and indigenous people – which constitute about 25 per cent of the population, continue to experience durable poverty in a country where double-digit economic growth has occurred in the last two decades. Similarly, while a significant proportion of economic growth stories emerge from a handful of metropolitan cities, over 70 per cent of the population resides in rural areas, with 53 per cent of the population deriving their livelihoods from non-mechanized rain-fed agriculture. This chapter argues that this paradoxical drama of economic growth with appalling inequality can be understood only through the lens of the complex story of asset alienation: land.

India has 304 million hectares of land and approximately 256 million households (Census of India 2011). What processes have led to an unequal distribution of this vast resource? If unequal distribution of land is at the core of the story of poverty, why has a rebellion for equal distribution not occurred? These questions require deeper examination of the nature of society and economy. This chapter will examine the ideational foundations of inequality in the first part. In the second part, evidence for unequal distribution of land will be presented to argue why land is the key defining feature of social inequality.

## **Ideational foundations of inequality in India**

Indian civilization is much more dynamic than the brief history of the Indian state. This has the implication that the effectiveness of the Indian

state in addressing inequality is deeply embedded with the question of how inequality was cumulatively generated in the civilizational process (Pellissery 2005). Some authors (Khilnani 2010 among others) argue that the state is a contested concept in India since diversity (of language, religion, historical continuity of regions and geo-climatic basis) has prevented Indian society from developing a social contract, which is essential to combat inequality. These arguments point to the importance of the ideational foundations of inequality in the Indian context.

To investigate the societal and cultural dimensions of the origins of poverty and inequality in the Indian context one has to revisit its history 2,000 years ago. This is because the roots of rationalist challenge to authority systems (religion) (comparable to the Enlightenment in Europe) took place when Buddha rejected God as well as the Hindu social order. Without a brief examination of this legacy,<sup>2</sup> the story of inequality and attempts at social reform in India would be incomplete.

The feudalistic nature of production (which was resistant both to the British colonial rule and the new Constitution of the Republic of India) is closely associated with Hindu social order and its caste system.<sup>3</sup> India has a unique social division, the (endogamous) caste system. *'Caste is class at primitive level of production, a religious method of forming social consciousness in such a manner that the primary producer is deprived of his surplus with the minimum coercion'* (Kosambi 1954: 14, emphasis in original). Until 800 BC, caste is not seen as an institution of discrimination (or a 'social problem' in the sense we understand today) since inter-dining and intermarriage were possible. During the late Bronze Age and early Iron Age pastoral-nomadic communities developed into four castes. Kosambi (1955: 42) explains this development as follows:

The reason for caste stratification is the new productive basis, which had led to relations of production between groups, higher than in the tribal stage but with still primitive tools. Thus, we have a tenant of Brahminism for state policy that each caste and subcaste (*jati*), tribal district, guild, and even large family group had to be judged by its own particular laws, obviously because it was then a unit of production. Therefore, the state could not uniformize the juridical structure within groups, but only regulate transactions between groups.<sup>4</sup>



Religion as a source of power was used to valorize some and devalorize other functions. In other words, the actions of the highest caste (Brahmins) in offering sacrifices was most noble, compared to the activities of the labouring caste (*Shudras*). ‘Brahminism had constructed the acts of tilling the land, removing a carcass from the village, skinning a carcass, and transforming hide into leather as filthy. In other words, the whole process of human intercourse with nature, land, plants and animals in productive and creative modes was constructed as unclean’ (Iliah 2007: 303). This rigid caste structure that prevented mobility warranted a revolt.

Buddhism was a revolution in Aryan society in circa 400 BC. It began as a religious revolution and evolved as a social and political revolution (Ambedkar 1987 [1956]). As a revolution, it challenged the caste system and accepted members from lower castes in the position of priest (a role reserved for Brahmins – the highest caste) and gave an equal position to women. These were explicit challenges to the power structure of society, which was legitimized by the *Upanishadic* and *Puranic* scriptures. At the core of Buddhist revolution was the principle of social equality. This was possible because of the reasoned rejection of God. King Ashoka (304–234 BC) accepted these Buddhist ideals and put them into practice, and religious revolution as social revolution received the patronage of the state.

As a counter-revolution to this, Brahminical forces solidified the caste system through much stricter laws through *Manusmriti* (*ibid.*), and the regime that succeeded King Ashoka persecuted Buddhism by accepting *Manusmriti*’s code of law (compiled during 200 BC–AD 200). The greatest assault on rationality itself was when reason was rejected in favour of religious precepts.<sup>5</sup> ‘Hindu observed untouchability and caste not because they are inhuman or wrong headed. They observed caste because they are deeply religious’ (Ambedkar 1936: 68). Thus, the very social philosophy of the Hindu religion is focused neither on the individual nor on society but on ‘Brahminic supermen’ (Haragopal and Sukumar 2007).

The caste system created two kinds of long-term impacts. First, it legitimized a graded inequality through legal measures that awarded different types of penalties for the same crime (lower punishment for high-caste and higher punishment for lower-caste). Society, deeply divided into numerous grades, found it hard to unite on the basis of class, since the fight was with the grade above.<sup>6</sup> Secondly, discrimination in

the realm of education (since learning was reserved for the Brahminical caste) led to loss of human capital and inclusion in the jobs other than agriculture and unskilled work.

### **Impossibility of Hindu reformation in modern India**

Democracy's track record in achieving drastic power shifts is limited. Rather, historical discontinuities such as colonization, revolutions (intellectual or political) or even rule by a benevolent dictator have been proved to change the power equations after which democracy stabilizes. In this sense, the Indian subcontinent had a good opportunity in the form of the freedom struggle against British colonial rule in the second half of the nineteenth century. However, by this time the political class, because of its identification with richer segments in society, had failed to raise the 'social' question in a comprehensive manner. A section within the Congress Party, which spearheaded the freedom struggle, argued that social reform (in its limited sense) must precede political reform. However, this view of the Social Reform Party was silenced<sup>7</sup> by those who held that political reform and capture of power from the British were more important. Thus, the elitist nature of the freedom struggle and the making of the Constitution by English-speaking Western-educated Indians were precedents to concealing important social questions.

If the 'social' question in independent India was to be appropriately framed, it should have been as a Hindu reformation, i.e. challenging the internal contradictions of Hindu social philosophy in the light of the modernist values of the mid-twentieth century. This was not to be the case. The Constitution of independent India was a vision statement of ideals for a 'new' country. The biggest problem was how the Enlightenment ideals of 'equality, liberty and fraternity' were to be realized in a context where the majority was illiterate and had lived for centuries with the Hindu social philosophy of graded inequality. The chairman of the Drafting Committee of the Constituent Assembly, Ambedkar (who was from a lower caste), strongly argued this: 'Constitutional morality is not a natural sentiment. It has to be cultivated. We must realize that our people have yet to learn it. Democracy in India is only a top dressing, on an Indian soil, which is essentially undemocratic.' He further cautioned that if the inequalities were not removed, the poorest sections would undo the Constitution and democracy itself. The Constitution specifically recognized two social groups as hugely disadvantaged. These groups were placed in

the schedule of the Constitution, and they were: Scheduled Castes or Dalits (literally meaning 'broken' people; outcastes from the Hindu caste system and, therefore, untouchables)<sup>8</sup> and Scheduled Tribes or Adivasis (people who lived in forests or indigenous people). Presently, Dalits constitute 16.6 per cent of the Indian population while Adivasis constitute 8.5 per cent. Both these groups, owing to historical injustices, have experienced disadvantage in all spheres of human development.<sup>9</sup>

Independent India's development plans were not in the direction of inequality reduction.<sup>10</sup> A handful of industrialists in Bombay had prepared the 'Bombay Plan', which was to become the blueprint for national development for the next few decades under the Nehruvian vision (Chibber 2003). Though the Bombay Plan did not have a socialist vision, Nehru visualized that industrialization could be possible without the suffering that Europe underwent, in contrast to Gandhi, who believed industrialization was a problem in itself. Sanyal (2007: 155) compares the Gandhi/Nehru debate on industrialization to that of Lenin/Narodniks in Russia,<sup>11</sup> and points to the paradox of the initial victory by Nehru/Narodniks and contemporary disenchantment with such capital-intensive models.

After initial balancing of investment in small-scale and large-scale industries, Indian planning processes hugely favoured capital-intensive large industries. Yet this state-led industrialization was hugely different from European industrialization, where the capital came from private/market sources. Nor was the strategy to extract surplus from agriculture for the development of industry. As Chakraborty (1987: 21) states, 'it was necessary for agriculture to contribute to the building up of a modern industrial sector by providing cheap labour and also cheap food'. Thus, the capital-good hypothesis and the wage-good hypothesis worked simultaneously in India. Sanyal (2007: 167) has argued that though there was no surplus extraction, the very process of separation of the means of labour from labour itself was sufficient to establish the process of primitive accumulation in early independent India's development path.

The capitalist push led to the coexistence of industrial success and high levels of poverty. Thus, by the early 1970s, there were specific programmes designed to eradicate poverty. The Congress Party, facing elections in the early 1970s, used the slogan *garibihatao* (remove poverty), which won votes from the masses. Subsequently, anti-poverty programmes were unleashed across different Indian states. These

attempts did not yield much of a result since the fundamental question of inequality, namely that of property, was not addressed.

### **Property at the root of deprivation**

As pointed out above, Hindu social philosophy, which legitimized graded inequality, created disadvantaged sections through the processes of discrimination and historical injustice. These groups received special rights in the Constitution and policy spaces. Though the histories of both Dalits (through discrimination within the caste system) and Adivasis (through isolation due to their prolonged periods in forests) are different, policy responses to ensure welfare for them are the same. Positive discrimination in jobs (through a quota system), prevention of atrocities against Dalits and Adivasis and budgetary spending in proportion to their population are three important interventions designed for these groups. Yet none of these measures addresses the crux of the problem, i.e. land alienation.

Land in India was in few hands at the time of independence, since the British colonial administration had created a property registration system, primarily as an attempt to collect taxes.<sup>12</sup> In an agrarian economy such as India's, land as property was central to bringing well-being to the people. As Dreze (2004: 1729) points out: 'The economic and social rights complement and reinforce each other. Taken in isolation, each of them has its limitations, and may not even be realizable within the present structure of property rights.'

The Republic of India made a feeble attempt at land distribution in the 1950s.<sup>13</sup> However, the political class, which was also the landowning class, successfully foiled this attempt in connivance with the bureaucracy. With the exceptions of the states of Kerala and West Bengal (where Communist parties were in power) no state was able to make any progress in this direction. This has resulted in 40 per cent of rural households living as landless labourers. At the same time, there is an abundance of land owned by large landholders. Table 10.1 provides evidence on the inequality of landholdings. The Gini coefficient for land inequality in India is 0.76 (Rawal 2008).

It is important to note that even if land reforms had been successful, the situation of Dalits and Adivasis would not have improved (see Table 10.2 for the relative deprivation of the two groups compared to other social groups). This is because the disadvantaged groups of Dalits and Adivasis have always had completely different types of relationship with land.

TABLE 10.1 Inequality of landholdings in India (in hectares, 2003–04)

	Landless	Less than 0.4 ha	0.4–1 ha	1–2 ha	2–3 ha	3–5 ha	5–10 ha	More than 10 ha
Proportion of households (%)	31.12	29.82	18.97	10.68	4.22	3.06	1.6	0.52
Proportion of area owned (%)	0	5.11	16.89	20.47	13.94	16.59	15.21	11.77

Source: Modified based on Rawal (2008)

TABLE 10.2 Group inequality in rural India

	Upper caste	Other Backward Classes (OBCs)	Scheduled Castes	Scheduled Tribes	All groups
Proportion of population (total, %)	26 <sup>a</sup>	49.2 <sup>a</sup>	16.6	8.2	100
Mean household per capita consumption (rupees)	1,037	748	657	511	776
Proportion of households owning or cultivating land (%)	74	65	44	62	60
Average area owned (high caste = 100) <sup>b</sup>	100	78	25	75	64

Notes: <sup>a</sup> The percentages of upper caste and OBCs are approximate, since the census does not collect data on caste systematically. However, a process called 'Caste Census' is presently under way in India. Other religions, such as Muslims and Christians, are also divided into different castes. <sup>b</sup> Since this is an estimate, other groups' landownership is estimated in proportion to the high caste.

Source: Compiled from Census of India (2011) and analysis (by Barooah et al. 2014) of household survey data collected during 2004/05 by the University of Maryland in collaboration with the National Council of Applied Economic Research (NCAER) from 41,554 households in 1,504 villages and 971 urban areas across thirty-three states of India. The table presents data relevant to rural areas to show the relationship between landlessness and poverty with reference to social groups. Data from urban households shows poverty measured as per capita consumption in exactly the same fashion, i.e. highest in upper-caste households and lowest among Scheduled Tribes.

Dalits were a labouring class, and not a landowning class. They worked on the farms of landlords, often under oppressive conditions (e.g. Breman 1989). Traditionally, they were also not cultivators. When land reform was being attempted (in the 1960s and 1970s),

one group that was able to assert its claim was tenants, who were cultivators. Cultivators were from the middle caste, referred to as ‘Other Backward Classes’ (OBCs) in India, compared to landowners, who belonged to the upper caste. In the social hierarchy of India, the OBCs assumed a higher position over Dalits and Adivasis. As OBCs gained landownership, their social and political position improved significantly. Eventually, in north India, OBCs were able to consolidate as a political group (very often known as ‘social justice parties’) and defeat upper castes in the elections. Thus, the composition of the Indian parliament (as well as the bureaucracy) changed from high-caste-dominated to OBC-dominated. This has not been a pleasant scenario for Dalits. As OBCs occupied a socially higher position in the hierarchy and assumed economic and political power, their tension with Dalits increased (Pai 2012). Thus, land has become the axis of conflict between Dalits and OBCs in most of rural India.

Compared to the situation of Dalits, Adivasis had a different relationship with the land question. They basically depended on forest for their livelihood. They relied on hunting, gathering and subsistence farming. Their value orientation to land was that of identity. About 60 per cent of Indian forest lies in 187 Adivasi districts. Land was alienated from Adivasis through two processes. First, money borrowed from non-Adivasis at usurious interest rates led to land being surrendered to the moneylender (Mander 2002). Non-Adivasis exploited the illiteracy of Adivasis by forging documents and forcing them to pledge land deeds for small sums of money. Secondly, the state displaced the Adivasis, which is discussed later in this chapter. There is a law preventing land alienation of Adivasis, i.e. a non-Adivasi could not buy land from an Adivasi. Yet the state could acquire the land from Adivasis and give it to private companies under the eminent domain principle.<sup>14</sup>

A common thread that unites both these disadvantaged groups on the land issue is their dependence on land for livelihood and as a security, rather than as a capitalist mode of production,<sup>15</sup> for which there is statistical evidence (World Bank 2007: 51). This livelihood approach to land is in direct opposition to the current developmental model of the Indian state. These conflicts require deeper examination.

### **Developmental processes that deepen land alienation**

As pointed out earlier, in independent India progress was equated with building infrastructure necessary for capitalist development. It is

estimated that approximately sixty million people have been displaced owing to 'development projects' since independence in 1947, i.e. approximately one million persons a year (Walter 2004; Michael 1999). Forty per cent of the displaced are Adivasis and 25 per cent are Dalits (Pinto 1998). A good majority of India's urban slum (the informal economy of property relations where land titles are disputed) population is comprised of development-displaced persons. The projects which lead to 'development-induced' displacement are closely associated with the planning exercise. These planned developments include constructions of dams, mines and highways and industrial development.

Earlier development projects focused on dams, primarily meant for irrigation. Resistance to such projects received national attention when a dam was planned with World Bank funding across the Narmada river in central India, displacing about twenty million Adivasis. This grew to a national movement against land acquisitions in the 1980s. Since then, there has been organized agitation in all locations where Adivasis have suffered attempts to displace them. The major argument of the displaced communities has been that when a livelihood approach is taken towards land, compensation in terms of either money or land is insufficient to replace what is lost. Livelihood is connected with the environment, such as social networks of members, commons<sup>16</sup> in the area, and sacredness of land where ancestral gods reside.

In more recent times, displacement has been due to the allocation of mining rights. Natural resources in India are found on land which Adivasis inhabit. Ninety per cent of coal, 100 per cent of mica and about 60 per cent of other minerals are found in the districts where Adivasis have been living for centuries (Pinto 1998). State governments, in the urge to gain foreign direct investment from international mining companies, have sold these huge tracts of natural resources. This could be termed 'development versus development'. On one hand, the state wants extractive development, unmindful of the rapid depletion of natural resources that could sustain many generations, dependent on the capital-intensive mode. On the other, people want a durable relationship with land as a livelihood opportunity.

The nature and form of resistance have changed from the 1980s to today. In richer states, where compensation packages are high (e.g. Gujarat, Haryana), people are ready to part with lands. But in poorer states (e.g. Jharkhand, Orissa) armed violence is taking place over the question of land.<sup>17</sup> However, today there is no concerted demand for

land reforms. In a country where 53 per cent of the labour force is in agriculture, and the contribution of agriculture to GDP is a dismal 14 per cent, it is obviously clear that, given the choice, farmers would like to leave the land. Since 1990, there has been a huge agrarian crisis and on average 14,000 farmers have committed suicide every year. This evidence has to be interpreted in the light of larger development paths that the country has taken, rather than as evidence to deny land rights to the poorer sections.

Similar to the displacement of Adivasis for the primitive accumulation of profits from natural resources is the case of urban displacement in the form of slum clearances. The majority of occupants in the slums of metropolitan areas are Dalits. They have come to the city looking for a livelihood and to escape the oppression and discrimination of feudal landlords. 'Land' rights for this population do not imply use of the soil, but include access to other natural resources such as water (Kothari 2001: para. 62).<sup>18</sup> Despite the human rights bodies and civil society organizations appealing for the right to shelter for these people, courts have stated that 'allowing people who build their homes over generations on public land – encroachers – to remain on land is akin to giving money to a pick-pocket' (*Almitra H. Patel v. Union of India*, 2000, 8 SCC 19, cited in Suresh and Narrain 2014). Elsewhere (Davy and Pellissery 2013; Pellissery 2013) I have elaborated how radical citizenship has claimed property rights in informal settlements such as slums.

### **The contradiction between the republican state and the feudal mode of production**

The Industrial Revolution in Europe saw the forces of feudalism being systematically succeeded by the forces of capitalism. The modes of production also completed the dramatic shift from agricultural to industrial. The Indian experience, on the other hand, is a disjointed story of different modes of production. The debate on the predominant mode of production in India has long continued with few definitive answers. Coexistence of dual modes is widely accepted. So while capitalism has come to be a mode of production, it bases itself on semi-feudal, pre-capitalist modes of production (Thorner 1982). These feudal relations of production are based on the *zamindari* system of landlordism.

There is a widespread consensus that the feudal mode of ownership and production needs to be tackled, since it is detrimental to both capitalist expansion and livelihood options. Yet social policy models



that have transformed feudal structures are virtually unknown, both theoretically and among practitioners. It is in this sense that land rights as social rights become the guiding problem for distributive justice in India.

Ownership of land for the two most socially disadvantaged communities (Dalits and Adivasis) can substantially improve the welfare of these groups. However, addressing this deprivation requires challenging the feudal mode of production. India has 14.2 million slaves, and approximately 60 million child labourers.<sup>19</sup> These disturbing numbers are related to the expansive feudal mode of production. Property rights could give true freedom to this population.<sup>20</sup> Justice K. K. Mathew, in his treatise on *Democracy, Equality and Freedom* (1978), categorically expressed the view

In a Society with a mixed economy, who can be sure that freedom in relation to property might not be regarded as an aspect of individual freedom? People without property have a tendency to become slaves. They become the property of others as they have no property themselves. They will come to say: 'Make us slaves, but feed us'. Liberty, independence, self-respect, have their roots in property. To denigrate the institution of property is to shut one's eyes to the stark reality evidenced by the innate instinct and the steady object of pursuit of the vast majority of people. Protection of property interest may quite fairly be deemed in appropriate circumstances an aspect of freedom. (p. 71)

The disadvantaged groups of Dalits and Adivasis are demanding dignity and equality by demanding property. However, Ambedkar, champion of the cause of Dalits, had argued that equality and liberty could not be achieved through purely materialist social policies:

Religion, social status and property are all sources of power and authority, which one man has, to control the liberty of another. One is predominant at one stage, the other is predominant at another stage. That is the only difference. If liberty is the ideal, if liberty means the destruction of the dominion which one man holds over another then obviously it cannot be insisted upon that economic reform must be the one kind of reform worthy of pursuit. If the source of power and dominion is at any given time

or in any given society social and religious then social reform and religious reform must be accepted as the necessary sort of reform. (Ambedkar 1936: 33)

Later Ambedkar argues that even if property redistribution is given paramount importance, in a hierarchical society, support for such redistribution is dependent on whether non-discrimination could be expected after distribution.<sup>21</sup> Thus, Ambedkar (referring to graded inequality) insisted that equality and liberty could not be separated from fraternity.

This analysis indicates that access to land is not merely a demand for livelihood, but a demand for equality and full membership in a society. It is in this sense that land alienation becomes a means of grading citizens and placing the alienated members at the bottom of society.

## **Conclusion**

The mode of production in a society determines the nature of relations among the citizens. In the context of huge land inequality and a feudal mode of production, equality and liberty are far from realized for the sections of population that are deprived of the means of production. Yet a majoritarian democracy (rather than a system of proportional representation) fails to generate a system of fraternity among citizens to give space for charting a course towards equality and liberty.

The socially disadvantaged groups of Dalits and Adivasis, which have been pushed to poverty through historical injustice, are caught in the vicious cycle of asset deprivation, socio-economic marginalization through discrimination and limited political resources. This chapter has argued that the reason for the persistence of their marginalization is their land alienation. This root cause has been legitimized by the Hindu social philosophy of religious justification for graded inequality. In modern times, the extraction-intensive development path has denied the place of land as a livelihood resource. It seems apparent that in a hierarchical society, when state-led development is aiding those at the top of hierarchy, the demand for livelihood through land (by those on the lower rungs of the hierarchy) will be perceived as less legitimate, and attempts to assert such voices may often lead to violence and social disturbances.

## Notes

1 This chapter was first presented as a paper during the conference on 'Understanding Southern welfare' at the Centre for Interdisciplinary Research (ZiF), University of Bielefeld, Germany, 24–26 November 2014. In preparing this chapter, I have hugely benefited from an exchange of ideas with Benjamin Davy, Lutz Leisering and Ulrike Davy.

2 There have been similar challenges to Hindu social order from time to time, such as Jainism, which was a revolt against the caste system, or Sikhism. During the medieval period, Bhakti saints (such as Kabir and Nanak) preached about social equality and castelessness. In the nineteenth century there was an intellectual renaissance during which many reformers (some influenced by Western thought) appealed for liberation and the abandoning of class and caste. For details see Thapar (1966).

3 Prominent academic works on caste have not taken the political economy approach seriously. The works of Max Weber or Dumont have emphasized the cultural dimensions of caste. In recent times, there has been renewed interest in examining the caste issue from this missing dimension. Singh (2014) argues that the underlying issues of caste relations are those of property and land rights.

4 Note that Kosambi uses the term 'caste-class'. Ambedkar and subsequent writers (for instance, Omvedt 2007) have emphasized that caste's origin is not in 'functional differentiation' as occurred in the capitalist stage of European development. Caste originated in the pre-capitalist mode of production. Ambedkar repeatedly maintained that caste is not 'division of labour, but division of labourers'.

5 Ambedkar argues that the reason for the disappearance of Buddhism from India is the Brahminical persecution rather than Islamic invasion.

6 Interestingly, Indian Marxists subsume the caste question into class, and thus fail to raise the issue of caste inequality. This inability by Marxist groups to consolidate the disadvantaged groups has partly contributed to the consolidation of groups on a caste basis in electoral politics, which has led to the casteization of politics in recent times.

7 Ambedkar (1936) analyses the reasons for this. He points out that the Socialist Reform Party was concerned with reform of the Hindu family, and not wider concerns of reconstruction of Hindu society. 'The Social Conference was a body which mainly concerned itself with the reform of the high caste Hindu family. It consisted mostly of enlightened high caste Hindus who did not feel the necessity for agitating for the abolition of caste or had not the courage to agitate for it. They felt quite naturally a great urge to remove such evils as enforced widowhood, child marriages etc, evils which prevailed among them and which were personally felt by them. They did not stand up for the reform of the Hindu society. The battle that was fought centred round the question of the reform of the family. It did not relate to the social reform in the sense of the break-up of the caste system. It was never put in issue by the reformers. That is the reason why the Social Reform party lost' (p. 28).

8 Note that the Indian Constitution does not abolish the caste system, but it abolishes discrimination based on caste, creed and language.

9 Various reports and studies (by both government agencies and civil society organizations) provide evidence for the deprivation of lower castes and Adivasis in the domains of education, health, poverty levels and access to public services (for a synthesis of these reports, refer to World Bank 2011), which need not be repeated here.

10 Poverty alleviation as a separate target of development planning gets acceptance only during the fifth plan (late 1970s).

11 The argument concerning mass production versus production by the masses for local consumption needs.

12 The East India Company gained revenue collection rights (*Diwani*) from Mughal emperors (in 1765) though their primary interest was in trading. Eventually, they realized that revenue derived from huge agrarian tracts was more profitable than income from trade. Subsequently, systems of property rights were created to suit this revenue collection system. Different systems were developed in different parts (*Zamindari* – permanent settlement through an intermediary for 100 years; *Ryotwari* – direct revenue collection from cultivators, which necessitated identification of property and its registration). The question of property rights in independent India is entangled with these path-dependent legacies. I have examined this issue of how modern India's property regimes have path dependency on colonial times elsewhere (Pellissery and Sattwick 2012).

13 See Pellissery (2014) on the historical evolution of the jurisprudence of land rights as social rights in India.

14 The power of the state to acquire land from private parties forcefully (but often with compensation) in the wider public interest.

15 There has been intense debate in India as to whether agriculture is a capitalist mode. See Patnaik (1991) for a summary of these debates.

16 The National Sample Survey (1999) pointed out that 45 per cent of rural households in India depend on commons for firewood collection, another 13 per cent for fodder collection, 20 per cent for grazing land, 30 per cent for water for livestock, and 23 per cent for water

for irrigation. The same report pointed out that these vital common property resources were shrinking at the rate of 1.9 per cent every five years.

17 In 2013, a New Land Acquisition Act was passed in parliament. This Act replaced the old 1894 legislation which was extensively misused by corporations and the state to take land for a pittance. Absurd cases are exemplified by *Revenue Divisional Officer-cum-LAO v. Shaik Azam Sahem*, where the Supreme Court increased the rate of compensation from 16,000 rupees (Rs) to Rs141,666.66 per acre, or *Kanta Devi @ Ors v. State of Haryana @ others*, where the rate of compensation was increased from Rs40,000 per acre to Rs384,000 per acre. For more on the issue of compensation see Singh (2012). The new Land Acquisition Act is still not operational. Industry has demanded that compensation rates be lowered and that the 'social impact assessment' clause be modified. The new government, keen to attract business, is considering these demands by the business communities.

18 *Olga Tellis v. Bombay Municipal Corporation* (1985) had been a landmark case in which the Supreme Court respected the plea of pavement dwellers for shelter under the right to life. For many years the Supreme Court followed this logic in deciding cases of slum dwellers' eviction. Yet, in recent times, there has been a deviation from this logic.

19 The Census of India estimates that 15 million children in the age group of five to fourteen are in child labour. However, civil society groups (Bachpan Bachao Andolan) estimate this number to be 60 million.

20 The sense of freedom attached to landownership in India can be identified with Hegel's exposition on property. He characterizes property as having the ability to give completeness to an individual's innate idea of freedom. This

attachment of the subjective to the objective 'thing', i.e. 'land', is justified as it allows a human being to exercise his free will and thus his sense of freedom on an external thing.

21 'Now it is obvious that the economic reform contemplated by the Socialists cannot come about unless there is a revolution resulting in the seizure of power – that seizure of power must be by a proletariat. The first question I ask is: Will the proletariat of India combine

to bring about this revolution? What will move men to such an action? It seems to me that other things being equal the only thing that will move one man to take such an action is the feeling of equality and fraternity and above all of justice. Men will not join in a revolution for the equalization of property unless they know that after the revolution is achieved they will be treated equally and that there will be no discrimination of caste and creed' (Ambedkar 1936: 34).

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## 11 | THE POLITICS OF HUNGER DEATHS IN ODISHA (INDIA)

*Rajakishor Mahana*

In 2000, three tribals were shot dead in a police shooting in Maikanch village while protesting against the establishment of a mining project by Utkal Alumina International Ltd (UAIL) in the Kashipur block of Rayagada district in southern Odisha. Even after many years, the people's movement in Kashipur was still in force. As a PhD student interested in the anthropology of development, I had been conducting my fieldwork in Kashipur since 2004, attempting to understand the dynamics of conflict over development. A similar incident of police shooting happened on 2 January 2006 in Kalinganagar, Jajpur district, in eastern Odisha, where people had been fighting against the establishment of Tata Steel Industries on their agricultural land, which resulted in the death of fourteen tribals (Das 2006a, 2006b, 2006c, 2006d, 2006e, 2006f; JOHAR and JMACC 2006: 22; *The Hindu* 2006a, 2006b). In both places, the reason for the conflict over development was obvious. The state takes pride in transforming the countryside into an 'industrial hub' and had invited a number of multinational companies (MNCs) to start a new era of 'development' in Odisha. But Bulka Miniaka, an old tribal leader of the Kashipur movement, challenges the very concept of 'development':

What is development? Whose development? Does development imply cars and vehicles for everyone? The Chief Minister and others may need cars but why does everybody need it? Is it possible to give cars and vehicles to everyone? We don't need cars and motors. We are the people of the soil and our lives revolve around the soil. We cannot live without our land. We will die to save our land.

This illustrates the resistance of the tribals to the authoritative and bureaucratic forces of power and development. This confrontation, a counter-hegemonic discourse, found not just in words, actions,

struggles, *dharanas* (sit-ins), lie-downs, *bandhas*, *gheraos*<sup>1</sup> and boycotts, but in the fragmentary play of aspirations, dreams and desires, in betrayed and ruined hopes, in habits of being and ways of life, is neither antagonistic to change nor against development; rather, I argue, the tribals are the subjects of an ongoing development endeavour who aspire not only to *more* material and economic prosperity but also to freedom – freedom from domination and deprivation. Against this background, this chapter (as an introductory section to my PhD thesis) makes a critical examination of how ‘development’ works in a relatively small community in the Kashipur block in Odisha, and how the failure of a development intervention justifies *another* development intervention. Kashipur as an example has been chosen for the following reasons. Kashipur, which is part of the undivided KBK (Koraput, Bolangir and Kalahandi) districts, known as the hunger hot spots of India, has received considerable state funding along with a number of national and international development interventions. Secondly, though very rich in natural resources, Kashipur has the dubious distinction of being known for its poverty, hunger and backwardness, thus presenting a paradoxical picture of resource prosperity and economic poverty.

During 1985/86, the death through starvation of 400 people in Kashipur captured the attention of the national media for the first time. Again in 2001, the media highlighted the incidences of chronic food shortage and hunger deaths in Kashipur, drawing nationwide attention – anger, concern and sympathy (Bhagat 2001; S. Das, 2001; Khan 2001; Kumar 2001; Satapathy 2001). Kashipur was flooded with delegations, initially from the local media to the prime minister of India – all trying to show their concern, determine the severity of the incident and assess ‘what needs to be done’. In 2004, I followed the trail of the incident to the local community of Kashipur, which was still struggling with poverty and hunger long after the crisis of the hunger deaths began and ended for the outsiders who came to ‘assess the situation’. Although there has been no dearth of agency-sponsored development interventions – national and international – starvation deaths continue to be prevalent in Kashipur. For example, during the rainy season in 2007, there were around four hundred unnatural deaths, again attributed to ‘cholera’, ‘diarrhoea’, ‘malnutrition’ and ‘hunger’ (Samantra and Das 2010). ‘In Kashipur alone, more than fifteen Adivasis died this year also due to diarrhoea,’ Bhagaban Majhi, a tribal leader from Kucheipadar village in Kashipur, told me over phone in September 2010, although the



government of Odisha acknowledged the deaths of only nine tribals in Kashipur during August and September 2010.

Critical thinking on the root causes of the hunger deaths brings forth two questions. Why do ‘development’ interventions fail to produce the intended consequences? Why are development interventions continued despite the fact that they tend to fail to produce the intended consequences? The conventional analysis of development failures, however, leads to two important conceptual problems. First, substantive empirical evidence shows that development interventions, though ‘failing’ in their own terms, succeed in producing something – for example, altered social relations, redistributed power or realigned state–society relations (Ferguson 1990: 18–21, 254–6). Secondly, focusing on ‘what went wrong’ limits analysis to implementation-related tags like ‘social capital’, ‘public action’, ‘political will’ or ‘vested interest’ (cf. Currie 1998, 2000). This conventional analysis overlooks a potentially more useful analysis of whether the development interventions themselves are based on false assumptions about their bases of operation. Building on the insights of Ferguson’s ‘anti-politics machine’, this chapter identifies the roots of the false assumptions that lead development interventions to produce unintended consequences. Further, Joel Migdal’s ‘state-in-society’ model of political power helps in understanding the power brokers in a society that guides social control and political power (1988, 2001). Based on these theories, the chapter provides an adequate understanding of how development works by exploring the politics of hunger deaths in Kashipur, Odisha.

It shows that development interventions failed to address the issue of hunger deaths in Kashipur not because there was drought in the area, a lack of development interventions or a failure of institutional support mechanisms, but because of the power play of the local elites who controlled the food, as well as the apathy of the state in addressing the root causes of hunger deaths. Through the attribution of hunger deaths to ‘drought’, ‘food poisoning’ or ‘cholera’, attention has been diverted from the fact that severe food shortage is a chronic problem in Kashipur. The development interventions, mostly in the form of ‘relief measures’, have ensured the disempowerment and vulnerability of the tribals and reinstated the myth that land in Kashipur is too infertile to produce enough for the tribals to sustain themselves. Thus, the politics of hunger deaths has produced land as ‘the problem’, which, in turn, has invited another development intervention. Therefore, the chapter

argues that development interventions justify their continuance by producing ‘underdevelopment’ of various kinds.

### **Revisiting the anti-politics machine: James Ferguson and beyond**

Over the years, although conventional development wisdom has given birth to different theoretical constructions, essentially conventional development thinking has not strayed far from its roots in the ‘positivist orthodoxy’ of the 1950s, which held that the underdeveloped communities could develop through the implementation of technical plans with the assistance of a benevolent state. Such simplistic assumptions are problematic. Ferguson’s study on Lesotho (1990), for example, explicitly reveals that unintended consequences are produced by development interventions as a result of what he calls the ‘anti-politics machine’ – development interventions are rooted in false assumptions that simplify the political process and depoliticize how power and politics are exercised in a local context. Though there is widespread consensus that almost all major development interventions in Lesotho failed to produce the intended outcomes, he argues that the development agencies continue to justify more interventions with the same erroneous assumptions that led previous plans to fail. A serious limitation of this conceptual apparatus is that it predetermines how to overcome the shortcomings in development interventions.

Ferguson deals with the two most common assumptions that depoliticize development planning: the principle of ‘governmentality’ and its corollary – the linear (i.e. technical) planning method. While the former assumes ‘the main features of economy and society must be within the control of a neutral, unitary, and effective national government, and thus responsive to planners’ blueprints’ (ibid.: 72), the latter provides a ‘blueprint approach’ that believes public policy is a series of linear inputs for the production of certain quantifiable outputs. Ferguson suggests, however, that these apolitical assumptions are the *cause* of poor development planning, not the *result* of development planning itself.

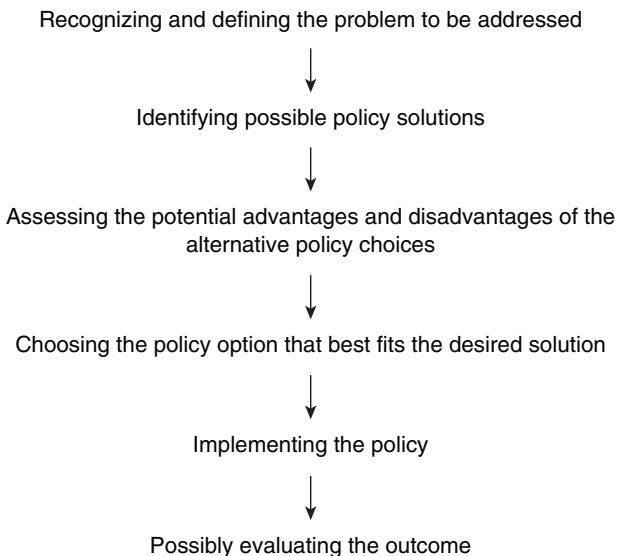
Ferguson’s semantic engagement with Foucault’s ‘power of discourse’ (cf. Escobar 1988) limits his study to looking into the attendant issues that merit equal, if not more, attention, i.e.: How are false assumptions produced? What are the elements within the development discourse that justify development interventions relying on such false assumptions? How does the beneficiary community

think and act in response to the ‘anti-politics machine’? By attending to the above questions, one can construct a more progressive critique of development discourse that aspires to an improved development discourse and practice (intervention).

Although development discourse led to the evolution of different approaches to rationalize state power, the state has occupied a central and dominant place in the discourse of development theory and practice, determining the development of a society through linear public policy models that consider policy planning as a series of linear inputs resulting in an intended output (see Figure 11.1).

The linear public policy prescription is evident throughout the literature, from the World Bank reports to scholarly academic writings indicating that there is a resistance to engaging in a deeper political analysis to understand the reasons why the linear and the scientific policies have failed to produce the intended results.

The limitation of the model is that it reduces policy planning to a technical exercise in problem-solving. Moreover, the model is also susceptible to what James Scott calls ‘high-modernist ideology’ – that is, an overconfident emphasis on scientific and technical progress



**11.1** The linear policy formation model (source: Tordella (2003: 9))

to satisfy growing human needs, expand production, tame nature (including human nature) and resolve all the problems of society (Scott 1998: 4, 89–90). The application of this model depoliticizes the social and political issues, implicitly demanding a technical solution. On the other hand, the state has been recast as a technical instrument for mechanically implementing development plans as it visualizes them. The divorce of policy from the realm of politics is most problematic with this ideal-linear model, which depoliticizes the nature of political power and the environment in which development plans operate.

The state does not operate as an idealized monopoly of power within societies. Scott, for instance, makes a strong case that the subalterns actively challenge state control (cf. Huntington 1968: 177–91; Tripp 1997; Coplan 2001) through ‘hidden’ non-compliance with the state authorities, which he powerfully termed ‘weapons of the weak’ (Scott 1985). In recognition of this, Migdal’s ‘state-in-society’ model of political power avoids the limitations of depoliticized development planning and focuses on the study of the exercise of political power in real, not idealized, societies (1988, 2001). Depicting society as ‘a *mélange* of social organizations’ rather than dichotomous structures (e.g. centre–periphery, modern–traditional, etc.), Migdal presents his state-in-society model, which has two important components relevant to development theory (1988: 28):

1. Social control and political power derive from the ability to augment social welfare; and
2. As this augmentation of social welfare is not monopolized by any single source, social control and political power exist fragmented among ‘a *mélange*’ of competing and cooperating power-holders.

The first component is similar to Scott’s argument that the primary concern of the peasants is to sustain their livelihoods, and therefore power lies in the hands of those patrons who are able to augment the welfare of the community (1976: 180–85). Thus, despite the state’s resistance to other organizations achieving predominance, the state emerges as the dominant authority once other organizations, such as ethnic groups, families, clans, multinational corporations, domestic enterprises, tribes and villages, offer individuals the resources for survival. Here the individual makes a choice, though difficult, among the competing components of survival strategies. Non-compliance

with the state authority here is not just personal deviance or criminality or corruption; rather it is an important struggle over authority to make rules that determine the individual's social behaviour.

The second component indicates that the state exists within 'a *mélange*' of power brokers that compete for social control and, in turn, complicates the process of how social control is exercised. Here accommodation of power among different power brokers, such as local politicians, state bureaucrats and implementers and non-state local 'strongmen', ensures the restriction of the monopolization of dominant power by any single formal or non-formal power broker (Migdal 2001: 84–94).

This does not mean that leaders do not have an interest in making the state the vehicle for progressive social change. Ultimately, it is the implementers who must make policy work at the ground level, sandwiched between the policy-makers and the society. Here they confront different kinds of pressures, from formal supervisors, the intended beneficiaries of the implemented programme, regional state actors (e.g. peer politicians and bureaucrats) and the non-state strongmen (e.g. moneylenders, landlords and local businessmen). Along with these pressures, the personal character and professional obligations of the implementers influence the intended outcome of the interventions. The policies and plans that ignore such dynamics are naturally susceptible to unintended consequences.

The preceding section argued that development interventions tend to produce unintended consequences for local communities owing to the incorporation of false assumptions regarding how politics is exercised in the local contexts. Building on the insights of Ferguson, I have argued that incorporation of false assumptions depoliticizes the real context of social control and development planning in the local communities. Finally, Migdal's state-in-society approach that recognizes the state as 'a *mélange*' of power brokers helps us to understand how informal and non-state channels of power lead development interventions to produce unintended consequences. Building on these theories, I will examine how development interventions produce 'underdevelopment' by analysing the politics of hunger deaths in Kashipur as an example.

### **Kashipur caught in the webs of development**

The old termite-eaten district gazetteer may have been accurate in declaring that 'the entire Kashipur tahsil ... is a wild country, a tangle of

hills and valleys with a few patches of cultivable land'. An administrative unit since 1573, nearly four hundred years later Kashipur still had no town, only clusters of small villages overwhelmingly inhabited by Scheduled Tribes – the most marginalized group on India's social totem pole (Senapati and Sahu 1966: 8, 442, 446). In partial contrast, today in the Kashipur block of Rayagada district there are two or three small towns and 416 villages with an increasing proportion of general caste and Scheduled Caste inhabitants, local governance units, a few local NGOs and a considerably improved communication infrastructure. The total population of the block is 121,086, of which 62 per cent belong to Scheduled Tribes, 20 per cent to Scheduled Castes and the remaining 18 per cent are General Caste (GOO 2007: 11–12). As stated above, though very rich in natural resources, Kashipur has the dubious distinction of being known for its poverty, hunger and backwardness, thus presenting a paradoxical picture of resource prosperity and economic poverty.

As a result, development interventions of various local, national and international agencies were brought together for the development of Kashipur and its people. But a British scholar who visited Kashipur in early 2002 to study how development and relief work in rural India writes:

Vulnerability to crisis remains a long-term dilemma for this community despite that 'development' has been the Government of Orissa's official *raison d'être* and that the state enjoys the full-time assistance of five UN development agencies, several national and international NGOs, the World Bank, DFID, and PricewaterhouseCoopers. Kashipur Block also has been embroiled in development work including over 40 years of government watershed projects, 21 years of service from a local NGO, plus multi-million dollar development projects administered by IFAD and UNICEF. (Tordella 2003: 1)

Here my goal is to understand the intricacy of the production of underdevelopment, unravelling how this development 'assistance' has failed to contribute measurably to the welfare and progress of the tribals. I will present here, as an example, an analysis of one of the multimillion-rupee development projects implemented in Kashipur, administered by the International Fund for Agricultural Development (IFAD).

As described at the beginning of the chapter, during 1985/86 Kashipur faced a severe drought. Starvation deaths were reported in both the local and national media. The death toll reached 400. So Kashipur block was deemed an underdeveloped area and targeted for immediate development intervention. A mega development project administered by IFAD was launched in Kashipur in May 1988, intended ‘to achieve a sustainable economic uplift of the tribal population with a spread of benefits that would reach the weaker and most disadvantaged section of the community’ (IFAD 1998: 2).

The programme was implemented by the Orissa Tribal Development Programme (OTDP). In an interview, Akhila Saunta, who was in power as a Member of the Legislative Assembly (MLA) during IFAD’s intervention in Kashipur, told me, ‘the people were not considered worthy enough to be consulted at any stage and the project was implemented according to the convenience of the project authorities, not according to the priorities of the beneficiaries’. Therefore, Agramamee, a local NGO, initially involved in the OTDP for human resource development (HRD) activities, withdrew from the project because it believed that the people’s voices were not given due emphasis in the prioritization of the project’s activities and implementation. The IFAD evaluation report also acknowledges that

The target group did not feel ‘included’ and sufficiently integrated in the project [...] The degree of participation at all stages in the project was limited – for instance, tribal people were minimally involved in project design and were seldom involved in developing the annual work programme and the budget. The project lacked consultation with the targeted population, thus creating an atmosphere of mistrust and discontent. (IFAD 1999: 2, 6)

With targeted beneficiaries of 12,500 tribal families and 4,000 non-tribal families, OTDP made ‘good achievements’ in infrastructure development. With the objective of bringing the tribals into the national mainstream, the development of infrastructure was accorded considerable importance. A road from Tikiri, a small town in Kashipur block, to Kashipur block headquarters and a railway line from Rayagada to Koraput were constructed, connecting Kashipur to the outer world through a rail route. The project was ‘relatively successful’ in land surveying and settlement activities. Playing an instrumental

role in land surveying, the project issued rights to *dongar* (hill) land to 6,837 families in 236 villages, covering a total area of 17,175 acres of land (IFAD 1998: 2). The scheme was not implemented in half of the villages in the block, and ‘those villages whose land was likely to be acquired for mining and refinery purposes were specifically kept out of the ambit of the programme’ (V. Das 2001: 2613). Through the agriculture and natural resources development component, a few water harvesting structures were constructed and varieties of high-yielding hybrid seeds and new crops were introduced. For example, the tribals were taught to grow coffee and mulberry (for sericulture) in their *dongars*, where they used to grow traditional crops such as ragi, small millets, legumes and niger. The OTDP succeeded in irrigating only half of the land targeted and performed below expectations on human resources development. Within a decade (1987–97), IFAD had spent Rs600 million<sup>2</sup> and a further Rs400 million was spent by the Integrated Tribal Development Agency (ITDA) for the development of Kashipur block alone (Sarangi 2002: 3241).

The project ended with many shortcomings. Money was spent hastily without even meeting the official targets and there were large-scale misappropriation and irregularities. OTDP had twelve project managers in an implementation period of nine years, which obviously prevented a minimum degree of continuity. Highlighting all these, one local daily reports, for example, on the closing day of OTDP, 31 December 1997, ‘On this day bills worth Rs.5 crore had been passed for payment to contractors and other suppliers. The report expresses surprise, that in one day, how so much money could have been transacted and accounted for’ (*The Dharitri* 2001, cited in Das 2003: 81). The sustainability of the development intervention became questionable, not to mention that the water harvesting structures, irrigation systems and roads constructed under infrastructure development – the most successful component of the project – were found to be deteriorating at the time of the evaluation (IFAD 1999: 6). Another problem is that the OTDP created a community of wage labourers out of an almost self-sufficient community (cf. Nanda 1994). According to the IFAD evaluation report (1998: 2),

The tribals were provided both with food-for-work and a token salary in return for their labour in developing project-related infrastructure. However, once infrastructure activities were



completed, employment opportunities were absent, thus leaving the tribals without the cash-in-hand they had received through OTDP. Having got used to cash-in-hand, the tribals have been forced to revert again to moneylenders, which has only aggravated their indebtedness problem.

The people of Kashipur realized the motive behind the IFAD project in the 1990s when the area was selected for corporate development intervention. As early as 1992, Kashipur was identified as a bauxite resource for the establishment of a mining project by Utkal Alumina International Ltd (UAIL).

### **The story of hunger deaths in Kashipur**

Despite so much 'effective' public intervention, the irony is that the number of Below Poverty Line (BPL) families in the block, according to government estimates, increased from 15,471 in 1992 to 24,582 in 1997 (Sarangi 2002: 3241). Even today, out of a total of 32,245 families in Kashipur, 19,158 (59.41 per cent) are BPL families. Moreover, what is surprising is that hunger deaths continue to be a regular yearly phenomenon in the area. For example, in Kashipur, 400 people died of hunger in 1986, 60 in 1999, 40 in 2000, 44 in 2001 (ibid.: 3240, 3239), about 400 in 2007 and 15 in 2010 (author's fieldwork), though the official causes and reasons provided are diverse and ambiguous.

The tug-of-war between the ruling and the opposition party continues with regard to hunger deaths. The state defines starvation death as 'death completely without food'. Thus, the ruling government has denied that hunger was the cause of the deaths, saying that the medical reports show that the victims had consumed 'poisonous food' such as 'mango kernels, tamarind seed powder, mushrooms and pumpkin leaves' (Sarangi 2002: 3239). The real causes of the deaths are completely ignored. As usual, the ruling government continues distributing food grains to the poor families at a subsidized rate through the Public Distribution System (PDS), issuing compensation to the victims' families and establishing emergency packages such as Food for Work, the National Rural Employment Guarantee Scheme (NREGS), etc. The best thing they have done is to appoint a committee to investigate 'hunger deaths', which has suggested some remedial measures.

The bone of contention here is not whether these were 'starvation deaths' or deaths due to 'food poisoning'. My investigation here is on the

current state of destitution in Kashipur and the life-threatening conditions that compel the tribals to consume mango kernel, tamarind seeds, *ghurdi sag* (a kind of wild green leaf) and/or poisonous mushrooms. In general, the staple food of the people in this area is *mandia pej* – gruel prepared out of ragi (finger millet), locally known as *mandia*. Flavoured with a pinch of salt and a handful of rice or maize corn thrown in, this rather bland gruel is taken for breakfast, lunch and, in the absence of rice, for dinner too, without variation. It is a staple food for babies too. Rice and *suan* (little millet) come next in the list of food items. Rice is a luxury for them. In addition, they produce varieties of pulses, oil seeds and vegetables mostly for their consumption. They also cultivate a few cash crops like *alsi* (niger). To a large extent, food consumption depends upon the seasonal agricultural yields and forest produce.

The identifiable sources of livelihood for the tribals of Kashipur are agriculture, occasional wage labour and collection of minor forest produce. (Now the hills of Kashipur are barren and the forest is almost desolate owing to *dongar* (shifting) cultivation, corporate interest and jungle mafia. The J. K. Paper Mill at Rayagada is responsible for the depletion of the forest in Kashipur to a large extent.) The hilly terrain of Kashipur does not leave much space for plain land cultivation and nearly 90 per cent of the plain lands are not irrigated. So the tribals practise shifting cultivation. The presence of laterite soil brings low yields. Per capita landholding in the district is 1.5 hectares and per capita grain output is 124 kilograms per annum (Jena 2008: 20). In Kashipur, out of the total cultivable area of 37,124 hectares of land, paddy is grown only in 7,585 hectares and other crops, including varieties of small millets, pulses, oil seeds, vegetable and cash crops, are cultivated on the remaining 29,539 hectares of land. Of the total cultivable area, only 4,980 hectares (13 per cent) are irrigated and the rest are rain fed. In the block, there are 3,705 *sukhbasi* (landless) families and 3,293 families without homestead land. All the agricultural produce, taken together, lasts at best for six months. The chronic food shortage starts as soon as the rainy season arrives and it continues until the beginning of the next harvest.

Even though the area is known for food shortages during the rainy season and non-availability of wage earning, the tribals of Kashipur (namely the Kondh, Paraja, Penga and Jhodia) prefer not to migrate in search of alternative livelihoods. So, during this period, they mostly depend on wage earning, which is not readily available. During lean periods, the other available means of survival is the PDS rice supplied

by the government. Many families are not in a position to buy the PDS rice owing to lack of money. The poor families mortgage their ration cards to the local moneylenders for a sum of a mere Rs.50 or even less. Despite possessing the cards, many of these families hardly ever purchase the prescribed amount of 25 kilograms of rice as they find it difficult to meet the cost. The moneylenders who buy the rice generally grant a pittance (mostly 5 kilograms) to the card holder and make a profit by selling the remaining 20 kilograms on the open market at a higher price (EPW 2002: 3477). The District Collector, Bishnupada Sethi, admits, 'The people are so poor, they often don't have money even to buy rice at BPL rates' (Satapathy 2001). Half of the poor families having BPL cards admit that they are unable to buy PDS rice at times when it is most needed.

Besides all these problems, the public supply is irregular, unpredictable, insufficient and corrupt. As soon as the PDS rice reaches the local ration shops or Panchayat offices, people rush there, even walking for the whole day in the hill terrains. Very often, I have seen a crowd of men and women sitting in front of the Panchayat offices waiting for their monthly quota of ration. As, in most cases, the PDS rice is distributed on a first-come-first-served basis, sometimes laggards end up getting nothing. Sometimes, sitting and starving for the whole day and getting no ration, they return home in the evening in the hope that they will get rice the next day.

Anticipating the non-availability of food and wage earning from July to September every year, the tribals of Kashipur collect and store dried mango kernels and tamarind seeds to consume during times of food crisis. Eating mango kernel once or twice a year on specific ceremonial occasions is fine. However, consuming mango kernel or tamarind pulp as a staple food is inadequate. But when there is no food grain left and hunger haunts the belly, the tribals will eat anything they can lay their hands on, from mango kernel, tamarind seeds, *ghurdi sag*, bamboo shoots and dried beef to poisonous mushrooms. *Tankupej*, the mango kernel gruel, is a heavy food, hard to digest. Thus, when taken continuously without any variation, it leads to indigestion and dysentery. Deaths due to this are considered (by the government) 'food poison deaths' rather than 'hunger deaths' as the tribals have not died empty bellied but have consumed mango kernel gruel!

Another problem associated with food scarcity is the exploitation of tribals by the moneylenders, traders, contractors and bureaucrats.

Mostly during the monsoon, finding no opportunity for wage earning and not being able to mobilize money to buy PDS rice, the tribals approach moneylenders, who are ever ready to provide loans both in cash and kind. As soon as the tribals harvest their crops, the moneylender ensures payment with exorbitant rates of interest (sometimes ranging between 200 and 400 per cent, depending on the calculations of the moneylender). As an old man from Bilamala village in Kashipur says, '*Adivasi kamani, Sahukar bharani* – the tribals harvest to pay the moneylenders'. Thus, a major portion of the harvest goes to the moneylenders, pushing the tribals into a vicious circle of usury.

Realizing the gravity of the situation, Agramee, after a series of discussions and consultations with the local people, developed an alternative saving strategy to provide the tribals with a self-sustaining food security system throughout the year, especially during monsoon. After suggestions from Agramee, community grain banks called *kutumb panthi* started in a few selected villages, with each family contributing to the collective saving of grains just after the harvest. As a result of this, in 1993, UNICEF supported Agramee's pioneering effort in carrying forward the programme of food security in Kashipur block. Thus, to encourage development of the scheme, Agramee provided a matching contribution of grain to each of the newly built *kutumb panthis*. In Kashipur alone, Agramee helped to set up 535 *kutumb panthis* in 412 villages (Das and Das 2001: 131). In times of need, the villagers borrowed from it, initially by paying a high rate of interest equalling the amounts charged by the moneylenders. This helped the *kutumb panthis* to grow fast. As surplus grain built up, the rate of interest was lowered. All the decisions regarding the grain bank – time of grain collections and distribution, interest rate, monitoring of defaulters and use of surplus grain – were taken collectively, ensuring transparency and continuity of the system. Half of the members of the *kutumb panthis* were women. It is observed that *kutumb panthis* with strong women leadership succeeded better and lasted longer than those managed by men. However, these *kutumb panthis* were very helpful in providing food security during the worst periods of food shortage and also in providing an alternative strategy for the poor tribals to free themselves from the clutches of moneylenders.

After six years, UNICEF's support of Agramee's endeavour in food security came to an end. With no support, Agramee had to cut its monitoring of *kutumb panthis*. Nevertheless, a few *kutumb panthis*

were sustained by the communities themselves. But in many villages the *kutumb panthis* came to an end owing to a strong counter-campaign by the moneylenders, who saw that a major source of their income was slipping away. Poor storage facilities resulting in loss of food grains, the apathy of the people towards the *kutumb panthis*, defaults in repayment and lack of monitoring were some of the other reasons for the failure of the *kutumb panthis*. It was found, however, that the *kutumb panthis* had stopped functioning three or four years earlier in the villages where hunger deaths were reported in 2001 (Agragamee 2007: 3). Today the *kutumb panthi* no longer exists in any tribal village in Kashipur.

In August 2006, I visited Panasguda and Bilamal villages in Kashipur. In July 2001, seven people were reported dead owing to consumption of poisonous mushrooms in Panasguda. Although Bilamal is the adopted model village of the UAIL, four family members also died of hunger in this village on 8 August 2001. By 25 August 2001, nineteen persons were reported dead in the same block owing to consumption of mango kernel, tamarind seeds, wild mushrooms and leaves. The story is the same in many other villages in Kashipur.

In August 2007, I was in Kashipur conducting fieldwork. All the villages were affected by 'diarrhoea' and 'cholera'. According to the government health authorities of Rayagada District, 6,000 patients from Kashipur block suffering from 'cholera' were treated in August 2007 (Jena 2008). The death toll increased rapidly. Medical teams, media persons, activists, researchers and politicians visited the area to assess whether the deaths were due to 'dysentery', 'cholera', 'food poisoning' or 'starvation'. Controversy continues. As usual, the government issued compensation for the deceased and provided relief and job opportunities (through NREGS) from its emergency fund. The irony is that, in this situation, the people have not been provided with their wages even after two months of the completion of the NREGS works.

The stark reality, however, is that backbreaking poverty and chronic food shortage continue in Kashipur. During my stay in Kucheipadar village in September 2007, I was invited one day by Suni (name changed) to dinner. I followed her that dark night to her house, which was located at the other end of the village. Reaching home, she was happy to inform her family members that I was going to dine with them. Suni, with the help of her brother and sisters, hurriedly cleaned and lit the old broken lantern (the tribals generally do not light lamps

at night as they manage with the fire from the oven). The small room was illuminated and I could see everything – nearly emptied grain bins, a few bunches of dried maize hanging from the ceiling beam, a few clothes on the *dola* (rafter) and a few earthen and aluminum pots on the raised earthen platform (kitchen). Suni was quick to serve me food in aluminum plates. I asked her to give food to her father and brother, and she did so. She also got her own food. We sat together to eat. Initially I took the curry to be *dal* (curry prepared out of pulses). But I could feel the difference while eating. To my query as to what kind of *dal* it was, she told me sheepishly that it was *ambdijhola* – a curry prepared out of rice gruel supplemented with tamarind. Her father interrupted her and said that, during rainy days, it was not only vegetables but also staple food commodities that become scarce. He was worried that their food bin was getting emptied and they had to wait for another three months for the crops to ripen (at the earliest, maize ripens by the end of October). During lean periods, they had to depend on the PDS rice, which they buy with their wage earnings. Even the monthly quota of PDS rice (25 kilograms/month) was not sufficient for their eight-member family. If they earned more in wages, they bought rice from the market. Otherwise, they survived by consuming *jahnapej* (maize gruel, if dried maize is available), *tankupej* (mango kernel gruel), tamarind seeds, *ghurdisag* (a variety of wild greens) and mushrooms. ‘Do you like eating *tankupej*?’ I asked. Almost everybody in the family grimaced and Suni’s father said, ‘Nobody likes to take the bitter-tasting *tankupej* but when there is nothing at home and rats run in your belly, then you have to eat whatever you find.’

The story is the same for almost every family, except a very few elites in the village. Food shortage is a persistent problem in Kashipur. In the name of eradicating poverty and hunger deaths, the colonial legacy of development interventions continues without any attention being paid to immanent development. In other words, development interventions of different kinds continue ‘by creating abnormalities’ (Escobar 1992: 25) in more concrete terms like ‘the poor’, ‘the malnourished’, ‘the illiterate’ and ‘the landless’. In Kashipur, in the quest to eradicate all problems, the development interventions have continued indefinitely. Bhagaban Majhi complains that nobody has paid any attention to the most desired development interventions in the area, namely irrigating arable lands, giving land titles to landless families, planting fruit-bearing trees in *dongars* and creating employment opportunities during

lean periods. Rather the government has constructed water reservoirs to provide water to the company, handed over arable land to the company, and planted coffee, mulberry (for sericulture) and eucalypts (for supplying timber to paper mills). While the tribals of Kashipur demand better education and healthcare facilities, the government has been establishing police outposts and barracks.

The point, however, is that while lack of capacity-building and state imperialism have succeeded in keeping the area and its people ‘underdeveloped’, it is the premeditated political will of the government to prove that the land in the area is unproductive and, hence, corporate intervention is necessary. Thus, after the 2001 hunger deaths, the local MLA of the then ruling BJD government claimed, ‘Had people allowed mining/industry, this [deaths] would not have happened’ (Sarangi 2002: 3241). It is imperative to mention at this juncture that, in 2001, four people died of hunger in Bilamal, the company’s (UAIL) adopted model village. Nonetheless, today all political parties, along with some of the local elites, are proclaiming ‘industry is the solution’. They do not discuss, however, how to put an end to hunger deaths, unemployment and other perennial problems that the tribals face. Sankar Muduli, an educated tribal boy from Bagrijhola, a village adjacent to the boundary wall of UAIL, argues, ‘The officers and the leaders were exploiting us earlier. Now those people are politicizing starvation deaths. By means of this, it will be easy for them to bring the company in here.’

### **The production of underdevelopment**

The previous section illustrated how false assumptions regarding the exercise of power and linear policy models have produced unintended consequences for the tribals of Kashipur. The development interventions and relief measures in Kashipur have resulted in two long-term unintended consequences. First, the discourse of ‘emergency’ and ‘relief’ in this context seems to have diverted attention away from the essential problem of hunger (which is wrongly assumed to have been ‘relieved’) and its fundamental causes in Kashipur (it is assumed simply to be due to a year of drought). By attributing the hunger deaths to ‘drought’, ‘food poisoning’ or ‘cholera’, for example, attention has been diverted from the fact that severe food shortage is a serious problem in Kashipur. Another important fact is that nearly 90 per cent of lands in Kashipur remain unirrigated, although almost all the tribals

depend on agriculture for their subsistence. Secondly, the politics of relief in Odisha ensure that by the time relief is undertaken, the community have become disempowered and reached the final stage of vulnerability to hunger (i.e. visible destitution or starvation deaths). As the tribals are not bystanders to hunger, waiting for the government relief to reach them, they try to employ their own coping mechanisms (Figure 11.2) and, in the end, they become more vulnerable owing to loss of assets and the breaking down of all social safety nets. Finally, the relief measures in the form of the provision of PDS rice, the food for work programme, the creation of emergency employment opportunities through programmes like the Employment Guarantee Scheme (EGS) and NREGS feed the tribals temporarily and they become even more vulnerable once these relief measures are over.

The inadvertent outcomes are the results of the incorporation of false assumptions in development planning. First, everybody – the media, the public, bureaucrats and politicians – assumes that the state is the sole authority in terms of relieving the hunger crisis. The ‘victims’ are in fact not bystanders to hunger deaths, and they employ their own survival strategies long before the food crisis reaches the point where the media and the government appreciate the need for relief. Thus, augmentation of the tribals’ own coping strategies long before the food crisis reaches its terminal stages is a more useful form of relief than feeding them temporarily while they are dying. Secondly, another false assumption that underlies the hunger crisis and relief model in Kashipur is the belief in linear policy planning, as illustrated in Figure 11.3.

This model accepts the hunger crisis as a situation that needs particular state relief. The food insecurity, in fact, is the result of the accumulation of the multiple vagaries the tribals face. Thus, state relief measures

Food shortage → Wage earning → Borrowing → Mortgage of valuables →  
Selling of assets including immovable property → Eating whatever they find → Unnatural deaths

### 11.2 The hunger deaths cycle

Drought → Crop loss → Hunger crisis → Relief → No hunger crisis

### 11.3 Linear hunger crisis and relief model (source: Tordella (2003: 32))



in the form of temporary feeding never cover all the vulnerabilities, which extend beyond loss of entitlements and availability of food.

Furthermore, the policies do not operate in a vacuum but are influenced in the long run by multiple power brokers. Thus, understanding the role of individuals and 'vested interests' is central to understanding why the relief measures have failed to achieve the intended outcome. Tordella (2003: 34) writes,

The seeds for Kashipur's hunger-related deaths were planted by a decade of local and district administrators who did not irrigate un-cultivable tribal farmland, by the moneylender and local contractors who sought to deconstruct community grain banks, and by local NGO leaders who had adopted policies leading to the organization's 18-month suspension from conducting development work in Kashipur.

The bureaucrats and politicians, along with the local strongmen, have come to a consensus that the problems of poverty and hunger dominate the lands of Kashipur. The root of the hunger crisis, they claim, is the non-fertile land of Kashipur, which does not produce enough for the tribals to sustain themselves, although, in fact, no attention has been paid to enhancement of the productivity of the land (e.g. irrigation, introduction of new technology and planting of fruit-bearing trees in the *dongars*). Thus, the politics of hunger deaths has produced land as 'the problem'. The government and elites, therefore, argue that the land should be exploited to its fullest possible extent to augment the welfare of the community. This argument invites and justifies another development intervention to solve the problem of hunger deaths in Kashipur, which leads to Kashipur's arable lands being handed over to corporate concerns like UAIL, which promise a better future for the tribals of Kashipur. Thus, 'development' becomes significant for 'everyday forms of state formation' (Joseph and Nugent 1994), continuously allowing the state to underpin and restate its *raison d'être* and become instantiated in the life-world of the marginalized. It seems, then, that the goal of all development interventions is not alleviating the suffering, hunger and poverty of the tribals, as all programmes avowedly claim, but eliminating them as a cultural, social and agricultural community. Escobar therefore writes, 'what is at stake is not really the eradication of hunger (even if the planners

wholeheartedly desired so) but its multiplication and dispersion into an ever finer web, a play of mobile visibility which is hard to hold in one's insight' (1995: 117). The tribals, nonetheless, continue to struggle to sustain their identity and survival strategies, even with the development of capitalism.

## Notes

<sup>1</sup> *Bandha*, meaning 'to close', is a form of protest in which activists declare a general strike, with offices, businesses, schools, etc., remaining closed. *Gherao*, meaning 'encirclement', is a form of protest in which activists prevent

employers leaving a place of work until their demands are met.

<sup>2</sup> Rs = Indian rupees (INR). On 16 December 2014, the exchange rate was INR1.00 = US\$0.0156.

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# ABOUT THE EDITORS AND CONTRIBUTORS

## Editors

**Einar Braathen** is research professor in international studies at the Norwegian Institute for Urban and Regional Research (NIBR). A political scientist, he has specialized in governance and policy analysis in the global South, particularly the linkages between multilevel governance (central–local relations, municipality–community relations) and policy delivery (poverty reduction, service delivery, climate change adaptation). For the last ten years he has mainly worked on two BRICS countries, South Africa and Brazil. He co-edited and co-authored *The Politics of Slums in the Global South* (2016).

**Julian May** is director of the DST-NRF Centre of Excellence in Food Security at the University of the Western Cape. Professor May works on poverty reduction, including land reform, social grants, information technology and urban agriculture in southern and East Africa. He formerly held the South African Research Chair in Applied Poverty Impact Assessment.

**Marianne S. Ulriksen** is senior research fellow at the Centre for Social Development in Africa (CSDA), University of Johannesburg, South Africa. Marianne’s research areas include comparative politics, the political economy of welfare policy development, social protection, social justice, poverty and inequality, mineral wealth and resource mobilization, and state–citizens relations. Her publications primarily focus on southern and eastern Africa, where she has lived and worked since 2000.

**Gemma Wright** is research director of the Southern African Social Policy Research Institute, and Southern African Social Policy Research Insights. She is professor extraordinarius at the University of South Africa and research associate at the Institute of Social and Economic Research at Rhodes University. Her areas of interest include social security policy and the definition and measurement of poverty.

## Contributors

**Berit Aasen** is senior researcher at the Norwegian Institute for Urban and Regional Research (NIBR). She is a sociologist with more than thirty years of

research experience in development studies, including public administration, decentralization, urban governance, gender equality and social inclusion. She has worked in Johannesburg and Cape Town on politics and policies to address urban upgrading, and on women's livelihoods and participation in local politics.

**Martín Boy** has a PhD in social sciences from the University of Buenos Aires. He is a lecturer at the University of Buenos Aires and at the University of José C. Paz, and a researcher at the Instituto de Investigaciones Gino Germani, Social Sciences School, University of Buenos Aires, and at the Consejo Nacional de Investigaciones Científicas y Técnicas (CONICET). He is the author of articles related to urban poverty, public space and adults who live on the streets.

**David Gordon** is professor of social justice at the University of Bristol and director of the Townsend Centre for International Poverty Research. He led the ESRC-funded project on Poverty and Social Exclusion in the UK ([www.poverty.ac.uk](http://www.poverty.ac.uk)) and worked with UNICEF on their Global Study of Child Poverty and Disparities. He advises UNDESA on youth poverty and hunger issues and Eurostat on measuring deprivation in the European Union.

**Tor Halvorsen** (Dr Polit. and associate professor) works at the Social Science Faculty at the University of Bergen. He teaches at the Department of Administration and Organization Theory on topics such as globalization, development, multilateral organizations, political economy and state and development in the global South. He is a researcher at the University of Bergen Global (UiBGlobal), where he is leading the research group on 'The new political economy of globalization'.

**David Jordhus-Lier** is an associate professor at the University of Oslo and obtained a PhD in human geography from the University of Manchester. His research focus is on organized labour and social movements, and he has edited and co-authored two recently published books: *A Hospitable World? Organising Work and Workers in Hotels and Tourist Resorts* and *The Politics of Slums in the Global South: Urban Informality in Brazil, India, South Africa and Peru*, both published by Routledge.

**Abdulrazak Karriem** has a PhD in city and regional planning from Cornell University and teaches at the Institute for Social Development at the University of the Western Cape, South Africa. His research interests are urban and rural development, and the role of social movements in promoting development from below.

**Rajakishor Mahana** has a PhD degree in anthropology from the Madras Institute of Development Studies, Chennai, India. He is working as a lecturer at the Kalinga Institute of Social Sciences, KIIT University, India. He previously worked with the Food Security Centre, Germany, the M. S. Swaminathan Research Foundation, Chennai, and the Indian Institute of Management, Ahmedabad. He has a keen interest in the anthropology of development, the post-colonial state, indigenous movements and social power.

**Shailen Nandy** is a research fellow in the School for Policy Studies at the University of Bristol. His research focuses on the definition and measurement of poverty and deprivation in low and middle income countries. He is co-editor of *Global Child Poverty and Well-being: Measurement, Concepts, Policy and Action*, published in 2012 by the Policy Press.

**Samuel Ojo Oloruntoba** is senior lecturer at the Thabo Mbeki African Leadership Institute, University of South Africa. He obtained his PhD in political science from the University of Lagos, Nigeria, where he taught from 2007 to 2014. He has published in journals and contributed to book chapters widely. His latest book, *Regionalism and Integration in Africa: EU-ACP Economic Partnership Agreements and Euro-Nigeria Relations*, was published by Palgrave Macmillan, New York, in 2015.

**Sony Pellissery** is a member of faculty for the Master of Public Policy programme at the National Law School of India University, Bangalore, India. He was awarded the India Social Science Research Award by IDRC Canada in 2009 for his contributions to Indian social science research. His research interests are in the areas where the disciplines of social policy and development studies converge.

**Camilo Pérez-Bustillo** is visiting professor, Government Department, New Mexico State University (NMSU, Las Cruces) from August 2013 until May 2016; coordinator, Border Human Rights Documentation Center, a CROP Fellow; and research associate, FLACSO-Guatemala. He is co-author with Karla Hernández Mares of *Human Rights, Hegemony and Utopia in Latin America: Poverty, Forced Migration and Resistance in Mexico and Colombia* (Brill, 2016).

**Catherine Sutherland** is a geographer who focuses on urban environmental governance and sustainability. She is a lecturer in the School of Built Environment and Development Studies at the University of KwaZulu-Natal, Durban. Her current research includes the water and climate governance

interface, community adaptation and social mobilization in informal and peri-urban settlements, and resilience.

**Amrit Kaur Virk** is a lecturer at Thammasat University, Thailand, and visiting scientist at the Harvard School of Public Health, USA. Her research and publications mainly relate to health policy and health systems analysis in developing countries. Amrit has a DPhil in social policy from Oxford University and advanced degrees in political science and sociology from Delhi and Cambridge University respectively.



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This collection offers a timely reassessment of viable ways of addressing poverty across the globe today. The profile of global poverty has changed dramatically over the past decade, and around three-quarters of the poor now live in middle income countries, making inequality a major issue. This requires us to fundamentally rethink anti-poverty strategies and policies, as many aspects of the established framework for poverty reduction are no longer effective. Featuring contributions from Latin America, Africa and Asia, this much-needed collection answers some of the key questions arising as development policy confronts the challenges of poverty and inequality on the global, national and local scale in both urban and rural contexts.

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